



March 21, 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

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Ryan, Minority Leader Pelosi, Majority Leader McConnell, and Minority Leader Schumer:

On behalf of the American College of Physicians (ACP), I am writing to reiterate our strong opposition to the American Health Care Act (AHCA) and to share our specific concerns about several of the modifications (amendments) to the bill relating to Medicaid, released last night, that would make the bill even less acceptable than the bill as reported out of the Energy and Commerce, Ways and Means, and Budget Committees. We are also extraordinarily concerned that a new Congressional Budget Office (CBO) cost estimate of the amended bill will not be made available, with the necessary time for full consideration of its impact on coverage, out-of-pocket costs, premiums and the deficit, until right before the floor vote in the House of Representatives occurs on Thursday. This information is crucial to evaluating its impact on patients.

We have already expressed to you our [view](#) that the ACHA violates the principle that Congress must ensure that any possible changes to current law, including to the Affordable Care Act (ACA), the Medicaid program, and the Children's Health Insurance Program should *first, do no harm* to patients and ultimately result in better coverage and access to essential medical services. While ACP continues to advocate for improvements to the ACA, the AHCA, *especially as modified by several of the proposals released last night*, would go in the wrong direction, eroding coverage and essential consumer protections for the most vulnerable patients: those who are older, sicker and poorer.

The American College of Physicians is the largest medical specialty organization and the second-largest physician group in the United States. ACP members include 148,000 internal medicine physicians (internists), related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge and clinical expertise to the diagnosis, treatment, and compassionate care of adults across the spectrum from health to complex illness.

We are especially concerned that the AHCA as amended would make radical changes to the Medicaid program's structure and financing, resulting in the rollback of coverage for many millions of the most vulnerable Americans:

1. ACP opposes changes in the original bill as reported out of committee that would convert the shared federal-state financing structure for Medicaid that has been in effect for more than half a century to one that would cap the federal contribution per enrollee, because of the adverse impact it will have on coverage and benefits for many of the more than 70 million enrolled in Medicaid. We oppose the modification offered last night to provide states with a block grant financing option because it would result in even worse outcomes than the AHCA as currently drafted, likely leading to even greater losses in coverage than the CBO originally projected. Along with the phasing out of the ACA's Medicaid expansion beginning in 2020 and a radical restructure of the program's financing to a per-enrollee cap-structure, the CBO estimates that 14 million fewer Americans would be covered by Medicaid in 2026; the numbers of people without coverage will likely increase if a block grant option is created.
 - For both expansion and non-expansion states, a possible block grant federal funding option, or a per enrollee cap on the federal contribution, would be devastating to coverage and access to care. Under block grants, because the states do not get any additional payment per enrollee, strong incentives would be created for states to cut back on eligibility, resulting in millions of vulnerable patients potentially losing coverage. Block grants also will not allow for increases in the federal contribution should states encounter new costs, such as the availability of new expensive prescription drugs. Under either block grants or per capita spending limits, states would be forced to cut off enrollment, slash benefits, or curb provider reimbursement rates. The CBO estimates that per capita caps, combined with the phase-out of funding for Medicaid expansion states, would result in the federal contribution to Medicaid being slashed by \$880 billion over the next 10 years, an unprecedented and unsustainable reduction in support of health care for the most vulnerable patients. Because most states are required by law to balance their budgets, a hard cap on federal matching funds will necessarily require them to greatly reduce benefits and eligibility and/or impose higher cost-sharing for Medicaid enrollees, most of whom cannot afford to pay more out of pocket—or alternatively and concurrently, reduce payments to physicians and hospitals (including rural hospitals that may be forced to close), enact harmful cuts to other state programs or raise taxes.
2. ACP opposes the original language as reported out of committee that, beginning in 2020, phases out the higher federal-contribution to states that have expanded Medicaid eligibility to persons up to 133 percent of the federal poverty line (FPL). For non-expansion states that may have been considering expansion, the manager's amendment would prohibit them from receiving any enhanced federal funds as of March 1, 2017. This provision would eliminate the financial incentive for non-expansion states to cover the expansion population under current law as of March 1, 2017. Continued support for Medicaid expansion is essential to ensuring that low-income Americans have access to affordable coverage. Under the original language,

the CBO already expected that no states would expand Medicaid eligibility and determined that its effect would be that 5 million less people would have Medicaid coverage by 2026. We also oppose the bill language to eliminate the option for expansion states to cover persons with incomes above 133 percent of the FPL.

