Major Changes Proposed for Health Care and Aging Programs

Congress and the Trump Administration Announce Changes—Policy Details Thin

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In the past week, reports have emerged from both Capitol Hill and the White House that indicate the direction Republican policymakers will go in making major changes to both federal health care programs and the federal budget. n4a will continue to provide details, advocacy opportunities and resources as they are available, but for now, we wanted to inform our members as to what appears to be emerging, even if only at a high level.

What Do We Know?

If leaked documents from the House of Representatives and statements from the White House are accurate, lawmakers will soon unveil the first of several steps to repeal the Affordable Care Act and to restructure Medicaid, and the White House will release a proposal to dramatically cut funding for non-defense discretionary (NDD) programs in FY 2018. While these reports are not surprising, they are the first major examples of policy priorities for the Trump Administration and the 115th Congress.

We expect additional details on both proposals will emerge this week now that Members of Congress have returned to DC and President Trump will give his first address to Congress this evening. However, it may still be several weeks or more before we know exactly how
these changes could affect Medicaid and funding for Older Americans Act and other critical aging programs.

**Changes to Federal Health Care Programs**

On Friday, a House draft bill to begin the repeal process for the Patient Protection and Affordable Care Act (ACA) was leaked. Details of that proposal also reflected the first legislative salvo at restructuring the federal-state health care and LTSS program Medicaid. Republicans in Congress and the Trump Administration have been floating major changes to Medicaid, but advocates and policy analysts were initially anticipating these changes wouldn’t be unveiled until the fall of this year. However, in recent weeks, it’s become clear that the timetable for Medicaid has been moved up.

The proposal that leaked from the House authorizing committees would not only repeal large swaths of the ACA, including the individual coverage mandate and Medicaid expansion, it would also transition the federal Medicaid program into a per-capita cap structure by FY 2019, which would shift the federal contribution to states for Medicaid beneficiaries from a dynamic structure that increases as costs increase to establishing a per-beneficiary spending limit for states. As proposed in the leaked draft, the federal contribution would be tied to current spending, and increased based on the rate of the Medical Consumer Price Index plus 1 percent each year.

n4a and other advocates are still analyzing what a per-capita cap structure for Medicaid would mean for Medicaid providers—especially for traditionally high-cost beneficiaries, including older adults and people with disabilities. We also cannot confirm at this point that lawmakers have abandoned the block grant approach, either. We do know, however, that previous reform proposals have set a goal of reducing federal Medicaid costs up to 40 percent over 10 years. This cost reduction would likely come through a combination of constrained federal spending, increased risk and costs for states, and potential reductions in services available to beneficiaries. For AAAs and other CBOs providing home and community-based services (HCBS) through Medicaid waiver programs—and the clients who rely on HCBS—these changes could be particularly troubling.

**Initial Details of Trump Budget**

Today, the Trump Administration announced plans to make significant shifts in discretionary spending levels for defense and non-defense programs in the President’s first budget. Again, details are sparse, but what we do know is that the Administration plans to release an FY 2018 budget that breaks long-standing parity between defense and non-defense
discretionary spending cuts, and pay for a proposed $54 billion boost to defense programs with a $54 billion cut to NDD programs. Reports indicate that this level of cuts to NDD programs could translate into an overall 10 percent cut. Details of how such a cut would be reflected among individual agencies, such as the Administration for Community Living, Administration on Aging, etc., is still uncertain.

We don’t anticipate seeing any specifics at all on how this broad cut would be absorbed among agencies until the Administration delivers the first draft of what they’re calling a “skinny” budget proposal to Congress the week of March 13. Even then, we may not know exactly how the Administration proposes to fund smaller agencies or specific programs. At this time, the President has said there will be no cuts or changes to mandatory programs such as Medicare and Social Security.

As an important reminder, the President’s budget is not a binding policy document, and it does not finalizing funding decisions—those are made by appropriators in Congress. However, the budget document does set an important vision for Administration priorities, and emphasizes that intense advocacy efforts from the NDD community and grassroots will be necessary to prevent these proposals from being realized.

What Happens Next?

The House and Senate returned to DC this week for six weeks of legislative activity, and President Trump will address a joint session of Congress for the first time tonight. We expect the House to take the lead on passing a reconciliation proposal reflecting ACA and Medicaid changes, and send a proposal to the Senate by the end of March. The Senate must complete their own reconciliation bill, and both chambers have to agree on a measure before any changes would be sent to the President. The release of a bare-bones budget from the Administration in March will kick off the federal FY 2018 funding debates in Congress, however, lawmakers must also finish the FY 2017 funding bills by April 28 when the current funding bill expires.

Needless to say, the next couple of months in Washington, DC are going to be incredibly busy, and it remains more critical than ever that local aging advocates weigh in with lawmakers and stress the need to protect key ACA provisions affecting older adults, caregivers and the Aging Network.

We also encourage aging advocates to attend the 2017 n4a Aging Policy Briefing and Capitol Hill Day, April 3-4, to learn the latest in a rapidly changing landscape for aging and health care policy, and to meet directly with your Members of Congress!
This Legislative Update is an n4a membership benefit. For more information about these and other federal aging policy issues, please contact n4a’s policy team: Amy Gotwals (agotwals@n4a.org) and Autumn Campbell (acampbell@n4a.org), 202.872.0888.