

March 21, 2017

The Honorable Paul Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Ryan and Minority Leader Pelosi:

We write to you today to share our serious concerns regarding the treatment of the Medicare program under the *American Health Care Act* (AHCA). It is our hope that as the AHCA moves through the legislative process, it can be strengthened to better serve the over 57 million seniors to include our Nation's military retirees and veterans and disabled Americans who rely on Medicare for needed care. In particular, we ask that Congress observe the principle long observed by healthcare providers to "first, do no harm" so that the AHCA does not result in unintended harm to the Medicare program.

As you know, Medicare has been a critical lifeline for Americans since bipartisan majorities enacted the program in 1965. Today, for Americans from all walks of life, military retirees, veterans, to include those most severely injured in war, teachers, police officers, firefighters and the clergy—many of whom live on fixed incomes, Medicare provides not only health and wellness but also financial security and peace of mind.

The Medicare program has made great strides over the last few years. According to the Kaiser Family Foundation, Medicare spending has seen notable reductions in its growth compared to prior decades:

- Average annual growth in total Medicare spending was 4.4% between 2010 and 2015, down from 9.0% between 2000 and 2010, despite faster growth in enrollment since 2011 with the baby boom generation reaching Medicare eligibility age.
- Average annual growth in spending per beneficiary averaged just 1.4% between 2010 and 2015, down from 7.4% between 2000 and 2010.ⁱ

In general, Medicare has controlled health spending better than commercial plans and has been the source of affordable, accessible, and high quality care for millions of Americans. The 2016 Annual Report of the Medicare Trusteesⁱⁱ provided encouraging news for the future of Medicare Part A in its projections of the program being solvent for an additional 11 years longer than the previous projections.

As Medicare faces its share of challenges, we should explore policies to strengthen this affordable program to ensure it remains accessible to all eligible Americans. Yet the recently released Congressional Budget Office (CBO) analysis of the *American Health Care Act* shows the legislation may actually weaken Medicare solvency and jeopardize its sustainability for millions of future beneficiaries who have paid into the program.

The CBO predicts 24 million more people would now be uninsured by 2026 and many of these uninsured will seek needed care at safety net hospitals or Disproportionate Share Hospital (DSH) programs. This means Medicare would be spending more in payments to DSH hospitals to help them meet this demand at an increased cost of some \$43 billion over ten years. This *increase in*

spending is compounded by the fact that Medicare would be *taking in less revenue* by reducing the Hospital Insurance payroll tax rate for high-income taxpayers. These changes may shorten the life span of the Medicare Part A program from 2028 to 2024.ⁱⁱⁱ

Rather than diminishing the Trust Fund, we should be working to implement bipartisan plans to strengthen the Trust Fund position. We would offer up as an excellent example Congress' bipartisan effort to modernize Medicare in the *Medicare Access and CHIP Reauthorization Act of 2015*^{iv}, which took practical approaches to address a number of issues facing the Medicare program. Medicare's emerging focus on more efficiency (alternative payment models), preventative services (annual wellness visit and the diabetes prevention program), and program integrity initiatives can also help further ensure its longevity and sustainability for future generations. This will be needed as there are 10,000 new Medicare beneficiaries every day, the boomer generation is turning 70, and the 85 and up generation is set to double over the next 10 years.

Medicare is a program that has enjoyed strong support by the American public regardless of age, ideology, or political affiliation. Thank you for your consideration of these perspectives and we look forward to working with you to ensure the vitality of Medicare for all Americans.

Sincerely,

National Conference on Public Employee Retirement Systems

American Heart Association

National Association of Police Organizations

Illinois Public Pension Fund Association

Metropolitan Alliance of Police

cc: U.S. House of Representatives

U.S. Senate

ⁱ <http://kff.org/medicare/issue-brief/the-facts-on-medicare-spending-and-financing/>

ⁱⁱ <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/reportstrustfunds/downloads/tr2016.pdf>

ⁱⁱⁱ <https://www.brookings.edu/blog/up-front/2016/12/19/paying-for-an-aca-replacement-becomes-near-impossible-if-the-laws-tax-increases-are-repealed/>

^{iv} <https://www.congress.gov/bill/114th-congress/house-bill/2/text?>