



# COALITION ON HUMAN NEEDS

## *The Human Needs Report*

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### **House GOP Moves Forward on Legislation to Repeal ACA and Dismantle Medicaid**

On March 6, House Republican leaders unveiled legislation to repeal and replace the Affordable Care Act and dismantle Medicaid. The House Ways and Means Committee and the House Energy and Commerce Committee both took up relevant sections of the “American Health Care Act” on March 8 and passed these sections on March 9 on party-line votes after marathon sessions. On March 13, the Congressional Budget Office, the nonpartisan scorekeeper in Congress, [estimated](#) that 24 million more people would

be uninsured in 2026 under the plan. Some of the key changes to the current law contained in the legislation are described below.

**Health Insurance Exchanges:** The subsidies that low-income people currently receive to help them buy insurance would be replaced with tax credits to be based on age that would phase out beginning at \$75,000 for individuals. The credit would range from \$2,000 for people under 30 to \$4,000 for people 60 and older, but would not take into account the regional cost of the plan. According to the [Kaiser Family Foundation](#), the House Republican plan would give consumers in the health insurance marketplace nationally an average of \$1,700 less help with premiums in 2020, compared to the ACA's premium tax credits. The losses would be larger for lower-income people, particularly those who are older and live in higher-cost areas. The Center on Budget and Policy Priorities (CBPP) found that consumers in 11 high-cost states would see their tax credits to purchase health coverage fall by more than \$3,000 on average – more than 50 percent. [This interactive KFF tool](#) and [this CBPP paper](#) can be used to see how consumers in each state would fare. The Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) [estimated](#) that average premiums for single policyholders in the nongroup market would be 15 percent to 20 percent higher than under current law before 2020, but that by 2026 they would be roughly 10 percent lower.

The tax credits will only be available for the purchase of individual plans (not to subsidize the employee share of health insurance provided through work). Current requirements of minimum coverage would be overturned; individuals could limit their insurance to catastrophic coverage. Cost-sharing subsidies that help lower-income people reduce their out-of-pocket costs such as deductibles and copays would be eliminated in 2020. Although the new bill would end IRS penalties for people who do not purchase insurance, those who let their coverage lapse for 63 days would face new penalties instead paid to insurance companies to regain coverage. The CBO and JCT estimated that, in 2018 alone, “14 million more people would be uninsured under the legislation than under current law,” with most of that increase stemming from the repeal of the individual mandate.

**Tax Cuts for the Wealthy:** While cutting coverage for low-income people, the House GOP legislation would repeal taxes on wealthy individuals and insurance and drug companies, as well as other fees that helped finance the ACA's coverage expansions. The Joint Committee on Taxation [estimates](#) that the House bill's tax cuts would cost about \$600 billion over ten years. According to the [Tax Policy Center](#), the wealthiest one-tenth of one percent of earners will gain on average more than \$195,000 each. According to [CBPP](#), millionaires would get tax cuts of more than \$50,000 each, on average, in 2025, and the 400 highest-income taxpayers would get annual tax cuts averaging about \$7 million each.

The GOP proposal would also greatly increase the amount that could be contributed to Health Savings Accounts (HSA's), from \$3,400 to \$6,550 for individuals and from \$6,750 to \$13,100 for families, a change that would increase tax breaks to wealthier families. HSA's are less effective for low-income families who don't have as much money to save.

**Medicaid:** Among the biggest concerns to advocates is the plan's dismantling of Medicaid, which serves 74 million Americans. The legislation calls for eliminating the open-ended federal commitment to match

whatever states spend and instead instituting “per capita caps,” limiting the payments to states to a fixed per-person amount established for beneficiary categories such as aged, blind/disabled, children, or working age adults. A state could instead choose to receive its Medicaid money as a block grant. Either option would limit the amount of money available to states to serve their residents on Medicaid. Advocates believe both per capita caps and block grants would lead to damaging cuts to Medicaid. The [Center for Law and Social Policy](#) (CLASP), the [Center on Budget and Policy Priorities](#) and [Families USA](#) all have analyses showing how block grants and per capita caps would hurt low-income people and leave states with large additional burdens.

