

**Testimony on the Impact of the AHCA on Pennsylvania**  
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**House Human Services Committee**  
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My name is Antoinette Kraus and I am the Executive Director of the Pennsylvania Health Access Network (PHAN). PHAN is the **state's** largest consumer-driven organization making sure the consumer voice is represented in policy discussions at the local, state and federal levels. We also operated a statewide helpline connecting individuals and their families to health coverage through the Marketplace, Medicaid, and CHIP. Over the past four years, we have connected over 8,500 individuals to coverage in 51 of 67 counties. Each year, we answer over 8,000 calls to our helpline. We help consumers from every walk of life. We help folks from both rural and urban communities, small business owners and hourly employees. Access to healthcare allows these individuals to live healthy, productive lives no longer fearing that they are one accident or illness away from financial catastrophe.

The American Health Care Act (AHCA) currently debated by the Senate in Washington would have drastic consequences for our commonwealth. Under the bill, 777,000 Pennsylvanians would lose coverage, and cut in half the number of enrollees in the Affordable Care Act-compliant individual insurance market. Moreover, it would cost our state nearly \$3 billion each year in lost funding to Medicaid. This would put thousands of lives on the line and jeopardize our economy. Not only would we be rolling back important consumer protections gained under the ACA, but the proposals would radically restructure Medicaid.

The AHCA would roll back the Federal matching rate for Medicaid to lower-income adults, which has helped more than 715,000 Pennsylvanians gain health coverage since 2015.<sup>1</sup> The AHCA would also undermine traditional Medicaid by transforming the program from one that's responsive to the need in each state to one that's arbitrarily restricted by "per capita caps." If enacted, this shift from a full federal-state partnership to a capped system would place the burden on our already-strained state budget and will inflict irreparable harm to seniors, children, and people with disabilities.

A critical component of Medicaid's success has been the guaranteed federal payment, which automatically adjusts to help states respond to public health crises and other factors that drive up healthcare spending. Under a capped system, our state would be on its own to manage higher costs. For example, our state could not count on increased federal funds to address a Zika outbreak, or a worsening of the opioid epidemic, or the expense of a new costly yet effective prescription drug.

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<sup>1</sup> Pennsylvania Department of Human Services, Weekly HealthChoices Enrollment, May 2017. [Accessed via DHS website.](#)

The most recent data from the Pennsylvania Department of Human Services (DHS) reveals that of the 2,853,225 individuals currently covered by Medicaid, 1,214,612 are children<sup>2</sup>. While CHIP is the coverage that often comes to mind when you hear “children’s health insurance,” it’s Medicaid that covers 2 out of every 5 children<sup>3</sup> in the Commonwealth, while CHIP covers 174,999.<sup>4</sup>

Medicaid is what allows children with special needs to receive medically-necessary health care services at school, as part of their individualized education programs (IEP), and for school districts to be reimbursed for the cost of providing a range of supports, from psychological care to occupational and speech therapy to specialized transportation services for students with physical and intellectual disabilities. Through the School-Based ACCESS Program, school districts were received \$143 million in Medicaid funding during the 2014-15 school year.<sup>5</sup> Medicaid also ensures that every child it covers gets age-appropriate physical, dental, hearing, vision, and mental health screenings, and recommended immunizations.<sup>6</sup> Many of these early intervention and special education services that rely on Medicaid as a source of funding would be in jeopardy, driving school districts to increase local property taxes to provide them.

For people with disabilities, Medicaid offers independence and the freedom to remain in and contribute to the community. 503,000 Pennsylvanians with disabilities -- 1 of every 2 people living with serious physical, behavioral or intellectual disabilities -- count on their Medicaid coverage to receive the services and supports that allow them to live with dignity, on their own terms, and with a quality of life that would otherwise be out of reach.<sup>7</sup>

Our aging population is also at risk. Medicare does not cover long-term care. In 2016, the cost for a semi-private room in a nursing home reached \$108,847, up 4 percent in the last five years.<sup>8</sup> Medicaid covers the long-term care needs of 3 in 5 of the 56,509 seniors currently residing in nursing homes,<sup>9</sup> and allows for 92,225 seniors, children, and adults with disabilities to receive Home and Community-Based Services,<sup>10</sup> keeping them in their communities and out of institutional care settings. In fact, nearly three-quarters of all Medicaid spending in Pennsylvania goes to providing care for seniors and people with disabilities.<sup>11</sup>

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<sup>2</sup> Pennsylvania Department of Human Services, Monthly Enrollment Data, April 2017. [Accessed via DHS Listserv.](#)

<sup>3</sup> Kaiser Family Foundation, Medicaid in Pennsylvania, Program Snapshot, January 2017. [Accessed via KFF.org.](#)

<sup>4</sup> Pennsylvania Department of Human Services, CHIP Enrollment by Contractor and County, April 2017. [Accessed via DHS CHIP website.](#)

<sup>5</sup> Pennsylvania School Boards Association, PA’s School-Based ACCESS Program is jeopardized under proposed federal cuts to Medicaid, January 2017. [Accessed via website.](#)

<sup>6</sup> Georgetown University Health Policy Institute, Center for Children and Families, Medicaid’s Role for Children, January 2017. [Accessed via website.](#)

<sup>7</sup> Pennsylvania Department of Human Services, Monthly Enrollment Data, April 2017. [Accessed via DHS Listserv.](#)

