



1000 Center Point Road | Columbia, SC 29210-5802 | 803.796.3080 | SCHA.org

September 25, 2017

The Honorable Lindsey Graham
290 Russell Senate Office Building
Washington, DC 20510

The Honorable Tim Scott
717 Hart Senate Office Building
Washington, DC 20510

Dear Senator Graham and Senator Scott:

The South Carolina Hospital Association represents 91 hospitals throughout the state of South Carolina as their voice on important healthcare issues. We have spent time reviewing the Graham-Cassidy-Heller-Johnson healthcare proposal currently in the U.S. Senate and feel it important we share our thoughts with you.

First, we would like to thank you for being leaders on healthcare and engaging us on important issues over the past year. Particularly, we appreciate your effort to focus the healthcare conversation on equity for states that did not expand Medicaid like South Carolina. The decision to not expand Medicaid has put our state at a severe disadvantage financially when compared with other states, impacting hospitals directly and significantly. Your proposal aims to level the disparity between states and we appreciate your intention.

We are disappointed that the Graham-Cassidy-Heller-Johnson proposal maintains many of the concerning provisions of its predecessors. Patients and providers depend on Congress to protect healthcare coverage and services and we do not feel this bill adequately does that. Specifically, we are concerned with the following details:

- Medicaid Caps with Inadequate Growth Rates
- Estimated Overall Coverage Loss
- Uncertainty of Future Funding

Medicaid Caps with Inadequate Growth Rates

The proposal redesigns traditional Medicaid as a per capita allotment model, basing funding on current spending levels. South Carolina spends among the least on a per enrollee basis by state and would be locked into this disparity for the future, inhibiting the ability to expand services as needs grow and change. The growth rates proposed are inadequate to match the actual historic spending growth, even in low spending South Carolina. CPI-M is estimated to be 3.2 percent over the next ten years, while South Carolina saw an actual growth rate of 5.8 percent from 2000-2011. The gap between the estimated inflator and actual growth would cause increased shortages over time.

Previous scores from the Congressional Budget Office (CBO) have indicated that a redesign of this nature leads to loss of coverage for individuals currently covered by Medicaid and cuts up to \$175 billion nationwide over ten years. Medicaid covers nearly 1 million individuals in South Carolina, with more than 500,000 children and 200,000 elderly and disabled adults enrolled. Cuts of this magnitude to a program relied on by so many are concerning for healthcare providers invested in the health and well-being of their communities.

Estimated Overall Coverage Loss

On previous occasions, CBO has made clear that eliminating the individual and employer mandates results in millions fewer insured individuals nationwide. Combined with cuts to Medicaid, significant loss of coverage will be felt in all communities. Additionally, eliminating federal requirements that insurance plans cover specific, critical services will effectively leave millions more without adequate coverage for healthcare services when they need it. In 2027 and beyond, this proposal will cause impacts similar to a full repeal without a replacement which CBO estimated to leave 32 million more Americans uninsured, including 300,000 South Carolinians.

The legislation would allow states to determine where and how individuals with pre-existing conditions would find healthcare coverage, leaving those individuals unsure of whether they will be able to receive or afford coverage. It would also allow states to increase the amount an insurer could charge an older adult compared to a younger adult for the same plan. Eliminating the guarantee of affordable coverage for these vulnerable individuals will have a detrimental effect on healthcare systems and patients.

Uncertainty of Future Funding

As currently drafted, the proposal does not provide long term certainty in federal funding for states. We understand the reconciliation process dictates this to some degree, but hospitals cannot operate in a ten-year window. The uncertainty of what will happen to the industry and funding in ten years means hospitals cannot plan new services, expansions, or development initiatives their communities need.

Ending the block grants in 2027 would leave states without adequate funding to provide coverage and services to their patients and communities. It would result in coverage losses and a budget crisis in nearly every state. Healthcare providers should not have to face severe uncertainty based on drafting requirements of reconciliation. Healthcare reform measures of this magnitude deserve regular order, public hearings, and full scores from CBO.

For these reasons, SCHA cannot support the legislation proposed. We look forward to continuing to work with you to find solutions to healthcare issues.

Thank you for your attention on this critically important issue. If you have any questions, please contact me directly at tkirby@scha.org or 803.744.3500.

Sincerely,



J. Thornton Kirby
President and CEO
South Carolina Hospital Association