The House legislation would also effectively end the ACA’s Medicaid expansion. The legislation would repeal the enhanced federal matching rate for people who qualified for Medicaid under the ACA expansion at the end of 2019. According to [CBPP](#), states that wanted to continue enrolling low-income adults in expanded Medicaid coverage after 2019 would have to pay 2.8 to 5 times their current-law cost for each new enrollee. The higher cost would apply both to enrollees who are new to Medicaid and to current enrollees who leave Medicaid for a month or more and then seek to return when they fall on hard times. Because most adult Medicaid enrollees use the program for relatively short spells, the higher cost would apply to the large majority of a state’s expansion program within just two or three years. CBPP [estimated](#) that these changes to Medicaid would require expansion states to increase their own spending on Medicaid by an estimated \$370 billion over ten years, forcing states to end the expansion for low-income adults and cut coverage and services for other groups.

The CBO and JCT [estimate](#) “14 million fewer Medicaid enrollees by 2026, a reduction of about 17 percent relative to current law.” The majority of the people who would lose insurance between 2018 and 2026 would do so in large part due to the Medicaid changes, “because some states would discontinue their expansion of eligibility, some states that would have expanded eligibility in the future would choose not to do so, and per-enrollee spending in the program would be capped.”

**Other:** The House GOP plan also immediately eliminates tax penalties on those who fail to buy or offer insurance. It would reinstate high risk pools, calling them “State Innovation Grants.” Funding provided to states for these grants could be used to reduce patient costs or to lower the cost of providing care to high utilization patients. Such funds could also fund preventive services, such as annual checkups that are now required in Affordable Care Act plans. The grants appear to allow subsidies to insurers or health providers. The purposes of the grants are broad enough to invite skepticism about their effectiveness in helping people with pre-existing and/or complex conditions to afford care. Overall, the CBO and JCT estimate that the legislation will reduce federal deficits by \$337 billion over ten years, mostly through the elimination of the Medicaid expansion and the ACA’s subsidies that help lower-income people buy insurance.

**Impact on low-income and vulnerable populations:** Advocates believe the House GOP legislation would have a devastating impact on millions of low-income and vulnerable populations. They believe changes to the subsidies means millions would be priced out of the market or be forced to settle for inadequate coverage. They also believe the 11 million low-income Americans who were able to get health insurance through the Medicaid expansion would eventually lose that coverage if states are unable to assume

large cost increases. As noted above, the CBO estimated that 14 million fewer people would be enrolled in Medicaid by 2026. AARP [said in a letter](#), “We have serious concerns that the bill under consideration will dramatically increase health care costs for 50-64 year olds who purchase health care through an exchange,” saying changes in the bill would result in “an unaffordable age tax.” Families USA produced infographics to show how the House bill would increase the amount [seniors](#) and [lower-income families](#) spend out of pocket on healthcare costs. The Consortium for Citizens with Disabilities [said](#), “Slashing federal support for Medicaid, which is already a lean program, will force states to cut services and eligibility that put the health and wellbeing of people with disabilities at significant risk.” Multiple [hospitals](#) and the [American Medical Association](#) came out in opposition to the bill. The CBO estimated that in 2026, 52 million people would be uninsured, compared with 28 million who would lack insurance that year under current law.

**Congressional reaction:** Democrats on Capitol Hill were united in their opposition to the legislation, and several Republicans expressed concern as well. Many of the Republican senators whose states chose to expand Medicaid have expressed interest in keeping the additional funding their states received. In particular, four GOP senators – Rob Portman (PA), Shelley Moore Capito (WV), Cory Gardner (CO) and Lisa Murkowski (AK) – reportedly said they believe the House plan wouldn't do enough to help low-income residents in states that expanded Medicaid. Some Republican governors from these states have reportedly started pushing back on major changes to Medicaid, too, since a cut in funding would force them to cut services for their residents.

