

Harold P. Wimmer
National President and CEO

September 22, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

Dear Chairman Hatch:

The American Lung Association appreciates the opportunity to submit testimony for the record on the “Graham-Cassidy” healthcare bill. The American Lung Association strongly opposes this bill and urges the Senate to reject it.

The Lung Association believes that any changes to current law should prioritize preserving quality and affordable healthcare coverage for all Americans. Instead of proceeding with this legislation, we urge the Finance Committee to return to its bipartisan efforts on the Children’s Health Insurance Program and proceed in a similar, bipartisan effort to improve our nation’s current healthcare system.

In March of 2017, the American Lung Association and other leading national health groups released a [set of joint principles](#) that our organizations believe should guide any healthcare legislation. The three tenants – affordability, accessibility and adequacy of healthcare coverage – must be incorporated into any proposal to alter the current system. Unfortunately, the Graham-Cassidy bill does not provide these three elements and instead, will negatively impact patients’ access to adequate and affordable healthcare.

Protecting People with Pre-Existing Conditions

Ensuring patients have adequate and affordable healthcare is critical to any healthcare reform bill. As an organization representing lung disease patients, we recognize that it is of utmost importance. Lung diseases such as asthma and COPD can be managed, but patients need to have regular clinical services and medication. Patients must be able to afford health insurance premiums and have plans offered.

Current law protects patients with preexisting conditions in a number of vital ways. First, it prohibits denying insurance to people with pre-existing conditions and it prohibits charging people and families with pre-existing conditions more for premiums than healthy people. Current law also defines a basic set of ten

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benefits that must be covered by qualified health plans – these are the essential health benefits (EHB).

The EHB requirements ensure plans cover a baseline of services, so that all patients have access to the appropriate care when they need it. Since plans are required to cover a baseline of benefits, patients don't need to pay more if they are sick to a plan that covers their illness.

The proposed Graham-Cassidy bill would give the Centers for Medicare and Medicaid (CMS) a new and expansive waiver authority to allow states to define what qualifies as an EHB. This opens the door for insurance companies to provide different tiers of coverage; charging sick patients more for a plan that covers their illness – a point that was made by insurance company Blue Cross Blue Shield in its statement opposing the Graham-Cassidy bill this week¹. This is likely to make insurance unaffordable for people with pre-existing conditions, which is unacceptable for lung disease patients.

In state-granted waivers, plans would no longer be required to cover EHBs including prescription drug coverage and can re-impose annual and lifetime caps on coverage, which negatively impact patients with illnesses such as lung cancer, asthma and COPD who may rely on costly medications to manage their conditions. This would undermine any form of meaningful coverage for patients with pre-existing conditions. We should not return to an insurance market that often excluded those who needed coverage the most.

State Flexibility/ Market-Based Health Care Grant Program

Current law allows state flexibility to create state marketplaces and test innovative ideas for the private marketplace through the 1332 waiver process. This process requires states to work with their legislature and the federal government to design innovative ideas. The current process has built-in protections for patients.

The 1332 waiver process requires soliciting and responding to public comment. This gives patients and consumers the ability to provide feedback on system changes that will impact their healthcare. Additionally, there are four guardrails around 1332 waivers: states are required to show how the waiver program will not increase the number of people uninsured, not increase healthcare costs, not lower the quality of the coverage and not add to the federal deficit.

The current waiver program allows for states to design programs that work best for their states, but still provide patients with the protections to receive the healthcare they need. For lung disease patients, these protections are critical. They provide that patients receive the treatments they need to manage their diseases.

The Graham -Cassidy bill does not require states to ensure there are adequate patient protections in place. As mentioned before, there is no federal oversight in the new waiver program that would be created by this bill and states only need to have proposals that do not add to the deficit.

Under Graham-Cassidy, states will be allowed to change how much premiums can vary based on age, potentially making insurance unaffordable for older Americans. The Congressional Budget Office (CBO)



previously found if states were allowed to increase the rating to a 5:1 ratio, the annual cost of premiums could increase to \$20,500 for a 64-year-old buying a silver plan. A premium at this level would price far too many people out of the insurance market and is unacceptable.

