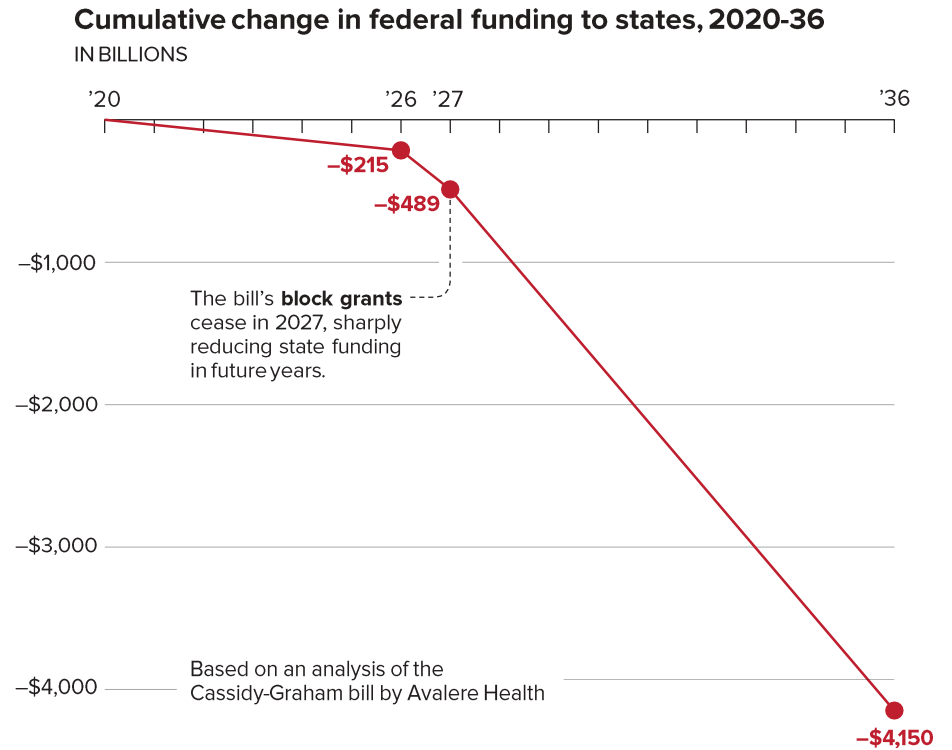


## Cassidy-Graham Bill Sets Up Health Care Funding Cliff

The Affordable Care Act repeal bill crafted by Sens. Bill Cassidy (R-La.) and Lindsey Graham (R-S.C.) would convert the ACA's Medicaid expansion and insurance subsidies into a block grant for each state. However, as written, the bill would only fund the grants through 2026.

According to Cassidy, lawmakers would likely appropriate new funding in future legislation before the block grants expire. If lawmakers fail to do so, the effects on state budgets could be dramatic. An analysis by health care consulting firm Avalere Health concluded that the combined loss for states would total \$274 billion in 2027 alone.

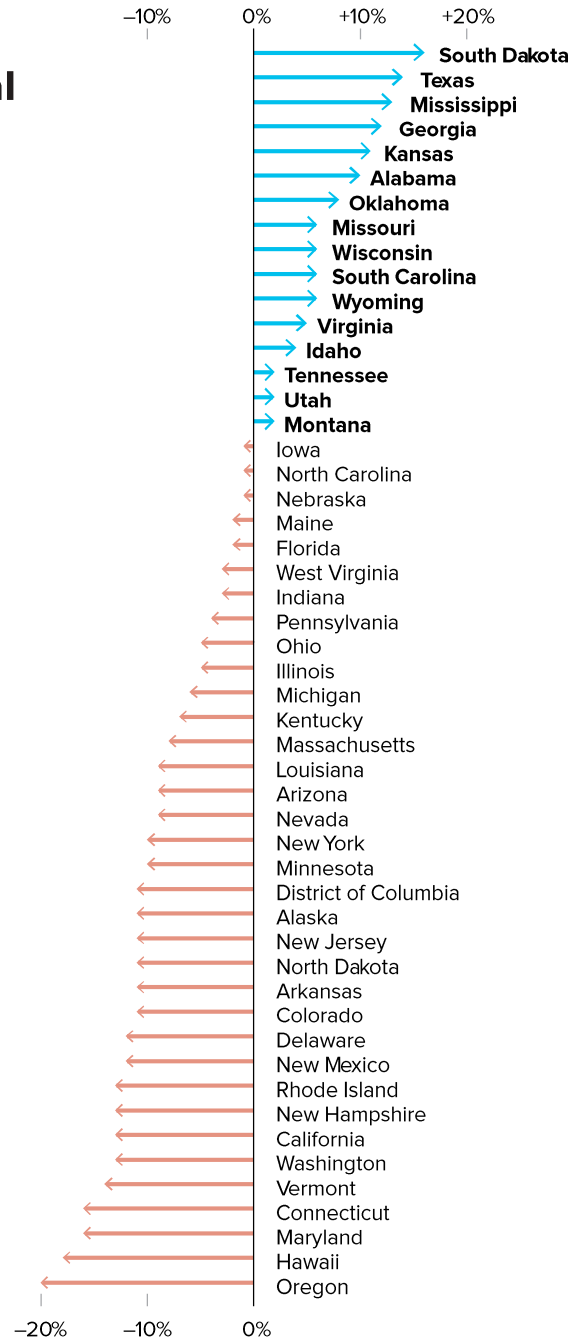
The potential funding "cliff" could work against the bill's goal of encouraging states to set up their own health programs using the block grants. Several states refused to expand Medicaid under the ACA because state lawmakers were worried about the long-term reliability of the expansion's federal funding. If the Cassidy-Graham bill is passed without any guarantee of federal funding after 2026, state lawmakers could be similarly reluctant to use the funds to create ambitious new state-level programs.



# As Written, All States Would Receive Less Federal Funding by 2036

Changes in federal funding relative to current law, based on an analysis of the Cassidy-Graham bill by Avalere Health.

Cumulative funding change from 2020-26



Cumulative funding change from 2020-36



Sixteen states in would see increased federal funding after the first 10 years, but by 2036, all states will have lost funding because of the elimination of block grants.

Sources: POLITICO staff reports; Elizabeth Carpenter and Chris Sloan, "Graham-Cassidy-Heller-Johnson bill would reduce federal funding to states by \$215 billion," Avalere Health