Some members of the GOP's ultra-conservative wing said the legislation doesn't go far enough to repeal all of the ACA, and they objected to the tax credits because they continue the current law's establishment of an entitlement to health coverage as well as their cost. Some GOP members want the tax credits to instead be a tax deduction, which would do little to help low-income people. Rep. Joe Barton (R-TX) offered (and then withdrew) an amendment in committee to freeze Medicaid expansion at the end of this year rather than at the end of 2019. The conservative House Freedom Caucus [voted](#) on Feb. 13 to oppose a repeal bill that does not go as far as the repeal bill Congress passed in 2015; it remains to be seen if they continue to hold this line. Eight House Republicans have [indicated](#) publicly they won't vote for the current measure. Sens. Tom Cotton (R-AR) and Ted Cruz (R-TX) [reportedly](#) both said they didn't think the legislation could pass the Senate as written. Several GOP members of Congress joined Democrats in objecting to the fact that the bill was being taken up in committees before the nonpartisan Congressional Budget Office released its analysis of the plan, including the cost estimate and the estimate of the number of people who will lose coverage.

**Process:** The House Budget Committee is expected to take up the legislation on March 15. The full House could vote on it as early as the week of March 20. If it passes the House, it will skip committee action in the Senate and go straight to the Senate floor, where amendments could be voted on in a marathon voting session known as vote-a-rama. The goal of some GOP leaders is to have the legislation clear both chambers by April 7 when Congress's two-week Easter recess begins.

Advocates contend that members of Congress who vote to repeal the ACA with no plan in place to assure continued coverage, or a plan that reduces benefits or increases costs like the House GOP's

American Health Care Act does, are willing to put millions of people's health and lives in peril. If all Democrats remain unified, the defection of three Republican senators would defeat specific ACA repeal/replacement plans. For more information on this latest GOP legislation, see [this comparison piece](#) from the Kaiser Family Foundation, [this piece](#) from Families USA, and CHN's [statement](#) and [blog post](#). For more information Republicans' efforts to repeal and replace the Affordable Care Act, see the [Feb. 21 Human Needs Report](#).

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### **FY17 Appropriations Crawl Along**

Returning to FY17 appropriations work, the House overwhelmingly passed ([371-48](#)) a \$577.9 billion defense spending bill (H.R. 1301) on March 6. Due to time constraints – the current Continuing Resolution (CR) through which the government is funded runs through April 28, and Congress has a two-week recess between now and then – this will likely be the last of the 12 stand-alone FY17 appropriations bills the House will pass. Reports are that House leaders are looking to combine the remaining spending bills in one large group, known as an omnibus spending bill. If members cannot come to agreement on detailed funding decisions, they may opt to extend the current Continuing Resolution through September, keeping most funding levels flat. They could also do some combination of these options. Any FY17 appropriations bills would need a minimum of 60 votes to pass the Senate. If the Senate does not pass the defense spending bill as a stand-alone measure, it could be grouped in with the other spending bills in the omnibus. Only one of the 12 required bills for FY17, the Military Construction and Veterans Affairs appropriations bill, has been signed into law.

Earlier reports were that the Trump Administration was preparing to ask Congress for additional funding for FY17 for defense and to begin construction of a wall along the U.S.-Mexico border, and that this request would be submitted in the beginning of March. However, this hasn't yet happened. If an additional funding request still materializes, it could also be grouped with the omnibus legislation. The Pentagon already received [\\$8 billion](#) in additional funding in the Continuing Resolution passed last fall, while most programs received flat funding.

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### **Trump's FY18 Budget Request – in Part – Expected this Week**

The Trump Administration is expected to submit a preliminary FY18 budget request (also called a "skinny budget") to Congress on March 15 or 16. This plan is expected to cover only spending that is annually appropriated by Congress ("discretionary" spending), not mandatory spending or taxes and revenues. A more detailed budget is expected later in the spring. Advocates are concerned about reports that say budget proposals from President Trump may be similar to that from the [Heritage Foundation](#), which would make unprecedented cuts, slashing Medicaid, SNAP, Medicare, Head Start, and other critical human needs programs.