In order to fund this new waiver program, the Graham-Cassidy bill will siphon the money that is currently funding Medicaid expansion in the 31 states and the District of Columbia (DC) that chose to expand the Medicaid program. This punishes states that implemented the Affordable Care Act (ACA) as it was designed. Every state had and still has the opportunity to expand their Medicaid program and receive an enhanced Medicaid match – and with it, ensure more of its citizens have quality and affordable healthcare. We strongly recommend ALL states expand Medicaid to increase the number of people with health coverage. Instead, the Graham Cassidy Bill moves in the wrong direction and reduces the number of people with health coverage. It is harmful to millions of patients to take money away from a program that provides healthcare to low-income individuals. Congress should work with states and CMS to encourage every state to expand to increase the number of people with healthcare coverage.

Market Stabilization

The proposed bill would destabilize the health insurance marketplace. The Graham-Cassidy bill repeals the Advanced Premium Tax Credits (APTC), which help families with incomes up to 400 percent of the federal poverty level pay for insurance premiums. The bill would also remove the individual and employer mandate that encourages people to buy insurance. And lastly, the bill does not fund the cost sharing reductions (CSRs). The removal of these three provisions spell disaster for state marketplaces. Without a robust marketplace, patients will not have any opportunity to purchase coverage.

Repealing the APTCs will make it more expensive for lower-middle class families to purchase health insurance. By foregoing health insurance, patients will not be able to access preventive services, such as immunizations, lung cancer screenings and tobacco cessation treatments. Without preventive services, there is a much higher likelihood of disease and that disease having a worse prognosis. Patients with health coverage are better able to manage their chronic disease and avoid costly emergency room care and hospital admission.

In addition, failing to pay the CSRs is irresponsible. These payments allow insurers to reduce cost-sharing for people with incomes less than 250 percent of the federal poverty level. Lung diseases can be expensive to treat, but they can be managed. CSR payments allow lower income people get the treatment they need, allowing lower income patients to not only have coverage, but have actual healthcare.

Medicaid

The Graham-Cassidy bill would make the deepest cuts to the Medicaid program since its inception by implementing a per-enrollee cap starting in 2020, threatening the healthcare of 68 million low-income patients who depend on the program for healthcare. The implementation of a per-capita cap would significantly cut federal funding to states across the board and place a huge cost-sharing burden on states. Between 2020 and 2026, states would lose \$53 billion in Medicaid funding. The strain on state



budgets pressures states to make difficult decisions to limit their Medicaid spending. States would be forced to cut services, reduce eligibility or increase cost-sharing for their Medicaid program to keep costs down.²

Medicaid is an important source of coverage for patients with serious and chronic health needs, especially those living with lung disease like asthma. Nearly half of children with asthma are covered by Medicaid or CHIP. Medicaid cuts would lead to fewer people with lung diseases having quality and affordable coverage, especially if services are cut. Medicaid may no longer cover the care and treatments they need, including breakthrough therapies and technology that represent a new lease in life. A per capita cap will only exacerbate the downward pressure on Medicaid budgets and will further reduce access to treatments for patients.

Medicaid Expansion

Medicaid expansion has been crucial in expanding coverage to more than 15 million Americans, half of whom are permanently disabled, have serious health conditions or in fair or poor health, and approximately a third of whom smoke. The Graham-Cassidy bill would end federal match funding for Medicaid expansion and marketplace subsidies in 2020, and reallocate the funding to states through smaller block grants. These block grants provide states flexibility in choosing to use it for health coverage or other healthcare purposes, but do not guarantee coverage or financial assistance for individuals. The block grant funding is also insufficient to maintain current coverage levels. Overall, states would lose \$107 billion. Individually, states stand to lose up to \$55 million if they expanded Medicaid. After 2026 no additional funding for this population is provided.³

Such a substantial loss in funding would most certainly impact the coverage of Medicaid expansion patients, including those with lung disease. It is only logically that states would be forced to cover fewer services or fewer people with less money. Additionally, seven states have “trigger laws” that would effectively eliminate Medicaid expansion immediately or soon after the expansion match rate is eliminated. Patients in these states would lose their healthcare coverage without any other options. The elimination of Medicaid expansion coupled with the elimination of subsidy assistance in the marketplace would result in significant coverage losses.

Prevention and Public Health Fund

The ACA dedicated funding for prevention and public health – in an attempt to improve the health of Americans and reduce the number of Americans with chronic disease. The Prevention and Public Health Fund (Prevention Fund) has allowed the Centers for Disease Control and Prevention (CDC) to increase its reach, working with patients to prevent disease. Prevention is almost always less expensive than treatment and is a good investment for patients. The Prevention Fund allowed for the designation of more smokefree public spaces, helping ensure people, including kids with asthma breathe clean air. It is responsible for funding the Tips From Former Smokers Campaign, which has helped 500,000 Americans quit smoking. The Prevention Fund currently comprises 12 percent of CDC’s budget and is critical in ensuring that CDC can continue its important and life-saving work.



