DEPARTMENT OF HUMAN SERVICES

Minnesota Department of Human Services
Elmer L. Andersen Building
Commissioner Emily Piper
Post Office Box 64998
St. Paul, Minnesota 55164-0998

July 5, 2017

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, DC 20515

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, DC 20515

The Honorable Tim Walz
United States House of Representatives
2313 Rayburn House Office Building
Washington, DC 20515

The Honorable Jason Lewis
United States House of Representatives
418 Cannon House Office Building
Washington, DC 20515

The Honorable Erik Paulsen
United States House of Representatives
127 Cannon House Office Building
Washington, DC 20515

The Honorable Betty McCollum
United States House of Representatives
2256 Rayburn House Office Building
Washington, DC 20515

The Honorable Keith Ellison
United States House of Representatives
2263 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Emmer
United States House of Representatives
315 Cannon House Office Building
Washington, DC 20515

The Honorable Collin Peterson
United States House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

The Honorable Rick Nolan
United States House of Representatives
2366 Rayburn House Office Building
Washington, DC 20515

Dear Members of the Minnesota Congressional Delegation:

I would like to share the Minnesota Department of Human Services' analysis of the Better Care and Reconciliation Act (BCRA) and its impact on our state's public health care programs. A copy of our analysis can be found attached to this letter and also at our website (https://mn.gov/dhs/aca-repeal/). The BCRA, like the House-passed American Health Care Act (AHCA), would put at risk health care

coverage for over 1 million Minnesotans on Medical Assistance, Minnesota's Medicaid program. It would also completely eliminate federal funding for MinnesotaCare. Medicaid provides health coverage to more than 20 percent of our state's population. These residents earn less than 133 percent of the federal poverty line (FPL), which is about $27,000 per year for a family of three. MinnesotaCare provides health coverage to about 85,000 Minnesotans who earn too much to qualify for Medicaid but less than 200 percent of the FPL (around $40,000 for a family of three).

Like the AHCA, the Better Care Reconciliation Act would have the following effects:

- Federal funding losses of approximately $2 billion in the first 18 months of implementation.
- Federal funding losses of $10.4 billion by 2025 (which is $1.1 billion less than the AHCA), with an annual loss to the state of $2.8 billion.
- Funding losses adding up to $31 billion by 2030 (nearly equal to losses under the AHCA), with an annual loss to the state of $5.2 billion.
- The shifting of program costs to the state, families, and providers unless significant changes to reduce services or eligibility are made by Congress.
- Threats to the state's ability to respond to the recent unprecedented increase in substance use in Minnesota. Nearly half of Minnesotans who need treatment for substance abuse disorders get it through Medicaid.

The majority of Minnesotans covered by Medicaid are children, people with disabilities, and seniors. The majority of Medicaid spending (approximately 58 percent) is for seniors and people with disabilities. In addition, the Minnesota State Demographic Center estimates that in just three years, Minnesota's population of people aged 65 and older will eclipse the population of children aged 5 to 17 years for the first time in history. Many of our parents and grandparents, and eventually most of us, are likely to need long-term services and supports from Medicaid in the coming decades. Nursing home care costs, of which Medicaid currently pays 54 percent in Minnesota, are on average $6,600 per month.

Health care cuts of the magnitude proposed in the AHCA and the discussion draft of the BCRA would put significant strain on our state budget for years to come. The Medicaid funding levels in these bills is much lower than pre-Affordable Care Act (ACA) Medicaid funding levels. Under the capped Medicaid funding that the BCRA and the AHCA propose, there would be no good options for Minnesota – the state would be required to pick up the significant cost by severely cutting other areas of our budget and we would be forced to cover many fewer people, cut services, and make deep cuts to provider reimbursements.

The ACA helped Minnesota cut our uninsured rate in half. Ninety-six percent of Minnesotans now have health insurance. The cuts in the BCRA and AHCA would reverse those gains and leave many people who now have health insurance uninsured. When people do not have health insurance, they often put off seeking care for their health problems until their conditions worsen and treatment is then more expensive and more difficult.

In addition to the cuts every state is facing with the AHCA and BCRA, it should not go unnoticed that Minnesota is uniquely punished in several ways by these bills. First, Minnesota is one of only two states that has a Basic Health Plan that would be completely defunded by the federal government under the House and Senate legislation, putting at risk the health care of about 85,000 Minnesotans who rely on MinnesotaCare each month. Prior to 2015, MinnesotaCare was a Medicaid waiver program, but since then MinnesotaCare enrollees have not been part of our Medicaid program; therefore, they would not be considered under our per capita cap allocation. Second, in Minnesota we receive the lowest allowable federal match for our Medicaid program at 50 percent. And third, Minnesota has been a national leader in providing high-quality, low-cost health care and has implemented nation-leading innovations in paying for and delivering care. The state has focused its health care purchasing strategies on paying for value and healthy outcomes, saving more than $1 billion in taxpayer dollars over five years. Under the AHCA and BCRA's capped Medicaid funding system, our per capita cap would not capture the savings for this work in our federal funding and our already lean Medicaid program would leave us disadvantaged compared to states that have not driven down costs or instituted similar reforms.

These are just a few of my concerns about this proposed legislation. I am grateful to your staff and many of you who have taken the time to meet with me and others in the Department of Human Services as we have expressed, in more depth, our concern and shared our impact analyses over the course of 2017. As always, I look forward to our continued work together and am available to talk at any time about Minnesota's public health care programs. We also stand ready to provide you with further technical assistance should you find it valuable. Our department's Director of Federal Relations, Roberta Downing, is available to field questions and provide information and can be reached by email at Roberta.Downing@state.mn.us or by telephone at (651) 431-3842.

Sincerely,

Emily Piper

Commissioner