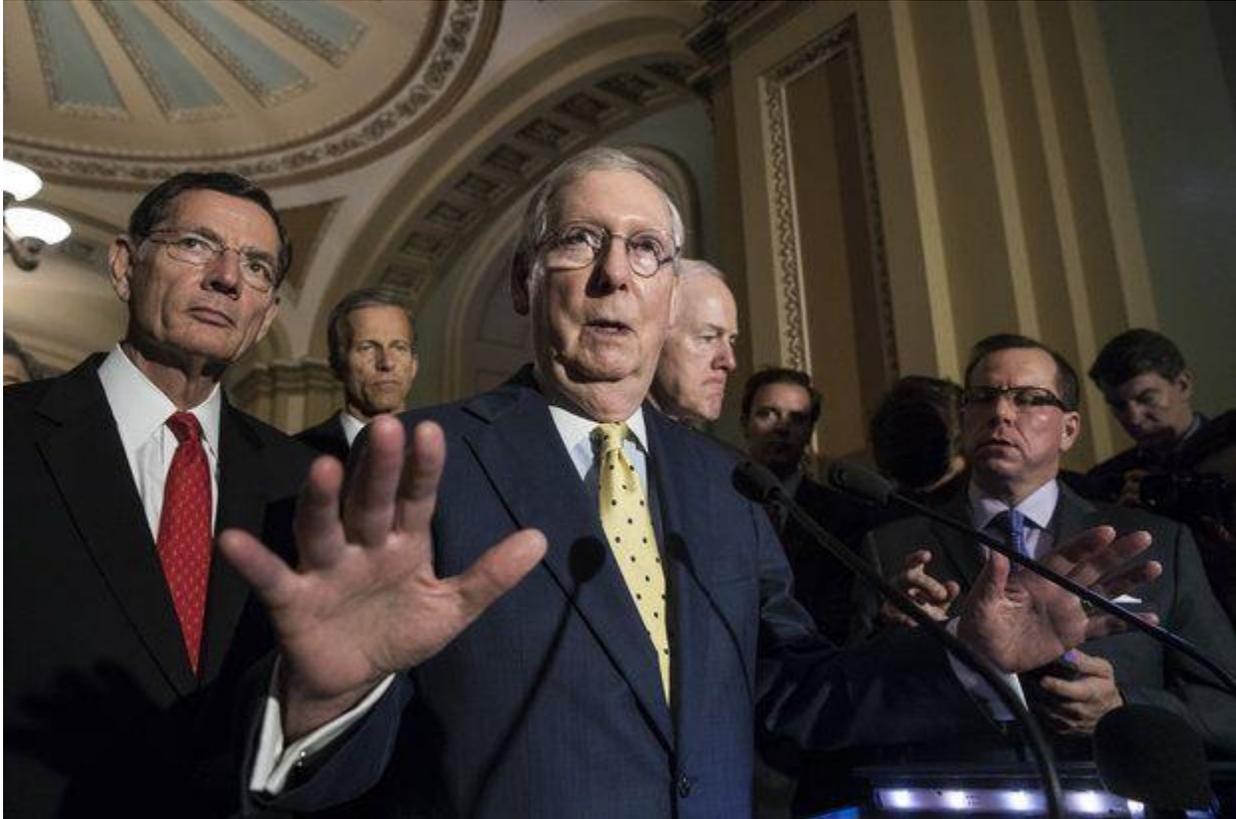


Senate GOP health bill would cut Medicaid, end insurance penalties

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Senate Majority Leader Mitch McConnell, R-Ky., joined by, from left, Sen. John Barrasso, R-Wyo., Sen. John Thune, R-S.D., and Majority Whip John Cornyn, R-Texas, speaks following a closed-door strategy session, at the Capitol in Washington, Tuesday, June 20, 2017. Sen. McConnell says Republicans will have a "discussion draft" of a GOP-only bill scuttling former President Barack Obama's health care law by Thursday. (AP Photo/J. Scott Applewhite)(*J. Scott Applewhite*)

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By **ALAN FRAM and RICARDO ALONSO-ZALDIVAR**, Associated Press

WASHINGTON (AP) -- Senate Republicans would cut Medicaid, end penalties for people not buying insurance and erase a raft of tax increases as part of their long-awaited plan to scuttle President Barack Obama's health care law, congressional aides and lobbyists say.

