American Diabetes Association®

March 8, 2017

The Honorable Greg Walden
Chairman
Energy and Commerce Committee
U.S. House of Representatives
2125 Rayburn HOB
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
Energy and Commerce Committee
U.S. House of Representatives
2322A Rayburn HOB
Washington, DC 20515

The Honorable Kevin Brady
Chairman
House Ways and Means Committee
US House of Representatives
1102 Longworth HOB
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
US House of Representatives
1139E Longworth HOB
Washington, DC 20515

The Honorable Diane Black
Chairwoman
Committee on the Budget
US House of Representatives
B-234 Longworth HOB
Washington, DC 20515

The Honorable John Yarmuth
Ranking Member
Committee on the Budget
US House of Representatives
134 Cannon HOB
Washington, DC 20515

Dear Chairman Walden, Ranking Member Pallone, Chairman Brady, Ranking Member Neal, Chairwoman Black and Ranking Member Yarmuth:

On behalf of the nearly 30 million Americans living with diabetes and the 86 million more with prediabetes, the American Diabetes Association (Association) is writing to express our serious concerns with the American Health Care Act. As each of your respective committees begin consideration of this legislation to repeal and replace portions of the Patient Protection and Affordable Care Act (ACA), the Association writes to express our strong concerns with this bill and the impact it will have for people with, and at risk for, diabetes.

Last December, the Association asked Congress not to repeal the ACA without replacing it simultaneously with an alternative plan that does not result in a loss of coverage or benefits for people with, and at risk for, diabetes. At minimum, any proposal to modify or replace the ACA must:

- Provide coverage for at least the same number of people as under the ACA. No one should lose health insurance coverage as a result of the ACA repeal and replacement plan.
- Ensure continuous availability of health insurance coverage regardless of a person's circumstances.
- Ensure access to adequate and affordable health insurance coverage for everyone, regardless of health status, income, age, and employment.
- Continue to prioritize prevention, including prevention of diabetes and its complications.

The Association is fully evaluating the impact this proposal will have on people with diabetes, and we look forward to seeing the Congressional Budget Office's score, which will outline the effects this proposal will have on coverage and cost for all Americans. However, we have serious reservations about many of the proposals in this bill. Our initial areas of concern include the tax credit proposal, proposed changes to Medicaid, potential disruption of coverage and repealing the prevention and public health fund.

The proposed tax credits in the American Health Care Act, which are meant to serve as a replacement to the current ACA tax credits, are significantly weaker, particularly for lower and middle income individuals, than the current structure in the ACA. The flat dollar tax credits proposed in this legislation are not likely to be enough to enable individuals with diabetes to purchase health insurance that provides adequate coverage for care they need to manage their diabetes and to avoid costly and dangerous complications. While the bill may lower premiums for some who are currently in good health, it will likely increase costs and provide less coverage for people with diabetes and others with ongoing health needs, including older Americans and those with lower incomes. In particular, coverage may become less affordable for older individuals, due to a relaxation in rules that allow insurers to charge high premium rates based on age. As currently drafted, we do not believe this tax credit system and changes in the coverage rules will ensure access to adequate and affordable health insurance coverage for all Americans.

In addition, the changes proposed to Medicaid are particularly alarming and could have a drastically negative impact on low-income individuals with diabetes. As you may know, adults with diabetes are disproportionately covered by Medicaid.[i] In Medicaid expansion states, more individuals are being screened for and diagnosed with diabetes than in states that haven't expanded.[ii] We oppose the proposal to repeal the Medicaid expansion created under the ACA. The Association also has deep concerns regarding the changes made to the financing structure of the Medicaid program through a per capita caps mechanism. Medicaid's current financing structure is nimble and can respond to the economy or varying demographics of program enrollees. Medicaid spending is often impacted by factors beyond the control of government officials including shifts in the state economy or within the healthcare system. Alternative Medicaid financing models like block grants and per capita caps don't keep up with states' increased health care costs, so federal funding of the program is slowly cut over time.[iii] If states' costs exceed the amount of the federal funding, it must use its own funds to make up the difference, or cut health care coverage or eligibility for Medicaid enrollees,[iv] putting the ability of low-income individuals with diabetes to manage their disease at risk.

As stated in our principles above, any ACA replacement plan must ensure continuous availability of coverage regardless of a person's circumstances. The proposed continuous coverage provision would institute a 30 percent late-enrollment surcharge on top of base premiums for applicants who have had a lapse in coverage for more than 63 days. This continuous coverage premium penalty may be intended to encourage healthy individuals to buy and maintain coverage, but it ignores that fact that some people experience a lapse in coverage because they cannot afford it, not because they choose to be uninsured. This is particularly true in states that have not expanded eligibility for their Medicaid programs.

The Association is pleased to see that the bill retains the Essential Health Benefits standard for individual and small group plans. However, we are disappointed it removes them from Medicaid coverage. Unfortunately, this critical standard may still be vulnerable to other legislative or administrative changes. We are also pleased the bill retains the out-of-pocket limits required under the ACA. But in repealing the metal levels based on actuarial value (AV), consumers will have no easy way to judge how generous a

plan is, let alone make accurate comparisons of their plan choices. We are also concerned that repeal of the AV standards moves the federal floor for adequacy to a level too low to provide adequate financial protection for consumers.

Finally, one of the key pillars of passage of the ACA was the prioritization of diabetes prevention. The American Health Care Act would repeal the Prevention and Public Health Fund after 2018 eliminating almost 40 percent of the Center for Disease Control and Prevention's (CDC) chronic disease prevention and health promotion budget. This repeal would be a drastic step backwards for diabetes prevention and would leave a funding gap for essential public health programs including those at CDC's Division of Diabetes Translation.

Diabetes and its complications can be managed and type 2 diabetes can often be prevented if there is access to and availability of adequate and affordable health insurance. Otherwise, there will be serious health implications for our most vulnerable populations.

We would welcome a discussion of these issues with you. If you have questions or would like to discuss this issue, please contact Rob Goldsmith, Director, Federal Government Affairs at rgoldsmith@diabetes.org or (703) 253-4837.

Sincerely,

Lashawn McIver, MD, MPH
SVP and Interim Chief Advocacy Officer
American Diabetes Association

Cc: Speaker Paul Ryan, Minority Leader Nancy Pelosi

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[i] Kaiser Commission on Medicaid and the Uninsured, The Role of Medicaid for People with Diabetes, November 2012. Available at http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8383_d.pdf.

[ii] Harvey W. Kaufman, Zhen Chen, Vivian A. Fonseca, and Michael J. McPhaul, "Surge in Newly Identified Diabetes Among Medicaid Patients in 2014 Within Medicaid Expansion States Under the Affordable Care Act," Diabetes Care, March 2015, http://care.diabetesjournals.org/content/early/2015/03/19/dc14-2334.full.pdf+html.

[iii] Medicaid and CHIP Payment and Access Commission, Alternative Approaches to Federal Medicaid Financing, June 2016, available athttps://www.macpac.gov/publication/alternative-approaches-to-federal-medicaid-financing/.

[iv] Rosenbaum S, Schmucker S, Rothenberg S and Gunsalus R, What Would Block Grants or Limits on Per Capita Spending Mean for Medicaid? The Commonwealth Fund, November 2016, available at: http://www.commonwealthfund.org/publications/issue-briefs/2016/nov/medicaid-block-grants.