

March 23, 2017

The Honorable Paul Ryan
Speaker, U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader, U.S. House of Representatives
Washington, DC 20515

Dear Speaker Ryan and Minority Leader Pelosi:

The undersigned organizations share a commitment to protecting and strengthening the Medicare program for today's beneficiaries and for future generations. We are deeply concerned by provisions in the American Health Care Act (AHCA) that would have a significant impact on Medicare and the older adults, people with disabilities, and families who rely on the program. While we recognize that the AHCA retains Medicare benefit and payment improvements included in the Affordable Care Act (ACA), we cannot support policies in the AHCA that undermine the Medicare program's finances and threaten access to needed services for people with Medicare.

The AHCA would repeal the ACA payroll tax increase on the wealthiest Americans, which currently amounts to a 0.9% increase for individual workers with incomes of more than \$200,000 and for couples earning more than \$250,000. The elimination of this tax increase would reduce Medicare Hospital Insurance (Part A) Trust Fund revenues by \$117 billion between 2017 and 2026.¹ Combined with increased Medicare payments made to hospitals on behalf of the newly uninsured, this reduction in funds would lead to the Trust Fund's insolvency up to four years earlier than projected, from 2028 to 2024.² Millionaires would benefit substantially from these regressive tax cuts. In the same year of the Trust Fund's anticipated insolvency, 64% of this tax windfall would go to workers earning more than \$1 million, amounting to an average of \$137,000 each.³

As you know, insolvency is not an indicator of the Medicare program's bankruptcy or demise. Should Trust Fund depletion proceed, the Medicare program could still cover 87% of the cost of inpatient care.⁴ Further, Congress has always acted to ensure adequate funding is available to prevent the Trust Fund from becoming insolvent.⁵ It alarms us that Congress would knowingly undercut the availability of these resources through the AHCA—merely to provide tax breaks to the wealthiest Americans.

¹ Joint Committee on Taxation, "Estimated Revenue Effects Of Budget Reconciliation Legislative Recommendations Relating To Repeal And Replace Of Certain Health-Related Tax Policy Provisions Contained In The "Affordable Care Act ('ACA')," (March 2017), available at: <https://www.jct.gov/publications.html?func=startdown&id=4988b>

² Letter to Senator Wyden from Acting CMS Administrator Slavitt (January 2017), available at: <https://www.finance.senate.gov/imo/media/doc/CMS%20Medicare%20solvency%20letter%20Final%20Signed.pdf>; P. Van De Water, "House GOP Health Plan Would Accelerate Depletion of Medicare Trust Fund by Four Years," (Center on Budget and Policy Priorities: March 2017), available at: <http://www.cbpp.org/blog/house-gop-health-plan-would-accelerate-depletion-of-medicare-trust-fund-by-four-years>

³ P. Van De Water, "House GOP Health Plan Would Accelerate Depletion of Medicare Trust Fund by Four Years," (Center on Budget and Policy Priorities: March 2017), available at: <http://www.cbpp.org/blog/house-gop-health-plan-would-accelerate-depletion-of-medicare-trust-fund-by-four-years>

⁴ P. Van De Water, "To Repeat: Medicare Isn't Going 'Bankrupt'" (Center on Budget and Policy Priorities: December 2016), available at: <http://www.cbpp.org/blog/to-repeat-medicare-isnt-going-bankrupt>;

⁵ The Boards of Trustees, "2016 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds," (2017; pg. 26), available at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2016.pdf>

The AHCA fundamentally changes the structure and financing of Medicaid, by gradually eliminating the Medicaid expansion and by introducing per capita-caps. According to the available Congressional Budget Office estimate, these changes would cut \$880 billion in federal funding from Medicaid over the next ten years, causing 14 million Americans to join the ranks of the uninsured.⁶ One in five (11 million) people with Medicare rely on Medicaid to cover vital long-term home care and nursing home services, to help afford their Medicare premiums and cost-sharing, and more.⁷ As such, we expect the per-capita caps proposed in the AHCA would inevitably impact the affordability and availability of needed care for people with Medicare.

Medicaid covers many services and supports not covered by Medicare, including home and community-based long-term services and supports and nursing home care, which would otherwise be altogether unaffordable for low-income older adults and people with disabilities. Two in three nursing home residents on Medicare are also enrolled in Medicaid and two-thirds of all Medicaid spending for people on Medicare is for long-term services and supports.⁸ Federal cuts to Medicaid brought about by per-capita caps would drive states to make hard choices, likely leading states to scale back benefits, impose waiting lists, implement unaffordable financial obligations, or otherwise restrict access to services—including for older and disabled people with Medicare.

