

September 25, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230 U.S. Capitol
Washington, DC 20510

The Honorable Charles E. Schumer
Minority Leader
United States Senate
S-221 U.S. Capitol
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

The undersigned organizations represent nearly 15 million of our fellow citizens in need of healthcare access through the Medicaid program in close to 30 states across the country, including AZ, CO, LA, OH, SC, and WV. Medicaid is an effective and efficient program that has and continues to improve the lives of millions of Americans. **With our members and the program that serves them in mind, we write in opposition to the Graham-Cassidy-Heller-Johnson proposal because it reduces Medicaid and Marketplace coverage, shifts costs and financial risks to states, and allows states to eliminate many consumer protections.** In short, millions of low-income Americans, including the working poor, will be without affordable, meaningful coverage.

The proposal is unprecedented in its effort to change the overall structure of a key American safety net – one which fundamentally defines who we are as a country – as it is in its absence of substantive policy reform discussions or constructive, public debate. The proposed legislation does not include sound principles to improve the Medicaid program and to protect our most vulnerable citizens. Development of this legislation did not include input from the public, state governments and other health care industry stakeholders including insurers, providers, and advocates who hold a true understanding of the program. As a result, the Medicaid changes this bill proposes are of greater scope and scale than any proposed since the program's inception, and absent a comprehensive score from the Congressional Budget Office, their true impact may not be known until after a vote has been cast.

The research firm Avalere Health has analyzed the Graham-Cassidy-Heller-Johnson proposal and the results are chilling.¹ By 2026, 16 states will receive increased funding at the expense of 34 states and the District of Columbia who will experience funding cuts. Similarly, data released last week by the Center for Medicare and Medicaid Services confirms that the overwhelming majority of states will be negatively impacted by the bill.² According to Avalere, the most concerning part of the report is what happens after 2026, when block grants hit a “funding cliff” and states lose nearly \$300 billion in one year alone. Accordingly, by 2036, *all states* would see a reduction in federal funds relative to

¹Avalere Health. *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion*. Retrieved Sept 20, 2017 from <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

²Centers for Medicare and Medicaid Services. *Estimated State Funding Amounts under Current Law compared to Graham Cassidy*. Retrieved Sept 21, 2017 from <https://www.documentcloud.org/documents/4058669-CMS-Graham-Cassidy.html>

current law of over \$4 trillion dollars or 71 percent, which the Brookings Institution estimates will leave a minimum of 32 million consumers without healthcare coverage.³ This is compared to Congressional Budget Office projections that the *Better Care Reconciliation Act* would cut federal funding 35 percent by 2036, a proposal that was opposed by a clear majority of senators.

Because Medicaid is a safety net program it requires a funding model that provides states with counter-cyclical protection against economic downturns, epidemics and natural disasters while allowing for investment in program infrastructure, provider participation and the introduction of new lifesaving technologies and pharmaceuticals. By its nature, the capped federal financing model in this legislation does not offer such protections.

While block grants may promise some degree of increased program flexibility for states, they impede preparation for and timely response to public health emergencies. Past examples include the outbreak of the Zika virus and new, vaccine-resistant strains of the flu. Most recent examples include the needed response to Hurricanes Harvey and Irma. Affected undersigned plans are working diligently to support the millions of Americans impacted. This support includes: allowing early refills of medication; supplying replacements of essential medical supplies and equipment damaged during the storms; and permitting medically necessary services to be provided by out of network/out of state providers. As mandatory evacuations of medical facilities along coastal regions were announced our infant members in Neonatal Intensive Care Units (NICU) and senior members in nursing homes were moved out of harm's way to facilities outside the storms' paths.

Safety nets protect not just the individual from falling, but entire communities from being fallen upon. Therefore it is the mission of the Medicaid program and our companies to support our entire communities.

We recognize that our health care system and the health needs of Americans have evolved over the last 50 years, therefore we are not advocating for the maintenance of the status quo; but for meaningful, bipartisan Medicaid enhancements. We are not alone in this pursuit. Former Republican and Democratic CMS Administrators, Dr. Gail Wilensky and Andy Slavitt, have also urged Congress to address the stability of Marketplace coverage now and institute a deliberate, transparent process to enhance the Medicaid program over the long term. As they articulated, we should thoroughly debate and consider policies to allow for greater state innovation, hold states accountable for their Medicaid dollars, improve access to care – including through expanding services to address cost-driving social determinants of health, and enable greater coordinated and efficient care for our neediest and most costly populations, such as those dually eligible for Medicaid and Medicare.

We urge Congress, instead, to continue consideration of bipartisan efforts to reform the healthcare system, including efforts to stabilize the individual market and to reauthorize the Children's Health Insurance Plan.

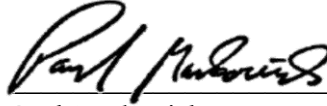
We stand ready to work with you to craft solutions that enhance Medicaid and ensure its long-term stability and impact.

³ The Brookings Institution. *How will the Graham-Cassidy proposal affect the number of people with health insurance?* Retrieved on September 22, 2017 from: <https://www.brookings.edu/research/how-will-the-graham-cassidy-proposal-affect-the-number-of-people-with-health-insurance-coverage/>.

Sincerely,



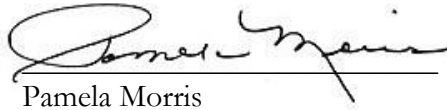
Paul A. Tufano
Chairman and CEO
AmeriHealth Caritas



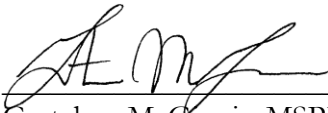
Paul Markovich
President and CEO
Blue Shield of California



Michael Schrader
Chief Executive Officer
CalOptima



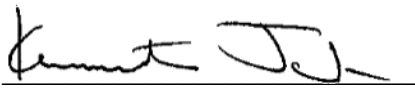
Pamela Morris
President and CEO
CareSource



Gretchen McGinnis, MSPH
Senior Vice President
Colorado Access



Christopher D. Palmieri
President and CEO
Commonwealth Care Alliance, Inc.



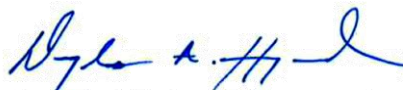
Kenneth W. Janda
President and CEO
Community Health Choice, Inc.



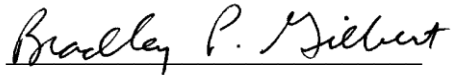
Robin D. Wittenstein, Ed.D.
Chief Executive Officer
Denver Health & Hospital Authority



Pat Wang
President and CEO
Healthfirst (NY)



Douglas A. Hayward
Chief Executive Officer
Kern Health Systems



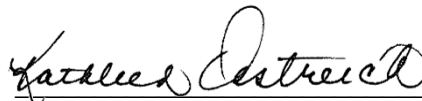
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Chief Executive Officer
Inland Empire Health Plan



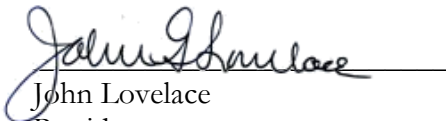
John Baackes
Chief Executive Officer
LA Care Health Plan



Joseph White
Interim Chief Executive Officer
Molina Healthcare, Inc



Kathleen Oestreich
Vice President and CEO
University of Arizona Health Plans



John Lovelace
President
UPMC for You, Inc.