

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

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WASHINGTON, DC 20515-6115

Majority (202) 225-2927

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March 17, 2017

The Honorable Greg Walden  
Chairman  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Walden:

We are writing to request that you hold a hearing on the American Health Care Act (AHCA) in light of the Congressional Budget Office (CBO) report released on March 13, 2017. As the members of our Committee did not have an opportunity to review or understand the CBO score prior to the markup, it remains imperative that we hear directly from CBO about the impact of AHCA on the health and financial security of all Americans. We reiterate our concerns, which we have expressed to you on multiple occasions that AHCA is being rushed through Congress without adequate consideration of the impact of the proposed legislation on the American people.

Since the Affordable Care Act (ACA) became law in 2010, more than 20 million Americans have gained health insurance. As a direct result of ACA, the country's uninsured rate is at an historic low: 8.6 percent in 2016, as compared to 16 percent in 2010, prior to the law's implementation. According to CBO, AHCA will reverse coverage gains made under ACA. CBO estimates that in 2018, 14 million more people will be uninsured under the AHCA than under current law.<sup>1</sup> Changes to subsidies for insurance purchased in the nongroup market and to the Medicaid program will further increase this number to 24 million in 2026.<sup>2</sup> A separate analysis conducted by the Office of Management and Budget (OMB) predicted that 26 million individuals would lose coverage in the next decade as a result of ACA repeal.<sup>3</sup>

Additionally, as the CBO analysis makes clear, AHCA is a deeply regressive bill that reduces taxes for the wealthy in order to cut financial support for low and moderate income

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<sup>1</sup> Congressional Budget Office, *American Health Care Act* (March 13, 2017).

<sup>2</sup> *Id.*

<sup>3</sup> *White House analysis of Obamacare repeal sees even deeper insurance losses than CBO*, Politico (March 13, 2017).

Americans. The legislation repeals nearly \$600 billion in taxes on high-income taxpayers and corporations, while simultaneously cutting \$880 billion from Medicaid and \$673 billion in premium assistance and cost-sharing subsidies for low-income Americans (while adding just \$361 billion in new tax credits).

The CBO analysis confirms in the clearest possible terms that AHCA irrevocably changes the Medicaid program for the more than 76 million Americans that count on the program for their health insurance. The \$880 billion in reduced federal outlays during the 2017-2026 period stem primarily from the loss of 14 million Americans' coverage through Medicaid, a reduction of 17 percent relative to current law. Changes to eliminate the Medicaid expansion in its current form, coupled with the change in financing structure to a capped system, as well as other policies designed to delay enrollment in coverage for beneficiaries are so sweeping that to not have at least a hearing to consider them does a severe disservice to our states and to millions of Americans.

The CBO report also includes concerning findings regarding how older Americans will fare under ACA repeal. Under AHCA, beginning as early as 2018, insurers in the nongroup and small-group markets will be able to charge older people premiums five times greater than those charged to younger people, or even more if a state decides to set the age rating ratio higher. This provision of ACA repeal will significantly increase premiums for older Americans. Furthermore, the CBO report found that changes to the structure of premium tax credits as a result of ACA repeal would increase the percentage of income that older people would have to pay toward their premiums.<sup>4</sup> Together, these provisions will place significant financial burden on older Americans.

For example, as CBO provides, a 64-year-old under current law with an annual income of \$26,500 (or 175 percent of the federal poverty line) would see premium costs rise from \$1,700 per year to a shocking \$14,600, or more than half of annual income, under AHCA. Imposing this new financial burden on older Americans so close to retirement is unwise and deeply unfair.

The CBO report also details the harsh effects that ACA repeal will have on low-income individuals of all ages. Tax credits under AHCA will be smaller for low-income Americans than the premium tax credits under current law. For example, CBO estimates that a 21-year-old with income at 175 percent of the federal poverty line (FPL) in 2026 would be eligible for a premium tax credit of about \$3,400, whereas that same 21-year-old would only be eligible for a tax credit of about \$2,450 in 2026 under the new legislation.<sup>5</sup> Furthermore, because AHCA would eliminate cost-sharing subsidies in 2020, deductibles and other cost sharing will increase substantially.<sup>6</sup>

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<sup>4</sup> Congressional Budget Office, *American Healthcare Act* (Mar. 13, 2017).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

According to the CBO report, federal subsidies for nongroup health insurance will be significantly smaller than they are under current law.<sup>7</sup> CBO and the Joint Committee on Taxation (JCT) estimate that the average subsidy under AHCA will be about 60 percent of the average subsidy under current law.<sup>8</sup> By 2026, CBO and JCT estimate that the average subsidy under AHCA will only be about 50 percent of the average subsidy under current law, due to how the AHCA's premium tax credits are indexed.<sup>9</sup>

Additionally, as CBO points out, deductibles and cost-sharing in the individual market will increase as a result of AHCA provisions that eliminate the actuarial value (AV) requirements of the ACA. The AV requirements ensure that consumers get certain value for their premium dollars. As CBO points out in its report, eliminating them will result in skinnier plans with higher deductibles and cost-sharing. It is critically important that members of our Committee understand this dynamic before AHCA becomes law.

