November 30, 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 write to urge the Senate to vote no on the Tax Cuts and Jobs Act, H.R. 1, if the bill brought to the floor includes provisions that will do great harm to tens of millions of the most vulnerable patients including seniors.

Specifically, we are concerned that the bill approved by the Senate Budget Committee on a party-line vote would repeal the Affordable Care Act’s (ACA) requirement that persons purchase qualified health insurance coverage (individual mandate), which will destabilize the individual insurance market and lead to 13 million Americans losing coverage, double-digit premium increases, and insurers dropping out of the individual insurance market, according to the Congressional Budget Office (CBO) and other independent analyses. We oppose financing the underlying tax policies in this legislation through statutory budget sequestration, which would lead to deep scheduled cuts to Medicare and other vital federal health programs. These provisions will bring great harm to the health and daily lives of millions of Americans who are cared for by our physician members.

ACP is the largest medical specialty organization and the second largest physician group in the United States, representing 152,000 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.

As ACP has previously stated, repealing the individual mandate would seriously impact health coverage for millions of Americans. According to a report by the CBO, repealing the individual mandate would increase the number of uninsured by four million in 2019 and 13 million in 2027. The American Academy of Actuaries similarly has warned that repeal of the individual mandate would lead to premium increases, weaken insurer solvency, cause an increase in insurer withdrawals from the market, and “could lead to severe market disruption and loss of coverage among individual market enrollees.”

Repeal of the individual mandate that individuals obtain health insurance violates our criteria that any proposed changes to the ACA should first, do no harm to patients. The ACA, with the
individual mandate, has been an effective tool in reducing the uninsured rate to its lowest level in decades, from 18.2 percent in 2010 to 10.3 percent in 2016.

As long as the individual mandate remains in effect, ACP continues to be supportive of the Bipartisan Health Care Stabilization Act of 2017 (BHCSA), which continues cost-sharing reduction payments to health plans for two more years, among other improvements. However, BHCSA will be wholly ineffective in stabilizing the individual insurance market if the tax bill repeals the individual insurance requirement. The CBO recently confirmed that even if BHCSA were to become law, repeal of the individual mandate would result in coverage losses and premium increases similar to its earlier estimates of a “decrease of the number of people with health insurance of 4 million in 2019 and 13 million in 2027. . . In addition, the agencies estimated that average premiums in the nongroup market would increase by about 10 percent in most years of the decade.”

The College also strongly believes that tax cuts and other initiatives should not come at the cost of automatic cuts to programs that serve individual and public health, including Medicare, the Centers for Disease Control and Prevention (CDC), and other agencies. As you know, under a 2010 law called Statutory Pay-As-You-Go Act (SPAYGO), any law that will add to the federal deficit must be paid for with spending cuts, increases in revenue or other offsets. Automatic cuts are imposed, through budget sequestration, if Congress does not enact the required offsets.

The CBO has projected that the deficit increases from the Tax Cuts and Jobs Act will be large enough to trigger sequestration of mandatory spending under SPAYGO: “Without enacting subsequent legislation to either offset that deficit increase, waive the recordation of the bill’s impact on the scorecard, or otherwise mitigate or eliminate the requirements of the PAYGO law, OMB would be required to issue a sequestration order within 15 days of the end of the session of Congress to reduce spending in fiscal year 2018 by the resultant total of $136 billion.”

As a result of automatic SPAYGO cuts, Medicare would be cut by $25 billion in 2018, according to CBO, resulting in a reduction in Medicare payments to physicians and other “providers” of four percent. The four percent SPAYGO cut in Medicare payments to physicians would be on top of deep mandatory spending cuts to physician services imposed over the past several years:

- The Budget Control Act (BCA) of 2011 reduced Medicare payments to physicians and other “providers” by two percent through budget sequestration.
- The Protecting Access to Medicare Act (PAMA) of 2014, required Medicare to reduce Medicare fee-for-service spending on physician services by 0.5 percent each year from 2017 to 2020 through reductions in the relative value units (RVUs) or across-the-board cuts if sufficient savings aren’t found in RVUs; the Achieve a Better Life Experience (ABLE) Act of 2014 moved the start date up to 2016, and increased the savings target to one percent for that year. The result has been a 0.9 percent across-the-board cut in Medicare payments to physicians.
- SPAYGO would reduce payments to physicians by another four percent in 2018.
Together, the combined cuts in Medicare payments for physician services from SPAYGO, BCA, PAMA, and the ABLE Act would be 6.9 percent compared to the baseline before such cuts were imposed, and they will continue to be in effect from 2018 onward. Such cuts will harm access to care for millions of seniors, as physicians cannot continue to absorb deep cuts in Medicare payments at a time when their costs are increasing, and when they are being asked to invest more resources into transforming their practices to participate in the value-based payment models created by the Medicare Access and CHIP Reauthorization Act. Primary care physicians, whose services have been historically undervalued by Medicare, will be particularly harmed by additional cuts in payments.

Graduate Medical Education, lab fees, and hospital payments also would be cut by SPAYGO’s four percent on top of the two percent BCA cut, for a combined six percent cut. SPAYGO would cut or entirely eliminate hundreds of other federal programs that are critical to health including those within the CDC, the Health Resources and Services Administration (HRSA), and the Prevention and Public Health Fund (PPHF). While Congress could later waive these statutorily required cuts, 60 votes would be needed in the Senate to do so. Past experience, when Congress allowed across-the-board sequestration from the BCA to go into effect in 2013, tells us that Congress cannot be counted on to do so.

We believe that the above policies could do considerable harm to our patients by undermining and destabilizing the healthcare system. Rather than continuing the effort to repeal current-law coverage under the ACA through budget reconciliation measures, or otherwise, we urge Congress to work together in a bipartisan manner to improve coverage and lower costs. Repealing the individual insurance mandate, as part of this legislation or any other, would only result in harm to our patients as would any cuts to Medicare or other vital health programs. We therefore urge you to vote “no” on the Tax Cuts and Jobs Act if the bill brought to the floor includes repeal of the individual mandate and triggers scheduled across-the-board cuts under SPAYGO in Medicare and other vital health programs.

Sincerely,

Jack Ende, MD, MACP
President

CC: Members of the United States Senate and House of Representatives