



VERMONT ASSOCIATION OF
HOSPITALS AND HEALTH SYSTEMS

September 20, 2016

The Honorable Patrick Leahy
437 Russell Senate Building
US Senate
Washington D.C. 20510

Re: Hospitals against Graham-Cassidy-Heller-Johnson bill

Dear Senator Sanders:

On behalf of the Vermont Association of Hospitals and Health Systems (VAHHS), I am writing express my concern on behalf of our nonprofit hospitals because the Affordable Care Act is once again under attack.

As you know, Vermont's uninsured rate fell by nearly half (from 6.8% to 3.7%) with implementation of the ACA coverage provisions. Since this increase in coverage under the ACA, Vermont has seen a decrease in uncompensated care. With the Graham-Cassidy-Heller-Johnson bill, this progress will be reversed in the following ways:

- **The Bill Would Result in Vermonters Losing Health Coverage.** The bill would repeal the ACA's individual and employer mandate penalties, a change CBO previously estimated would result in 14 million fewer insured individuals after one year. In addition, the bill would reduce the amount of funding for traditional Medicaid by transitioning financing for the program to a per capita cap model with trend factors that are generally below historic spending growth, potentially jeopardizing coverage and services for our most vulnerable. Any reductions in federal funds will result in uninsured Vermonters.
- **The Bill Would Erode Key Protections for Patients and Consumers.** The bill would repeal the ACA's Medicaid expansion, Basic Health Program and Health Insurance Marketplace subsidies effective Jan. 1, 2020 and establish a block grant program for states to create their own health care programs from 2020 to 2026. States could use the funds to help individuals enroll in coverage, but they also could use the funds for other health-related purposes. This change would allow states to waive many insurance rules for coverage provided through the block grant program. States could eliminate some or all of the essential health benefits and allow insurers to charge individuals with pre-existing conditions any amount in premiums, effectively pricing many individuals out of coverage. Vermont was one of the few states to have community rating and guaranteed issue prior to the ACA. While it is unlikely Vermont will roll these requirements back in the immediate future, the repeal at the federal level coupled with reduced federal funding makes the erosion of benefits and protections for vulnerable Vermonters much more likely.

- **The Bill Would Not Stabilize the Insurance Market in the Short or Long Term.** The bill fails to fund the cost-sharing reductions (CSRs) in the short term (2018 and 2019), while providing a separate fund for insurers to help stabilize the insurance markets in 2019 and 2020 (but not 2018). CBO previously estimated that failure to fund the CSRs in 2018 would increase premium rates by 20 percent and increase the federal deficit by \$6 billion that year. A reduction in CSRs would impact about 20,000 Vermonters.
- **The Bill Would Jeopardize Vermont's Health Care Reform Efforts.** Through the All-Payer Federal Waiver, Vermont is moving towards an innovative delivery system that incentivizes quality over quantity. The Graham-Cassidy-Heller-Johnson bill and its reduced federal funding will effectively end this effort.

In addition, the new grant program for states would end after seven years, potentially creating massive disruption in Vermont's health care system. Thank you for all of your good work protecting the ACA and the health care of Vermonters in the past, and we urge you to continue to support the ACA and vote against the Graham-Cassidy-Heller-Johnson bill.

Sincerely,



Jeffrey Tieman, President and CEO
Vermont Association of Hospitals and Health Systems