On February 10, the White House released President Trump's fiscal year 2021 budget. Budgets are often described as statements of priorities. This budget attempts to obscure what remains atop the Trump administration's health policy priority list: eliminating the coverage expansions implemented by the Patient Protection and Affordable Care Act (ACA).

For the last 2 years, the budget has directly demonstrated the administration's commitment to eliminating the ACA's coverage programs. Those budgets featured proposals modeled on the Graham-Cassidy-Heller-Johnson proposal that the Senate debated and failed to pass in 2017. Those proposals would have repealed the ACA's Medicaid expansion and Marketplace subsidies and replaced them with much stingier block grants to states while also cutting funding for states' pre-ACA Medicaid programs via a per capita cap or block grant. States would also have been allowed to eliminate ACA insurance market rules that bar insurers from charging more or denying coverage on the basis of pre-existing conditions.

This year, perhaps concerned about openly supporting these policies in an election year, the budget no longer references the Senate proposal. Instead, it includes a line item titled “Advance the President's health reform vision.” The 2 paragraphs explaining that vision are long on rhetoric about choice and affordability but light on policy detail. The administration may hope that being vague will let it argue that it no longer supports policies that would reduce health coverage, but this argument is hard to credit.

Notably, the budget documents indicate that the president's new vision is fundamentally similar to his old one. The administration projects that this vision will generate federal savings of $844 billion over 10 years—somewhat more than the Graham-Cassidy-Heller-Johnson proposal in last year's budget. The budget also endorses eliminating the 90% matching rate available to states for the ACA's Medicaid expansion, arguably the most consequential element of the proposal in prior budgets.

Moreover, it is unclear what policies, other than cuts to coverage programs, could underlie savings of this magnitude. The budget vaguely alludes to improving competition and transparency and curtailing surprise billing, but a suite of such proposals recently considered in the Senate would save less than $30 billion over 10 years—less than 4% of the $844 billion in savings claimed by the president's vision. More fundamentally, it defies belief that the administration has identified approaches that would generate hundreds of billions of dollars in savings without cutting coverage programs but has declined to share those approaches. Rather, the more logical explanation is that the administration continues to envision cuts to coverage programs similar to those it has put forward in the past but now wishes to obscure that fact from the public.

The implied cuts to ACA coverage programs would result in a large increase in the uninsured rate, particularly for low- and moderate-income Americans. In 2030, the projected savings from this vision represent approximately 70% of what the Congressional Budget Office projects the federal government will spend on Marketplace subsidies and the ACA's Medicaid expansion population in that year.

Cuts of that magnitude would likely entail ending coverage for most of the roughly 12 million Medicaid enrollees made eligible by the ACA and close to 10 million people with subsidized Marketplace (or Basic Health Program) coverage. These cuts could also jeopardize coverage for many unsubsidized individual market enrollees. With much smaller subsidies, the market would be
at risk of unravelling if the ACA’s protections for people with pre-existing conditions remained, whereas if those protections were removed, many enrollees with significant health care needs would be unable to obtain coverage.

Moreover, this year’s budget retains other specific proposals to curtail eligibility for Medicaid that were also in prior budgets. These proposals include reintroducing asset tests for Medicaid and implementing work reporting requirements nationwide. Adding these cuts to those associated with the president’s vision bring the 10-year total cut to around $1 trillion and would further reduce the number of Americans with insurance coverage.

Although we find the budget’s approach to Medicaid and the ACA troubling, the budget does include sensible proposals that take aim at excessive Medicare provider payments. Notably, the administration continues its aggressive push to establish site-neutral payment for services that can be delivered safely in either a freestanding physician office or a hospital outpatient department rather than paying more for services delivered in a hospital setting. This change has the potential to reduce federal spending and provide incentives for hospitals to acquire physician practices.

The budget also embraces a drug pricing policy similar to a bipartisan bill crafted by the Senate Finance Committee, which would increase the rebates that drug manufacturers pay to the federal government and limit annual out-of-pocket prescription drug spending in Medicare. On the other hand, the budget steers clear of proposals that would fundamentally alter how drug prices are set in the United States. This contrasts with drug price legislation that was recently passed by the House as well as the administration’s own regulatory proposal to tie the prices of physician-administered drugs in Medicare to prices in other developed countries, which it floated in 2018 but has yet to formally act on.

Nonetheless, the core of the administration’s proposed health budget is its effort to obscure its intentions toward Medicaid and the ACA. If President Trump is re-elected and Republicans retake the House this fall, they will have another chance to repeal the ACA. And if the administration-backed lawsuit seeking to strike down the ACA by some chance succeeds, policy makers would need to decide how to respond. The public should understand that, notwithstanding the budget’s disingenuous presentation, there is little question that the administration remains committed to proposals that would sharply reduce insurance coverage.

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