In fact, President Trump has said his budget will include \$54 billion in additional funding for the Pentagon, paid for by equal cuts to nondefense programs, including human needs programs. *The Washington Post* reported on March 12 that the domestic and international cuts would require [substantial reductions](#) in the federal workforce and on March 8 that the Administration is considering more than [\\$6 billion in cuts](#) to the Department of Housing and Urban Development (HUD), cutting its budget by 14 percent. This could include cutting \$4 billion in community planning and development grants, \$300 million from direct rental assistance (including Section 8 Housing Choice Vouchers and rental vouchers for homeless veterans), \$42 million – nearly 10 percent – from housing for the elderly, \$29 million – nearly 20 percent – from housing for people with disabilities, and \$150 million – more than 20 percent – from Native American housing block grants. In response to the report, Diane Yentel, head of the National Low Income Housing Coalition, [called](#) the cuts “unconscionable and unacceptable.” She noted that, even before these cuts, an estimated 10,000 public housing units are each year due to chronic underfunding and inflation. With these proposed cuts to Housing Choice Vouchers, more than 200,000 families could lose critical support. There is already a national shortage of 7.4 million homes affordable and available to the lowest income people in the U.S, and just one in four low-income people in need of assistance get the help they need. Marc Morial, president of the National Urban League, responded to the report by [saying](#), “It’s a slap in the face of working Americans, urban communities, to suggest that you should make all these cuts to buy more tankers, aircraft carriers and missile systems.” Other press reports have cited Administration plans to slash environmental protection programs and eliminate the Legal Services Corporation, the Corporation for National and Community Service (including Americorps), arts and humanities programs, and Corporation for Public Broadcasting, but these reports have not been publicly confirmed by the Trump Administration. It is also not clear how many program details like these will be included in the mid-March release.

Congress is also looking ahead to FY18 – sort of. Earlier reports stated that the House had started working on a FY18 budget resolution, but according to *CQ*, work on that is on hold until after Congress passes the repeal of the Affordable Care Act (for more on this topic, see the related article in this *Human Needs Report*). Congress hopes to use a special process known as reconciliation with the FY18 budget resolution that would allow them to pass tax reform, and possibly reforms to entitlement programs, with only a simple majority in the Senate, just as they are doing with the ACA repeal legislation in FY17. But to do this, they must complete the FY17 reconciliation process before they can pass an FY18 budget resolution. A budget resolution is a plan through which Congress sets certain spending/taxation rules for itself; it does not go to the President for his signature and does not become law.

While even some Republicans have pushed back against the \$54 billion in cuts to nondefense discretionary programs that President Trump is calling for, advocates are still concerned that the House GOP budget will contain massive cuts that would be devastating to human needs programs. Any additional cuts would be on top of sequestration-level funding, which is scheduled to go back into effect for FY18 unless a bipartisan budget deal is reached to lift the spending caps.

Some Republicans in Congress, including [Sen. John McCain \(R-AZ\)](#), are calling for a FY18 base defense budget, excluding war costs, of \$640 billion. This is more than \$91 billion above the amount permitted

by current law. For more on this additional funding request and Sen. McCain's request for FY18, see the [Feb. 21 Human Needs Report](#).

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### **Advocates Vow to Fight President Trump's Revised Travel Ban**

Advocates condemned the revised executive order banning refugees and immigrants from six Muslim-majority countries announced by President Trump on March 6. The provisions in the [executive order](#), which includes, among other things, a 90-day ban on visa issuance and entry into the U.S. for residents of six predominantly Muslim countries; a 120-day suspension of the U.S. Refugee Admissions Programs; a four-month ban on new refugee admissions; and a slashing of the number of refugees allowed in the U.S. in FY17 from 110,000 to 50,000, are scheduled to go into effect on March 16. In a [joint statement](#) released by several advocacy groups, including several CHN members, Avideh Moussavian with the National Immigration Law Center said, "We, as a nation, are better than these executive orders that flout the Constitution and imperil deeply held values that cherish community, dignity, and fairness." NILC has participated in numerous calls and webinars to update advocates on the situation, and they continue to fight the ban. A video of progressive and civil rights leaders responding to the ban can be seen [here](#). [Several states](#) are seeking to block the travel ban through litigation as well. In addition, twenty advocacy and immigration groups also sent a [letter](#) to Homeland Security Secretary John Kelly asking him to immediately stop the deportation of all detained immigrant youth, including recipients of the Deferred Action for Childhood Arrivals (DACA) program.

