May 15, 2017

Dear Senator:

I am writing regarding the Senate's consideration of the American Health Care Act (AHCA) as passed by the House of Representatives on May 4, 2017. 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 asking the Senate to oppose this harmful bill for older Americans.

The Patient Protection and Affordable Care Act (ACA) addresses a number of health care priorities that are important to all Americans age 50 and older: protecting and improving Medicare's benefits and financing; providing access to affordable quality coverage; preventing insurers from engaging in discriminatory practices; lowering prescription drug costs; providing new incentives to expand home and community based services; and strengthening efforts to fight fraud, waste, and abuse. However, the ACA is not perfect and could benefit from improvements, but the AHCA is not the answer.

AARP strongly opposes the AHCA due to the devastating impact the bill would have on Americans age 50 and older. It would weaken the fiscal sustainability of Medicare; dramatically increase premium and out-of-pocket costs for 50-64 year olds purchasing coverage on the individual insurance market; allow insurance companies to once again discriminate against those with pre-existing conditions; substantially increase the number of Americans without insurance; and put at risk millions of people with disabilities and poor seniors who depend on the Medicaid program to access long-term services and supports and other benefits.

**Medicare**

Our members and other older Americans believe that Medicare must be protected and strengthened for today's seniors and future generations. The average senior, with an annual income of less than $25,000, already spends one out of every six dollars on health care and counts on Medicare for access to affordable health coverage. The AHCA repeals provisions in current law that have strengthened Medicare's fiscal outlook, specifically, the additional 0.9 percent payroll tax on higher-income workers. Repealing this provision would remove billions from the Hospital Insurance Trust Fund, hasten the insolvency of Medicare, and diminish Medicare's ability to pay for services in the future.[1]

[1] Brookings Institute, "Paying for an ACA Replacement Becomes Near Impossible if the Law's Tax Increases are Repealed." December 19, 2016. Available at: https://www.brookings.edu/blog/up-

**Individual Private Insurance Market**

Older Americans care deeply about access to, and affordability of, health care. Currently, approximately 25 million Americans age 50-64 have a pre-existing condition, approximately 6.1 million purchase insurance in the non-group market, and nearly 3.2 million are eligible to receive subsidies for health insurance coverage through either the federal or a state-based health benefits exchange (exchange). Since passage of the ACA, the number of 50-64 year old Americans who are uninsured has dropped by half. We are deeply concerned that the AHCA would be a significant step backwards. Based on CBO estimates, approximately 14 million Americans would lose coverage next year under the AHCA, while a total of 24 million Americans would lose coverage over the next 10 years.

The median annual income for 50-64 year old Americans is less than $25,000. We have serious concerns – reinforced by the CBO estimate -- that the bill under consideration will dramatically increase health care costs for 50-64 year olds who purchase health care through an exchange due to two provisions: (1) the change in age rating from 3:1 (already a compromise that requires older Americans to pay three times more than younger individuals for the same coverage) to 5:1 or more; and (2) reductions in current tax credits available to older Americans.

The combination of age rating plus reduced tax credits equals an unaffordable age tax on Americans between 50 and 64 years old. Our estimates on the impact of the age rating change alone show that premiums could increase by up to $3,200 a year for a 64 year old. And, the reduced tax credits available for older Americans could increase the cost of premiums by more than $5,800 for a 64-year old earning $15,000. Taken together, the bill's tax credit changes and 5:1 age rating would result in skyrocketing cost increases for older Americans. In their analysis, CBO found that a 64 year old earning $26,500 a year would see his or her premiums increase by $12,900 -- 758 percent -- from $1,700 to $14,600 a year.

AARP also strongly opposes any weakening of pre-existing condition protections under current law that benefit millions of Americans. The AHCA would remove pre-existing condition protections and once again allow insurance companies to charge Americans more -- we estimate up to $25,000 more -- due to a pre-existing condition. As a result, the 40 percent of 50- to 64-year-olds (about 25 million people) who have a deniable pre-existing condition risk losing access to affordable coverage.[2] Funding included in the Upton Amendment would do little to mitigate the massive premium increase for some of the most vulnerable Americans.

