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March 21, 2017

The Honorable Paul Ryan
Speaker
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 Leader Pelosi:

The Jewish Federations of North America — representing 148 Jewish federations that together support 15 leading academic medical centers, 100 Jewish nursing homes, and 125 Jewish family & children's agencies — opposes the Medicaid provisions in the proposed American Health Care Act of 2017 (AHCA). We are deeply troubled by the recent findings of the Congressional Budget Office (CBO) that this legislation will result in an \$880 billion reduction in federal Medicaid funding. We strongly believe that converting Medicaid to a per capita cap (or other form of across-the-board cap, such as a block grant) will be devastating not only to the millions of low-income children, older adults, and people with disabilities who depend on the program, but also to our large network of providers who care for them. For these reasons, we oppose the bill as currently written. We urge Congress to reconsider moving forward with the passage of this legislation. We stand ready to work with you, in tandem with our Jewish communal health and long-term care providers, to promote more targeted ways to reduce Medicaid spending and improve the quality of care.

Medicaid is a lifeline for nearly 70 million low-income children, older adults, and people with disabilities nationwide. It is a vital program for Jewish federations throughout the country and particularly for our communal health and long-term care partner agencies. This critical federal-state safety net program allows our affiliated health care, home and community-based services, and long-term care providers to continue caring for the most vulnerable populations in our communities.

As currently written, the AHCA would convert the long-standing and fundamental federal-state partnership of the Medicaid program to a per capita cap system. Other proposals to amend the AHCA include block granting Medicaid, which would result in even more drastic cuts to the program. Under a per capita cap, states would receive a limited amount of federal money with which to administer their Medicaid programs. As CBO found, under the per

capita cap the federal share is lower than the average annual increase in Medicaid spending. It will not be sufficiently flexible to address a variety of key factors affecting Medicaid spending, including major disasters, economic downturns, unexpected health care cost increases, and demographic changes such as the rapidly aging baby boomer generation. CBO projects that the AHCA will result in a 25% reduction in the federal Medicaid contribution over time, shifting substantial costs to state and local governments, our providers, and our patients, thus exacerbating the existing strain on the program. We agree with CBO's statement that, due to these reductions in funding, states will be left with no choice but to reduce Medicaid enrollment, eligibility for Medicaid, benefits, and payment rates. Many people who now qualify for Medicaid will end up uninsured or losing access to critical health and long-term care services.

JFNA is deeply concerned that unintended consequences of this legislation include:

- People who desperately need Medicaid and are currently eligible will become uninsured;
- States will be forced to cut back on crucial Medicaid services, such as home and community-based services;
- People who are capable of living in the community with proper home and community-based services will be forced to live in nursing homes, thus undermining the laudable and cost effective trend of moving people with disabilities and older adults out of institutions;
- States will be forced to reduce already low provider payment rates, thus further decreasing the pool of providers serving Medicaid beneficiaries and increasing waiting times for services; and,
- Health care providers and entities that care for these vulnerable populations will suffer additional financial strain. As a result, these agencies will be forced to lay off staff or close their doors altogether, resulting in significant job losses and further hurting state economies.

The proposal to cap Medicaid is the most significant and expansive change to the program since its enactment in 1965. A change of this magnitude should not be rushed through. Congress should take the time to explore and address the bill's potential implications and unintended consequences before its passage. While we oppose the AHCA as currently written due to its Medicaid provisions, JFNA is committed to working with you to develop a new framework of policies to improve Medicaid quality, efficiency, and sustainability.

Sincerely,



William C. Daroff
Senior Vice President for Public Policy &
Director of the Washington Office