After weeks of closed-door meetings that angered Democrats and some Republicans, Senate Majority Leader Mitch McConnell., planned to release the proposal Thursday. The package

represents McConnell's attempt to quell criticism by party moderates and conservatives and win the support he needs in a vote he hopes to stage next week.

In a departure from the version the House approved last month, which President Donald Trump privately called "mean," the Senate plan would drop the House's waivers allowing states to let insurers boost premiums on some people with pre-existing conditions.

It would largely retain the subsidies Obama provided to help millions buy insurance, which are pegged mostly to people's incomes and the premiums they pay.

The House's tax credits were tied to people's ages, a change the nonpartisan Congressional Budget Office said would boost out-of-pocket costs to many lower earners. Starting in 2020, the Senate version would begin shifting increasing amounts of tax credits away from higher earners, making more funds available to lower-income recipients, some officials said.

The emerging Senate bill was described by people on condition of anonymity because they were not authorized to discuss it publicly.

Facing uniform Democratic opposition, the Senate plan would fail if just three of the chamber's 52 Republicans defect. More than half a dozen GOP senators have expressed problems with the measure, and a defeat would be a humiliating setback for Trump and McConnell on one of their party's top priorities.

"We have a responsibility to move forward, and we are," said McConnell, R-Ky.

GOP Senate leaders were eager for a seal of approval from Trump, who had urged them to produce a bill more "generous" than the House's.

"It's going to be important to get the president's support to get us across the finish line," No. 2 Senate GOP leader John Cornyn of Texas said Wednesday of White House officials.

Democrats say GOP characterizations of Obama's law as failing are wrong, while the Republican effort would boot millions off coverage and leave others facing higher out-of-pocket costs. The budget office said the House bill would cause 23 million to lose coverage by 2026.

The Senate measure would phase out the extra money Obama provided to expand the federal-state Medicaid program for the poor and disabled to millions of additional low earners. But it would be more gradual than the House bill, which cuts off the extra funds for new Medicaid beneficiaries in 2020. Republican senators from states that expanded Medicaid, such as Ohio's Rob Portman, want to extend that phase-out to seven years.

The Senate proposal would impose annual limits on the federal money that goes to each state for the overall Medicaid program, which would tighten even further beginning in 2025. Unlimited federal dollars now flow to each state for Medicaid, covering all eligible beneficiaries and services.

Like the House bill, the Senate measure would block federal payments to Planned Parenthood, two sources said. Many Republicans have long fought that organization because it provides abortions.

But it was unclear if, or how, the Senate would follow the House's path and forbid the use of health care tax credits to buy coverage that includes abortions. Such a prohibition is a major demand by conservatives, but special rules the Senate is using to ease passage of the legislation restrict the policy changes the measure can include.

The Senate would end the tax penalties Obama's law created for people not buying insurance and larger employers not offering coverage to workers. The so-called individual mandate -- aimed at keeping insurance markets solvent by prompting younger, healthier people to buy policies -- has long been one of the GOP's favorite targets.

To help pay for its expanded coverage to around 20 million more people, Obama's law increased taxes on higher income people, medical industry companies and others, totaling around \$1 trillion over a decade. Like the House bill, the Senate plan would repeal or delay those tax boosts.

The House waiver allowing higher premiums for some people with pre-existing serious illnesses was added shortly before that chamber approved its bill last month and helped attract conservative support. It has come under widespread criticism from Democrats and helped prompt some moderate House Republicans to vote against the measure.

Conservatives like Sen. Rand Paul, R-Ky., have warned they could oppose the bill if it doesn't go far enough in dismantling Obama's law. Moderates including Sen. Susan Collins, R-Maine, have expressed concern that the measure would cause many to lose coverage.