We are concerned, for example, that home and community-based services would be targeted for cuts because they are optional while nursing home coverage is mandatory, and that the caps fail to adjust for increasing longevity, the growing aging population, and the fact that older adults aged 85+ have 2½ times higher Medicaid costs than those aged 65-74. While the manager’s amendment introduced on March 20th revises the per-capita cap’s inflation rate for the elderly and disabled, there is no assurance that this increase will be sufficient.

Federal Medicaid payments for the Medicare Savings Programs, which provide assistance with Medicare Part B premiums and cost-sharing for the lowest income people with Medicare, are exempt from the per-capita cap payments established through AHCA. Nevertheless, we are concerned that per-capita caps could lead some states to scale back this critical assistance. Twelve states and the District of Columbia opted to exercise existing flexibilities to increase eligibility for these vital programs.⁹ Heightened budgetary pressure resulting from capped Medicaid funding overall could limit access to Medicare cost-sharing support for the nearly 2.4 million low-income older adults and people with disabilities who live in these states and Washington, D.C.¹⁰

Our organizations are united in our opposition to the proposals in the AHCA that weaken Medicare’s financial standing as well as those that risk access to essential long-term services and supports, premium and

⁶ Congressional Budget Office, “Congressional Budget Office Cost Estimate, American Health Care Act” (March 2017), available at: <https://www.cbo.gov/publication/52486>

⁷ Jacobsen, G., Neuman, T., and MB, Musumeci, “What Could a Medicaid Per Capita Cap Mean for Low-Income People on Medicare?,” (Kaiser Family Foundation: March 2017), available at: <http://files.kff.org/attachment/Issue-Brief-What-Could-a-Medicaid-Per-Capita-Cap-Mean-for-Low-Income-People-on-Medicare>

⁸ Ibid.

⁹ See Medicare-Medicaid Coordination Office (MMCO), “Dec/2016-Release of Medicare-Medicaid Enrollee State and County Monthly Enrollment Snapshots, Updated Quarterly (March 2016 Data) – EXCEL,” (Last Accessed March 2016), available at: <https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Analytics.html>

¹⁰ Medicare Payment Advisory Commission (MedPAC) and Medicaid and CHIP Payment and Access Commission (MACPAC), “Data Book: Beneficiaries Dually Eligible for Medicare and Medicaid,” (January 2017), available at: http://www.medpac.gov/docs/default-source/publications/jan17_medpac_macpac_dualsdatabook.pdf?sfvrsn=0

cost-sharing assistance, and other vital care for people with Medicare. As the dialogue on health reform proceeds, we urge you to reconsider these policies, for the sake of the older adults, people with disabilities, and families who rely on Medicare and for the taxpayers now contributing to their earned Medicare benefits for the future. Thank you.

Sincerely,

Advance CLASS, INC

Aging Life Care Association®

AIDS Alliance for Women, Infants, Children, Youth & Families

AMDA – The Society for Post-Acute and Long-Term Care Medicine

American Association on Health and Disability

American Congress of Obstetricians and Gynecologists

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

American Medical Student Association (AMSA)

American Psychological Association

American Society on Aging (ASA)

Center for Medicare Advocacy, Inc.

Community Catalyst

Consumer Voice

Consumers Union

Easterseals

Families USA

International Union, United Automobile, Aerospace & Agricultural Implement Workers of America, UAW

Justice in Aging

Lakeshore Foundation

LeadingAge

League of Women Voters of the United States

Lutheran Services in America

Medicare Rights Center

National Adult Day Services Association (NADSA)

National Alliance of State & Territorial Aids Directors (NASTAD)

National Association for Home Care and Hospice

National Association of Area Agencies on Aging (n4a)

National Black Justice Coalition

National Center for Transgender Equality

National Committee to Preserve Social Security and Medicare

National Consumers League

National Council on Aging (NCOA)

National Disability Rights Network

National Health Law Program (NHeLP)

National Hispanic Council on Aging (NHCOA)

National Hispanic Medical Association

National Partnership for Women & Families

National Patient Advocate Organization (NPAF)

National Viral Hepatitis Roundtable
Religious Institute
Sargent Shriver National Center on Poverty Law
Service Employees International Union (SEIU)
Third Way
United Methodist Church –General Board of Church and Society
Women’s Institute for a Secure Retirement (WISER)
Working America

CC: The Honorable Kevin Brady, Chairman, Committee on Ways & Means
The Honorable Richard Neal, Ranking Member, Committee on Ways & Means
The Honorable Greg Walden, Chairman, Committee on Energy & Commerce
The Honorable Frank Pallone, Ranking Member, Committee on Energy & Commerce