



POLICY & ACTION FROM CONSUMER REPORTS

U.S. Senate
Washington, D.C. 20510

May 17, 2017

Dear Senator:

On behalf of Consumers Union, the public policy arm of nonprofit Consumer Reports, we write to inform you of our strong opposition to the American Health Care Act (AHCA) passed by the House of Representatives and to urge you to make preserving consumers' health and financial security your top priority as the Senate works on its companion legislation. As a nonpartisan, independent organization that, for more than 80 years, has advocated for products, marketplace practices, and policies that best protect consumers, we believe any Senate legislation must follow the fundamental tenet in the medical profession to "do no harm."

To achieve this--and fulfill the President's promises--your bill must not increase the number of uninsured Americans, add to the cost of coverage or care, or cut benefits. It specifically must protect the 1 in 5 Americans--children, adults, seniors, and people with disabilities--who receive their coverage through the Medicaid program. This requires preserving the structural foundation on which that program rests, bringing critical resources to the states to preserve consumers' health, and the important eligibility expansion adopted in the majority of states. Additionally, legislation must not undermine the stability of the Medicare Trust Fund.

We will oppose any Senate bill that does not:

- 1) Protect and preserve the current structure and financing of Medicaid;
- 2) Protect and maintain the Medicaid expansion;
- 3) Maintain or improve current coverage levels (the number of uninsured consumers should not increase);
- 4) Maintain or decrease the current consumer cost-sharing burden and covered benefits (consumers should not experience higher out-of-pocket costs or reduced benefits).

Consumers Union has a long history of working for a fairer and more just marketplace for consumers. We believe all Americans deserve comprehensive healthcare and health coverage that is accessible, affordable, understandable, fairly priced, and meets high, uniform standards for quality and safety.

The AHCA would cause tens of millions of consumers to lose their insurance coverage, with poorer health outcomes as a result, and lead to higher premiums, higher deductibles and greater out-of-pocket costs for many. Children, veterans, older Americans, rural residents and consumers with pre-existing conditions are among those who would be hardest hit and who would bear the burden of reduced benefits and increased out-of-pocket costs.¹

¹ Older Americans could be charged five (or more) times more than younger and age-based subsidies are unlikely to makeup the difference. Veterans that would like to opt-out of the VA system and purchase on the individual exchange will not be eligible for any premium assistance.

POLICY & ACTION FROM CONSUMER REPORTS

The impact of this legislation would be far reaching, affecting plans both inside and outside the exchanges, as well as plans offered by employers. An estimated 7 million fewer employees would have employer-sponsored health insurance by 2026, according to the CBO.² Those who continue to access insurance through an employer may find that their benefits have annual or lifetime coverage caps due to the elimination of Essential Health Benefits.

Additionally, the AHCA would threaten the financial security of American families by removing key protections that have contributed to a decrease in personal bankruptcies, a major concern prior to the ACA, explained in our recent Consumer Reports article, [How the ACA Drove Down Personal Bankruptcies: A look at how expanded healthcare helped cut the number of filings by half](#). The AHCA imposes greater costs on consumers through elimination of cost-sharing reductions and reduction of tax credits, effectively removing coverage for millions. At the same time, the legislation provides tax cut windfalls for high-income earners, insurance companies, pharmaceutical and device manufacturers.

More broadly, the AHCA could undermine the entire healthcare system. Analysts agree that the proposals in the AHCA would negatively impact hospital revenues. According to Moody's Investors Service, the AHCA would "cause an increase in uncompensated care and not-for-profit hospitals' bad debt."³ In January, 2017, analysts predicted that, over a short period of time, the combination of tax cuts and spending cuts likely to be included in an ACA repeal would reduce national job growth by over a million by 2019.⁴

We are also troubled by the non-transparent manner in which the Senate has decided to proceed. Instead of negotiating behind closed doors, we implore you hold public hearings, to gather testimony from expert witnesses and different stakeholder groups, and to proceed through regular order. A measure that touches the life of every American and accounts for one-fifth of our economy deserves a full and public debate.

Our [most recent nationally representative consumer survey](#), conducted in April 2017, found health issues most often cited as the biggest concern, rising to 41% of respondents from 35% in January. When asked whether the government should help "make sure that everyone has access to affordable, quality healthcare," 78 percent of Americans said "Yes." It is, thus, incumbent upon the Senate to avoid any backsliding on coverage and affordability of health care and coverage such as that embodied in the AHCA or any future legislation.

Consumers do not want to go back to a time when health insurers ran unchecked and coverage was out-of-reach and unreliable. Americans deserve better, more affordable healthcare and coverage than the AHCA offers. We strongly urge you to prioritize the health and financial stability of all consumers as you proceed.

² <https://www.cbo.gov/sites/default/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>, p. 20

³ Advisory Board, *Hospital Finances Could Take a Hit Under House GOP's ACA Replacement*, Credit Rating Agencies Warn, March 13, 2017. Similarly, S&P Global reported that the AHCA would increase "hospital sector's level of bad debt and charity care expenses," and Fitch Ratings stated that AHCA would "'expose states and hospitals to new fiscal' risks."

⁴ Economic Policy Institute, *Repealing the Affordable Care Act Would Cost Jobs in Every State*, January 31, 2017.



POLICY & ACTION FROM CONSUMER REPORTS

Sincerely,

A handwritten signature in dark ink, appearing to read "Elizabeth Imholz", written over a light gray rectangular background.

Elizabeth Imholz
Special Projects Director

A handwritten signature in dark ink, appearing to read "Victoria Burack", written over a light gray rectangular background.

Victoria Burack
Health Policy Analyst