

SENATE CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

January 9, 2017

Honorable Kevin McCarthy, Majority Leader
U.S. House of Representatives
2421 Rayburn House Office Building
Washington DC, 20515

Dear Congressman McCarthy:

We appreciate your invitation to begin an ongoing dialogue on how we can reach our shared objectives of putting health care spending on a more sustainable path, facilitating innovation, empowering patients and improving health outcomes for all. However, moving forward with a plan to repeal the Affordable Care Act (ACA) before developing a substantive replacement would be counterproductive and result in harming the people we all represent.

A healthcare market requires stability in funding and marketplace reforms that will assure continued coverage, including subsidies. If Congress acts to repeal, even with a delayed implementation, the families and children who need healthcare the most will face dire consequences and it will adversely impact our state's economy.

Over 6.5 million Californians were uninsured before the ACA expanded coverage. The federal Institute of Medicine notes that the uninsured are less likely to receive preventative and timely medical care; as a result, they are sicker and likely to die prematurely. High rates of uninsured also have a significant impact on taxpayers because they will ultimately bear the financial burden of increased emergency room visits, and hospitals must also absorb the costs of treating large numbers of patients that cannot afford to pay for treatment. For these reasons, we urge you to abandon the political rhetoric about repealing the ACA, and contemplate and assess the real impact such an action would have on the real lives of our most vulnerable constituents.

We should learn from the positive impact the ACA has had in California. Hospital operators have seen a decline in uncompensated care due to the ACA and related efforts to expand coverage to uninsured patients. This expansion has also led to thousands of new jobs in the healthcare sector and related industries. In evaluating the threatened loss of critical federal funding, a partial ACA repeal would lead to the loss of 209,000 jobs in California—including at least 5,000 in Kern County and 3,000 in Tulare County.

In reviewing the impact of the ACA in California, we would like to highlight the remarkable decline in our uninsured rate.

- Over the first two years of full implementation (2013 to 2015), California experienced the largest percentage point decline in the uninsured rate of any state—a drop from 17.2 percent in 2013 to 8.6 percent in 2015. (U.S. Census Bureau)
- This decline from 6.5 million uninsured individuals in 2013, to 3.3 million uninsured individuals in 2015, is a historic accomplishment. The decline in the uninsured rate crosses all income and ethnic groups in California, and impacts both Republicans and Democrats.
- In June 2016, nearly 3.7 million individuals received coverage through the Medicaid ACA eligibility expansion.
- Over 13 million children and adults now receive health care coverage through Medi-Cal, approximately one-third of California's population.
- Nearly 1.4 million people have received coverage through California's exchange (known as Covered California). Approximately 90-percent of Covered California enrollees received federal subsidies. Another 1.8 million people have purchased non-subsidized health insurance directly from insurers without assistance from Covered California.

California has been described as one of the more successful states in terms of implementation of the ACA. This outcome is attributed to close and bipartisan collaboration between stakeholders, the Schwarzenegger and Brown Administrations and the Legislature; early and full Medicaid expansion; coordinated marketing, and enrollment into Medi-Cal and Covered California; and the use of a “no-wrong-door” approach through insurance agents, human services, and community-based organizations.

California's massive population and competitive health insurance market has also allowed Covered California to selectively contract with health plans and standardized benefit designs to allow for easy comparison shopping. Transition to ACA-compliant plans without delay and the application of consistent insurance market rules on insurance plans available for Covered California and outside Covered California has also contributed to our state's more stable market.

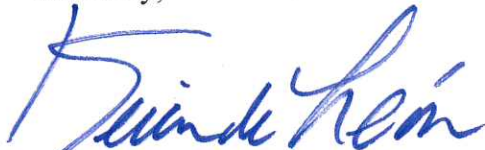
Let us be clear—the lifeblood of these coverage expansions in California is the federal funding received through the ACA. The Medicaid expansion funding has resulted in \$20 billion in additional funds for California in 2015-16 and is projected to result in \$16 billion in 2016-17. The 1.2 million Californians enrolled in Covered California with subsidies received approximately \$5 billion in premium and cost-sharing subsidies in 2016.

Rather than repeal the ACA, we suggest focusing on measures that increase coverage, while improving affordability and market stability. Any changes to existing law should include the following objectives:

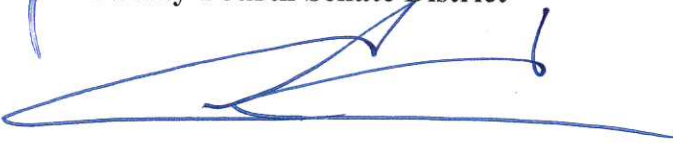
- Reduce the amount that people are asked to pay in health care premiums and cost-sharing.
- Ensure benefits are at least as comprehensive as the benefits people currently receive.
- Avoid shifting or increasing cost to the state.
- Require all health plans to comply with state regulatory requirements, such as network adequacy and fiscal stability.
- Extend the reinsurance and risk corridors program.

Thank you for your time and consideration on this important issue. It goes without saying the stakes could not be higher. The lives and livelihoods of millions of Californians we represent are in jeopardy. This is not the time for partisanship, political spin, or hyperbole. This is a time to do everything within our power as elected officials who are constitutionally obligated to protect the people of our great state. We look forward to further discussions on how the federal government and our state government can come together to protect the well-being of all Californians.

Sincerely,



KEVIN DE LEÓN
President pro Tempore
Twenty-Fourth Senate District



DR. ED HERNANDEZ, O.D.
Chair of the Senate Health Committee
Twenty-Second Senate District