Finally, we are concerned about the comments of certain members of Congress and the Trump Administration that appear to be designed to undermine confidence in CBO and diminish its credibility.<sup>10</sup> Members of this Committee on both sides of the aisle, including yourself, have time and time again relied upon CBO's nonpartisan analysis and expertise to inform policymaking.<sup>11</sup> We believe CBO should have an opportunity to publicly explain its methodology and defend itself against these irresponsible and unfair characterizations.

On multiple occasions, Democrats on this Committee have urged you to slow this process down and hold hearings in order to properly understand the serious impacts of ACA repeal on

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<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *GOP tries to discredit agency reviewing its health care bill*, CNN (Mar. 9, 2017); *The GOP's mind-blowing hypocrisy on the CBO*, Washington Post (Mar. 11, 2017); *Republicans are trying to destroy the very idea of neutral judgment*, Washington Post (Mar. 9, 2017); *OMB Director: The CBO is 'terrible at counting coverage'*, CNN (Mar. 14, 2017); *White House attacks on CBO could set up months of brawling*, Washington Post (Mar. 14, 2017).

<sup>11</sup> Rep. Greg Walden, *Walden votes to extend flood insurance program, urges Senate to pass bipartisan reforms that would benefit Jackson County, Milton-Freewater* (May 17, 2012) (press release); Rep. Greg Walden, *Pacificorp Customers Face Major Rate Hike In Government Energy Takeover* (June 10, 2009) (press release); Rep. Fred Upton, *Upton Votes to Ensure Funding for Michigan Highways* (July 15, 2014) (press release); Rep. Fred Upton, *Upton Urges All Members to Join Effort Banning Earmarks* (March 11, 2010) (press release).

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Americans' health and on our healthcare system.<sup>12</sup> We write to you again to request a hearing on AHCA, with CBO as a witness, to learn more about CBO's important findings. The findings detailed in the report are deeply concerning, and we remain troubled that AHCA has advanced from this Committee without proper deliberation on the effects that it will have on the American people. We urge you to schedule a hearing on this important matter as soon as possible.

Thank you for your consideration of this request.

Sincerely,



Frank Pallone, Jr.  
Ranking Member  
Committee on Energy and Commerce



Bobby L. Rush  
Ranking Member  
Subcommittee on Energy



Anna G. Eshoo  
Member of Congress



Eliot L. Engel  
Member of Congress



Gene Green  
Ranking Member  
Subcommittee on Health



Diana DeGette  
Ranking Member  
Subcommittee on Oversight  
and Investigations

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<sup>12</sup> Letter from Rep. Frank Pallone Jr. et al., Ranking Member, House Committee on Energy and Commerce, to Rep. Greg Walden et al., Chairman, House Committee on Energy and Commerce, (Jan. 12, 2017); Letter from Rep. Frank Pallone Jr. et al., Ranking Member, House Committee on Energy and Commerce, to Rep. Greg Walden, Chairman, House Committee on Energy and Commerce (Mar. 2, 2017).





Mike Doyle  
Ranking Member  
Subcommittee on Communications  
and Technology



Jan Schakowsky  
Ranking Member  
Subcommittee on Digital Commerce  
and Consumer Protection



G.K. Butterfield  
Member of Congress



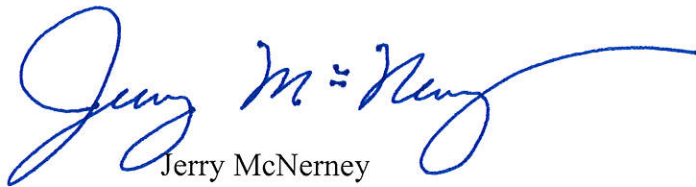
Doris O. Matsui  
Member of Congress



Kathy Castor  
Vice Ranking Member  
Committee on Energy and Commerce



John Sarbanes  
Member of Congress



Jerry McNerney  
Member of Congress



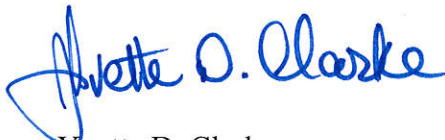
Peter Welch  
Member of Congress



Ben Ray Lujan  
Member of Congress



Paul D. Tonko  
Ranking Member  
Subcommittee on Environment



Yvette D. Clarke  
Member of Congress



Dave Loebsack  
Member of Congress



Kurt Schrader  
Member of Congress



Joseph P. Kennedy, III  
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Tony Cárdenas  
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Raul Ruiz, M.D.  
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