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**National Association of
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March 17, 2017

The Honorable Mitch McConnell, Majority Leader
U.S. Senate
Capitol Building, S-230
Washington, DC 20510

The Honorable Charles Schumer, Minority Leader
U.S. Senate
Capitol Building, S-221
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of the National Association of Area Agencies on Aging (n4a), which represents the country's 622 Area Agencies on Aging (AAAs) and more than 250 Title VI Native American aging programs, we are writing to inform you and Members of the Senate of our opposition to the House-proposed American Health Care Act (AHCA). n4a's members serve older adults and caregivers in nearly every community in the nation, including those who will be adversely affected by AHCA. Due to the disproportionate and concerning effects that this legislation would have on the country's older adult population, we urge Senate leadership and lawmakers to reject and substantially reconsider this proposal should it pass the House. It is critical that, if the House passes the bill as-is, the Senate take the time and steps necessary to ensure that access to health care guaranteed in both the Patient Protection and Affordable Care Act (ACA) and Medicaid is preserved and protected for vulnerable older adults.

We appreciate that the AHCA does not fully repeal the ACA by leaving in place important protections for people with pre-existing conditions, continuing to prohibit insurance companies from implementing lifetime annual limits and upholding requirements to cap out-of-pocket expenses. We also appreciate that AHCA maintains both financial assistance for low-income Medicare beneficiaries and the ACA's approach to closing the Medicare Part D doughnut hole.

AHCA's Changes to the Affordable Care Act Create New Set of Problems

We are very concerned about the coverage losses and cost increases

under AHCA that the Congressional Budget Office (CBO) estimates will occur—especially for the oldest and most economically vulnerable health care consumers. Additionally, we oppose both eliminating revenue provisions in the ACA that have significantly extended the solvency of the Medicare Trust Fund, and AHCA’s restructuring of Medicaid financing, which CBO estimates will cut \$880 billion from the program over 10 years. These federal disinvestments and cost-shifting strategies will not only jeopardize health care access for millions of older adults, they will also put Medicare, Medicaid and states on a fiscally precarious path.

We are also strongly opposed to both the AHCA’s approach to restructuring beneficiary cost-sharing arrangements, which will mean much higher coverage costs for vulnerable older adults, and changes to the ACA’s age rating limits, which will jeopardize access to affordable coverage by allowing insurers to drastically increase costs for people aged 55 to 64. Both of these provisions could put health care financially out of reach for the pre-Medicare population that arguably most needs affordable health care options. As a result of these structural changes that undermine accessible insurance coverage, older adults are more likely to reach Medicare eligibility sicker and needing much costlier care, which could further destabilize the program’s long-term stability.

Additionally, we are concerned that AHCA changes the penalty for failing to obtain individual coverage by replacing the requirement with a 30 percent premium surcharge for consumers to re-enroll following a coverage lapse. Due to AHCA’s age-rating changes, premiums for older adults could be much higher, and we are concerned that penalties based on higher premiums could exacerbate the financial strain on older consumers and jeopardize their access to health care.

Furthermore, we strongly oppose the changes to the trajectory of Medicaid expansion by eliminating the enhanced federal match (FMAP) by 2020 for individuals covered under ACA’s Medicaid expansion, or sooner for anyone who has had a break in Medicaid coverage. Given that many individuals on Medicaid regularly experience breaks in coverage due to securing a new job or realizing temporarily increased income. This limitation could effectively end expansion coverage for many of the 11 million expansion enrollees in 31 states and DC, including for 3.3 million pre-Medicare older adults.

Structural Changes to Medicaid Will Harm Older Adults

Nearly two-thirds of n4a members play a critical role in the provision of Medicaid services under state Home and Community-Based Services (HCBS) waiver programs. Therefore, we are very concerned about major structural changes to Medicaid under AHCA. Shifting Medicaid from a federal-state cost-sharing arrangement to a per-capita cap structure could severely limit, over time, a state’s ability to keep up with demand and the rising costs of providing care. It is simply untenable that states will be able to absorb the CBO-estimated \$880 billion in federal cuts to Medicaid without jeopardizing essential services for economically and medically vulnerable older adults who receive optional home and community-based waiver services under Medicaid.