3. We oppose provisions in the AHCA as reported out of committee that eliminate the Essential Health Benefits for Medicaid expansion enrollees—including required coverage for behavioral health treatment for mental health and substance use disorder services. Any reduction in Medicaid coverage for substance use disorder treatments would exacerbate the grave opioid misuse epidemic that is devastating individuals, families and communities across the country.
4. ACP opposes the proposed modification to the AHCA that would impose work or job search requirements on certain Medicaid enrollees.
 - Medicaid is not a cash assistance or job training program; it is a health insurance program and eligibility should not be contingent on whether or not an individual is employed or looking for work. While an estimated 80 percent of Medicaid enrollees are working, or are in working families, there are some who are unable to be employed, because they have behavioral and mental health conditions, suffer from substance use disorders, are care-givers for family members, do not have the skills required to fill available positions, or there simply are no suitable jobs available to them. Skills- or interview-training initiatives, if implemented for the Medicaid population, should be voluntary, not mandatory. Our Ethics, Professionalism and Human Rights Committee has stated that it is contrary to the medical profession's commitment to patient advocacy to accept punitive measures, such as work requirements, that would deny access to coverage for people who need it.

Medicaid is an essential part of the health care safety net. Studies show that reductions in Medicaid eligibility and benefits will result in many patients having to forgo needed care, or seek care in costly emergency settings and potentially have more serious and advanced illnesses resulting in poorer outcomes and even preventable deaths. According to the CBO, the AHCA already reduces the Medicaid population by 17 percent by 2026. Including the modifications to the AHCA released last night—block grants and work requirements—would almost surely increase the number of patients losing their Medicaid coverage. As an organization representing physicians, we cannot support any proposals that would put the health of the patients our members treat at risk. While improvements can and should be made in Medicaid, including more options for state innovation, without putting the health of millions of patients at risk that these potential changes to the AHCA would do.

We acknowledge that one of the modifications offered last night allows eligible persons to deduct more of their health care expenses above a specified percentage of income from their income taxes, with the apparent intent of allowing the Senate to use such funds instead to reduce out-of-pocket costs for older and lower-income persons buying coverage in the individual insurance market. While we support that goal of increasing the value of the premium subsidies (and continuing the ACA's cost-shifting subsidies, which would be repealed by the bill), the AHCA offers no guarantee that the reserve

fund will result in the tax credits being fundamentally restructured to eliminate their regressive nature, which benefits wealthier persons at the expense of poorer ones and results in older, sicker and poorer patients paying substantially more out-of-pocket for coverage in the individual market than under the ACA. Nor would it repeal the “age tax” on older persons created by a provision in the AHCA that allows insurers to charge older persons five times more than younger ones, compared to no more than three times more under the ACA.

We also do not support the AHCA’s elimination of the Prevention and Public Health Fund, which provides billions in dollars to the Centers for Disease Control and Prevention to prevent and control the spread of infectious diseases like flu, Zika, and epidemics and pandemics. We also strongly oppose the ACHA’s discriminatory elimination of Medicaid coverage for primary and preventive care provided at certain women’s health clinics, which will result in many millions of women losing access to essential preventive services.

The College strongly believes in the *first, do no harm* principle. Therefore, we continue to oppose the American Health Care Act as reported out of committee, and we strongly believe that the Medicaid modifications released last night—optional block grants, eliminating the higher Medicaid expansion funding as of March 1, 2017 for states that may wish to become expansion states, the prohibition on expansion states covering persons with incomes above 133 percent of the FPL, and mandatory work requirements for some enrollees—would further weaken key gains in coverage and enrollee protections in Medicaid and lead to fewer people having access to any kind of coverage. We sincerely hope that you and Congress would still be willing to slow down the legislative process, obtain a CBO score in time for thorough consideration before it is voted on, and work with us on ways to improve current law without undermining essential coverage and consumer protections for millions of patients as the AHCA and these potential proposals do.

Sincerely,

A handwritten signature in black ink that reads "Nitin Damle". The signature is written in a cursive, slightly slanted style.

Nitin S. Damle, MD, MS, MACP
President

Cc: Members of Congress