



# American Health Care Act (AHCA) Facts: Nebraska Medicaid

## Impact

The American Health Care Act (AHCA) makes devastating cuts to Medicaid, which provides important health coverage to 1 in 8 Nebraskans - mostly children, older adults, and people with disabilities. It would end Medicaid as we know it, placing coverage for 74 million Americans, including around 230,000 Nebraskans, in jeopardy.

## The Bottom Line

The AHCA cuts \$880 billion from Medicaid over the next decade. With cuts this deep and changes to how Medicaid is financed, the Medicaid program would end as we know it. The AHCA would cause many children and adults with low incomes to lose health coverage and force states to make hard choices about who to cover and what services to provide.

## Who Medicaid Currently Covers

- Medicaid is a public health insurance program that covers low-income children, some very low-income parents, pregnant women, people with disabilities, and seniors. The majority (two-thirds) of those covered under Nebraska Medicaid are children.
- Medicaid is the largest payer for long-term care (nursing homes).
- Some states have decided to cover low-income childless adults or parents who earn a little more through Medicaid expansion. Nebraska has not taken up this option, so nearly 100,000 Nebraskans have no way to afford health insurance.

## How Medicaid Works Now

- Medicaid is a partnership between the federal government and the states. The federal government pays at least half of the program's costs, and states pay the rest. Federal payments are based on a matching rate where poorer states get more federal money and wealthier states get less. In Nebraska, the federal government pays between 50-60% of the costs of the Medicaid program.

## How the AHCA Would Change Medicaid

- The AHCA would phase out Medicaid expansion, which would result in many working, low-income people across the country losing health insurance.
- The AHCA would also end Medicaid's long-standing state/federal partnership, changing it to a "per capita cap" system where states get a certain amount of federal money per Medicaid enrollee. The state would receive different amounts of money depending the category in which a person fits. For example, a state would get set amount per child and a different, higher amount for a person with a disability.
- The problem with this system is that it does not reflect actual health care costs. Experts agree the increases in federal per capita funding are unlikely to keep up with actual health care costs, leaving states to make up the difference.
- The bottom line is these changes would mean the federal government would cut Medicaid funding, while shifting costs to the states. Because of how the payments are structured, the cuts will get worse over time, making states face difficult choices about how to fund and maintain their Medicaid programs and putting coverage for the most vulnerable at risk.

## Per Capita Caps Do Not Give States Real Flexibility

- Per capita caps are often described in terms of allowing greater "flexibility" for states. However, the current Medicaid program already allows states flexibility. Medicaid is designed to be responsive to changes in the economy, public health crises, natural disasters, or an aging population. The AHCA's changes will actually limit states' ability to be flexible and responsive to changes like this.
- In states like Nebraska that face significant budget obstacles, it will be challenging to come up with additional funds to maintain Medicaid services and enrollment. Instead, states will likely look to cuts in services, enrollment, or other program changes to make up the difference in funding. In other words, it is very likely people will lose their health coverage and not get the services they need.

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