June 20, 2017

The Honorable Mitch McConnell, Majority Leader
U.S. Senate
Capitol Building, S-230
Washington, DC 20510

The Honorable Charles Schumer, Minority Leader
U.S. Senate
Capitol Building, S-221
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of the National Association of Area Agencies on Aging (n4a), which represents the country’s 622 Area Agencies on Aging (AAAs) and more than 250 Title VI Native American aging programs, we are writing to inform you and Members of the Senate of our opposition to the process for considering Senate proposals to repeal and replace the Affordable Care Act (ACA), and to reject any plan to cap and cut the federal Medicaid program.

n4a’s members serve older adults and caregivers in nearly every community in the nation, including those who will be adversely affected by a Senate proposal that resembles the House-passed AHCA. Due to the disproportionate and deeply concerning effects that this legislation have on the country’s older adult population, as well as the 14 million people who would lose their Medicaid coverage under the AHCA, we strongly urge Senate leadership and lawmakers to reject the approach outlined in the House-passed bill, and to take the time and steps necessary to develop a bipartisan, transparent solution to ensure that access to health care guaranteed in both the Patient Protection and Affordable Care Act (ACA) and Medicaid is preserved and protected for vulnerable older adults.

Capping and Cutting Medicaid Will Hurt Older Adults and Families

As our May 12 letter to the Senate details, while we are very concerned about the coverage losses and cost increases that the Congressional Budget Office (CBO) estimates will occur from the AHCA—especially for the oldest and most economically vulnerable health care consumers—we
remain most disappointed by and opposed to the House approach to go well beyond the parameters of the ACA to completely restructure Medicaid financing. **CBO most recently estimated that shifting Medicaid to a per-capita cap structure would cut nearly $834 billion (25 percent) from the program over 10 years.** A per-capita cap approach undermines the safety net nature of Medicaid, starves a life-saving program of needed federal resources and puts millions of consumers at risk of poorer health and, especially for older adults and people with disabilities, loss of personal independence. In addition, federal disinvestment and cost-shifting will not only jeopardize the health of, and access to long-term care for, millions of older adults, this strategy will also put Medicaid, states and consumers on a fiscally precarious path.

Nearly two-thirds of n4a members play a critical role in the provision of Medicaid services under state Home and Community-Based Services (HCBS) waiver programs. Therefore, as noted, we are strongly opposed to major structural changes to Medicaid under AHCA. Shifting Medicaid from a federal-state cost-sharing arrangement to a per-capita cap structure could severely limit, over time, a state’s ability to keep up with demand and the rising costs of providing care. It is simply untenable that states will be able to absorb the CBO-estimated $834 billion in federal cuts to Medicaid without jeopardizing essential services for economically and medically vulnerable older adults who receive optional HCBS waiver services under Medicaid.

Of the 17.4 million people who currently receive Medicaid long-term services and supports (LTSS), nearly seven million people are age 65 and over. A per-capita cap structure for Medicaid could jeopardize the health of these adults just as needs and costs are increasing with a rapidly increasing older adult population. Additionally, we are opposed to the approach that ACHA takes to end the enhanced federal matching percentage (FMAP) for innovative long-term care (LTC) rebalancing initiatives—such as the Community First Choice (CFC) Program. Eliminating efforts that are encouraging states to adopt and expand cost-effective home and community-based services options for Medicaid LTSS will ultimately either increase state costs or further undermine care and coverage for the most vulnerable populations.

The formula to determine appropriate federal matching rates within the per-capita cap structure is also flawed and only deepens our concerns about the proposal. The formula proposed in AHCA is especially problematic for older adults receiving Medicaid long-term services and supports. The approach taken by the House would further shift costs to states because it is insufficient to cover health care cost increases year-over-year, and it fails to account for increased care costs for an aging population. The population of “very old” adults is guaranteed to increase as the population ages, but as-written, the per-capita cap structure does not account for this demographic reality.

We believe that a per-capita cap structure will ultimately shift billions of dollars in Medicaid costs to states, which would result in reduced coverage and benefits for millions of Americans. If the cap doesn’t keep up with states’ real costs, states will be forced to reduce benefits, limit eligibility, increase cost-sharing, cut provider rates or find other solutions that
threaten older adults’ access to services and quality of those services. Any of these outcomes alone would leave vulnerable older adults struggling to live independently and safely in their homes and communities without critical HCBS, which would only drive up more expensive Medicaid nursing home care costs, create tremendous burdens on family caregivers and put older adults’ lives at risk.

We were dismayed to see the House pass the American Health Care Act, and strongly encourage Senate lawmakers to not only reject the approaches taken in the AHCA, but to restart the overall process with a bipartisan, transparent approach to find common ground on some of the country’s current health care challenges. **We encourage Senate leadership and lawmakers to ensure that any proposals to replace the Affordable Care Act better reflect the aging of our population and the vital role that Medicaid plays in long-term care for our nation’s older adults and people with disabilities.**

Thank you for considering our concerns on these critical issues.

Sincerely,

Sandy Markwood
Chief Executive Officer

cc:
Members of the U.S. Senate