NATIONAL EDUCATION ASSOCIATION
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Great Public Schools for Every Student

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May 1, 2017

United States House of Representatives
Washington, D.C. 20515

Dear Representative:

On behalf of our three million members and the 50 million students they serve, we strongly urge you to oppose the April 25 amendment to the American Health Care Act, which we oppose as well. The Congressional Budget Office (CBO) found that by 2026, the original bill would provide $883 billion in tax cuts while taking health coverage away from 24 million people, including some of the most vulnerable among us — children, the poor, the sick, and the elderly. Votes on this issue may be included in NEA's Report Card for the 115th Congress.

The amendment makes the original bill even worse. It would allow states to jettison existing essential health benefit requirements, thereby permitting health plans covering millions of people once again to exclude coverage for maternity and newborn care, pediatric dental and vision services, mental health and substance use services, and other crucial benefits. It would return this country to the days when annual and lifetime dollar-based limits on the use of essential health benefits shifted tremendous financial and health risks to working families, and allow insurance companies to charge people with pre-existing conditions more than they charge healthy people.

The stakes are high for the 36 million children who constitute more than half the current Medicaid enrollment (Source: Medicaid.gov). Specifically, we are concerned that this legislation will:

- **Lead to drastic cuts in Medicaid benefits and eligible beneficiaries.** The American Health Care Act radically restructures how Medicaid is funded. Instead of the federal government paying a percentage of actual Medicaid spending, each state will get a set amount. States will choose between a block grant, a lump sum payment, and a "per capita cap," a flat amount for certain Medicaid beneficiaries. Either way, state budgets will take a big hit: the share of revenue spent on Medicaid will rise from 24.5 percent in 2017 to 28 percent by 2025, according to Moody's Investors Service. To compensate for the loss of federal support, states are likely to divert money from education to health care as well as limit the number of Medicaid beneficiaries, the scope of Medicaid benefits, or both.

- **Hit the students most in need the hardest.** Under the Individuals with Disabilities Education Act (IDEA), Medicaid reimburses schools for mental health care, vision and hearing screenings, diabetes and asthma management, wheelchairs and hearing aids, and more. Federal support is substantial — for example, in 2015 California schools received about $90 million from Medicaid, Florida schools about $63 million, New York schools about $137 million, Pennsylvania schools about $131 million, and Texas schools about $250 million (Source: Centers for Medicare and Medicaid, compilation of 2017 data). Capping federal support for Medicaid will shift costs to the states, jeopardizing services essential for students to learn and thrive, especially those with disabilities.

- **Increase the cost of health care for those least able to afford it.** The American Health Care Act provides largely age-based tax credits ranging from $2,000 to $4,000 per year — far less than today's subsidies. For example, according to Kaiser Family Foundation calculations, a 60-year-old earning $20,000 a year in Lincoln, Nebraska, now gets $18,470 to help buy insurance and additional subsidies to help with deductibles and co-payments. Under the American Health Care Act, she would get a $4,000 tax credit for the premium and nothing for other out-of-pocket health care costs. By 2026, the average subsidy under the American Health Care Act would be half the average subsidy under the Affordable Care Act, according to CBO.

- **Tax "high cost" employer-sponsored health coverage.** We recognize that the American Health Care Act postpones the effective date of the 40 percent excise tax on such plans until 2026. But this tax — a back-door pay cut for millions of working families — needs to be fully repealed.

- **Enhance tax breaks for the rich.** The American Health Care Act nearly doubles the amount of money that can be socked away in tax-free health savings accounts — at least $6,550 for individuals and at least $13,100 for families in 2018. It also repeals a 3.8 percent investment tax and 0.9 percent surcharge on wages above $250,000 — a savings of about $195,000 per year for the top 0.1 percent of earners, according to the independent Tax Policy Center.

- **Weaken the individual insurance market and employment-based coverage.** The American Health Care Act eliminates penalties for individuals not buying — and large employers not providing — health coverage. But premiums go up 30 percent if coverage lapses for more than 63 days — for example, when someone loses her job and cannot afford to buy health insurance until she gets another one. Overall, CBO predicts substantial increases in out-of-pocket costs for low- and moderate-income people due to the decline in subsidies and increase in deductibles and other cost-sharing. Some employers may gut their health plans or stop offering coverage altogether, since they will no longer be penalized for doing so.

The American Health Care Act plays Robin Hood in reverse. It reneges on the promise to deliver better, cheaper health coverage for all Americans, giving the richest among us a massive tax cut while causing the number of people without insurance to rise from 28 million today to an estimated 52 million in 2026, according to CBO.

We thank you for the opportunity to submit these comments and strongly urge you to oppose the amendment that makes the deeply flawed American Health Care Act even worse.

Sincerely,

Marc Egan

Marc Egan
Director of Government Relations
National Education Association