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[2] Noel-Miller, Claire & Sung, Jane*, In Health Reform, Stakes are High for Older Americans with Preexisting Health Conditions*. March 2017 (http://www.aarp.org/content/dam/aarp/ppi/2017-01/ACA-Protects-Millions-of-Older-Adults-with-Preexisting-Health-Conditions-PPI-AARP.pdf)

**Medicaid and Long-Term Services and Supports**

AARP opposes the provisions of the American Health Care Act that create a per capita cap financing structure for the Medicaid program as well as an optional block grant for certain populations. These Medicaid changes would likely result in overwhelming cost shifts to states, state taxpayers, and families unable to shoulder the costs of care without sufficient federal support.

CBO found that the bill would cut Medicaid funding by $839 billion over 2017-2026 -- a 25 percent reduction from what is projected under current law. We are concerned that these provisions would result in cuts to program eligibility, services, or both -- endangering 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 Americans, including more than 17.4 million low-income seniors and children and adults with disabilities who rely on the program for critical health care, long-term services and supports (e.g. assistance with daily activities such as eating, bathing, dressing, managing medications, and transportation, nursing home care, and other benefits such as hearing aids and eyeglasses.[3] Of these 17.4 million individuals, 6.9 million are age 65 and older (which equals more than 1 in every 7 elderly Medicare beneficiaries)[4]; and 10.5 million are children and adults living with disabilities. Older adults and people with disabilities now account for approximately sixty percent of Medicaid spending, and cuts of this magnitude will result in loss of benefits and services for this vulnerable population.

The bill also repeals the six percent enhanced federal Medicaid match for states that take up the Community First Choice (CFC) Option. CFC provides states with a financial incentive to offer home and community-based services (HCBS) to help older adults and people with disabilities live in their homes and communities. About 90 percent of older adults want to remain in their own homes and communities for as long as possible.[5] HCBS are also cost effective. On average, in Medicaid, the cost of HCBS per person is one-third the cost of institutional care.[6] Taking away the enhanced match could disrupt

[3] Kaiser Commission on Medicaid and the Uninsured, Kaiser Family Foundation, “Medicaid at 50”, May 2015, 13. Available at: http://files.kff.org/attachment/report-medicaid-at-50. Not all 17.4 million people receive LTSS.
[4] Kaiser Commission on Medicaid and the Uninsured, Kaiser Family Foundation, “Medicaid at 50”, May 2015, 13. Available at: http://files.kff.org/attachment/report-medicaid-at-50
[5] Nicholas Farber and Jana Lynott. Aging in Place: A State Survey of Liability Policies and Practices (Washington, DC, AARP Public Policy Institute and the National Conference of State Legislatures, December, 2011)
[6] Terence Ng, Charlene Harrington, MaryBeth Musumeci, and Erica L. Reaves, "Medicaid Home and Community-Based Services Programs: 2011 Data Update" (HCBS) and 2013 Medicare and Medicaid Statistical Supplement (Nursing Homes). Available at: http://dataexplorer.aarp.org/indicator/31/medicaid-ltss-spending-per-

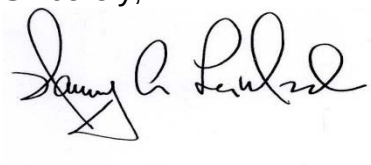
services for older adults and people with disabilities in the states that are already providing services under CFC and would result in a loss of about $12 billion for HCBS over ten years.

**Prescription Drugs**

Finally, the AHCA would repeal the fee on manufacturers and importers of branded prescription drugs which currently is projected to add $24.8 billion to the Medicare Part B trust fund between 2017 and 2026. Rather than give a windfall to pharmaceutical companies, AARP believes Congress must do more to reduce the burden of high prescription drug costs on consumers and taxpayers.

AARP urges you to “start from scratch” and craft health care legislation that ensures robust insurance market protections, controls costs, improves quality, and provides affordable coverage to all Americans. 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,



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