HEALTH CENTER PARTNERS of Southern California

American Health Care Act Feedback – March 8, 2017

Community health centers and safety net providers in California are seriously concerned about the proposed bill, the *American Health Care Act,* presented in the House this past Monday. As we have shared with you in the past, the Affordable Care Act (ACA) is working in California and many families have benefitted from the Medicaid/Medi-Cal expansion. Our most pressing concerns with the new proposal are the following changes to Medicaid and the non-income adjusted tax credits for low and working class families.

Medicaid/Medi-Cal

More than any other public program, the Medicaid program is critical to health centers' ability to serve the millions of Americans who depend on us - 70% of our member health center patients are covered by Medi-Cal. Adequate Medicaid reimbursement is essential to helping health centers maintain current service levels of more than 750,000 patients (2.3 million visits) in our three-county service area and 25 million patients nationwide. A recent study indicated that community health centers provide high-quality care to Medicaid recipients for 24% less than other primary care providers. Last year (2015) in California, health centers provided care to 20% of all California Medi-Cal recipients for only 2.8% of the total Medicaid spend. There are few other programs in the federal budget that demonstrate this level of cost effectiveness. As the gateway into the health care system, primary care providers ensure continuity of care for patients *throughout their lifetimes* including routine preventive and primary care visits, specialty referrals, hospital discharge follow-ups, assistance with community resources and transitioning to long-term care/hospice.

First, the American Health Care Act would phase out the enhanced federal medical assistance percentage (EFMAP) to California for the Medicaid expansion, causing the state to pick up that additional cost of care for low income families after 2019 – (and at the original FMAP rate for California – which is lower than many states at only 50%). **If that coverage goes away, health centers will work hard to continue serving these patients, as is our mission, but will face great financial difficulty**. Without coverage beyond primary care, our patients will face *dramatically* diminished options for needed specialty care (e.g. cancer care, cardiology, neurology, radiology, etc.) The loss of reimbursement for services will both limit health centers' capacity and place a greater burden on federal grants designed to support operations and care for the uninsured.

Secondly, community health centers are apprehensive about the implications of the bill's provisions changing the underlying structure of Medicaid to a capped federal contribution. Our concern is that placing a cap on payments to states does not incentivize a move toward higher-value care or higher-quality care. Instead, it incentivizes cuts. It is difficult to envision how the American Health Care Act will not result in California having to lower eligibility, restrict covered benefits, or reduce provider payments. The proposed per capita cap will also squeeze state budgets in their ability to provide care to the poor, disabled and senior populations. Each of these outcomes would prove damaging to patients, the health of the entire community, and health centers.

Finally, tax credits for poor and low-income families are not realistic. Many of the families who rely on assistance from the federal government in the form of subsidies from the ACA are living paycheck-to-paycheck and will not be able to afford to pay the gap between a flat age-based tax and the actual costs of premiums. It is unlikely the suggested tax credit will purchase anything beyond a catastrophic plan for patients – which while possibly cheaper in monthly premiums, does little to meet ongoing everyday health needs of families. Families face returning to the days of medical bankruptcy while providers worry about shouldering the costs of uncompensated care. Replacing marketplace subsidies with tax credits does not increase access to health care for working families. Of the five million enrolled in Covered California, 1.2 million received a subsidy to afford monthly premiums. Working families are struggling with issues of daily survival and simply do not have the money in their budgets to pay for comprehensive care. The tax credits are not adjusted for lower income families increasing the probability that costs will be prohibitive and these patients will return to the ranks of the uninsured, using costly emergency services as their only source of care. Though tax credits increase by age, the law also allows insurance companies to charge seniors 5 times the amount charged to younger individuals, again making affordability an issue for seniors who have not yet reached eligibility for Medicare.

Along with AARP, the American Medical Association and the American Hospital Association, we oppose the American Health Care Act in its current form and urge lawmakers to propose legislation that protects the coverage gains we have made in the last 7 years.

*Respectfully submitted - Vernita Todd, SVP External Affairs | **Health Center Partners of Southern California***

Medicaid Savings by CHCs: American Journal of Public Health November 2016
http://ajph.aphapublications.org/doi/abs/10.2105/AJPH.2016.303341
CA Enrollment by Congressional District: UC Berkeley Labor Center, Medi-Cal Adult Expansion Population Estimates; Health Access Fact Sheet:
http://www.health-access.org/health-care-reform/implementing-improving-the-affordable-care-act-overview.html
2015 Uniform Data System Reports - https://bphc.hrsa.gov/uds/datacenter.aspx?q=d&year=2015&state=CA#glist