<sup>8</sup> Genworth Financial, 2016 Cost of Care Survey, Annual Median Costs, June 2016. [Accessed via website.](#)

<sup>9</sup> Pennsylvania Department of Human Services, Monthly Data Report, April 2017. [Accessed via website.](#)

<sup>10</sup> Kaiser Family Foundation, Medicaid Home and Community Based Service Participants, by State, through 2013. [Accessed via website.](#)

<sup>11</sup> Robert Wood Johnson Foundation, Medicaid Capped Funding: Findings and Implications for Pennsylvania, April 2017. [Accessed via website.](#)

The Medicaid program is a critical part of our economy. The nonpartisan Congressional Budget Office estimates cuts to Medicaid will reach \$834 billion over the next decade<sup>12</sup>. This will result in less hands-on care, more isolation, and more suffering for our state's most vulnerable residents. They will also increase the strain on our state budget, where Medicaid has been the largest source of federal funding. Estimates show that starting in 2020 under a per capita cap system Pennsylvania would lose a minimum of \$3 billion a year in Federal funding.

Medicaid infused \$14.3 billion into our state budget in 2015, including \$2.5 billion<sup>13</sup> for adults newly-eligible through the ACA's Medicaid Expansion; that funding has helped create 15,500 new jobs across the state, and connect 124,170 Pennsylvanians with substance use disorders to treatment. A report by the Commonwealth Fund released earlier this month projects that by 2026 Pennsylvania would see a loss of 84,900 jobs triggering an \$8.9-billion-dollar decrease in gross state product under the AHCA.

While the numbers and statics are compelling, the real losers in this debate are the everyday Pennsylvanians that rely on Medicaid and the Affordable Care Act to get the care they need to live healthy, productive lives. In some cases, they count on it for their very survival. I want to close today by sharing with you two of those stories. Al from Bryn Mawr wrote to us: "When I planned to become a parent 21 years ago, I never expected to rely on Medicaid. More importantly, I never expected to hear that our 6-month-old child had only a year to live, due to a condition called Spinal Muscular Atrophy, a rare, incurable neuromuscular disease. Thankfully, that prediction turned out to be wrong. My son Jack is now 21, and in spite of his physical limitations and medical fragility, Jack is a happy, motivated, intelligent person who enjoys his life, his friends, and his family. To keep him healthy has been no small task over the years, however. My son is physically dependent on others because, except for some slight movement in his fingers and toes, spinal muscular atrophy has left Jack essentially a quadriplegic. He requires extensive care, including medical specialists; 24/7 nursing care; medical equipment like a wheelchair, a feeding tube, and a ventilator; therapists, assistive technology and occasional hospital stays. Jack receives all of this care through the Medicaid program, the very program that Congress voted to cut with the passage of the AHCA. Our family has been fortunate to have access to the coverage we need to help Jack thrive despite the challenges he faces, and **we're not the only ones**. If Medicaid is cut, what will happen to those vulnerable children and their families? What will happen to Jack?"

Meet Anna from Hannover;

"In late 2008, when my children were 8 months and 3 years old, they were both diagnosed with a rare genetic disease called Noonan Syndrome. NS is a genetic condition that affects multiple systems of the body. After the diagnosis, we were completely unprepared for how much our lives would change. 2009 was a whirlwind year-- we went through many tests and multiple surgeries for both boys. Because my sons' conditions made it difficult to enroll them in a traditional childcare setting and because of the level of care they required, I was forced to quit work to care for them full-time. Although my husband makes a good living, and has medical

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<sup>12</sup> Congressional Budget Office, American Health Care Act, Cost Estimate, March 9, 2017. [Accessed via website.](#)

<sup>13</sup> Robert Wood Johnson Foundation, as cited above.

insurance through his employer, we were stretched thin financially, and our co-pays and medical bills piled up. By 2010, we had accumulated \$42,000 in debt. I found out that we qualified for Medicaid because of my **children's** diagnoses, despite my husband's income. Because we were drowning financially, we had no choice. The electric company was always threatening to shut off our electricity, and we had to have three yard sales a year just to make ends meet. We frequently had to choose between buying necessities like milk or bread, and paying for a needed prescription. It just wasn't sustainable. Medicaid began covering the costs of my sons' care that weren't covered by our insurance. We have been able to pay off the vast majority of our debt, and our family can do normal things again, like eat out and go to the movies. We feel as though we have been able to rejoin society and have settled our debts on our own. My sons are doing much better now, but we never know what the future holds, or what interventions may be needed. It is already hard enough to deal with this diagnosis, but at least now we don't have to worry about the financial aspect. We can simply focus our attention on what's best for them."

No one law could have fixed our healthcare system. The Affordable Care Act is not and has never been perfect, but under that law, Pennsylvania's uninsured rate has dropped to an all-time low of 6.4 percent. With such a dramatic improvement in access to health insurance, we should be focusing on other factors, such as reducing healthcare costs, improving quality, and making plans more affordable for consumers. Instead, if the American Health Care Act becomes law, we will see our uninsured rate go beyond pre-ACA levels while exacting devastating costs on our state's fiscal health. We must not go so far back as to force individuals to choose between the care they need and the food on their table, or their home mortgage. This puts the lives of our loved ones on the line and is too great price to pay. Thank you for this opportunity to testify today.