Federal Health & Housing Policy:
Frequently Asked Questions for the HCH Community

March 29, 2017

1. **What is happening now on housing and health care?**

   In March, two big things happened. First, Congress introduced the American Health Care Act (AHCA), which was designed to repeal much of the Affordable Care Act and replace key provisions with new approaches to financing health care for many Americans. In the past week, it became clear there was not enough support among both House Democrats and Republicans to advance the bill to the Senate (where it also did not have enough support to pass). The President now wants to move on to address tax reform and has announced that health care is no longer on the action agenda. Second, President Trump issued some of the details for his first budget, though more details will come later. This budget had substantial cuts to programs under Housing and Urban Development (HUD) in order to offset the Administration's intent to increase military spending.

2. **What will happen next?**

   It is unclear what Congress will do next on health care, if anything. The lack of consensus among Republicans prevented the AHCA from moving forward, but many members are likely to still want to pursue changes. The next major hurdle for Congress is passing a budget for the remainder of fiscal year 2017. The current fiscal year is funded through April 28th through a temporary funding measure. Failing to reach a budget agreement by this date may mean a government shutdown. Following the 2017 budget deal, Congress will begin on Fiscal Year 2018's budget, for which Donald Trump has recommended many funding cuts and will release further budget recommendations for over the next few months (see more under "What Do We Know About the Budget?"). Following the passage of a 2017 budget, Congress will work on their own budget plan called a "budget resolution" and then work on passing funding bills.

3. **What was American Health Care Act, and how did it propose to change Medicaid?**

   On March 9, health care committees in the House introduced the AHCA, which would have ended the Medicaid expansion for single adults and replaced the entire program with per capita caps (or a state option for a block grant). This represents a fundamental restructuring of the Medicaid program, and presents numerous problems (see more below). The AHCA also proposed replacing the current subsidies and tax credits for private insurance on the federal and state marketplaces with a fixed tax credit based on age. Combined, the Congressional Budget Office estimated the AHCA would have reduced the federal deficit by $337 billion, but resulted in 24 million people losing either Medicaid or

private coverage by 2026. For Medicaid itself, the AHCA would have cut federal Medicaid spending by $880 billion and reduced Medicaid enrollment by 14 million people in the next 10 years.

The AHCA also contained numerous policy provisions that would have likely created barriers to care for people who are homeless and the providers who serve them. Specifically, it would have:

- Repealed the requirement that Medicaid plans have essential health benefits
- Imposed significant penalties for losing coverage
- Established state high-risk pools for those with chronic illnesses
- Prohibited federal Medicaid funding for Planned Parenthood
- Limited retroactive coverage in the program
- Created a state option for a Medicaid work requirement
- Required stronger documentation of citizenship before obtaining coverage
- Required re-determination for Medicaid every 6 months
- Repealed the ability for providers to make presumptive eligibility for the expansion population

While the Affordable Care Act can certainly be improved, critics of the AHCA asserted it would not have made insurance more affordable, covered more people, or facilitated access to comprehensive health care, particularly for vulnerable people.

For more information about the AHCA and Medicaid, check out these resources:

- Kaiser Family Foundation: Summary of the American Health Care Act (March 2017)
- Urban Institute: Who Gains and Who Loses under the American Health Care Act (March 2017)
- Center on Budget Policy and Priorities (CBPP): House Republican Health Plan Shifts $370 Billion in Medicaid Costs to States: Funding Cuts Would Force State to End Expansion for Low-Income Adults, Cut Coverage and Services for Other Groups (March 8, 2017)
- CBPP: Updated House ACA Repeal Bill Deepens Damaging Medicaid Cuts for Low-Income Individuals and Families (March 21, 2017)

4. **How are Medicaid Block Grants and Medicaid Per Capita Caps different from how Medicaid is funded now?**

Currently, the federal government gives states a fixed percentage of their Medicaid spending no matter how much the state spends (averaging around 57% for the non-expansion population). This "federal match rate" is different for every state, based roughly on average household income. States that are relatively poor have a higher match rate and those with more wealth have a lower match rate. For example, Mississippi has the highest match rate at about 75%; hence, for every dollar the State of Mississippi spends on Medicaid, the federal government pays the state three dollars. In this way, both states and the federal government share a predictable portion of the cost for providing Medicaid services. If there's a recession or other reason for increased enrollment, the funding goes up on both sides. If there's an expensive new technology or medical treatment like Hepatitis C medication, funding also goes up on both sides.

