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Bickering Over BCRA: Senate GOP's Full-Court Press Continues, McConnell Inches Toward 50 Votes

With members of Congress heading home for the 4th of July recess, a flurry of activity late in the week illuminated Senate Republicans' battle lines over the Senate's Better Care Reconciliation Act (BCRA), and the progress Senate Majority Leader Mitch McConnell (R-KY) was making in the march toward 50 votes.

Lockton comment: The BCRA is the Senate's version of an Affordable Care Act (ACA) partial repeal and replace bill. It's substantially similar to the House of Representatives' version, the American Health Care Act (AHCA), passed by the House on May 4. Last week's [Legislative Update](#) summarized the key differences in the two bills.

But we're getting a tad ahead of ourselves.

A week full of big news began with a Congressional Budget Office (CBO) assessment of the BCRA that provided both good news and bad. The CBO concluded that over 10 years the BCRA would save the federal government about \$200 billion more than the AHCA. That's good news, not only because conservatives love the savings, but because the BCRA *had* to reap at least the savings the AHCA would.

But the CBO said the Senate bill would leave 22 million more Americans uninsured than the ACA would. That was just a million fewer than the AHCA's estimated coverage losses, and that made it bad news for Sen. McConnell.

McConnell had hoped to bring the BCRA to a vote by week's end but the CBO's assessment – particularly around coverage losses under Medicaid – slid a steady trickle of Republican moderates into the "I'm voting 'no'" camp. McConnell could only afford two defections, but by mid-week there were at least a half dozen. He saw the writing on the wall, and announced there would be no vote on the BCRA prior to the 4th of July recess.

Then the poker game began in earnest.

McConnell has \$200 billion in chips to play with (the savings over the House bill). A couple Republican senators want more money allocated to opioid addiction treatment. A couple more want to be sure Planned Parenthood is not defunded. Many GOP moderates want to see more money allocated to Medicaid, particularly after a late week report by the CBO – a report

requested by Senate Democrats – estimating that over 20 years the BCRA would slash federal spending on Medicaid by 35 percent.

Lockton comment: Medicaid spending might be the most significant issue Republicans are grappling with. Congressional Republicans desperately want to reign in Medicaid spending, which currently is an open-ended entitlement program. The federal and state governments spend about half a trillion dollars (combined) annually on Medicaid, with the federal government paying about 60 percent of that amount. The ACA promised enhanced federal matching dollars to states that expanded their Medicaid eligibility rolls, but it has proven difficult for Republicans to agree on how fast and how steeply to roll back not just the expanded matching scheme, but also federal Medicaid payments to states that didn't expand eligibility.

Hard-line conservatives like Sen. Ted Cruz (R-TX) and Mike Lee (R-UT) want the BCRA amended to allow insurers selling ACA-compliant individual health insurance policies to also sell cheaper, *non*-compliant policies.

Sen. McConnell hoped to reach a compromise with the holdouts in his caucus by Friday afternoon, so a revised bill could be sent to the CBO for assessment. By Thursday afternoon hopes of that seemed to be slipping away. But then late Thursday came word that negotiations were underway to allocate huge, additional sums – perhaps as much as \$60 billion more – in grants to states to fund innovative ways to encourage low-income people with high healthcare costs to purchase health insurance. Some believe the extra money is necessary to help low income individuals buy insurance because the federal tax credits made available for that purpose might not be generous enough to entice them to buy coverage.

Lockton comment: The BCRA as currently drafted would allocate about \$60 billion over eight years to the innovation fund; the amendment under consideration would double that amount. The innovation fund is in addition to a \$50 billion short-term market stabilization fund designed to reduce premiums in the individual health insurance market.

McConnell could grab an extra \$170 billion in chips by deleting from the BCRA a repeal of the ACA's 3.8 percent additional tax on net investment gain by high wage earners. That would give him substantial flexibility to placate GOP moderates, but of course will alienate hard-liners, like Sen. Rand Paul (R-KY), who want all the ACA taxes repealed.

McConnell is nothing if not shrewd and experienced at the political poker table. Time will tell whether he's holding the winning cards, or will ultimately have to fold his hand, and with it, any hope of a substantial repeal of the ACA. By late Friday morning there was talk of a Senate vote the week of July 17.

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