

## **Efforts to Repeal the Affordable Care Act Will Hurt Low-Income and Communities of Color**

House Republicans are fast-tracking the Republican plan to repeal the ACA, (the “American Health Care Act” (AHCA)), threatening to undo the extraordinary progress California has made towards eliminating health disparities and providing access to health care for millions of Californians, a majority people of color. Taken together these proposals would:

- Drastically cut spending for the Medicaid program by \$20 billion (Medi-Cal in California)
- Slash financial assistance (tax credit subsidies and cost-sharing) in Covered California
- Privatize Medicare and roll back prescription drug coverage
- Gut consumer protections in health insurance
- Eliminate coverage for certain health and mental health conditions
- Repeal funds to be used for prevention

***Communities of color, the majority of the newly insured under Affordable Care Act (ACA), will be most negatively impacted by the Republican plan.*** Prior to the ACA communities of color, who made up just over half of all residents, were three-quarters (74%) of California’s uninsured. The ACA significantly helped to close the coverage gap, cutting uninsurance rates by more than half for Asian Americans and African Americans between 2013 and 2015 and reducing rates for Latinos at slightly lower rates.<sup>i</sup> These proposed changes could happen as *early as next year, 2018. We must act NOW!*<sup>1</sup>

### **What Health Care Changes Are Being Proposed?**

The AHCA would be devastating for Californians causing **24 million people** nationally to become uninsured by 2026. The ACHA is projected to increase health care premiums and costs with low-income, seniors and individuals with chronic diseases bearing the brunt of these changes. The plan includes:

- **Drastic Cuts to Medi-Cal:** California’s Medi-Cal program provides comprehensive health coverage to close to 14 million Californians. The majority of those enrolled in Medi-Cal are from communities of color (9.3 million or 68%) and every racial/ethnic group has experienced an increase in coverage since 2013. Latinos make up half of Medi-Cal enrollees, Asian/Pacific Islander rates more than doubled, and African Americans experienced an increase in coverage by one-third.<sup>ii</sup> The AHCA proposal would **drastically reduce federal funds for Medicaid** and make major changes to the program by **instituting a per-capita-cap** or limit on federal funding for each Medi-

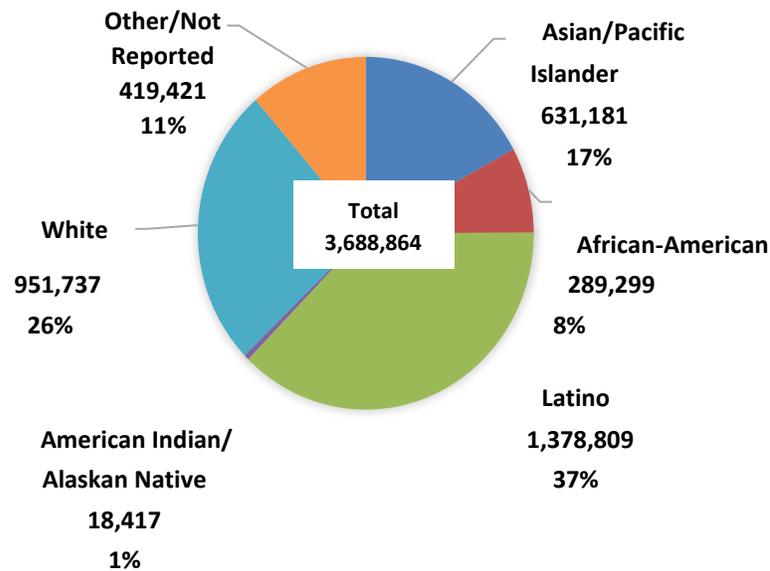
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<sup>1</sup> The Budget Reconciliation Process only requires a simple majority (51 votes) for passage. The Administration could agree to many of these changes as early as the end of January. For more information on the Budget Reconciliation Process go to: <http://www.cbpp.org/research/federal-budget/introduction-to-budget-reconciliation>

Cal beneficiary. This will force California to reduce coverage or limit health care services.

The AHCA also **repeals funding for the current Medi-Cal expansion** which includes adults without children, certain parents and caretaker relatives. California's Medi-Cal expansion currently covers close to **3.7 million Californians (2.3 million people of color)**. Proposals to drastically change Medi-Cal by eliminating funding for the Medi-Cal expansion for example, would significantly harm low-income communities overall with particularly negative impacts on Latinos, Asian/Pacific Islanders, and African-Americans (see chart below).<sup>iii</sup>

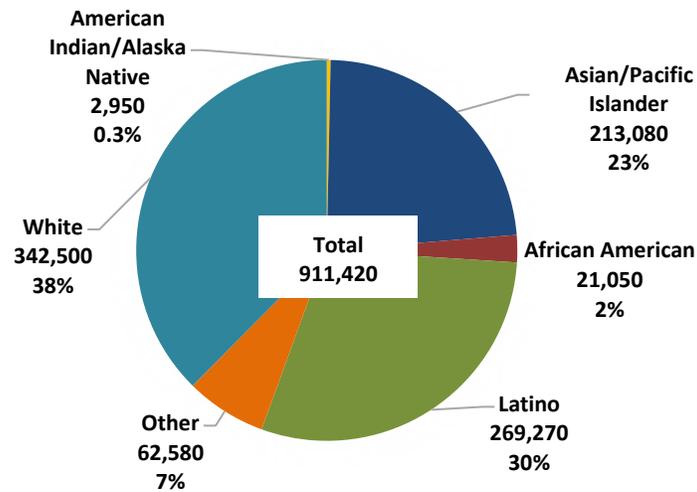
Percent of Adults Who Gained Access to Medi-Cal under the Expansion by Race/Ethnicity 2016



Source: Research and Analytic Studies Division, September 2016. Medi-Cal Monthly Enrollment Fast Facts, June 2016. California Department of Health Care Services.

