

Accountable Care NEWS

Impact of AHCA on Children's Hospitals: Preparing for the Road Ahead

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The first 105 days of the Trump Administration were an on-again, off-again story of dismantling the Affordable Care Act (ACA). While not a new challenge, the unaffordability of healthcare remains an important issue for consumers, employers and government at both the federal and state levels. Throughout the campaign and early administration, Trump promised to repeal Obamacare, and he is now one step closer after the recent passage of the American Health Care Act (AHCA) by the House. While there are still many unknowns and uncertainties about the next wave of healthcare reform, decreased funding for Medicaid will be a core component.

Throughout the debate these past few months, there has been little discussion about the impact of potential spending cuts and programmatic changes on pediatric care through Medicaid. The underlying premise of the reductions would be to roll back Medicaid expansion and reduce spending on newly insured adults who previously did not have insurance—without any specific eligibility implications for children. However, the sheer magnitude of expected funding cuts, coupled with the shift in responsibility to states that will exhibit variability in how they respond, increase the likelihood of consequences for children who need care.

Children's Hospitals' Reliance on Medicaid

For children's hospitals, which disproportionately serve these children, there are a handful of options for how to react to the likely changes ahead:

In March, the Congressional Budget Office (CBO) estimated that nearly 24 million Americans on Medicaid would lose their insurance by 2026 under 32AHCA with the federal government reducing outlays to states for Medicaid by \$880 billion over the next decade.¹ Underlying this reduction in Medicaid spending are fundamental policy changes.

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Survey Asks Healthcare Professionals About Repeal/Replace, ACA and Impact of 2017 Economy

MCOL and Healthcare Web Summit jointly sponsored a survey of healthcare professionals on key health care business issues during 2017. The survey asked purchasers (health plans, third-party administrators, agents and pharmacy benefits managers); providers (physicians, pharmacists and hospitals); and vendors/other three questions:

1. Which of the following eight healthcare business trends (see page 7 chart) do you think will have the greatest overall impact for the rest of 2017?
2. Which of these ACA provisions (see charts on pages 7 and 8) do you think will generally survive upcoming repeal/replace measures?
3. Please project who you think the economic winners and losers for 2017 will be. Who do you think will be economically better off, the same or worse off by this time next year—consumers, employers, health plans, hospitals, physicians and/or pharmaceutical?

Types of respondents broke out fairly evenly: 31.7% are providers, 30.2% purchasers and 38.1% vendors/other.

Respondents clearly feel that ACA repeal/replace legislation/executive actions is the healthcare business trend that would have the greatest overall impact in 2017, with 68.3% of stakeholders indicating so. Value-based payment initiatives came in second with 9.5% of the votes. Government funding cuts and increased consumer cost sharing had the third highest number of votes with 6.3% each.

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