



AzCRH Director, Dan Derksen, MD, discusses the American Health Care Act and its implications for state Medicaid programs

March 20, 2017 | View video here: <https://vimeo.com/209444118>

My name is Dan Derksen. I'm a family physician and the Director of the University of Arizona Center for Rural Health. I'm going to discuss the implications of the American Health Care Act on the nation's Medicaid Program.

The Act fundamentally changes the financing of state Medicaid programs. It repeals Title XIX of the Social Security Act's statutory 50% minimum federal funding of state Medicaid programs. It caps Medicaid funding to states – either as a block grant, or a per person cap.

Currently there are 74 million Americans covered by Medicaid and the Children's Health Insurance Program (CHIP). Over half of those covered are children. Sixteen million people have been added to Medicaid and CHIP since the first open enrollment period of the Affordable Care Act in October of 2013. Eleven million were added in the 31 states expanding Medicaid.

Medicaid is an entitlement program of the Social Security Act created in 1965, financed with state and federal funding. In 2015, the U.S. spent \$550 billion dollars on Medicaid. Medicaid eligibility categories include pregnant women and children.

Many don't realize Medicaid also pays for the elderly in long term care and nursing homes, and for the blind and disabled. The federal share of Medicaid costs are dispersed to states by the federal medical assistance percentage (FMAP). The statutory minimum of the federal share of Medicaid costs is 50%, but averages 57% across the 50 states. For example, Arizona's FMAP is 70%; because Arizona's per capita income is lower than the national average. In other words, states with lower average incomes get more federal Medicaid assistance.

The American Health Care Act repeals the statutory minimum of 50% and replaces it with either a block grant, or with a per-capita amount, based on 2016 costs. The Congressional Budget Office reported that this cuts \$880 billion in federal Medicaid funding over 10 years to states & 14 million fewer covered by Medicaid.

As a family physician, I'm concerned that colossal cuts in funding and coverage will have devastating consequences on states and the 70 million Americans who depend on Medicaid for coverage. It means more uncompensated and charity care shifted to hospitals - especially rural hospitals, and to physicians, nurses, and other health providers.

For Arizona, the proposed changes will:

- End Medicaid coverage for 380,000 Arizonans
- Cut \$2.5 billion dollars per year from the Arizona economy
- Shift 500 million dollars in costs to the state of Arizona

Changes would force 14 million off Medicaid coverage to become uninsured, worsen health outcomes. The changes undermine the rural health infrastructure, economy, and jobs.

The American Health Care Act goes way beyond repealing 'Obamacare.' It strikes at the heart of the Social Security Act that created Medicaid and Medicare.

American Health Care Act CBO Coverage & Cost Estimates 2017-2026

- Decreases Medicaid enrollees by **14 million**
- Cuts federal Medicaid payment to states by **\$880 billion**

If the American Health Care Act were enacted as is, it would...

- End Medicaid/AHCCCS for **380,000** in AZ
- Cut **\$2.5 billion** federal from AZ economy
- Shift **\$0.5 billion/yr** federal costs to AZ to cover **300,000** childless adults (<100% FPL)
- Force **80,000** off AHCCCS (100-138% FPL)
- Increase Arizona uninsured to pre-ACA levels



THE UNIVERSITY OF ARIZONA
MEL & ENID ZUCKERMAN COLLEGE OF PUBLIC HEALTH

Center for Rural Health

<http://crh.arizona.edu>