

July 14, 2016

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

Dear Speaker Ryan,

The undersigned national organizations, representing health care providers, consumers, and other stakeholders, are writing to express our serious objection to your health care plan (“A Better Way”). Repealing the Affordable Care Act and cutting federal Medicaid funding through per capita allotments and block grants would sharply reduce access to health care for millions of vulnerable children, seniors, people with disabilities, and others. These cuts also would likely result in steep reductions in payments to providers and health plans.

We oppose the overall plan to repeal and replace the Affordable Care Act because it would cause millions of people, including those with pre-existing conditions, to lose their coverage and would jeopardize health reform’s historic progress in expanding coverage to over 20 million people. This letter, however, focuses on the proposal to radically restructure Medicaid, which would risk the loss of comprehensive health coverage for 72 million beneficiaries.

Adopting a fixed formula for federal Medicaid funding would stifle state innovation, not boost it. Either funding approach outlined in the proposal — a per capita allotment or a block grant— would result in significant cuts in federal Medicaid support that would grow over time. The proposal appears to adjust funding annually based on the general inflation rate, which has been below the medical inflation rate almost every year since the federal government began tracking the latter.

This means that the federal per capita allotment or block grant would fall further behind states’ actual Medicaid funding needs each year. Moreover, if state Medicaid costs rose faster than expected — for example, because of a disease or a new treatment — states would have to bear all of those costs, forcing even bigger cuts.

Under either formula, funding constraints would leave states with no flexibility to innovate or improve quality. Their only options would be to cut services or provider payments or eliminate coverage for many of their low-income citizens, as state Medicaid programs are already very efficient.

In fact, the plan’s new flexibility for states appears aimed at encouraging them to cut their programs by reducing enrollment. For example, the plan’s proposal to allow states to condition coverage for non-disabled adults on work or job search is unnecessary and counterproductive. Most adults who would be subject to the requirement already work or are in working families, and work requirements in other safety-net programs have had only modest impacts on employment and have driven many families deeper into poverty. Many Medicaid beneficiaries

who have serious barriers to work or can't secure the affordable child care needed to enable them to work could lose their health care.

In addition, the proposal to allow states to impose premiums on non-disabled adults would leave many unable to afford coverage. Research shows that premiums make it harder for low-income people to get health coverage and cause many people with coverage to drop it. And managing premium programs in Medicaid—tracking and collecting premiums, disenrolling those who fail to pay, and reenrolling those who lose coverage but later regain it—adds administrative costs that typically exceed the premiums collected.

Finally, the plan would bar states that haven't yet taken up the Medicaid expansion from adopting it and phase out enhanced payments for expansion coverage. Most expansion states would have to eliminate their expansion programs, eliminating coverage for millions of low-income adults, mostly in working families. Similarly, the plan's elimination of CHIP's enhanced matching rate and its other changes that may scale back state CHIP programs would place coverage for millions of children at risk, despite the overwhelmingly bipartisan support CHIP received in its last funding extension.

We collectively encourage you to rethink these proposals. By shifting significant costs to states, they would force states to take steps that harm millions of low-income Americans — including children, seniors, people with disabilities, parents, people of color, and working families — who rely on Medicaid for health care. Thank you for your consideration.

Sincerely,

American Academy of HIV Medicine  
American Academy of Pediatrics  
American Association on Health and Disability  
American Federation of State, County and Municipal Employees  
American Lung Association  
Asian & Pacific Islander American Health Forum  
Caring Across Generations  
Center for Law and Social Policy  
Center for Medicare Advocacy, Inc.  
Consumer Action  
Families USA  
Family Voices  
Justice in Aging  
Medicare Rights Center  
Moms Rising  
NAACP  
National Advocacy Center of the Sisters of the Good Shepherd  
National Alliance on Mental Illness  
National Association for Children's Behavioral Health (NACBH)  
National Association of County and City Health Officials  
National Council of Jewish Women  
National Family Planning & Reproductive Health Association

National Latina Institute for Reproductive Health  
National Partnership for Women & Families  
National WIC Association  
National Women's Law Center  
NETWORK Lobby for Catholic Social Justice  
People's Action  
Special Needs Alliance  
The Board of Directors of the Universal Health Care Action Network  
Young Invincibles

Cc: The Honorable Tom Price, Chair  
House Budget Committee

The Honorable John Kline, Chair  
House Education and the Workforce Committee

The Honorable Fred Upton, Chair  
House Energy & Commerce Committee

The Honorable Kevin Brady, Chair  
House Ways & Means Committee