



September 19, 2017

Dear Senator:

Older Americans care deeply about access to and affordability of health care. They need and deserve affordable premiums, lower out-of-pocket costs, and coverage they can count on as they age. On behalf of our nearly 38 million members in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP is urging the Senate to reject the Graham/Cassidy/Heller/Johnson bill because it would do precisely the opposite. Overall, the Graham/Cassidy/Heller/Johnson bill would increase health care costs for older Americans with an age tax, decrease coverage, and undermine pre-existing condition protections. In addition, this bill would jeopardize the ability of older Americans and people with disabilities to stay in their own homes as they age and threaten coverage for individuals in nursing homes.

Should this bill be brought to the Senate floor for a vote, we strongly urge all Senators to vote **NO**. As our members expect from AARP, we will monitor each Senator's vote should this bill come to the Senate floor and notify older Americans by reporting the vote in our publications, online, through the media, and in direct alerts to our members.

Costs in the Individual Private Insurance Market will Skyrocket

About 6.1 million Americans age 50-64 currently purchase insurance in the non-group market ("exchange"), and nearly 3.2 million are currently eligible to receive tax credits for health insurance coverage through an exchange. Affordability of both premiums and out-of-pocket costs is critical to older Americans and their ability to obtain and access health care. The Graham/Cassidy/Heller/Johnson bill would result in an age tax for older Americans who would see their health care costs increase under this bill. First, the bill would eliminate cost sharing reductions (CSRs) and take away the current tax credits that people receive today to help them afford their health care premiums. In doing so, the bill eliminates the protection that ensures both younger and older Americans do not pay over a specific percent of their income towards their health care premium. In addition, the bill entirely eliminates the funds available to states to lower health care premiums in 2026 and beyond. Furthermore, the bill reduces payments to states that have actively implemented and worked to improve coverage while increasing payments to states that have resisted efforts to expand coverage in the form of a "Market Based Innovation Grant".

The bill would also undermine the consumer protections which millions of Americans have benefited from and rely on today. We have serious concerns that Graham/Cassidy/Heller/Johnson would allow states to once again permit insurance

companies to charge people with pre-existing conditions more just because they have cancer, asthma or diabetes. This could be devastating to the 25 million Americans age 50-64 with a pre-existing condition. Furthermore, the bill would allow states to eliminate additional consumer protections enacted under the ACA, including the essential health benefits (EHB) requirement for all health plans. As a result, older consumers could once again see soaring premiums based on age and certain pre-existing conditions, as well as the re-imposition of lifetime caps on coverage.

Cuts to Medicaid and Long-Term Services and Supports Will Put Older Americans at Risk

AARP -- together with doctors, hospitals, and patient groups -- strongly opposed the Medicaid per capita cap and block grant funding proposals that were previously rejected by a majority of Senators. We continue to strongly oppose these changes to the Medicaid program. Changing Medicaid into a per capita cap financing or block grant structure would endanger the health, safety, and care of millions of individuals who depend on the essential services provided through Medicaid. Medicaid is a vital safety net and intergenerational lifeline for millions of individuals, including over 17.4 million seniors and children and adults with disabilities who rely on the program for critical health care and long-term services and supports (LTSS, i.e., assistance with daily activities such as eating, bathing, dressing, managing medications, and transportation). Older adults and people with disabilities now account for about 60 percent of Medicaid spending, and cuts of this magnitude will result in loss of benefits and services for this vulnerable population.

The growth rates set forth in the bill are far below historic Medicaid growth rates at a time when the number of older Americans is significantly growing and needing greater coverage and services. Per capita caps and block grants would not accurately reflect the cost of care for individuals in each state, including for adults with disabilities and seniors, especially those living with the most severe disabling conditions. This leaves states having to cut back or eliminate services such as home and community based services (HCBS), or reduces eligibility for coverage and services, and leaves fewer doctors and other providers willing to take patients or provide care because reimbursements are too low.

Recent AARP Public Policy Institute projections demonstrate that the Graham/Cassidy/Heller/Johner bill will cut between \$1.2 trillion and \$3.2 trillion from total (federal and state) Medicaid spending over the 20-year period between 2017 and 2036 for the four non-expansion Medicaid enrollment groups: older adults, adults with disabilities, non-disabled children under age 19, and non-expansion adults. The projections do not include the proposed cuts to the adult Medicaid expansion population, which would also be considerable for those states that have expanded coverage.

We are deeply concerned these cuts will endanger the health, safety, and care of millions of individuals who depend on the essential services provided through Medicaid.

In addition, these cuts will be an overwhelming cost shift to states, taxpayers, and families, and will only compound over time.

AARP Urges Congress to Continue Bipartisan Market Stability Work

AARP has been encouraged by recent open and transparent efforts in the Senate to work on bipartisan market stability legislation. We urge Congress to continue working on common sense solutions that: ensures a robust insurance market with needed consumer protections, controls costs, improves quality; and provides affordable coverage to all Americans. We will continue to support health care principles that are vital to people 50 and older and their families.

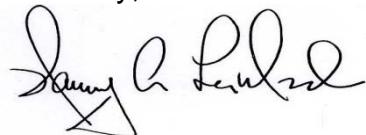
Unanswered Questions on Impact of Legislation

As the Senate rushes to potentially consider Graham/Cassidy/Heller/Johnson next week we are especially troubled by the lack of regular order and transparency given the enormous impact this bill will have on all Americans, states and taxpayers. There have been no hearings, no mark-ups and the CBO now states that they will "not be able to provide point estimates of the effects on the deficit, health insurance coverage, or premiums for at least several weeks."¹ It is irresponsible for the Senate to take a vote on a bill impacting tens of millions of Americans and one-sixth of our nation's economy without information on the potential consequences.

Conclusion

We urge you to vote NO on the Graham/Cassidy/Heller/Johnson bill and instead ask the Senate to continue its work through the bipartisan market stabilization efforts. AARP remains committed to working with Congress on commonsense, bipartisan solutions to increase coverage, lower costs, and stabilize the markets. If you have any questions, please feel free to contact me, or have your staff contact Joyce A. Rogers, Senior Vice President, Government Affairs at (202) 434-3750.

Sincerely,



Nancy A. LeaMond
Executive Vice President and Chief Advocacy and Engagement Officer

¹ <https://www.cbo.gov/publication/53116>