



OFFICE OF
INSURANCE COMMISSIONER

March 23, 2017

The Honorable Dan Newhouse
U.S. Representative
1318 Cannon House Office Building
Washington, DC 20515

Dear Congressman Newhouse:

I am writing to provide you with accurate information on how the proposed American Health Care Act (AHCA), when fully implemented, could cause hundreds of thousands of Washingtonians currently enrolled in the state's Medicaid program to lose health coverage. This is in response to comments you and U.S. House Energy & Commerce Committee Chairman Greg Walden made last night in the House Rules Committee.

As Governor Inslee and I have communicated to you previously, the AHCA proposes to cap Medicaid spending below current national projections of health inflation, starting in 2020. It also effectively phases out Medicaid expansion by ending enhanced federal funding for newly eligible adults who enter or return to the program, starting in January 2020. Again, according to the Washington State Health Care Authority (HCA) and other independent sources, this would likely result in 600,000 Washingtonians losing their Medicaid coverage, or the state budget needing to increase by \$1.3 billion in 2022 and by \$2.2 billion in 2028 – costs that we know you know our state is unable to afford. Furthermore, these figures do not include increases in long-term care costs and costs for helping people with developmental disabilities, resulting from the AHCA. Our state's initial estimates show these added costs to the state could be in the billions as well.

The HCA's modeled projections include the impact of increasing the state's funding rate for the expansion population, as well as the impact of the per capita cap policy contained in the AHCA. This model, which estimated the impact of AHCA Medicaid changes due to a reduction of the enhanced federal investment in our state's program, uses more conservative eligibility churn assumptions than the Congressional Budget Office. Even with those more conservative assumptions, there is a far reaching, negative impact of ending federal support for Medicaid expansion and artificially capping spending below health inflation.

While the comments made by you and Chairman Walden before the House Rules Committee seemed intended to indicate that the AHCA's phased approach to ending Medicaid expansion would allow individuals enrolled in Medicaid through 2019 to be "held harmless" and not lose their coverage, this is not accurate. While it is true that the AHCA purports to indefinitely extend enhanced federal matching funding for individuals who enroll in Medicaid expansion before the end of 2019, it forever disallows this enhanced federal match for every individual who at any point becomes ineligible for Medicaid for longer

than one month at a time. The reality is that the vast majority of Medicaid enrollees – Washingtonians making less than \$1,387 per month, and a typical Washington family of five making less than \$3,310 per month – regularly cycle between being eligible and ineligible for the program. And again, this does not account for the potential loss of services if the state cannot raise the funds necessary to cover the costs that the per capita or block grant forces upon the state.

This means that 600,000 is therefore a conservative estimate, and the vast majority of individuals currently enrolled in our state's Medicaid expansion, and who will enroll in the program before the end of 2019, would very likely lose their coverage. This represents a risk to 20,000 people who have received cancer treatment, 30,000 receiving substance use treatment – which has never been more important with our nation's opioid crisis – and 168,000 now receiving needed mental health treatment.

I want to express to you the tragic consequences that the AHCA would have on the people of Washington state, and I ask you to oppose this legislation.

Sincerely,

A handwritten signature in black ink that reads "Mike Kreidler". The signature is written in a cursive, flowing style.

Mike Kreidler
Insurance Commissioner