Minnesota Hospital Association

June 29, 2017

Sent via electronic transmission

The Honorable Amy Klobuchar
Senator
United States Senate
302 Hart Senate Office Building
Washington, DC 20510

The Honorable Al Franken
Senator
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Tim Walz
Congressman
United States House of Representatives
2313 Rayburn House Office Building
Washington, DC 20515

The Honorable Jason Lewis
Congressman
United States House of Representatives
418 Cannon House Office Building
Washington, DC 20515

The Honorable Erik Paulsen
Congressman
United States House of Representatives
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The Honorable Betty McCollum
Congresswoman
United States House of Representatives
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The Honorable Keith Ellison
Congressman
United States House of Representatives
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The Honorable Tom Emmer
Congressman
United States House of Representatives
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The Honorable Collin Peterson
Congressman
United States House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

The Honorable Rick Nolan
Congressman
United States House of Representatives
2366 Rayburn House Office Building
Washington, DC 201515

Dear Honorable Members of the Minnesota Congressional Delegation:

We write today as representatives of the full continuum of care in Minnesota to alert you to a specific provision in the Better Care Reconciliation Act (BCRA), currently under consideration in the U.S. Senate, that would financially punish the State of Minnesota for providing meaningful health care coverage in the state's Medicaid program.

Section 133 of the BCRA would add a new Section 1903A(c)(5) to Title XIX of the Social Security Act which purports to "promote program equity across states." The provision proposes to reduce federal Medicaid spending in states that provide comprehensive Medicaid benefits that exceed by a specified percentage the national average per capita spending in Medicaid. If this provision becomes law, states like Minnesota that have provided comprehensive benefit sets to Medicaid patients will have their federal Medicaid contribution reduced by between 0.5 percent and 2.0 percent beginning in Fiscal Year 2020.

This provision would result in reduced federal support for the Minnesota Medicaid program of as much as $169.4 million in 2020 alone. This cut would be in addition to anticipated reductions imposed through per capita caps or other Medicaid reforms currently under Congressional consideration.

Preliminary estimates indicate that these cuts will be concentrated in states with health care systems that are overall high quality and low cost, according to independent quality analyses. Medicaid funds from Minnesota, New Hampshire and Connecticut – all top quartile states according to the Commonwealth Fund's analysis of delivery systems – will be shifted to Louisiana, Georgia and South Carolina – all states with bottom quartile health care systems according to the Commonwealth Fund. Moreover, these states that would benefit from the financial penalties imposed on Minnesota already enjoy higher federal Medicaid matching rates than Minnesota.

Furthermore, under the proposed BCRA language, this program is to be implemented in a budget neutral manner. It will not result in any deficit reduction.

MHA and LeadingAge Minnesota oppose both the American Health Care Act (AHCA) adopted by the U.S. House of Representatives on May 4, 2017, and the proposed Better Care Reconciliation Act (BCRA) currently under consideration in the U.S. Senate. We are concerned that both proposals will, overall, increase the number of Minnesotans without insurance, force people on to less comprehensive insurance plans and create significant funding issues for Minnesota's Medicaid and MinnesotaCare programs. Additionally, both proposals create the very real possibility that seniors will no longer have access to high-quality long-term care services in their communities and place reforms that our state has worked to implement in recent years at risk.

We understand members of the delegation may have differing points of view on the overall health care reform proposals. Despite those differences, *all* members of the Minnesota Congressional delegation should oppose proposals that financially punish Minnesota based on the state's significant investments in providing for the health of public program participants across the care continuum. These public investments have led Minnesota to be a national leader in health care quality, in the health of our population and in our residents' quality of life. We should not be punished for our success.

We encourage you to discuss this specific provision with Congressional leadership and identify any possible options for ensuring this meaningful coverage penalty does not become law. As always, MHA and LeadingAge MN are available to assist in any manner possible. Please do not hesitate to contact Ben Peltier, MHA Vice President of Legal and Federal Affairs, or Kari Thurlow, LeadingAge MN Senior Vice President of Advocacy, for additional discussion. Ben can be reached at (651) 603-3513 or bpeltier@mnhospitals.org. Kari can be reached at kthurlow@leadingagemn.org or (651) 603-3512.

Sincerely,

Lawrence J. Massa, M.S., FACHE
President and Chief Executive Officer
Minnesota Hospital Association

Gayle M. Kvenvold
President and Chief Executive Officer
LeadingAge Minnesota