- **Eliminating Financial Assistance for Health Insurance through Covered California:** Over 1.4 million Californians who earn between \$16,242 and \$47,080 a year (138-400% FPL) are enrolled in coverage through the state's marketplace, Covered California. Ninety percent of Californians who buy insurance through Covered California receive financial assistance (tax credit subsidies) to pay for their premiums, deductibles (co-pays) and other health care costs. The AHCA **eliminates cost-sharing and drastically cuts tax credit subsidies to purchase health insurance.**<sup>iv</sup> The result **would make health care unaffordable for at least 1.2 million Californians (570,000 people of color)**. The enormity of the proposed cuts could threaten California's marketplace which has made important strides in improving access to care and is **leading efforts to reduce racial and ethnic health disparities**. The elimination of Covered California would result in a large step backwards in promoting health equity.

Covered California Subsidy Enrollment - Race/Ethnicity 2016



Note: 320,550 of 1,200,000 subsidized enrollees failed to indicate a race or ethnicity  
Source: Covered California Data & Resources. 2016 March Profile:  
<http://hbex.coveredca.com/data-research/>

- **Privatizing Medicare and Reducing Prescription Drug Coverage:** California has the largest Medicare population at 5 million and nearly half (43%), the largest percentage in Medicare nationally, are from communities of color. House Speaker Ryan has proposed to **change Medicare from a guaranteed public benefits program for seniors**. Instead the government would provide vouchers or coupons for seniors to purchase coverage **at market rates**. Privatized Medicare means senior citizens would no longer be guaranteed health insurance coverage for essential benefits. It could mean higher costs for doctor visits and prescription drugs, which would be a huge strain on California seniors and people with disabilities, who are already often on fixed incomes. Repeal of the ACA **would also eliminate a provision that helps with Medicare prescription drug costs** (known as the “donut hole”) which exposes seniors to a sudden jump in out-of-pocket expenses once they’ve exceeded a certain level of benefits. The ACA would close the “donut hole” by 2020. House Speaker Ryan has not explained how his proposal would account for this.
- **Gutting Consumer Protections:** California has strong **consumer protections that prevent discrimination against people of color, individuals with limited English proficiency, women, and Lesbian, Gay, Bisexual, Transgender (LGBT) individuals**. Because we are one of the most diverse states with nearly 7 million limited English proficient individuals our laws ensure that consumers get medically necessary services in a timely manner and in the language that they speak. The AHCA and administrative actions threaten our state, and federal, protections by:

- Undoing the individual mandate to purchase health insurance, jeopardizing access to comprehensive, affordable coverage for those with pre-existing conditions;
- Eliminating the ten Essential Health Benefits in Medi-Cal, which include mental health, preventive services, prescription drug coverage, and maternity care; and
- Clearing the way for insurers to sell products from outside of the state, where California protections, including guaranteed language assistance, might not apply.

These changes will undermine our consumer protections, jeopardize our diverse consumer populations, and place heavy burdens on consumers while taking away health plan and provider responsibility to ensure equal access and protections for all.

**We need you to make your voice heard TODAY!** We must save the important health care gains under the ACA and prevent vulnerable communities from losing access. Help us hold California’s Congressional Representatives accountable by talking to legislators and [sharing your story](#) today!

i “Federal Health Care Reform Generated Broad Coverage Gains Through 2015,” but These Gains Are Now in Jeopardy”. November 2016. Center on Budget & Policy Priorities. <http://calbudgetcenter.org/resources/federal-health-care-reform-generated-broad-coverage-gains-2015gains-now-jeopardy/>

ii Research and Analytic Studies Division, September 2016. Medi-Cal Monthly Enrollment Fast Facts, June 2016. California Department of Health Care Services. [http://www.dhcs.ca.gov/dataandstats/statistics/Documents/Fast\\_Facts\\_June\\_2016.pdf](http://www.dhcs.ca.gov/dataandstats/statistics/Documents/Fast_Facts_June_2016.pdf)

iii Research and Analytic Studies Division, September 2016. Medi-Cal Monthly Enrollment Fast Facts, June 2016. California Department of Health Care Services. [http://www.dhcs.ca.gov/dataandstats/statistics/Documents/Fast\\_Facts\\_June\\_2016.pdf](http://www.dhcs.ca.gov/dataandstats/statistics/Documents/Fast_Facts_June_2016.pdf)

iv House Speaker Ryan proposes to replace tax credit subsidies with Health Savings Accounts (HSA) which are tax deductible savings accounts that individuals contribute to and then draw money from for certain medical expenses. HSAs are inadequate to make private coverage affordable, particularly for low and moderate income Californians. For more information go to: <http://abetterway.speaker.gov/assets/pdf/ABetterWay-HealthCare-PolicyPaper.pdf>

v Kaiser Family Foundation, “Distribution of Medicare Beneficiaries by Race/Ethnicity,” 2015. <http://kff.org/medicare/state-indicator/medicarebeneficiaries-by-raceethnicity/?currentTimeframe=0>