Of the 17.4 million people who currently receive Medicaid LTSS benefits, nearly seven million people are age 65 and over. A per-capita cap structure for Medicaid could jeopardize the health of these adults just as needs and costs are increasing with a rapidly increasing older adult population. Additionally, we are opposed to the approach that ACHA takes to end the enhanced federal matching percentage (FMAP) for innovative long-term care (LTC) rebalancing initiatives—such as the Community First Choice (CFC) Program. Eliminating efforts that are encouraging states to adopt and expand cost-effective home and community-based services options for Medicaid LTSS will ultimately either increase state costs or further undermine care and coverage for the most vulnerable populations.

The formula to determine appropriate federal matching rates within the per-capita cap structure is also flawed and only deepens our concerns about the proposal. The formula proposed in AHCA—which uses FY 2016 Medicaid costs as a baseline and increases the federal contribution based on the Consumer Price Index plus one percent (CPI+1)—is especially problematic for older adults receiving Medicaid long-term services and supports. A CPI+1 approach further shift costs to states because it is insufficient to cover health care cost increases year-over-year, and it fails to account for increased care costs for an aging population. The population of “very old” adults is guaranteed to increase as the population ages, but as-written, the per-capita cap structure does not account for this demographic reality.

We believe that a per-capita cap structure will ultimately shift billions of dollars in Medicaid costs to states, which would result in reduced coverage and benefits for millions of Americans. If the cap doesn't keep up with states' real costs, states will be forced to reduce benefits, limit eligibility, increase cost-sharing, cut provider rates or find other solutions that threaten older adults' access to services and quality of those services. Any of these outcomes alone would leave vulnerable older adults struggling to live independently and safely in their homes and communities without critical HCBS, which would only drive up more expensive Medicaid nursing home care costs, create tremendous burdens on family caregivers and put older adults' lives at risk.

Prevention and Public Health Fund Elimination Will Undermine Falls Prevention and Chronic Disease Self-Management Efforts for Older Adults

We oppose AHCA's proposal to cut and ultimately eliminate funding for the Prevention and Public Health Fund (PPHF), which was created in ACA to improve our nation's response to public health threats. Currently, the PPHF supports Administration for Community Living (ACL) grants for falls prevention activities, chronic disease self-management programs and Alzheimer's disease prevention and education efforts.

Ninety-three percent of AAAs are engaged in evidence-based health promotion programs, including PPHF falls prevention efforts. Falls are the leading cause of fatal and nonfatal injuries in older adults, and have enormous personal and health care costs estimated to total at least \$34 billion every year. Falls prevention programs funded through the PPHF reliably demonstrate a significant return on investment in preventing unnecessary medical costs and

even death. Additionally, the PPHF supports community-based, evidence-based programs to enable participants to effectively and cost-efficiently manage their own chronic diseases. AAAs are key partners in these efforts across the country. Over two-thirds of Medicare beneficiaries have multiple chronic conditions, such as diabetes, and Medicare beneficiaries with six or more chronic conditions account for nearly half of all Medicare costs. Without intervention at the community level to reach beneficiaries where they live, individual and economic costs of chronic diseases will only grow as the population of older adults increases.

Should the American Health Care Act pass the House as written, we would encourage Senate lawmakers to oppose this bill. We encourage Senate leadership and lawmakers to reconsider and revise any proposals to replace the Affordable Care Act to better reflect the aging of our population and the vital role that Medicaid plays in long-term care for our nation's older adults and people with disabilities. We also hope that future efforts to reform health care will reflect the thought and time necessary to solicit stakeholder input across the health care spectrum to ensure that proposals protect and preserve the access to care guaranteed and institutionalized under the Affordable Care Act.

Thank you for considering our concerns about these critical issues.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Markwood".

Sandy Markwood
Chief Executive Officer

cc:

Members of the U.S. Senate