Office of Governor
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VIA EMAIL

The Honorable Bill Cassidy
United States Senate
520 Hart Senate Office Building
Washington, DC 20510

The Honorable John Kennedy
United States Senate
Room SR383, Russell Senate Building
Washington, DC 20510

Dear Senators Cassidy and Kennedy:

I have very serious concerns about the healthcare reform bill currently under consideration in the Senate. The Better Care Reconciliation Act (BCRA) cuts funding for health care to states that will result in loss of coverage for millions of Americans, punishes Louisiana for running a lean Medicaid program, and effectively eliminates our state's Medicaid expansion resulting in hundreds of thousands of Louisianans losing lifesaving access to primary and diagnostic care.

Already, almost one in four of new enrollees to Medicaid have received a primary care visit or preventive health service and already many cancers have been diagnosed and many more averted. Literally thousands of lives have been saved. In addition, we are making unprecedented strides in Louisiana because of this access on health issues ranging from breast cancer to opioid addiction. Similarly, some citizens for the first time have alternatives to prisons and institutions for the treatment of their mental illness. Our citizens know Medicaid expansion is making a real difference: a recent LSU poll concluded that seventy-two percent of Louisianans support the expansion.

One of the BCRA's most significant changes is to modify the Medicaid federal-state partnership to a per-capita cap payment structure in a way that particularly disadvantages Louisiana. These caps are tied to the volatile Consumer Price Index-Urban, which creates year-to-year fluctuations of hundreds of millions of dollars for a state like Louisiana. No small business, large state agency, or state government can effectively run with that level of budget uncertainty. In addition, because Louisiana is the latest state to expand Medicaid, we do not have the eight consecutive quarters with expansion enrollment data to calculate the per-capita base year, as this bill requires. While other states will be free to choose their most beneficial base years, Louisiana will be uniquely deprived of the appropriate per capita allocation, threatening our entire Medicaid program.

The BCRA also penalizes Louisiana for running a fiscally conservative Medicaid program. Louisiana trimmed the waste despite years of painful budget cuts, and further saved money by switching to managed care. Our Medicaid program runs with the ninth lowest administrative overhead of any state in the country, and was recently commended by the Trump Administration for virtually eliminating fraud, waste, and abuse. For these financially prudent efforts, the BCRA punishes Louisiana with less money for running a leaner program. States with significant wasteful spending will have that waste built into their caps in perpetuity, while lean states like Louisiana are penalized with lower caps.

Lastly, this bill effectively ends Medicaid expansion in 2021 by lowering the federal share and substantially increasing the state costs, forcing the state to increase its overall state Medicaid spending by up to $250 million per year by 2022 or end expansion outright. With these increasing state costs, the 540,000 citizens expected to be enrolled in expansion in 2020 would lose the lifesaving care that expansion coverage currently provides, and the vast majority will transition to the individual market.

Our data indicates only 6% of those currently on expansion would likely be able to afford to re-enter the private insurance market – leaving more than 400,000 Louisianans with no coverage at all. Of those that could afford private coverage, initial estimates suggest that an individual transitioning from Medicaid to private coverage on the exchange would be required to pay new premiums for BCRA plans that are designed to cover only a little more than half of the costs of health care. The remaining health care costs must be paid out-of-pocket or remain unpaid if the individual cannot afford it. A married couple at 133 percent of Federal Poverty Level (FPL), faced with a sudden and significant health challenge, might have to spend as much as 65 percent of their income on premiums and cost-sharing. This creates incentives for only the sickest to seek coverage and the relatively healthy would be left without access to the routine screening and preventative care that save lives and money.

We agree that health care is too expensive, that some individual markets are in jeopardy, and that our citizens deserve better, but this bill fixes none of these problems. Instead it would put us back a generation and threaten the substantial progress we have made to improve the health care system in Louisiana. Rather than addressing the real drivers of health care costs, this bill cuts state Medicaid subsidies for the citizens who need health subsidies most—lower income working Americans.

We can do better, and I stand ready to assist in any way I can. We can all agree that the Affordable Care Act is not perfect. However, in the meantime, I urge you to oppose the BCRA. Please do not hesitate to contact me or Dr. Rebekah Gee, Secretary of the Louisiana Department of Health, if you have any questions or conerns.

Sincerely,

John Bel Edwards
Governor