

May 31, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Democratic Leader
United State Senate
Washington, DC 20510

Dear Majority Leader McConnell and Democratic Leader Schumer:

We the undersigned national organizations--representing health care consumers and patients, providers, and other stakeholders--are writing to express serious concerns with legislative proposals being considered in the Senate, including the American Health Care Act (AHCA), that cut Medicaid funding through per capita caps and block grants and end the Medicaid expansion. These proposals will sharply reduce access to health care for the 74 million vulnerable children, seniors, women, people with disabilities, working adults and others that rely on Medicaid for high quality, affordable health coverage and care. We urge you to oppose the AHCA and similar legislative efforts that harm the Medicaid program.

The AHCA, for example, cuts Medicaid by almost \$834 billion over ten years through a combination of replacing the current federal-state partnership with either a block grant or per capita cap, and phasing out the Medicaid expansion.¹ Moreover, those cuts escalate over time and in 10 years the Medicaid program would experience a 25 percent reduction in federal support as compared to current law.² States cannot absorb reductions in federal support of this magnitude and many experts believe such fiscal pressure will place comprehensive health coverage for all 74 million Medicaid beneficiaries at risk.³

The Dangers of Applying a Fixed Funding Formula to Medicaid

We are deeply concerned that the AHCA, or any similarly formulated change to Medicaid's payment structure, would end Medicaid as we know it for seniors, people with disabilities, children and families. It would replace the current federal-state partnership with a fixed formula that would not be responsive to changes in states' fiscal needs and would not be responsive to the unique health care needs of state residents. In particular, we are concerned that a fixed funding formula in Medicaid would:

¹Congressional Budget Office, *H.R. 1628, the American Health Care Act, incorporating manager's amendments 4, 5, 24, and 25* (March 23, 2017), available online at: <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628.pdf>

² The Congressional Budget Office, *Cost Estimate: The American Health Care Act* (March 13, 2017) available online at: <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>

³ Edwin Park, Judith Soloman & Hannah Katch, *Updated House ACA Repeal Bill Deepens Damaging Medicaid Cuts for Low-Income Individuals and Families* (The Center on Budget and Policy Priorities: Washington, DC) March 21, 2017, available online at <http://www.cbpp.org/research/health/updated-house-aca-repeal-bill-deepens-damaging-medicaid-cuts-for-low-income>; Cheryl Fish-Parcham, *Medicaid Cuts Could Cause Grave Harm to Seniors and People with Disabilities* (Families USA: Washington, DC) March 22, 2017, available online at <http://familiesusa.org/blog/2017/03/medicaid-cuts-could-cause-grave-harm-seniors-and-people-disabilities>.

- Result in states limiting eligibility and cutting benefits, especially optional benefits such as dental, or home- and community-based services for seniors and people with disabilities.
- Result in significant cuts in federal Medicaid support over time. The AHCA Medicaid inflation adjuster, CPI-Medical, does not measure general growth in costs in the health care sector but instead measures growth in prices paid directly by urban consumers.⁴ As a result, CPI-Medical has grown more slowly than general health spending over time. By holding Medicaid to an inaccurate and incomplete growth rate, the AHCA will produce a significant reduction in federal support to Medicaid that compounds year over year. Moreover, once Medicaid is capped, Congress can always ratchet down the cap further at the expense of our most vulnerable populations.
- Stifle state innovation, not boost it. Today, when states invest in new services or treatments that are costly up front, but reduce costs over time, they can count on added federal support when they make the up-front expenditures. With a cap, funding to each state would be set based on services the state covers and how much they cost in a base year—in the AHCA the base year is 2016—essentially freezing states at that point in time. Any programmatic changes that raise costs, even if they would produce long-term savings, would likely have to be funded entirely by states without added federal help.
- Hurt states dealing with health emergencies. For example, a per capita cap would not give states the flexibility and added support they have under current federal law to deal in real time with increased demand created by health emergencies that raise per person costs —, sometime quite rapidly. This can range from natural disasters like tornados or floods, to public health crises, like the emergence of HIV/AIDS or the opioid epidemic many states are confronting now.

