

March 22, 2017

The Honorable Paul Ryan
Speaker
US House of Representatives
232, US Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
US House of Representatives
204, US Capitol
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi:

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 (AHCA). As the House of Representatives considers this legislation to repeal and replace portions of the Patient Protection and Affordable Care Act (ACA), we are alarmed by the impact this legislation will have for people with, and at risk for, diabetes. As currently drafted, the Association cannot support the AHCA and urges all members of Congress to oppose this legislation.

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 extremely alarmed by the Congressional Budget Office projections, which show that roughly 24 million people will lose coverage over the next decade. The impacts of this loss of coverage would be catastrophic to patients with diabetes. Congress should not consider a measure that will negatively impact so many millions of Americans. We also have serious reservations about the tax credit provisions, 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



1 in 11

Americans has
diabetes today.



Every **23 seconds**,
someone in the
United States
is diagnosed
with diabetes.

More than
18,000
youth are
diagnosed with
type 1 diabetes
every year.

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. We are also troubled by proposed changes to Medicaid in the manager's amendment. These changes would immediately repeal Medicaid expansion and would freeze Medicaid enrollment at ACA rates beginning in 2020. These changes would be extremely harmful for enrollees with diabetes resulting in cuts in services, education, supplies and medication all of which are necessary to help manage the disease and fend off complications. The proposed manager's amendment would also give states the option of establishing a work requirement for Medicaid enrollees. Instituting a work requirement would lead to higher uninsured rates and higher emergency room visits by uninsured Americans who would have been eligible for Medicaid coverage.^{v,vi} Research shows work requirements are not likely to have a positive impact on long-term employment.^{vii}

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.

Again, the American Diabetes Association cannot support the American Health Care Act. 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,

A handwritten signature in black ink, appearing to read "Lashawn McIver".

Lashawn McIver, MD, MPH
Senior Vice President of Advocacy
American Diabetes Association

Cc: Members of the U.S. House of Representatives

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 at <https://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>.

^v Robert Rector, Work Requirements in Medicaid Won't Work. Here's a Serious Alternative, Heritage Foundation, March 2017, available at: <http://www.heritage.org/health-care-reform/commentary/work-requirements-medicaid-wont-work-heres-serious-alternative>.

^{vi} Hannah Katch, Medicaid Work Requirements Would Limit Health Care Access Without Significantly Boosting Employment, Center on Budget and Policy Priorities, July 2016, available at: <http://www.cbpp.org/research/health/medicaid-work-requirement-would-limit-health-care-access-without-significantly>.

^{vii} Kaiser Family Foundation, Are Uninsured Adults Who Could Gain Medicaid Coverage Working?, February 2015, available at <http://kff.org/medicaid/fact-sheet/are-uninsured-adults-who-could-gain-medicaid-coverage-working/>.