



June 7, 2017

Dear Senator Toomey and Senator Casey:

As the Senate considers proposals to repeal and replace the Affordable Care Act (ACA), the undersigned organizations urge you to ensure that any reforms protect the vulnerable Pennsylvania citizens who rely on coverage provided by the ACA for life sustaining care. Below, we outline our concerns with how the American Health Care Act (AHCA) disadvantages Pennsylvania and provide observations on how the Senate can best address these concerns.

**Impact of the AHCA on Pennsylvania:** The AHCA severely disadvantages Pennsylvania and is not an acceptable starting point for reform.

- Pennsylvania has one of the highest rates of drug-related deaths and opioid addiction rates in the country. Since the expansion of Medicaid, Pennsylvania has provided drug and alcohol treatment to more than 125,000 people who might otherwise have gone without care. Phasing out enhanced Medicaid funding would put people at risk and reverse Pennsylvania's progress in addressing the opioid crisis.
- The proposed tax credits to purchase health insurance represent an enormous decrease to existing ACA subsidies, especially for older Pennsylvanians. For example, a sixty-year old Pennsylvanian with an income of \$30,000 would receive up to \$10,280 less annually under the AHCA. This flaw in the AHCA would have a disproportionate impact on Pennsylvania, due to its aging population.
- Despite the fact that a great majority of Pennsylvanians (nearly 75% of the population, or 9 million people) reside in counties with fewer than three exchange plans, Pennsylvania would receive less Patient and State Stability Fund resources on a per-member per month basis than the national average.
- Pennsylvania ranks 5<sup>th</sup> in the country in the percent of its population in the "old-old" category (i.e., people aged 85 and older) and seniors in this age cohort incur average Medicaid costs more than 2.5 times higher than younger seniors. In 2015, 2.6% of the population (or 333,828 residents) were considered to be "old-old." According to population projections reported by the Center for Rural Pennsylvania, that age cohort will reach 4.3% of the population (or nearly 610,000 people) by 2040. As a result, the current Medicaid per capita financing approach would severely underfund Pennsylvania's Medicaid program as more seniors transition to the "old-old" category over time.



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COMMUNITY HEALTH CENTERS



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- Pennsylvania Medicaid moved to managed care long before other states in an effort to achieve improved cost-effective and high-quality care. The AHCA's per capita proposal would lock in historic inefficient spending patterns and reward states that have not been as aggressive in implementing cost controls.
- Pennsylvania's Medicaid program provides supplemental funding, which is often the difference between financial viability and closure—to the 15 federally designated Critical Access Hospitals (CAHs) serving rural Pennsylvania. If enhanced federal funding for Medicaid expansion is eliminated, current supplemental funding may be jeopardized, resulting in rural access to care issues and financial hardship to rural communities that rely on small hospitals as their largest employer and economic engine.
- Pennsylvania's health care sector is competitive at both the national and global levels, and is among the largest private sector employers in many areas of the state. A recent study on the repeal of the ACA by the George Washington University Milken Institute of Public Health estimated the loss of jobs for Pennsylvania at 137,000 primarily across the health care, retail, construction and financial services sectors and an overall negative impact on the state's gross product of \$76 billion between 2019 and 2023.

**Key Considerations:** We urge you to consider the following as you evaluate proposals to repeal and replace the ACA.

- Medicaid Expansion: The AHCA proposes to phase out enhanced funding for Medicaid expansion beginning in 2020. The Pennsylvania Department of Human Services has estimated that this funding reduction would create a \$2.5–\$3 billion annual funding gap—a crippling blow on top of the state's \$3 billion structural deficit. The abrupt funding cliff would force deep cuts to services, and would almost certainly cause Pennsylvania to end Medicaid expansion. Because of the cost effectiveness of Medicaid in providing care for low-income Pennsylvanians, as well as the importance of Medicaid's role in providing services for people with disabilities, mental illness and/or substance use disorders (such as opioid use disorder), we support ongoing enhanced federal support.



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- Insurance Subsidies: The financial assistance in the bill passed by the U.S. House of Representatives is simply not adequate for very low-income consumers. In addition, due to the increase in the age rating band (from 3:1 to 5:1 or higher) in the House bill, people aged 50 to 64 will likely see the largest price increases under the AHCA. Adequate subsidies must be established to ensure that low-income individuals can reasonably afford insurance.
- Per Capita Caps: Restructuring Medicaid with reduced federal funding will force states to pit children's needs against other vulnerable groups, including individuals with disabilities, pregnant women, and older adults. In lieu of per capita caps, the Senate bill should instead focus on incentivizing states to continue to move away from fee-for-service and implement managed care models and value-based payment reforms, as well as provide additional flexibility to allow states to innovate within their Medicaid programs. These reforms will address the underlying causes of escalating cost increases.
- Consumer Protections: The AHCA erodes consumer protections. For example, state waivers of the essential health benefit standards may reduce the price of premiums, but only because health plans would cover fewer services. Also, proposed waivers to the community rating rules for health status could price many consumers out of the market. While insurers may be required to sell coverage, the cost of that coverage would likely be unaffordable. The Senate bill must maintain appropriate consumer protections, including protections that benefit children and young adults covered by private insurance.

Changes to the AHCA are necessary to protect Pennsylvania citizens who would be disproportionately affected by the current bill, as well as the Pennsylvania economy and state budget—which could be devastated by the abrupt loss of Medicaid funding contemplated by the existing version of the bill. It is critical that any changes to the ACA maintain coverage for low-income Pennsylvanians, and protect Medicaid from harmful structural changes.



The Urban Health Care Coalition of Pennsylvania

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Thank you for your service to our state and for your thoughtful consideration of the concerns from the undersigned organizations.

Respectfully,

Allegheny County Medical Society  
Alliance of Health Care Providers  
American Academy of Pediatrics, Pennsylvania Chapter  
Health Federation of Philadelphia  
Healthcare Council of Western Pennsylvania  
Kids Smiles  
LeadingAge PA  
Pennsylvania Ambulatory Surgery Association  
Pennsylvania Association of Certified Nurse-Midwives  
Pennsylvania Association of Community Health Centers  
Pennsylvania Association of Nurse Anesthetists  
Pennsylvania Athletic Trainers' Society, Inc.  
Pennsylvania Chiropractic Association  
Pennsylvania Coalition for Oral Health  
Pennsylvania Coalition of Nurse Practitioners  
Pennsylvania College of Emergency Physicians  
Pennsylvania Dental Association  
Pennsylvania Homecare Association  
Pennsylvania Medical Society  
Pennsylvania Office of Rural Health  
Pennsylvania Psychiatric Society  
Pennsylvania Rural Health Association  
Pennsylvania Society of Physician Assistants  
Rehabilitation & Community Providers Association  
Safety-Net Association of Pennsylvania  
The Hospital and Healthsystem Association of Pennsylvania  
The Urban Health Care Coalition of Pennsylvania