



March 7, 2017

The Honorable Greg Walden, Chair  
The Honorable Frank Pallone, Ranking Member  
Energy and Commerce Committee  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Kevin Brady, Chair  
The Honorable Richard Neal, Ranking Member  
Ways and Means Committee  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

The Center for Law and Social Policy (CLASP) writes today to raise serious concerns about the American Health Care Act and the impact this bill will have on low-income individuals. CLASP advocates for public policies and programs at the federal, state, and local levels that reduce poverty, help low-income people become economically self-sufficient, and create ladders to opportunity for all.

This bill puts at risk the health insurance coverage of millions of people, shifting costs to sicker and older populations, and jeopardizing access to care for millions of adults and children on Medicaid. A growing body of research demonstrates that Medicaid lifts people out of poverty, improves children's performance in schools, and keeps people healthy so they can get jobs and maintain stable employment. It's a solidly performing program that supports a wide range of Americans -- workers, parents, children, seniors—when they encounter struggles in life. And it responds quickly to urgent needs, as shown by recent studies of its strong role in responding to the opioid epidemic. Unfortunately, this bill takes a giant step backwards on Medicaid and risks coverage for millions of people. The bill would also greatly undermine access to affordable health insurance for millions of moderate income people who are currently purchase insurance through the marketplace with help from the advance premium tax credits under the Affordable Care Act.

According to an analysis by the Center on Budget and Policy Priorities, the House Republican plan would shift an estimated \$370 billion in Medicaid costs to the states over the next ten years, effectively ending the Medicaid expansion for 11 million people while also harming the care for tens of millions of additional children, parents, people with disabilities and seniors who rely on the program today<sup>1</sup>.

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<sup>1</sup> House GOP Medicaid Provisions Would Shift \$370 Billion in Costs to States Over Decade. March 7, 2017.  
<http://www.cbpp.org/blog/house-gop-medicaid-provisions-would-shift-370-billion-in-costs-to-states-over-decade>

The legislation ends the Medicaid expansion starting in 2020. The bill does allow individual people who are enrolled in Medicaid through the expansion to maintain their eligibility—however, it does not allow for gaps in coverage. In time, the bill anticipates that most of these individuals would churn off the program. For example, a working mother receiving help under Medicaid for a chronic illness such as depression or a heart condition would have to prepare her children for the day when she will no longer get care – and her neighbor whose hours are cut and becomes Medicaid eligible would not be able to enroll. In seven states, expansion coverage would end automatically because their state law requires the expansion to end if the Medicaid match rate falls. The net effect is that the millions of people who have receive their care through the Medicaid expansion—more than 10 million people in 31 states in total—will lose their coverage, and most likely become uninsured.

The bill also converts Medicaid funding to a per capita cap, which reduces federal Medicaid spending and shifts costs to states. Instead of the ongoing Federal commitment to sharing in the costs of providing comprehensive coverage to eligible families, states would receive capped funding for Medicaid. This is exactly what has happened in other block grant programs; because the funding for Temporary Assistance for Needy Families (TANF) and the Child Care and Development Block Grant (CCDBG) has failed to keep up with need, states have restricted access and cut payments to families and providers under these programs. If per capita caps are implemented in Medicaid, states will be forced to reduce enrollment, cut benefit or shift additional costs to providers. This puts at risk coverage for the millions of children, parents, seniors and people with disabilities who rely on Medicaid for their health care needs. Just to take one example, the nation's strong success in increasing adoptions from foster care over the past decades has relied fundamentally on a guarantee to parents that their adoptive child's medical and behavioral needs will be covered by Medicaid until age 18 – a guarantee placed at risk by arbitrary caps.

CLASP also strongly objects to the provisions of this bill that make it more difficult for individuals to apply for Medicaid and to maintain their coverage. Specifically, we are concerned about the repeal of the presumptive eligibility determination provisions and the requirement that states with Medicaid expansion population use more frequent redetermination processes. The bill also requires individuals to provide documentation of citizenship or lawful presence before obtaining Medicaid coverage, reversing the ACA's requirement that states provide a reasonable retroactive coverage period for individuals to provide documentation to verify their citizenship or eligible immigration status. Based on our experience working with states under the Work Support Strategies Initiative, we know that every redetermination and verification that a beneficiary submits must be processed, which is a slow and time consuming process that can be prone to delay and can introduce barriers to needed care.

The American Health Care Act also undermines the quality of the benefit available to Medicaid beneficiaries. It repeals the Essential Health Benefit (EHB) package for beneficiaries enrolled in Medicaid alternative benefit plans. The EHB covers a robust

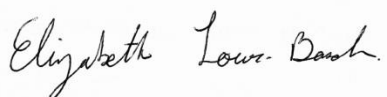
package of critical health care services, including maternity and pediatric services, mental health, preventive services, and rehabilitative and habilitative services. Its repeal means that medically necessary services may not be covered by Medicaid and, thus, unavailable to beneficiaries without resources to pay out-of-pocket for care.

The American Health Care Act would also greatly undermine access to affordable health insurance for millions of moderate income people who are currently purchase insurance through the marketplace with help from the advance premium tax credits under the Affordable Care Act. As the new credits would be delinked from both the true cost of insurance and the customer's ability to pay, millions of people would find health insurance unaffordable, even with the credits. Moreover, this would create a new work disincentive (a so-called "cliff effect") for individuals whose earnings exceeded the Medicaid eligibility thresholds – meaning that low-income working parents would once again be forced to turn down added hours or a promotion at work in order not to jeopardize their and their family's health care. That's a choice no one should be asked to make.

The American Health Care Act puts in jeopardy the care and coverage of millions of low and moderate-income people. If enacted, this will be devastating to children, parents, seniors and people with disabilities who get their coverage through Medicaid, to everyone covered by the Medicaid expansion, and to states that will likely have to cut other key investments such as education to cover health care cuts. We call on the Committee to immediately reject this bill and to ensure access to comprehensive and affordable health insurance for all.

Thank you for your consideration. We would be happy to discuss our concerns with this bill with you or your staff.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Lower-Basch".

Elizabeth Lower-Basch  
Director, Income and Work Supports  
Center for Law and Social Policy