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June 16, 2017

United States Senate  
Washington, DC 20510

Dear Senator:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our clinical 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 as the Senate deliberates the House-passed American Health Care Act (AHCA), legislation to repeal and replace the Affordable Care Act (ACA).

As the Senate considers the AHCA, patients and the caregivers who serve them across America are depending on the Senate to make continued coverage a priority. We believe that any changes to the ACA must be guided by ensuring that we work to 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 also recognize the need to preserve patient coverage.

We believe the AHCA 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. On May 24, the Congressional Budget Office (CBO) released a score for the AHCA that estimates 23 million Americans will lose their health care coverage over 10 years, along with a reduction of \$834 billion from the Medicaid program.

Medicaid serves our most vulnerable populations, including Americans with chronic conditions such as cancer, the elderly and disabled individuals in need of long-term services and support, and already pays providers significantly less than the cost of providing care. The proposed restructuring of the Medicaid program found in the AHCA, with cuts of \$834 billion, will have serious negative consequences for communities across America.

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 or block grants.



Therefore, the expansions that states have made to coverage, and the ability for other states to expand coverage in the future, should be maintained. Moreover, the unprecedented \$834 billion in Medicaid cuts must be significantly mitigated by the Senate in final legislation, a view shared by many in the Senate. In the event that the Senate does include any reductions to Medicaid, expansion states should continue to receive the current federal match for that population for additional years, and non-expansion states should have substantially more funding included in the House bill's provision on safety-net funding for non-expansion states beyond what was set aside for those states.

In addition, the AHCA would repeal much of the funding currently dedicated to provide coverage in the future, which we ask the Senate to oppose. We also object to eliminating the funding from some sources, but leaving in reductions to payments for hospital 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 the additional millions of Americans who will become uninsured.

We do not object to supplanting subsidies with tax credits for the exchange population, but the tax credits included in the 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.

While we commend recent actions by the Congress to address behavioral health issues, as well as the opioid epidemic that impacts virtually every community we serve, it is important to recognize that continued progress in this area is directly related to whether individuals have coverage. We already have seen clear evidence of how expanded coverage is helping to address these high-priority needs. The opioid epidemic plaguing our country is a compelling reason why Medicaid expansion should not be curtailed, and Medicaid funding should not be slashed.

We also are 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 is adversely impacted by allowing states to waive community rating, and this provision should be eliminated from the Senate bill. In addition, the provision allowing states to waive essential health benefits also should be rejected by the Senate.

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 life and the health of the communities in which they live. What the Senate puts forward will represent an important step in the health reform process. It is critical that this process focus on finding ways to improve our health care system, particularly for the poor, elderly and disabled. We are committed to working

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with you as legislation is drafted to address the critical issues above, and arrive at a final legislative product that will work to improve the health of Americans.

We therefore ask that the Senate protect our patients, and find ways to maintain coverage for as many Americans as possible by rejecting the AHCA, including its elimination of Medicaid expansion, untenable cuts to the Medicaid program, dilution of consumer protections, and inadequate tax credits for individuals purchasing coverage on the exchanges. We look forward to working with the Senate as it moves forward on ACA reform.

Sincerely,

/s/

Richard J. Pollack  
President and CEO