

March 15, 2017

Dear Senator,

On behalf of Providence St. Joseph Health, I want to share with you our perspective on the American Health Care Act. We share the common goal of advancing national health care policy that provides all Americans access to high-quality, affordable care. However, we are deeply concerned that this legislation would result in a significant increase in the number of uninsured and create serious financial difficulty for our states that will ultimately jeopardize the ability of safety net providers to adequately serve our communities.

Our health system is committed to providing for the needs of the communities we serve, with a special focus on those who are poor and vulnerable. Providence St. Joseph Health combines Providence Health & Services and St. Joseph Health and includes a diverse family of organizations. Together, we employ more than 111,000 people who serve in 50 hospitals, 829 clinics, two health plans and hundreds of programs and services in Alaska, California, Montana, New Mexico, Oregon, Texas and Washington. Our unique not-for-profit organization is transforming health care for the future through digital innovation, population health, mental health, specialty institutes and clinical quality. Each year we work to provide care and services where they are needed most, including investments in community benefit that in 2016 totaled more than \$1.6 billion.

As deliberations continue on the American Health Care Act, Providence St. Joseph Health calls on Congress and the administration to emphasize stability in coverage and care for patients, providers and payers. Individuals and families must have access to affordable care to improve the health of our communities.

Medicaid policy changes

Providence St. Joseph Health supports the AHCA provisions that would allow greater flexibility for state innovations to meet the specific needs of their Medicaid populations. However, the legislation would also repeal the eligibility expansion, cap federal Medicaid funding, and create barriers to initial and continuing Medicaid enrollment. As a result, many low-income individuals would lose eligibility and be unable to afford private coverage. This would erode the safety net and jeopardize the health and economic security of millions of people in the communities we serve.

We strongly believe that Medicaid reforms should adhere to the following principles:

- **Maintain current eligibility:** Proposals to change funding or restructure the program should focus on creating innovation while maintaining coverage gains from the Affordable Care Act.
- **Capped Medicaid funding decreases flexibility:** This funding mechanism can significantly reduce the federal obligation to Medicaid and create a rigid structure that cannot respond to increased demand for Medicaid during economic downturns.
- **Access to mental health services must be maintained:** Mental health is a pressing need across every community we serve. We are deeply concerned that proposed changes to the Medicaid program in the ACHA will have adverse impacts on access to mental health services and substance abuse treatment for Medicaid beneficiaries.

Insurance market changes

The AHCA would repeal the ACA exchanges in favor of individual and small group markets, with new options for consumer-directed health plans and mechanisms to reduce insurance costs. It is critically important that private insurance be affordable to those people who have lower incomes but do not qualify for Medicaid. At the same time, insurance markets must remain stable and provide for choice among plans.

- **We support modified age bands so they are affordable for all:** Age rating bands should be adjusted to allow plans to offer lower rates to younger individuals and create stronger incentives to buy coverage. However, larger rating bands must be coupled with premium and cost-sharing subsidies to ensure that coverage remains affordable for all participants.
- **Premium tax credits should be based primarily on income, not age:** The premium tax credits in the AHCA provide for an income scale, but are primarily focused on age. We urge policymakers to maintain the ACA subsidy levels through the tax credits and to not repeal the cost-sharing subsidies.
- **The continuous coverage requirement must be coupled with protections:** Protections must be included for enrollees who experience job loss or other circumstances beyond their control to prevent them from losing coverage.

Provider reimbursement changes

Providence supports the repeal of ACA cuts to Medicaid disproportionate share payments. However, we urge policymakers to repeal the Medicaid DSH cuts for all states in 2018, rather than just those states that chose not to elect Medicaid expansion. Two key concerns are driving our request. First, states will likely pursue provider reimbursement reductions to protect against or offset budget shortfalls for Medicaid. At the same time, the Medicaid DSH cuts represent just 10 percent of the cuts absorbed by providers via the Affordable Care Act. These payment reductions have only been marginally offset by the increase in insurance coverage. Restoring Medicaid DSH payments to all hospitals will provide some relief, but will not mitigate the impact on safety net providers if there is a significant increase in the number of uninsured.

We welcome the opportunity to work with you to shape legislation that will maintain coverage levels and improve stability in the insurance market. As a payer and safety net provider, we have a vested interest in both. Unfortunately, we cannot support the ACHA in its current form and urge you to oppose this legislation.

Thank you for the opportunity to provide our views on the AHCA. We look forward to working with you on a more sustainable approach to health reform. Please feel free to contact Ali Santore, associate vice president, federal government affairs, at Alison.Santore@providence.org.

Sincerely,



Rod Hochman, M.D.
President and CEO
Providence St. Joseph Health