A leaked draft executive order that would further restrict immigrants and potential immigrants who use or would be expected to use public benefits has not yet been officially announced. For more information on this draft "public charge" draft executive order, see the [Feb. 6 Human Needs Report](#).

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### **President Trump's Cabinet Update: Carson Confirmed, Acosta Hearing Scheduled**

**Alexander Acosta**, President Trump's second nominee for Labor Secretary, is scheduled to appear before the Senate Health, Education, Labor and Pensions Committee for his confirmation hearing on March 22. Acosta is a former U.S Attorney, former assistant attorney general for the Civil Rights Division of the Department of Justice, and a former member of the National Labor Relations Board. If confirmed, Acosta would be the first Hispanic member of Trump's cabinet. The Leadership Conference on Civil and Human Rights and other advocacy groups sent a [letter](#) to committee members expressing concern about Mr. Acosta's time at the Department of Justice; a report found that, under his watch, the Civil Rights Division engaged in politicized hiring that favored candidates with conservative views and that Justice Department rules and policies were broken. The Restaurant Opportunities Centers United (ROC United) [said](#) Acosta's record "is filled with clear evidence he is not a friend to America's 12 million restaurant workers."

**Dr. Ben Carson** was confirmed ([58-41](#)) as the new Secretary of Housing and Urban Development on March 2. Six Democrats and one Independent voted to confirm Carson; no Republicans opposed him. The [Washington Post](#) article that reported that the Trump Administration was considering \$6 billion in cuts to HUD noted that the document it received was likely drafted before Carson's confirmation (see the related article in this *Human Needs Report* for more information). Only a simple majority of the Senate is needed to confirm nominees for administration positions.

For more information on President Trump's cabinet nominees, including statements opposing many of the nominees from CHN members, see CHN's page on the [Trump Administration](#).

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### **Senate Votes to Repeal Rule Affecting Workers**

On March 6, the Senate voted ([49-48](#)) to repeal the regulations implementing the Fair Pay and Safe Workplaces Executive Order previously issued by President Obama. The order requires federal contractors to disclose any violations of worker protection laws before receiving new government contracts, and advocates believe it is necessary to protect workers' wages and safety and to encourage violators to comply with labor and civil rights laws. CHN supported this [executive order](#) and signed a group letter urging members of Congress to oppose efforts to repeal it. The resolution to undo the order is viewed by advocates as anti-worker, anti-taxpayer, and anti-law-abiding business. The House voted ([236-187](#)) to repeal on Feb. 2, and the legislation is expected to be signed by President Trump.

A number of other rules and regulations put into place in the last several months of the Obama Administration are being targeted by Republicans in Congress and the new Trump Administration for the chopping block. For more information about other rules and regulations under threat and the process for undoing these, see the [Feb. 21 Human Needs Report](#) and [RulesAtRisk.org](#).

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### **SCOTUS Confirmation Hearing to Begin March 20**

The confirmation hearing on Judge Neil Gorsuch's nomination to the Supreme Court is slated to begin on March 20 in the Senate Judiciary Committee. Several CHN members, including the [National Women's Law Center](#), [National Council of Jewish Women](#) and the [Center for American Progress](#), released statements opposing his nomination. The National Women's Law Center noted in its statement that, "Gorsuch's judicial record and the tainted process by which he was selected, demonstrate that, if he is confirmed to the highest court in the land, our shared constitutional values will be at risk, to the detriment of us all – and most especially women." SCOTUSblog has compiled a [partial list of statements](#) in support of and in opposition to Judge Gorsuch.

A confirmation to the Supreme Court requires 60 votes in the Senate, but President Trump [encouraged](#) Senate Majority Leader Mitch McConnell (R-KY) to “go nuclear” and change the filibuster rules if necessary so that only a simple majority would be needed. Advocates have been strong in their position that if Gorsuch doesn’t have the 60 votes required for confirmation, Republicans should change the nominee, not the rules. Senate Majority Leader Mitch McConnell (R-KY) [said](#) he believes the Senate will confirm Gorsuch before its two-week Easter recess begins on April 8.

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**We appreciate your input.** Give us your thoughts on our *Human Needs Report* at [limbery@chn.org](mailto:limbery@chn.org).

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