



STATE OF WASHINGTON

September 20, 2017

Dear Members of the Washington State Congressional Delegation:

We urge you to oppose the latest version of legislation to repeal and replace the Affordable Care Act (ACA). The proposed legislation from Senators Cassidy and Graham will harm the people of Washington State and seriously undermine our health insurance market. In many ways, this effort is more damaging than earlier proposals. It decimates Medicaid, seriously diminishes coverage, and exposes people with pre-existing conditions to huge premium increases.

Senate leaders are recklessly rushing this legislation to the floor of the United States Senate without proper consideration, with no time for comprehensive analysis from the non-partisan Congressional Budget Office, and just one planned hearing. This is no way to create policy affecting one-sixth of the American economy and the health and financial well-being of millions of Washingtonians.

We join with state leaders and other elected officials from both parties and across the country to urge you to reject this partisan proposal and focus your efforts on bipartisan solutions that improve affordability, coverage, and access for all Washingtonians.

This proposed legislation would:

- **Pit states against each other and punish the 32 states, including Washington, which chose to expand Medicaid.** It repeals the Medicaid Expansion and key tax credits for Washington families, and instead offers a reduced, inadequate, and temporary federal block grant that penalizes our state, and would lead to massive reductions in coverage and benefits. This change would strip Washingtonians of over \$10 billion in federal health care funding for Medicaid and tax credits, from 2020 to 2026.ⁱ And, in 2027, our state would lose \$7.5 billion when the block grant ends and Medicaid converts to a per capita cap program.ⁱⁱ Because it is extremely unrealistic to assume that the state could fill that funding gap, hundreds of thousands of people would lose coverage.
- **Undermine critical patient protections.** States that obtain federal waivers could allow insurers to charge different premiums based on health status, age, or other factors. Essential health benefits, including maternity, drug coverage and mental health services could all be eliminated. This legislation retains the prohibition on pre-existing condition exclusions in name only. People with pre-existing conditions would be priced out of coverage and those who could afford to buy insurance would be left without coverage of critical services.
- **Severely cut the underlying Medicaid program that helps low-income families afford coverage.** It would radically alter Medicaid's current federal-state financial partnership, and

cap and cut per-beneficiary funding for seniors, people with disabilities, families with children, and other adults. This would lead to further losses in coverage and benefits. These changes, combined with the change to a federal block grant, will reduce federal health care spending supporting Washingtonians by \$110 billion, between 2020 and 2036.ⁱⁱⁱ This is unsustainable for our state budget.

- **Destabilize health insurance markets, leading to increased premiums and further losses in coverage.** By including a provision to repeal the ACA's individual mandate – just as past failed versions of ACA repeal legislation had done – it would raise the number of uninsured by 15 million relative to current law, nationally, and by thousands in Washington, and increase average national premiums by approximately 20 percent, beginning next year.

Certainty is key for a stable insurance market. As Washingtonians, we understand this concept first-hand. Many of you may recall that we attempted health reform back in the 1990s and ignored basic insurance principles. Our market collapsed within a few years. If this latest proposal passes, we fear we will see a similar collapse nationwide.

This proposal encourages instability and would put our markets at serious risk. We already face growing uncertainty from weak enforcement of the individual mandate and a continuing threat to end cost-sharing reduction payments. It would only add greater uncertainty regarding the amount of funding the state will receive each year, just as insurers are filing their proposed service areas and rates for the upcoming year. The proposal's severe cuts to the Medicaid program would result in significant losses in coverage and benefits, which also further destabilizes our insurance market.

A recent study estimates that this proposal would result in 32 million Americans – and over 600,000 Washingtonians – losing their health coverage by 2027.^{iv} We also expect this bill to increase our children's uninsured rate to levels prior to the ACA, and bring about devastating cuts to long term care services for the elderly and people with developmental disabilities.

As we have conveyed to you several times before, Washington State has experienced enormous benefits as a result of implementing the Affordable Care Act. Over 750,000 Washingtonians have gained coverage under the ACA, including over 20,000 who have received treatment for cancer, and over 30,000 who have received treatment for substance abuse. Average annual premium increases in our health insurance market have fallen by over 60 percent. Our state's budget has benefitted and over 50,000 jobs have been created in our state.

The Cassidy-Graham proposal would wipe out this progress and leave our state worse off than before the ACA's enactment. No amount of innovation or flexibility would allow Washington State to sustain these gains, given the funding reductions proposed. We encourage you to put the health and well-being of Washingtonians before politics, and work to defeat this proposal.

Our state has worked in a bipartisan fashion with the National Governors Association to propose bipartisan revisions to the ACA. We have been active participants in the work of the Senate Health, Education, Labor and Pensions Committee to develop a bipartisan proposal for individual market stabilization. Our divided state legislature also resoundingly supports

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Medicaid expansion – a show of strong bipartisanship that would be good for you to consider as well.

We urge you to reject the Cassidy-Graham proposal and to re-engage in a bipartisan effort to bring meaningful, lasting improvements to our health care system.

Sincerely,



Jay Inslee
Governor



Mike Kreidler
Insurance Commissioner

ⁱ Avalere Health, *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion*, <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

ⁱⁱ Center on Budget and Policy Priorities, *Cassidy-Graham Plan's Damaging Cuts to Health Care Funding Would Grow Dramatically in 2027*, <http://www.cbpp.org/2017/09/20/cassidy-graham-plan-s-damaging-cuts-to-health-care-funding-would-grow-dramatically-in-2027/> / [Center on Budget and Policy Priorities](http://www.cbpp.org/2017/09/20/cassidy-graham-plan-s-damaging-cuts-to-health-care-funding-would-grow-dramatically-in-2027/)

ⁱⁱⁱ Avalere Health, *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion*, <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

^{iv} Center for American Progress, *Coverage Losses by State Under the Graham-Cassidy Bill to Repeal the ACA*, <https://www.americanprogress.org/issues/healthcare/news/2017/09/20/439277/coverage-losses-state-graham-cassidy-bill-repeal-aca/>