The Impact on Families and States of Ending the Medicaid Expansion

“Phasing-down” the enhanced match rate states now receive for the expansion population, no matter when or the length of a “phase-down,” would be extremely damaging to both access to health care and state economies, and would effectively end the Affordable Care Act’s (ACA) Medicaid expansion. The expansion in 31 states and Washington, D.C. has provided health coverage to 14 million low-income adults, most of whom work in occupations that make up the foundation of their state’s economy in industries such as food service, construction, hospitals, schools, building services and home care.⁵ These are individuals who have no other reliable, affordable source of health insurance. This is particularly true in rural America, where workers are less likely to get health insurance through their job.⁶ States would not be able to make up the

⁴ The United States Department of Labor, Bureau of Labor and Statistics, *Measuring Price Change for Medical Care in the CPI*, available online at <https://www.bls.gov/cpi/cpifact4.htm> (last accessed May 18, 2017).

⁵ That is a partial list of the many industries where the millions of low-wage workers who rely on Medicaid work. Rachel Garfield, et al, *Understanding the Intersection of Medicaid and Work* (Washington, DC: Kaiser Family Foundation, February 2017) available online at <http://kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicare-and-work/>.

⁶ Damico, Anthony and Vann Newkirk. “*The Affordable Care Act and Insurance Coverage in Rural Areas*.” (Washington, DC: Kaiser Family Foundation, May 2014) online at: <http://kff.org/uninsured/issue-brief/the->

lost federal funds, no matter how long the lead time, and, therefore, would have no choice but to end expansion coverage. The Congressional Budget Office and many experts predict that the millions of Medicaid beneficiaries currently depending on the Medicaid expansion would become uninsured.⁷

Moreover, as the uninsured rate increased over time an economic impact would be felt in states. For example, it is estimated that ending the Medicaid expansion in 2019 would lead to nearly 1.5 million job losses across all states in 2019.⁸ Because state economies are intertwined, experts predict losses would occur in states that did not expand Medicaid as well as those that did.⁹

Thank you for considering our concerns regarding the very significant legislative changes that are being contemplated to the Medicaid program. We urge you to reject these proposals and protect the children, seniors, people with disabilities, women, parents, people of color, and working families that rely on Medicaid for health care.

Sincerely,

Families USA

AASA, The School Superintendents Association

ACCSES

ADAP Advocacy Association (aaa+)

AFL-CIO

American Academy of Nursing

American Academy of Pediatrics

American Art Therapy Association

American Association of Child and Adolescent Psychiatry

American Association on Health & Disability

American Congress of Obstetricians and Gynecologists

American Federation of State, County and Municipal Employees (AFSCME)

American Federation of Teachers

American Medical Student Association

American Psychological Association

American Public Health Association

Americans for Democratic Action (ADA)

Anxiety and Depression Association of America

Asian & Pacific Islander American Health Forum

[affordable-care-act-and-insurance-coverage-in-rural-areas/](#) and Families USA, *Cutting Medicaid Would Hurt Rural America*, March 2017 online at <http://familiesusa.org/product/cutting-medicaid-would-hurt-rural-america>.

⁷ See supra at FN 2

⁸ See Leighton Ku, *Repealing Federal Health Reform: Economic and Employment Consequences for States*, (New York, New York: Commonwealth Fund, January 2017) online at <http://www.commonwealthfund.org/publications/issue-briefs/2017/jan/repealing-federal-health-reform> and associated Press Release, online at http://www.commonwealthfund.org/~media/files/news/news-releases/2017/jan/ku_release_1_5_17_final-rev-5.pdf.

