



May 4, 2017

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 Majority Leader McConnell and Minority Leader Schumer:

On behalf of the American College of Physicians (ACP), I am writing to express our extreme disappointment that the U.S. House of Representatives has passed the American Health Care Act (AHCA). We remain strongly opposed to the AHCA and urge the U.S. Senate to put aside this inherently flawed and harmful bill and instead work with us to achieve real bipartisan solutions to improve access, coverage, and consumer protections for all Americans. Any such legislation must not include policies included in the AHCA that will erode 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.

Specifically, the Senate must reject the following policies that were included in the AHCA, as passed by the House, which will bring great harm to patients seen by our members:

- **The AHCA 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.** Specifically, we oppose capping, block granting and cutting the federal contribution to Medicaid, ending federal funding for Medicaid expansion, and eliminating the requirement that Medicaid cover essential health benefits.
- **The AHCA replaces income-based premium and cost-sharing subsidies with regressive age-based tax credits that result in higher premiums and deductibles for millions of patients, with persons aged 50 and over being most at risk of having to pay thousands of dollars more out-of-pocket.** For many of them, insurance would simply become unaffordable.
- **The AHCA will allow states to obtain waivers to opt-out of federal requirements that insurers cover [essential health benefits](#) and that premiums be based on [community rating](#) rather than an individual's health status.** As a consequence, insurers in waiver states would also once again be able to charge more to people with pre-existing conditions who are unable to maintain continuous coverage. The Brookings Institution has [concluded](#) that *"As a result, community*

rating would be eviscerated—and with it any meaningful guarantee that seriously ill people can access coverage.” [Emphasis added in italics]. Waiver states might also allow insurers to exclude from their benefits essential health care services like physician and hospital visits, maternity care and contraception, mental health and substance use disorder treatments, preventive services, and prescription drugs.

By eliminating the national requirement that all plans offer 10 categories of essential benefits, not only would patients find that needed care isn’t covered, but that the ACA’s prohibition on annual and lifetime limits on coverage would no longer apply to services that a waiver state determines are not essential. To illustrate, a waiver state might decide that insurers are not required to cover chemotherapy as an essential benefit, meaning that a cancer patient’s insurer could impose a dollar limit on how much chemotherapy they will pay for in a year or lifetime, putting the patient at risk of bankruptcy or having to forgo life-saving treatment. This weakening of consumer protections would adversely affect not only people who obtain coverage through the ACA marketplace plans, but also those who obtain coverage through their employers.

These harmful changes would return the country to the pre-Affordable Care Act (ACA) days when persons with pre-existing “declinable” medical conditions in most states were priced out of the market and the insurance products available in the individual market did not cover medically-necessary services.

While the AHCA attempts to cover individuals with pre-existing conditions through high risk pools or reinsurance programs, the pre-ACA experience with high risk pools is that they do not provide adequate coverage and protection. Prior to the ACA, according to the Kaiser Family Foundation, many states had [high risk pools](#) that typically charged premiums above standard nonmarket rates, had pre-existing condition exclusions, lifetime and annual limits, and high deductibles; many states also limited enrollment, directly or indirectly, to limit costs. While an amendment to the House-passed AHCA included an additional \$8 billion over five years to help fund “high risk” pools in waiver states, this paltry increase will not make coverage affordable for sick people. A [recent analysis found](#) that the AHCA, prior to this amendment being adopted, would leave a \$20 billion annual shortfall in the amount of funding that would be needed for such pools to be sustainable. The amendment’s addition of an average of \$1.6 billion per year doesn’t come close to providing the resources needed. Another new [report by Avalere](#) found that the AHCA's high-risk pool funding will cover just five percent of the total number of enrollees with pre-existing chronic conditions in the individual market today.

Simply put, high risk pools are no substitute for maintaining the ACA’s prohibition on insurers charging more to people with pre-existing conditions.

The AHCA would dramatically transform the Medicaid program in a way that would severely undermine, underfund, and jeopardize continued coverage for tens of millions of enrollees. Turning the financial structure of Medicaid into a block grant or a per-capita cap system will result in massive federal funding cuts—[\\$839 billion](#), or about a [25 percent cut](#) from current projected federal contributions over the next 10 years—forcing states to reduce enrollment, benefits or provider

reimbursement rates. By eliminating the enhanced federal match for the Medicaid expansion population, the AHCA ends the ACA's promise of affordable coverage for millions for Americans.

These and other policies in the AHCA as passed by the House will result in 14 million losing coverage as early as next year, and 24 million over the next 10 years, according to [Congressional Budget Office \(CBO\) estimates](#) of an earlier version of the bill.

The College strongly believes in the *first, do no harm* principle. Therefore, we continue to urge that Congress move away from the fundamentally flawed and harmful policies that would result from the American Health Care Act as passed by the House and urge the Senate to reject this legislation. We urge the Senate to instead start over and seek agreement on bipartisan ways to improve and build on the ACA. We also believe that no action should be taken by the Senate on legislation [absent a full CBO score](#). The College welcomes the opportunity to share our ideas for bipartisan solutions for improving current law that would help make health care better, more accessible, and more affordable for patients rather than imposing great harm on them as the AHCA would do.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack Ende", with a long, sweeping flourish extending to the right.

Jack Ende, MD, MACP
President

Cc: Senate Finance Committee; Senate Health, Education, Labor and Pensions Committee