



## Children's Defense Fund

# Why the American Health Care Act Harms Children and Other Vulnerable Groups and Must Be Rejected

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### **Ends Medicaid's guarantee of comprehensive, affordable health coverage to millions of people in America, including 37 million low-income children and children with disabilities.**

- Slashes more than \$800 billion from Medicaid to pay for tax cuts for very wealthy individuals and corporations.
- Imposes a per capita cap on federal Medicaid spending, based on 2016 funding levels, indexing this new per beneficiary cap to medical inflation, a level below current cost increases. States that exceed their federal allotment would be penalized the following year, resulting in even further state shortfalls. Also gives states the option to block grant funding for children or adults, but not those with disabilities or seniors. States in either case would have to make up the difference between actual expenditures and capped federal payments by: increasing state dollars; or cutting benefits, providers, and beneficiaries over time to cover federal funding shortfalls.
- School districts and other child serving systems would lose Medicaid dollars that help pay for school-based health services, help maximize mental health and substance abuse treatment for families in the child welfare system, and assist children in the juvenile justice system who are on probation or returning to their communities from detention.

### **Leaves 24 million children and adults without health insurance.**

- Cuts 14 million recipients just from Medicaid alone by 2024.
- Effectively ends the Affordable Care Act's (ACA's) cost-effective expansion of Medicaid for low-income adults, leaving many parents without coverage. Children are more likely to have health coverage when their parents have it.

### **Ends the ACA's protection requiring all insurers to offer a basic set of essential benefits, such as pediatric services, including oral and vision.**

- Allows states to get waivers from some or all of the ten essential health benefits the ACA requires all insurers provide. While a more limited benefit package is less expensive, the loss of coverage for services like maternity care and pediatric coverage, mental health and substance abuse treatment, or treatment for cancer and other diseases would likely mean increased costs for many who can least afford it.

- Allows insurance companies to, once again, impose annual and lifetime limits on health coverage received.

**Allows insurance companies to once again discriminate based on a person's age, gender, and health status.**

- Allows insurers to charge more based on age, gender and/or health status. For example, the American Health Care Act (AHCA) would allow insurance companies to charge older Americans five times as much as younger Americans.

**In effect denies health coverage to children and adults with pre-existing conditions by allowing states to cut back on treatments and increase costs, making it more expensive for many.**

- Increases costs for children and adults with pre-existing conditions who need services or treatments that are not offered by their plans, including out-of-pocket costs such as deductibles and high payments for incurred costs.
- Requires states that waive certain protections in the ACA to establish high-risk pools to help offset the increased cost of care for people with pre-existing conditions and high health care needs.
- Health care experts suggest the federal funding the AHCA offers to states for the high risk pools, \$138 billion over 10 years and an additional \$8 billion over five years, is woefully inadequate to cover the needs of people with pre-existing conditions.

**Pays for tax cuts for the wealthiest Americans and corporations by cutting health coverage for low- income children and seniors, children and adults with disabilities, and others.**

- Cuts taxes on high-income individuals earning \$200,000 (and couples earning more than \$250,000) by nearly \$300 billion over 10 years by repealing the ACA's Medicare payroll tax increase and the tax on investment income.
- The majority of individual tax cuts in the AHCA would go to less than 1 percent of Americans who make over \$1 million a year.
- The wealthiest 400 Americans — whose average incomes exceed \$300 million a year — would each get an average tax cut of \$7 million a year, even as millions of others could no longer afford needed health services.
- Provides huge tax cuts to insurers and drug companies.