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California Hospital Association  
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September 25, 2017

Dear Members of the California Congressional Delegation:

On behalf of California's leading health care organizations - more than 43,000 physician members and medical students of the California Medical Association (CMA), 27,000 dentists of the California Dental Association, more than 400 hospitals and health systems of the California Hospital Association (CHA), and the millions of California patients we serve every day, we are writing to urge you to oppose the Graham Cassidy Block Grant amendment to the American Health Care Act.

We believe that improvements should be made to our health care system to further increase access to affordable, quality care and coverage. However, Graham Cassidy would disproportionately harm California and cause millions of Californians to lose their health care coverage and access to care.

Graham Cassidy would establish a block grant to replace the federal funding for the ACA Medicaid expansion and the Covered California ACA Exchange premium tax credits and subsidies from 2020-2026. It also allows states to waive crucial essential health benefits and pre-existing condition protections. The proposal sharply reduces funding relative to current law and punishes California. Despite California's appropriate efforts, Graham Cassidy erodes coverage by redistributing California's federal Medicaid and ACA subsidy funding to other states. Therefore, California would lose at least \$60 billion in federal funding from 2020-2026. It shifts \$85.7 billion in additional costs to California for the state to maintain current coverage levels. Thirty-four other states would experience block grant funding cuts.

To make matters worse, Graham Cassidy severely caps state funding for the traditional Medicaid program that serves our most vulnerable patients - low-income children, pregnant women, the elderly and disabled. The State of California estimates that expenditures would exceed the cap by \$35.2 billion from 2020-2027, particularly given that many health care costs are beyond a state's control, such as the rising costs of prescription drugs. The nationwide cut may be as much as \$175 billion. California has one of the most efficient Medicaid programs in the nation. We spend less than any other state per patient. We have adopted innovative reforms. Rather than making across-the-board Medicaid cuts, we stand ready to work with you to adopt more thoughtful reforms.

Graham Cassidy represents a major shift of costs and responsibilities to states and providers without adequate resources. No amount of flexibility can make up for these devastating cuts. The severely

underfunded block grant and the Medicaid funding cap will cripple our state budget. California cannot possibly make-up a \$100 billion loss in federal funding. The state will be forced to make cut-backs that will render coverage unaffordable and unattainable.

The human impact is real. More than 5.3 million uninsured Californians gained coverage under the ACA. Two-thirds of the residents in the rural and Central Valley regions of California obtained coverage. Estimates show that coverage is at-risk for at least two-thirds of these 5.3 million Californians. States are hit hard by the Graham Cassidy cuts but our patients will suffer the most. Millions of Californians who improved their health through stable coverage and access to providers are now in jeopardy.

Some criticized the ACA for giving Washington bureaucrats unlimited power to govern our health care system. Graham Cassidy should give those critics pause. The amendment gives complete, unfettered power to federal bureaucracies to distribute \$1.2 trillion in taxpayer dollars, devise the funding formula and determine how much funding each state receives.

We urge you to stand up for California and oppose the disproportionate cuts that Graham Cassidy would impose on all Californians. We urge you to stand with California's providers and patients to continue to advance improvements in access and coverage through a bipartisan, deliberative process with input from California's health care leaders. We stand ready to work with you.

Sincerely,



Carrie Gordon  
Chief Strategy Officer  
California Dental Association



C. Duane Dauner  
President/Chief Executive Officer  
California Hospital Association



Dustin Corcoran, Chief Executive Officer  
California Medical Association