

## The American Health Care Act: What Does It Mean for Arizona?

The **American Health Care Act (AHCA)** will strip affordable coverage from Arizonans, increase premiums and out of pocket costs (especially for people with pre-existing conditions and older adults), and leave Arizona with the bill for any unexpected cost increases.

### The MacArthur amendment wipes out protections for people with pre-existing conditions and targets older Arizonans.

- The proposal allows states to let **insurers return to the practice of basing premiums on health status**, once again making insurance unaffordable for those who need it the most. In Arizona, 2.8 million people have a pre-existing health condition [Centers for Medicare and Medicaid, 2011].
- People with chronic conditions may have no options other than underfunded state-sponsored high risk pools, which have been proven ineffective in many places around the nation.
- States could remove requirements for health plans to cover essential health benefits. Arizonans could no longer be sure that their insurance would cover their actual health care needs, such as maternity care, mental health treatment, and prescription drugs.
- States can do away with any limit on charging higher premiums for people based on age. Older Arizonans could be charged an unlimited “age tax” when they purchase health insurance.

### Cuts Medicaid dramatically:

Currently, **Medicaid provides coverage to two million Arizonans including 775,000 children**. Arizona’s Medicaid expansion has a trigger that ends the expansion if federal funding goes below an 80% match threshold.

### The proposed bill changes Medicaid by:

- Phasing out the additional federal funding that has helped Arizona cover 400,000 low-income adults.
- Rolling back the requirement to cover school-aged children in Medicaid expansion by 2020, currently approximately 78,000 children are in the Medicaid expansion category in Arizona.
- Turning Medicaid into a per capita cap program by 2020, by locking in 2016 spending, adjusting for Medical CPI, and rolling it up into one federal dollar cap per enrollee type.
- Requiring states to re-determine eligibility every 6 months (rather than once per year) starting October 1, 2017.
- Restoring pre-ACA funding to hospitals for uncompensated care after 2020 (these funds were cut in ACA to reflect a lower need for payments to hospitals because more Americans became insured).
- Establishing a monetary penalty for individuals knowingly enrolled in expansion group without meeting the income threshold. AHCCCS has a 1.1% eligibility error rate (*Arizona Auditor General, 2012*).

### Other impacts to Arizona’s children:

- Elimination of the Prevention and Public Health Fund (PPHF) by September 30, 2018.
- Approximately \$9.3 million dollars per year to Arizona in public health programs.
- Programs the PPHF supports include: childhood immunizations, infectious disease control, childhood lead poisoning prevention, and prevention of chronic disease, such as obesity and diabetes.

### Punishes efficient and innovative states like Arizona:

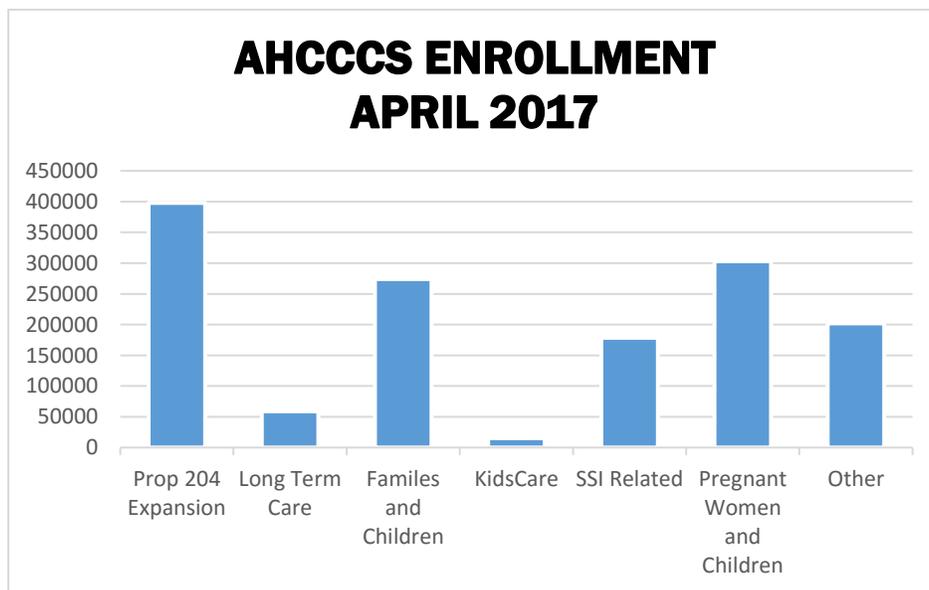
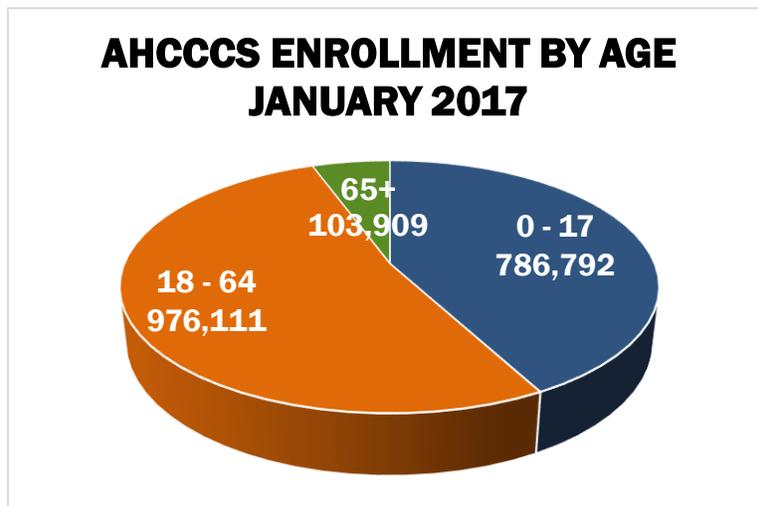
- Arizona has lower Medicaid spending per full benefit enrollee than other states (\$5,821 versus a national average of \$7,766. (*MACPAC, MACSTATS, 2013 spending*))
- AHCCCS uses a private-public partnership (managed care) model.
- Has one of the lowest costs in the nation for elderly enrollees through the expanded use of community-based long-term services and supports. (*MACPAC, MACSTATS, 2013*)

### Arizona's Medicaid program will lose flexibility:

- Arizona has fewer options in responding to the upcoming cuts than other states who have not implemented cost saving measures.
- A Medicaid cap will lock Arizona in at fixed funding and decrease flexibility to respond to innovations in health care, or public health crises such as Zika or the opioid epidemic, or changing demographics. For example, Arizona's population growth rate of low-income elderly is almost three times the national average (39% vs. 14%, American Community Survey 2006-2015).

### Older Arizonans will be hit especially hard:

- More than 100,000 seniors depend on Medicaid in Arizona.
- This allows private insurers to charge older adults premiums that are much higher than those that are charged to younger people.
- Because their premiums are higher, older adults will be particularly hard hit by the requirement to maintain continuous coverage or face a 30% premium surcharge.



Source of charts: AHCCCS Population Demographics, AHCCCS Population by Category  
Note: KidsCare enrollment for April 2017 is 17,271