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May 25, 2017

The Honorable Orrin G. Hatch  
United States Senate  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Hatch and Members of the Committee on Finance:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our clinician partners—including more than 270,000 affiliated physicians, 2 million nurses and other caregivers—and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) is writing to express our views on legislation to repeal and replace the Affordable Care Act (ACA). We appreciate the opportunity to work with you on this legislation.

As Congress re-examines the ACA, patients and the caregivers who serve them are depending on legislators to make continued coverage a priority. We believe that any changes to the ACA must be guided by ensuring that we continue to provide health care coverage for the tens of millions of Americans who have benefitted from the law. We are pleased that so many in the Senate, and on the Committee on Finance, also recognize the need to preserve coverage.

We believe that any legislation needs to be reviewed through this lens, and carefully evaluated regarding its impact on both individuals and the ability of hospitals and health systems—which are the backbone of the nation's health care safety net—to care for all who walk through our doors.

We look forward to working with the Senate to address these issues, and believe that together we can agree on legislation that meets our mutual goals. We have major policy concerns with the House-passed American Health Care Act (AHCA). For example, in the AHCA, the effort to restructure the Medicaid program will have the effect of eliminating coverage for millions of Americans in a program that provides services to our most vulnerable populations, including individuals with chronic conditions, such as cancer, elderly and disabled individuals in need of long-term services and support, and already pays providers significantly less than the cost of providing care.



Providing flexibility to the states to expand coverage, and create innovative financing and delivery models to improve care and program sustainability, can be achieved through other alternatives. For instance, the expanded use of waivers—with appropriate safeguards—can be very effective in allowing states flexibility to foster creative approaches and can improve the program more effectively than through imposing per-capita caps. This should be done in a manner that treats states that expanded Medicaid coverage under the ACA and states that did not expand in an equitable manner.

The expansions that states have made to coverage, and the ability for other states to expand coverage, should be maintained. The AHCA cuts more than \$800 billion from Medicaid, which would negatively impact the program, the patients it serves, and the providers who care for those patients. Those cuts should not be included by the Senate in final legislation.

In addition, the AHCA would repeal much of the funding currently dedicated to provide coverage in the future. We object to eliminating the funding from some sources, but leaving in reductions to payments for hospitals services. If coverage is not maintained at the current level, those resources need to be returned to hospitals and health systems in order to provide services to what will likely be an increased number of uninsured Americans. The tax credits from AHCA are not sufficient to maintain coverage. We understand the Senate is considering increasing the tax credits, and we look forward to working with you in this endeavor.

At the same time, while we commend the recent actions by the Congress to address behavioral health issues, as well as the opioid epidemic that is impacting virtually every community we serve, it is important to recognize that significant progress in these areas is directly related to whether individuals have coverage. And, we have already seen clear evidence of how expanded coverage is helping to address these high-priority needs. We are also deeply concerned about several of the proposed changes to insurance market rules and financial assistance for individuals purchasing coverage through the individual market. The ability under the AHCA to underwrite for pre-existing conditions and to allow insurance to not cover essential health benefits are provisions the hospital field cannot support including in final legislation.

Health care coverage is vitally important to working Americans and their families. They rely on hospitals and health systems to provide them with access for their essential health care needs in a manner that is of the highest quality, not to mention the full range of critical life-saving services, including preventive benefits, that will further improve the quality of their lives and the health of the communities in which they live. What the Senate drafts represents an important step in the health reform process. It is critical that this process be focused on finding ways to improve our health care system, particularly for the poor, elderly and disabled. We are committed to working with you as legislation is drafted to address the above issues and arrive at a final legislative product that will work to improve the health of Americans. Soliciting stakeholder input is a positive first step, and we look forward to continuing this working relationship.

Chairman Hatch and Members of the Committee on Finance

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We ask that the Senate protect our patients, and find ways to maintain coverage for as many Americans as possible. We look forward to continuing to work with the Senate on ACA reform.

Sincerely,

//s//

Thomas P. Nickels  
Executive Vice President