Under a block grant or a per capita cap, states get a fixed amount of federal money. A block grant gives states a fixed amount of money for the whole state, and a per capita cap gives the money based on a fixed amount for each person. The goal of either of these changes is to reduce the money the federal government spends on Medicaid, but this reduction means states have to make up the difference by making hard choices—and each state will react differently. They could respond in any of the following ways:

- Reduce the benefits offered
- Cut eligibility or put in work requirements or lock-out periods so fewer people qualify
- Take money from other areas in the state budget
- Raise state taxes to collect more money
- Require Medicaid recipients to pay for part of their own Medicaid coverage (known as cost sharing)

It will be very hard for states to cover the loss of federal funding so however states respond, but block grants and caps mean cuts to the program in some way.

For more information on block grants and per cap, check out these resources:

- Kaiser Family Foundation: Restructuring Medicaid in the American Health Care Act: Five Key Considerations (March 15, 2017)
- Urban Institute: The Impact of Per Capita Caps on Federal and State Medicaid Spending (March 2017)
- The Commonwealth Fund: What Would Block Grants or Limits on Per Capita Spending Mean for Medicaid? (November 2016)

5. What would block grants or per capita caps mean for supportive housing or medical respite care programs?

Because states would be responsible for funding a greater share of traditional medical services, it would likely be more difficult to continue (or start) funding for "optional" services like recuperative care, housing supports, case management, outreach, and other services we know work well for people who have unstable housing.

6. What is HHS under the Trump Administration doing to change health care?

HHS can do a lot to change health care, and these actions are likely to draw less attention than the highly publicized Congressional push to repeal the Affordable Care Act. This month, newly confirmed Secretary Tom Price and CMS Verma sent a letter to Governors outlining the following changes they would like to see from states:

- Fast track approval of state Medicaid waivers (this could be a positive step, or it could block the ability for public comment when states propose controversial changes like those below)
- Conduct a full review of managed care regulations to "prioritize beneficiary outcomes and state priorities" (this could mean weakening coverage protections, limiting innovations that benefit the single adult population, or other actions)

- Use Medicaid waivers to implement work requirements ("The best way to improve the long-term health of low-income Americans is to empower them with skills and employment.")
- Require premiums, co-pays for emergency room or other services, or other cost-sharing payments *at all income levels*
- Implement health savings accounts *at all income levels*
- End non-emergency medical transport benefits (which help people get to their medical appointments)
- End presumptive eligibility and retroactive coverage (which helps qualified people get on Medicaid faster and allows providers to bill for services already provided)

This letter to Governors specifically says that expanding Medicaid "to non-disabled, working age adults without dependent children was a clear departure from the core, historical mission of the program." This letter—and the changes it seeks—should come as no surprise. HHS Secretary Price strongly supported the American Health Care Act and its drastic changes to Medicaid. As a conservative Republican U.S. Congressman from Georgia, he also was opposed to expanding Medicaid to very low income people in his district. CMS Administrator Verma has previously worked with numerous states on Medicaid waivers that include premiums, co-pays, health savings accounts, and work requirements.

While HHS cannot end the Medicaid expansion or change the federal law, it can stop enforcing provisions of Medicaid law as indicated in President Trump's first executive order related to the Affordable Care Act. This order gave broad permission to waive or exempt any provision of the ACA that caused a fiscal burden to states or others, though the vagueness of the wording makes it difficult to fully interpret and is surely to invite legal interventions. Look for more information and future action alerts related to HHS regulations, Medicaid waiver approvals, and other measures that may impact vulnerable populations.

