



June 28, 2017

Dear Senator Toomey and Senator Casey:

The undersigned organizations urge you to reject the proposed Better Care Reconciliation Act (BCRA).

In previous letters, we described the importance of Medicaid to Pennsylvania's working families, children, seniors, and people with disabilities. We also described how the Affordable Care Act (ACA) had served to substantially decrease the number of uninsured, provide financial security for low-income people, take steps to address the needs of individuals struggling with opioid addiction and behavioral health issues, and support Pennsylvania's economy. Finally, we described how the American Health Care Act (AHCA) disadvantages Pennsylvania, demonstrated why the AHCA was not an acceptable starting point for reform, and offered alternative recommendations about how best to protect Pennsylvanians who rely on coverage for life sustaining care.

As described below, the BCRA is actually worse than the AHCA, and would severely harm Medicaid beneficiaries and providers, undermine access to care, and have a negative effect on Pennsylvania's economy.

Medicaid Expansion: By phasing out, over three years, the ACA's requirement that the federal government cover 90 percent of the cost for people added under Medicaid expansion, the effect of the Senate bill would be to eliminate the expansion of Medicaid. The commonwealth has estimated that phasing out the enhanced federal matching rate would create a \$2.5–\$3 billion annual funding gap, which would be a crippling blow, in light of Pennsylvania's current structural deficit. The significant funding cliff would force deep cuts to services, and would almost certainly cause Pennsylvania to end Medicaid expansion.

Medicaid Per Capita Financing: The Senate plan imposes a harsher formula for its per capita cap than the House plan. While both the House and Senate bills would adjust the cap based on medical inflation (CPI-M) through 2025, the Senate bill would adjust the formula, starting in 2025, to general inflation (CPI-U). A recent analysis found that the difference between the two measures of inflation could result, nationally, in about \$467 billion less Medicaid dollars over ten years.

Overall, Medicaid spending is expected to increase an average of 4.4 percent annually, while the CPI-M and CPI-U will increase annually over the next decade by 3.7 and 2.4 percent, respectively. As a result, both bills would reduce federal funding for Medicaid over time and force states to make up the difference with their own funds (which many simply do not have); cut programs by reducing the number of people they serve or reduce the health benefits they receive; and/or cut payment rates to providers. The inevitable result will be reduced access to care for low-income people.



Insurance Subsidies: The Senate bill changes the ACA formula for subsidies to make them less generous, and lowers the threshold for people who can receive financial assistance from 400 percent to 350 percent of the federal poverty level, or about \$42,000 for a single person.

The subsidy cuts would land hardest on older, lower-income citizens, who could see their contribution toward their premiums nearly double and their other out-of-pocket costs increase substantially. While the ACA pegged subsidies to the value of a Silver Plan (which covers 70% of costs), the Senate bill calculates subsidies based on the cost of a lower-end Bronze Plan (which covers 58% of costs). Because the bill would allow states to narrow what a plan must cover to be considered "bronze," lower-income people could get less coverage and less subsidies to pay for that coverage.

This approach to insurance coverage is a step backwards from access to affordable care and would lead over time to large numbers of uninsured people.

The Senate bill also would cut subsidies that help people below 250 percent of poverty pay for deductibles and copays, which could equate to \$7,000 or more than a quarter of their income.

Consumer Protections: The AHCA allows states to apply for waivers to permit insurers to charge higher premiums to sicker people if their coverage has lapsed. While the Senate bill eliminated that provision, it permits states to apply for waivers to the ACA essential health benefit standards and other qualified health plan requirements, which means that some types of care, such as maternity benefits, prescription drugs, or opioid addiction treatment, might not be included in standard insurance coverage in states that waive the rule.

The severe, negative impact of this proposed bill on health care coverage was confirmed earlier this week by the Congressional Budget Office (CBO). In its analysis, the CBO estimates that the Senate bill would increase the number of people who are uninsured by 22 million during 2026 relative to the number under the current law. In addition, the budget savings projected by the CBO would come primarily from significant spending reductions to Medicaid—estimated to be more than 26 percent less than Medicaid spending would be under current law—at \$772 billion.

In conclusion, the House-passed version of the AHCA jeopardizes coverage, weakens access to Medicaid, and undermines critical protections. The plan the Senate released last week does not change this outlook—and would trigger, over time, even deeper cuts to the Medicaid program that covers children and adults with chronic conditions, along with the elderly and individuals with disabilities who need long-term services and support.



[The Urban Health
Care Coalition
of Pennsylvania](#)

Senators Toomey and Casey
June 28, 2017
Page 2

We strongly urge the Senate to reconsider this policy approach and develop legislation that continues to provide coverage for vulnerable Pennsylvanians.

Thank you for your service to our state, and for your thoughtful consideration of our concerns.

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
PA State Nurses Association
Pennsylvania Ambulatory Surgery Association
Pennsylvania American Congress of Obstetricians and Gynecologists
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