Graham-Cassidy-Heller Substitute Amendment

Current Law:

- Obamacare spending is not equitable across the country.
- California, New York, and Massachusetts residents received 36% of total Obamacare Federal spending (Medicaid expansion, exchange tax credits, CSR payments and the BHP). These three states represent 20% of the U.S. population and 14% of the number of people below 200% FPL excluding those on traditional Medicaid.
- Obamacare federal programs spent $121B in 2016.
- The federal government heavily regulates the use of the funding.

Substitute Overview:

- Ends the Medicaid expansion enhanced match, exchange tax credits, CSR payments and the BHP after 2019.
- Keeps the Medicaid reforms (per capita caps, block grant option, new state flexibilities like the optional work requirement).
- Maintains most of the tax repeals in BCRA.
- Includes short-term funding of $20B annually for states for 2018 and 2019, and $15B for 2020
- Includes the same HSA expansions as in BCRA.
- Creates a new health grant program to provide states funding to stabilize and reform their markets including:
    - Assistance for high-risk individuals to purchase health benefit coverage,
    - Arrangements with insurers to encourage market participation,
    - Payments to providers for health benefits,
    - Payments to reduce out-of-pocket costs,
    - Assistance to individuals to purchase health benefit coverage,
    - Up to 10% of the funds to help individuals enrolled in traditional Medicaid.
- Funding levels of $140B in 2020 and $158B in 2026. The block grant grows by $3B annually.

Market Based Health Care Grant Calculation:

- Distributes 2020 funding as follows:
    - 10% of funds proportionally based on the percent of adults between 100% and 138% FPL not on traditional Medicaid,
    - 20% of funds proportionally based on the percent of people between 45 and 64,
    - 25% of funds to states with per capita incomes below $52,500 proportionally based on the percent of adults between 100% and 138% FPL not on traditional Medicaid,
    - 10% of funds to rural states (divided into three categories) proportionally based on the percent of adults between 100% and 138% FPL not on traditional Medicaid:
        - 1% of funds go to states with fewer than 15 people per square mile,
        - 3.5% of funds go to states with between 15 and 79 people per square mile,
        - 5.5% of funds go to states with between 80 and 115 people per square mile.
    - 35% of funds to expansion states proportionally based on the percent of adults between 100% and 138% FPL not on traditional Medicaid.
- Distributes 2021 – 2024 funding based on the prior year funding grown at CPI-M.
- Distributes 2025 funding based on the prior year funding grown at CPI-U.
- Distributes 2026 funding as follows:
    - 15.5% of funds proportionally based on the percent of adults between 100% and 138%FPL not on traditional Medicaid,
    - 30% of funds proportionally based on the percent of people between 45 and 64,
    - 39% of funds to states with per capita incomes below $52,500 proportionally based on the percent of adults between 100% and 138% FPL not on traditional Medicaid,
    - 15.5% of funds to rural states (divided into three categories) proportionally based on the percent of adults between 100% and 138% FPL not on traditional Medicaid,
        - 1.5% of funds go to states with fewer than 15 people per square mile,
        - 5.5% of funds go to states with between 15 and 79 people per square mile,
        - 8.5% of funds go to states with between 80 and 115 people per square mile.
    - The weight of funds to expansion states proportionally based on the percent of adults between 100% and 138% FPL not on traditional Medicaid is removed in 2026.
- Caps any states 2020 gain from 2016 figures at 200% and any states 2020 loss from 2016 figures at 25%.
- Caps any states 2026 gain from 2016 figures at 250% and any states 2026 loss from 2016 figures at 25%.
- After the cap is applied, for years 2021-2025 there is an equity provision to states with per beneficiary payments for non-traditional Medicaid adult between 18 and 64 funding

that is 15% above or below average state funding. This allows the Secretary to adjust state funding by between 0.5% and 5% of the total state block grant amount.
    - This provision does not apply to states with population densities below 15 people per square mile.
    - The Secretary has the discretion to weight other factors such as disease burden, age, and regional cost of care in implementing this adjuster.
    - The adjustments must be done in a budget neutral manner, so that the total funding does not exceed the total pot of money allocated on an annual basis.
- For 2026, there is an equity provision to states with per beneficiary payments for non-traditional Medicaid adult between 18 and 64 funding that is 10% above or below average state funding. This allows the Secretary to adjust state funding by whatever amount is necessary to bring every state within the mean. This provision does not apply to states with population densities below 15 people per square mile.
    - This provision does not apply to states with population densities below 15 people per square mile.
    - The Secretary has the discretion to weight other factors such as disease burden, age, and regional cost of care in implementing this adjuster.
- Requires a state match of 3% in 2020 ranging up to 5% in 2026.