NATIONAL COALITION ON HEALTH CARE

Working Together for an Affordable Future

May 8, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of the National Coalition on Health Care, I write today to urge the Senate to pursue an alternative, *bipartisan* path forward on health care. The course we advocate consists of two components: first, short-term legislative action to prevent health coverage disruptions and curb costs and, second, work toward eventual bipartisan compromise on more controversial issues related to the Affordable Care Act.

NCHC is the nation's largest, most broadly representative nonpartisan alliance of organizations focused on health care. Our members and supporters include nearly 90 of America's leading associations of health care providers, businesses and unions, consumer and patient advocacy groups, pension and health funds, religious denominations, and health plans. They represent—as employees, members, congregants, and volunteers—more than 150 million Americans. The Coalition is committed to advancing—through research and analysis, education, outreach, and informed advocacy—an affordable, high-value health care system for patients and consumers, payers, employers, and taxpayers.

The Path Forward for Health Care Reform

The need for reform and for Congressional action is not in question. Today, American families grapple with substantial and escalating health care affordability challenges. The non-group market has seen substantial cost increases exacerbated by political uncertainty in Washington. But premiums in the relatively stable employer-based insurance market have also climbed 58% from 2010-2016 even as the average deductibles

grew 61%.[1] Two and a half million Americans earning at or below the poverty level in non-Medicaid expansion states are denied access to both Medicaid and the affordability tax credits that could bring non-group coverage within reach.[2]

But the core of the House-passed American Health Care Act consists of $839 billion in Medicaid cuts that foreclose states' option to expand Medicaid eligibility and impose a per capita cap system that shifts risk and cost, now borne by the federal government, onto state taxpayers. These Medicaid provisions are paired with a dramatic reduction in the total tax credits available to non-group market consumers. CBO's initial estimates predicted an increase in the number of uninsured Americans of 14 million just next year and 24 million by the end of the budget window, even as the legislation increased costs for those with pre-existing conditions or nearing retirement.

Rather than struggling to fix this fundamentally flawed legislation through the budget reconciliation process, the Senate should pause and take the time necessary to craft more lasting, *bipartisan* solutions. The test of those health care reform solutions should be whether they make health coverage and care more affordable while continuing to expand coverage and access. This process will not be easy, but it is a process in which NCHC and health care stakeholders can engage, and one which may produce legislation worthy of support.

Preventing Immediate Disruption to Americans' Health Care

As broader reform is considered, however, Congress faces pressing needs and opportunities that demand a rapid legislative response geared toward preventing disruptions to Americans' health coverage and addressing the underlying trend in health care costs.

Provide a mandatory appropriation for cost-sharing reductions. These payments are necessary to avoid an immediate 20% spike in non-group insurance premiums,[3] to prevent further destabilization of the states' insurance markets, and to ensure doctor visits and prescription drugs remain within reach for 7 million Americans who directly benefit from cost-sharing reductions and millions more who depend on non-group coverage. With the significant uncertainty due to the pending *House v. Price* case and the administration's refusal to provide assurance of CSR payment past the current month, Congressional action is needed.

Enact a long-term extension of the Children's Health Insurance Program (CHIP). Existing funding levels for CHIP expire on October 1, but with state legislatures wrapping up legislative sessions already, action is required much sooner. MACPAC estimates that absent an extension, states will begin exhausting their federal resources later in calendar year 2017, threatening coverage losses for many of the 8.9 million

[1] Gary Claxton et al., "Section One: Cost of Health Insurance" in *2016 Employer Health Benefits Survey,* Kaiser Family Foundation, NORC at the University of Chicago, and Health Research & Educational Trust, September 14, 2016, http://kff.org/report-section/ehbs-2016-section-one-cost-of-health-insurance/.

[2] Rachel Garfield and Anthony Damico, "The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid," Kaiser Family Foundation, October 19, 2016, http://kff.org/uninsured/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/.

[3] Letter from ACHP President and CEO Ceci Connolly to Congressional leadership, April 5, 2017, http://www.achp.org/wp-content/uploads/ACHP-CSR-Letter-to-Congressional-Leadership-4.5.17.pdf.

children who rely on this program.[4] Congress should consider pairing CHIP extension with measures to extend important Medicare policies set to expire later this year.

Tackling Underlying Growth in Health Care Costs

Preserving coverage options, though vitally necessary, remains far from sufficient. With chronic disease accounting for 86% of the United States' health care dollars, federal policy must begin confronting the growing costs associated with chronic illness in a serious way. NCHC recommends three broad strategies to improve outcomes while lowering costs for this population, and Congress will have opportunities to pursue each of them before the end of 2017.

Curb the cost of treatment for chronic disease. The incentives for volume over value of health care services, characteristic of fee-for-service provider payment, have contributed to the rising cost of treating chronic disease. The value-based care movement, particularly the push toward new alternative payment models that assume responsibility for entire patient populations, offers hope of moderating this upward trend. If health care is to become more affordable, this movement must not only continue, it must accelerate. The following legislative steps are essential:

- Send the strongest possible bipartisan Medicare chronic care legislation to the President's desk, building on the recently introduced CHRONIC Care Act (S. 870);
- Ensure timely, long-term extensions of expiring primary care infrastructure and workforce programs that are needed to support strong chronic care in underserved communities--the Federally Qualified Health Center Program, the National Health Service Corps, and the Teaching Health Center Graduate Medical Education Program; and
- Consider additional legislation empowering health plans and providers to deploy upstream interventions, either directly or in partnership with community-based organizations, whenever such interventions reduce downstream medical costs and improve outcomes (e.g. well-targeted social services, housing and housing-related services, substance abuse and mental health interventions, or home- and community-based services).

Tame escalating prescription drug costs. The fastest growing category of health care expenditures today is prescription drugs. Unsustainable pricing practices and barriers to competition, especially generic competition, are imposing affordability burdens on consumers, taxpayers, and businesses. NCHC Action Fund's Campaign for Sustainable Rx Pricing has advanced an agenda of market-based solutions—transparency, competition, and value—to curb escalating drug prices. Although we strongly support the timely passage of FDA user fee legislation, we urge Congress to pair these User Fee Acts (UFAs) with constructive measures to address the skyrocketing cost of pharmaceuticals. Specifically, we recommend including provisions that would:

- Bar brand name manufacturers from denying samples to generic competitors through legislation such as the FAST Generics Act or CREATES Act;

[4] "February 2017 Medicaid and CHIP Enrollment Data Highlights," Medicaid.gov, https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html.

- Reduce the backlog of generic drug applications at the Food and Drug Administration, and prioritize FDA approval of applications for classes of drugs with no or limited generic competition;
- Take steps to promote the development of a robust biosimilars market; and
- Focus the Orphan Drug Act's incentives to develop medicines for true rare diseases.

Reduce future demand for health care services. The most desirable way to curb chronic disease treatment costs is to have a healthier population with less need for services in the first place. Because this long-term goal can only be achieved through consistent effort over time, this Congress should take care to preserve stable overall funding levels for proven federal prevention programs at the Centers for Disease Control and Prevention and elsewhere.

America's health care problems are serious. However, if Congress takes the short-term steps described above, it can forestall unnecessary disruption to Americans' care while beginning to address rising costs and unaffordability. In so doing, you will have built a record of success and cooperation necessary for bipartisan compromise on the coverage issues related to the Affordable Care Act. If you have any questions regarding the issues addressed here, please contact me directly at jrother@nchc.org or at 202-638-7151.

Yours truly,

John Rother
President and CEO