⁹ *Ibid*, Appendices table A3, in separate document online at http://www.commonwealthfund.org/~media/files/publications/issue-brief/2017/jan/ku-aca-repeal-job-loss/ku_repealing_federal_hlt_reform_appendix_tables.pdf.

Association for Ambulatory Behavioral Healthcare
Association of Asian Pacific Community Health Organizations (AAPCHO)
Association of Education Service Agencies (AESA)
Association of School Business Officials International (ASBO)
Brain Injury Association of America
Bread for the World
Center for Community Change Action
Center for Medicare Advocacy, Inc.
Center for Popular Democracy
Center for Public Representation
ChangeLab Solutions
Children's Home Society of America (CHSA)
Children's Dental Health Project
Christopher and Dana Reeve Foundation
Coalition on Human Needs
Community Access National Network (CANN)
Congregation of Sisters of St. Agnes
Consumers Union
CPD Action
Cystic Fibrosis Foundation
Doctors for America
Epilepsy Foundation
Families USA
Family Voices
Feminist Majority
First Focus Campaign for Children
Franciscan Sisters of Perpetual Adoration
GLMA: Health Professionals Advancing LGBT Equality
Health & Disability Advocates (HDA)
Health Care for America Now
HealthHIV
HIV Medicine Association
Housing Works
Human Rights Campaign
In Our Own Voice: National Black Women's Reproductive Justice Agenda
Interfaith Center on Corporate Responsibility
Justice in Aging
Justice, Peace and Reconciliation Commission, Priests of the Sacred Heart US Province
LeadingAge
League of Women Voters of the United States
Legal Action Center
Lutheran Services in America
Lutheran Services in America Disability Network
Malecare Cancer Support
Medicare Rights Center
MomsRising

NAACP
 NAADAC, the Association for Addiction Professionals
 National Abortion Federation
 National Alliance of Children's Trust and Prevention Funds
 National Alliance of State & Territorial AIDS Directors
 National Alliance on Mental Illness
 National Association for Children's Behavioral Health
 National Association for Home Care and Hospice
 National Association of Area Agencies on Aging
 National Association of County and City Health Officials
 National Association of Pediatric Nurse Practitioners
 National Association of State Mental Health Program Directors
 National Black Justice Coalition
 National Center for Transgender Equality
 National Coalition for LGBT Health
 National Collaborative for Health Equity
 National Council of La Raza
 National Disability Rights Network
 National Family Planning & Reproductive Health Association
 National Health Law Program
 National Immigration Law Center
 National Partnership for Women & Families
 National Patient Advocate Foundation
 National Respite Coalition
 National Women's Law Center
 NETWORK Lobby for Catholic Social Justice
 Out2Enroll
 Paralyzed Veterans of America
 Physicians for Reproductive Health
 ProgressNow
 Project Inform
 Psychiatric Rehabilitation Association and Foundation
 Public Citizen
 Raising Women's Voices
 RESULTS
 Sargent Shriver National Center on Poverty Law
 School Sisters of St. Francis
 School-Based Health Alliance (SBHA)
 Service Employees International Union
 Seventh Generation Interfaith Coalition for Responsible Investment
 Sexuality Information and Education Council of the U.S. (SIECUS)
 Sisters of Charity, BVM Shareholder Advocacy Group
 TASH
 The Aging Life Care Association®
 The AIDS Institute
 The National Alliance to Advance Adolescent Health

The National Alliance to End Homelessness
The National Association for Rural Mental Health (NARMH)
The National Association of County Behavioral Health and Developmental Disability Directors (NACBHDD)
The National Association of Social Workers (NASW)
The National Consumer Voice for Quality Long-Term Care
The National Consumers League
The National Council of Jewish Women
The National Physicians Alliance
The National Viral Hepatitis Roundtable
The United Methodist Church - General Board of Church and Society
Trust for America's Health
URGE: Unite for Reproductive & Gender Equity
Young Invincibles
ZERO TO THREE

CC: All United States Senators