



County Welfare Directors Association  
925 L Street, Suite 350  
Sacramento, CA 95814  
(916) 443-1749



California State Association of Counties ®  
1100 K Street, Suite 101  
Sacramento, CA 95814  
(916) 327-7500

March 7, 2017

**Re: Oppose the American Health Care Act**

Dear California Congressional Delegation Member:

The California State Association of Counties (CSAC) and the County Welfare Directors Association of California (CWDA) oppose the American Health Care Act (AHCA). Released last night, the Energy and Commerce and Ways and Means Committee drafts will increase the number of individuals without health coverage and will shift costs to California's counties, who form the health care safety net in our state. Given the complex inter-relationships between provisions repealing major components of the Affordable Care Act (ACA) and capping the federal contribution to Medicaid, we have not had sufficient time to estimate the actual county and state costs and numbers of individuals who will lose their health insurance, but both appear to be significant. We also are deeply concerned that the House committees with jurisdiction over repealing and replacing the ACA are marking up the bill without holding meaningful public hearings and prior to a Congressional Budget Office estimate on the costs of the AHCA.

Similar to any other piece of landmark legislation, the ACA could be improved. However, the increase in health insurance access and coverage in California due to the ACA has been striking. Since its enactment, the state's uninsured rate has been cut by nearly two-thirds, with the uninsured rate at 7.1 percent, down from 18.6 percent, since the ACA began, according to the Centers for Disease Control and Prevention. This decrease is due to 3.7 million newly eligible Californians who are now covered through the Medicaid expansion and another 2 million previously eligible but not enrolled. An additional 1.2 million individuals have purchased private plans through Covered California, with the vast majority – roughly 90 percent – receiving subsidies to help pay for the premiums.

Pending our in-depth analysis of the measure, we have a number of significant initial concerns, including the following:

**Eliminating the ACA Medicaid Expansion:** CSAC and CWDA oppose the elimination of the Medicaid expansion. As noted above, the expansion has provided coverage to 3.7 million individuals. The elimination of the enhanced match will shift costs to the state and ultimately counties. Moreover, if there is even one month in which coverage was interrupted for those individuals currently covered - even if the reason is beyond their control - the federal match rate is lowered to 50 percent. The intent of such an administrative provision effectively shifts costs to states and counties.

**Medicaid Eligibility Changes:** While we have not determined the exact impact of the provisions, the bill will decrease the number of individuals who are covered by Medicaid by changing the manner in which counties are able to cover individuals quickly and maintain that coverage over time. The administrative processes in the measure are burdensome and will cut individuals from Medicaid. They include: eliminating expanded presumptive eligibility; creating a six-month eligibility redetermination process for persons covered under the ACA Medicaid expansion; eliminating the three-month retroactive eligibility for new enrollees; and, eliminating the reasonable opportunity period for an applicant to provide documentation that they are a citizen or have a satisfactory immigration status. Each of these administrative changes will create barriers to health care and shifts costs to states and counties.

**Medicaid Per Capita Cap:** CSAC and CWDA oppose the provision limiting the federal government's contribution to Medicaid. Since its inception, Medicaid has been a federal-state-county partnership where each partner pays its share of the costs of any eligible individual. Capping the federal share of Medicaid would dismantle that partnership, shifting the proportionate costs exceeding the capped federal allocation to states and counties. Further, the growth mechanism proposed (medical care CPI for urban consumers) is not sensitive enough to the changing needs and costs of care for various age and demographic groups.

In addition to being unresponsive to increasing costs due to our aging population or other extraordinary circumstances that may arise in a state, a Medicaid per capita cap will financially disadvantage California due to the state's historically low per-beneficiary spending rate. Our state has kept Medicaid costs low, due primarily to our use of managed care (10.3 million individuals are in such plans) and low provider reimbursement rates. A per capita cap penalizes the state for our low per-person spending while other less efficient states will be rewarded. The per capita approach does not recognize the changing dynamic of health care financing toward a managed care environment that uses actuarially sound rates and shares risk among parties.

While we recognize that the proposal is not a block grant which places a hard cap on federal spending, we note that a recent Congressional Budget Office estimate of the impact of a Medicaid block grant projected a cut of \$1 trillion in federal Medicaid spending over ten years, amounting to a 25 percent cut in the federal contribution.

**Elimination of Enhanced Match for Certain In-Home Supportive Services (IHSS):** CSAC and CWDA oppose the sunset of the six percentage point increase in the federal match for the Community First Choice Option (CFCO). Our state provides a system of home and community based attendant care for some of our most vulnerable residents in order to keep them in their homes and out of long term care. About 40 percent of our IHSS recipients are being served under this federal option, which should be maintained.

**Repealing the Prevention and Public Health Fund:** CSAC and CWDA oppose its repeal. Last year, California received approximately \$90 million from the Fund to invest in public health prevention activities to protect all Californians. The Fund supports our state and local health departments' initiatives to reduce infectious diseases and prevent chronic disease, among other efforts. The Fund enables the federal government's state and local partners to determine how best to meet the public health needs of their

local communities.

**Providing Non-Expansion States with Increased Medicaid Funding:** CSAC and CWDA oppose restoring the cuts in Medicaid Disproportionate Share Payments to non-expansion states in 2018, while delaying restoration of those same payments to California and other expansion states until 2020. We also oppose rewarding non-expansion states with \$10 billion over five years to bolster their safety net system solely because they chose not to draw down ACA funding available to them. While covering the uninsured should be a national priority, the bill's provisions essentially cut the federal financial contributions to our system and use a portion of the resulting savings from expansion states to fund states that have not made use of the ACA's provisions to increase health coverage.

**Repeal of ACA Taxes:** While CSAC and CWDA do not have a position on most of the taxes supporting the ACA, CSAC in particular has consistently opposed the 40 percent excise tax on high cost employer-sponsored plans. CSAC continues to oppose that tax and is struck by the fact that the Ways and Means bill repeals all of the taxes with the exception the so-called Cadillac plan tax. The bill once again just delays its implementation from 2020 to 2025. CSAC urges its repeal.

If you have questions about our positions, please have your staff contact Tom Joseph, Washington Representative for CSAC and CWDA, at 202.898.1446 or [tj@wafed.com](mailto:tj@wafed.com).

Sincerely,

The image shows two handwritten signatures in blue ink. The signature on the left is for Frank Mecca, and the signature on the right is for Matt Cate. The signatures are fluid and cursive.

Frank Mecca | Executive Director, CWDA

Matt Cate | Executive Director, CSAC