For more information on Medicaid work requirements, check out these great resources:

- Health Affairs article "Myths about the Medicaid Expansion and the 'Able-Bodied'" (March 6, 2017)
- National Health Law Program: Medicaid Work Requirements—Legally Suspect and Medicaid Work Requirements—Not a Healthy Choice (both March 21, 2017)
- Kaiser Family Foundation: Medicaid and Work Requirements (March 23, 2017)

7. What do we know so far about the budget?

President Trump wants Congress to put $3 billion towards a border wall, raise defense spending, and slash funding for other nondefense programs (which includes health care and housing). Many Democrats and Republican's disagree with his ideas and will have to work out a compromise for the remainder of Fiscal Year 2017 and Fiscal Year 2018 (see "What Happens Next" for more on the timeline). It is important to remember that President Trump's budget is only a recommendation for Congress. Regardless, his budgetary recommendations so far include many large cuts to programs that benefit the HCH community. Items of particular concern are a $6.2 Billion (13.2%) cut to HUD's budget, which funds housing rental support and vouchers. The cuts would eliminate programs that support affordable housing such as HOME, Community Development Block Grant, and the Choice Neighborhood program. Trump's budget also cuts $15 Billion (18%) out of HHS budget, which would include funding reductions for the Low Income Home and Energy Assistance Program (LIHEAP), Community Services

Block Grant, HIV funding programs, mental health block grants, and public health programs. The budget eliminates funding entirely for the U.S. Interagency Council on Homelessness (USICH), a coordinating office for the federal response to homelessness. The budget adds $500 million for substance abuse programs and indicates further investments in health centers (although the Administration emphasizes they want to support health centers as an alternative to Planned Parenthood clinics).

8. **What are other issues of concern for the HCH Community?**

   There are numerous other policy changes the Trump Administration and Congress are pursuing that are of concern. Restrictions on immigration not only create a chilling effect on patient access to care, but also have implications for primary care workforce recruitment and retention. Threats to stop funding to "sanctuary cities" also attempt to create divisiveness at the local level while stemming needed funds for local development. Blocking funding for Planned Parenthood restricts access to a wide range of family planning and women's health care services. Expanding funding for a wall along the Mexican border and more military power comes at the expense of medical research, environmental programs, housing, health care, and many other vital domestic programs. All these policy issues are inter-related.

9. **How can the health care system get better in the current environment?**

   Let's focus on three ways. First, there are still 19 states who have not yet expanded Medicaid, leaving 2.5 million low-income adults uninsured (to include many of those experiencing homelessness). The Council's recent issue brief demonstrates the disparity in coverage between HCHs in states that have expanded Medicaid and those who have not. A new and chaotic environment could yield opportunities to make the case for expansion now when it was not possible before. Second, more people are talking about single payer or picking back up "the public option" as a possibility. Let's not give up hope that big things are possible. Third, continue including social determinants of health and engaging Medicaid managed care and state Medicaid agencies in supportive housing and medical respite programs (and other initiatives) that benefit people who are homeless.

10. **What can I be doing to help right now?**

- **Share your personal experience with Medicaid**: If you (or a client you serve) have benefited from Medicaid (or could be benefiting if eligible), take a few minutes to send us a few sentences on your experience. These stories are valuable to our advocacy and make a difference when we share with policymakers (we do so anonymously unless you give us permission). Send to rreed@nhchc.org or submit online at https://www.nhchc.org/gotmedicaid/
- **Connect with your Congressperson:** Find your House Representative here and Senators here. Make a phone call, send an email, or invite them to tour your facility. You may keep it simple and easy. Follow this formula: "*Hi my name is ____ I am calling from ___. Please tell my Senator/Representative I am against large budget cuts to HUD and for protecting and expanding Medicaid funding in order to end homelessness. Thank you"*. The Council has resources to help and can coordinate these efforts on your behalf. Contact: rreed@nhchc.org or 443-704-1337
- **Build support for single payer (this is a great action item if your Representative is already supportive and knowledgeable of HCH**!) Call your Representative and ask them if they signed on the Single Payer/Medicaid For All bill, H.R. 676! If so, thank them; if not, ask them to sign.
- Sign up for our Mobilizer to get monthly updates and action alerts on policy items of importance to the HCH Community.
- Finally, practice self-care! It's an intense and stressful time. Take care of yourselves.

For more information, contact Regina Reed, Health Policy Organizer, at rreed@nhchc.org.