NAUH
NATIONAL ASSOCIATION OF URBAN HOSPITALS

March 14, 2017

The Honorable Greg Walden
Chair
Committee on Energy and Commerce
U.S. House of Representatives
Washington DC 20515

The Honorable Frank Pallone
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
Washington DC 20515

The Honorable Kevin Brady
Chair
Committee on Ways and Means
U.S. House of Representatives
Washington DC 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington DC 20515

The Honorable Diane Black
Chair
Committee on the Budget
U.S. House of Representatives
Washington DC 20515

The Honorable John Yarmouth
Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington DC 20515

Dear Chairman Walden, Chairman Brady, Chairwoman Black, Ranking Member Pallone, Ranking Member Neal, and Ranking Member Yarmouth:

Last week, the National Association of Urban Hospitals wrote to share our perspective on the proposed American Health Care Act. Today I am writing in response to the recent economic analyses of the legislation.

NAUH appreciates the considerable effort Congress is investing in attempting to improve the American health care system. When we wrote to you last week we pointed out a number of aspects of the AHCA that we appreciate while also noting others that concern us. Now, however, based on more recent information, we have concluded that the problems posed by the proposed legislation in its current form significantly outweigh its benefits. NAUH is unable to support the AHCA for the following reasons:

- Most important, implementing the AHCA in its current form would result in millions of Americans losing their health insurance over the next ten years, including significant losses in the next year or two alone. For the most part, those losing their insurance would be low-income individuals and families that would lose their Medicaid coverage and working-class and middle-class people who would find themselves no longer able the afford health insurance they had obtained with federal assistance in recent years.

- The Affordable Care Act used a number of tools, including taxes, to finance enhancing access to

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affordable insurance and health care for working-class and low-income Americans. One of those tools was reductions in provider payments, such as cuts in Medicare DSH payments to hospitals and reductions in the annual inflation factors by which hospital Medicare payments were adjusted so that those payments no longer reflected actual growth in health care costs. While the AHCA calls for the repeal of many of the mechanisms the Affordable Care Act employed to pay for its enhanced access to health insurance and medical care, it does not do the same for the significant Medicare DSH cuts extracted from hospitals for the same purpose.

- We believe the proposal to impose per capita limits on the growth of Medicaid spending does not call for an appropriate growth factor for these limits. An earlier version of this proposal called for spending growth to be indexed to the medical portion of the consumer price index plus one percentage point but the bill now before Congress does not include the additional percentage point. Indexing the growth of the limited Medicaid funding pool in the proposed manner threatens to leave that pool insufficient to meet the very real demands associated with serving the Medicaid population. That threat, in turn, is especially great for urban safety-net hospitals because we serve such a disproportionate share of that Medicaid population.

- NAUH appreciates that the AHCA would permit states that have expanded their Medicaid populations to continue doing so. At the same time, however, we believe the reduced federal financial participation in funding that continued expansion, combined with the inadequate inflation factor proposed to increase annual federal Medicaid spending, would be insufficient and necessitate some combination of contracting eligibility, reducing benefits, and/or cutting provider payments by the states, all of which would detract from Medicaid's ability to help meet the medical needs of the low-income Americans the program was created to serve.

- While NAUH appreciates that the AHCA would eventually eliminate the Affordable Care Act-mandated cuts in Medicaid DSH payments made to hospitals, it would still retain those payments for two years but only for Medicaid expansion states. We believe the Medicaid DSH cuts, which Congress has continually delayed since the Affordable Care Act's passage because it agreed such cuts were ill-advised, should permanently be ended for all states.
- NAUH disagrees with the proposed changes in both presumptive and retroactive eligibility for Medicaid. These are important tools supporting safety-net hospitals' ability to ensure that low-income individuals and families get appropriate access to medical care when they need it most. We believe hospitals have exercised both of these forms of authority responsibly, effectively, and with integrity.

- NAUH also disagrees with the requirement for expansion states to redetermine expansion enrollees' eligibility every six months.

For the reasons listed above, NAUH cannot support the AHCA in its current form. We hope you will consider our concerns seriously and address them as part of a broader effort to refine and improve the bill.

As we wrote last week, NAUH recognizes that the American Health Care Act (AHCA) proposes major changes in how the federal government would execute its roles in Medicaid and the private health insurance and health care delivery systems in our country. NAUH appreciates the inclusion of several concepts in the proposed AHCA, including:

- the provision that permits states that expanded their Medicaid programs under the Affordable Care Act to continue serving that expansion population with the help of enhanced Medicaid matching funds until 2020;
- the supplemental Medicaid funds for non-expansion states;

- the proposal to base Medicaid per capita caps on state health care expenditures beginning in FY 2016, when some states had already expanded their Medicaid programs, rather than on pre-expansion state Medicaid spending; and

- the elimination of Affordable Care Act-mandated cuts in hospital Medicaid disproportionate share hospital program (Medicaid DSH) payments.

Now, NAUH urges Congress to address the challenges we have identified in the AHCA and hopes to see solutions that would address those challenges and make it a better, stronger, fairer law for all Americans.

NAUH appreciates the continued willingness of Congress to consider the perspectives of the provider community, including urban safety-net hospitals. As you do so, we encourage you to look to the National Association of Urban Hospitals for insight into how the policies you are considering would affect the nation's private, non-profit urban safety-net hospitals and the millions of residents of the low-income urban communities those hospitals serve throughout our country.

We appreciate the opportunity to share these views with you and welcome any questions you may have about these views or any other aspects of the health care reform legislation you are currently considering.

Sincerely,

Ellen J. Kugler
Executive Director

About the National Association of Urban Hospitals

The National Association of Urban Hospitals (NAUH) advocates for adequate recognition and financing of private, non-profit, urban safety-net hospitals that serve America's needy urban communities. These private urban safety-net hospitals differ from other hospitals in a number of important ways: they serve communities whose residents are much older and poorer; they are far more reliant on Medicare and Medicaid for revenue; they provide far more uncompensated care; and unlike public safety-net hospitals, they have no statutory entitlement to local or state funds to underwrite their costs. Because of where they are located our hospitals are typically the provider of last resort for many low-income Americans, regardless of whether they have health insurance or can afford health insurance or health care, and we will remain their providers in the future, again regardless of whether they have health insurance or can afford the care we provide them. Ours are mission-driven hospitals, and we continue to fulfill that mission with great enthusiasm and pride. NAUH's role is to ensure that when federal officials make policy decisions, they understand the implications of those decisions for these distinctive urban safety-net hospitals.