

New Attempt at ACA Repeal Would Reshuffle State Funds

Sens. Lindsey Graham (R-S.C.), Bill Cassidy (R-La.), Dean Heller (R-Nev.) and Ron Johnson (R-Wis.) have introduced a bill to repeal and replace the Affordable Care Act, a last-ditch attempt to rewrite the law before the legislative vehicle for repeal expires on Sept. 30. Without support from leadership, however, the bill is not expected to pass: Senate Finance Chairman Orrin Hatch (R-Utah) told reporters that he did not expect the bill to receive a floor vote.

Like previous ACA repeal bills, the plan would end the Medicaid expansion and introduce a per-capita cap, cutting the program's annual budget by approximately \$80 billion dollars by 2026.

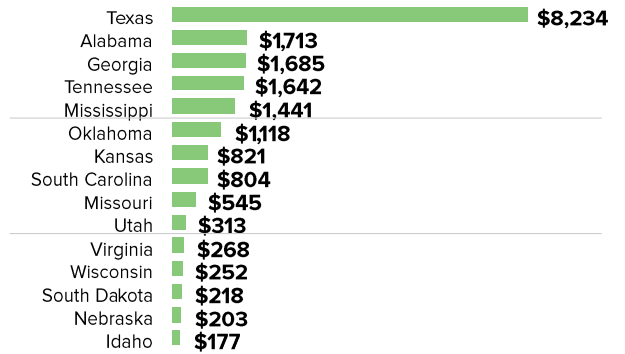
Beginning in 2020, funding for the ACA's Medicaid expansion, premium subsidies and cost-sharing subsidies would be replaced with a block grant to states based on a formula.

Initially, the formula would take into account the number of individuals in each state between 50 and 138 percent of the federal poverty level. By 2024, the formula would focus more narrowly on individuals in that income range receiving coverage. In essence, the formula would redistribute funds from Medicaid expansion states to non-expansion states.

While most ACA regulations would be left in place, states would be free to use the block grant to implement their own versions of health care reform with few strings attached. States could also opt to receive their traditional Medicaid funding as a block grant.

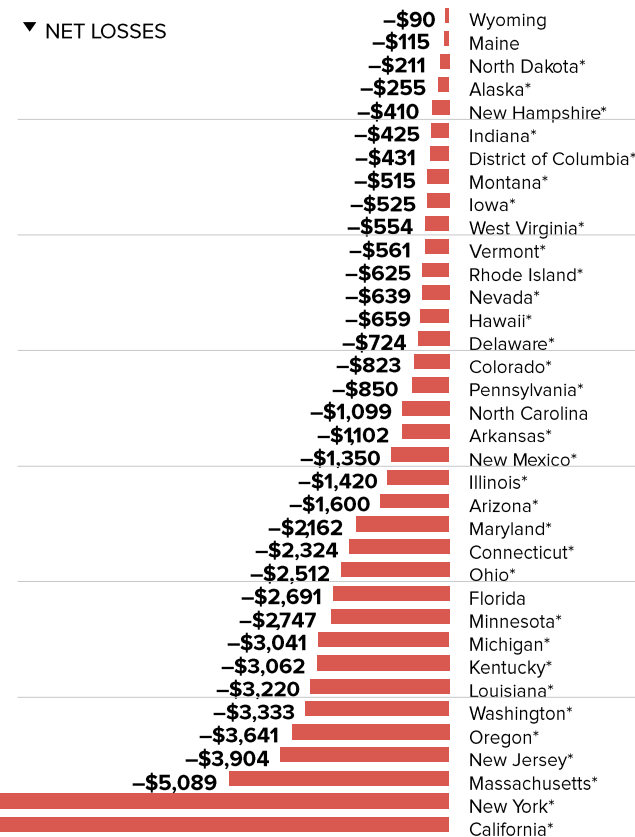
Estimated change in federal funding under the Cassidy-Graham plan

By 2026, in millions
Medicaid expansion states marked with asterisks



▲ NET GAINS

▼ NET LOSSES



Sources: POLITICO staff reports; Center on Budget and Policy Priorities