The Graham- Cassidy bill threatens the health of far too many lung disease patients. It jettisons key patient protections that individuals afflicted by lung disease depend on in order to breathe. It is irresponsible to move forward on this bill, as it does not protect patients. The American Lung Association urges Congress to continue the important bipartisan effort to improve our healthcare system rather than advancing the Graham-Cassidy bill which would eliminate coverage for many Americans and devastate patients with pre-existing conditions. The American Lung Association stands by, ready to work with you on legislation to ensure all Americans have access to affordable and adequate healthcare coverage.

Sincerely,



Harold P. Wimmer
National President and CEO

CC: Senate Committee on Finance

¹ Blue Cross Blue Shield Association. (2017). *Blue Cross Blue Shield Association Statement on Graham-Cassidy Health Care Reform Proposal* [Press Release]. Retrieved from <https://www.bcbs.com/news/press-releases/blue-cross-blue-shield-association-statement-graham-cassidy-health-care-reform>

² Garfield, R, L. Levitt, R. Ridowitz, & G. Claxton. (Sept 21, 2017). State-by-State Estimates of Changes in Federal Spending on Health Care Under the Graham-Cassidy Bill. *Kaiser Family Foundation*. Retrieved from http://www.kff.org/health-reform/issue-brief/state-by-state-estimates-of-changes-in-federal-spending-on-health-care-under-the-graham-cassidy-bill/?utm_campaign=KFF-2017-sept-21-GrahamCassidy-state-analysis&utm_source=hs_email&utm_medium=email&utm_content=56569375&hsenc=p2ANqtz-8zPzKBNCEcMSoTS44BvZ5dEMU9V3hSK5Dh9szFGzXXFfUfDR4tvoitcSujaJ7zaC3g_XtOqSoX3yW1v88SobKzecl8pQ&hsmi=56569375

³ Garfield, R, L. Levitt, R. Ridowitz, & G. Claxton. (Sept 21, 2017). State-by-State Estimates of Changes in Federal Spending on Health Care Under the Graham-Cassidy Bill. *Kaiser Family Foundation*. Retrieved from http://www.kff.org/health-reform/issue-brief/state-by-state-estimates-of-changes-in-federal-spending-on-health-care-under-the-graham-cassidy-bill/?utm_campaign=KFF-2017-sept-21-GrahamCassidy-state-analysis&utm_source=hs_email&utm_medium=email&utm_content=56569375&hsenc=p2ANqtz-8zPzKBNCEcMSoTS44BvZ5dEMU9V3hSK5Dh9szFGzXXFfUfDR4tvoitcSujaJ7zaC3g_XtOqSoX3yW1v88SobKzecl8pQ&hsmi=56569375



Consensus Healthcare Reform Principles

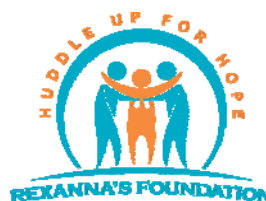
Today, millions of individuals, including many with preexisting health conditions, can obtain affordable health care coverage. Any changes to current law should preserve coverage for these individuals, extend coverage to those who remain uninsured, and lower costs and improve quality for all.

In addition, any reform measure must support a health care system that provides affordable, accessible and adequate health care coverage and preserves the coverage provided to millions through Medicare and Medicaid. The basic elements of meaningful coverage are described below.

Health Insurance Must be Affordable – Affordable plans ensure patients are able to access needed care in a timely manner from an experienced provider without undue financial burden. Affordable coverage includes reasonable premiums and cost sharing (such as deductibles, copays and coinsurance) and limits on out-of-pocket expenses. Adequate financial assistance must be available for low-income Americans and individuals with preexisting conditions should not be subject to increased premium costs based on their disease or health status.

Health Insurance Must be Accessible – All people, regardless of employment status or geographic location, should be able to gain coverage without waiting periods through adequate open and special enrollment periods. Patient protections in current law should be retained, including prohibitions on preexisting condition exclusions, annual and lifetime limits, insurance policy rescissions, gender pricing and excessive premiums for older adults. Children should be allowed to remain on their parents' health plans until age 26 and coverage through Medicare and Medicaid should not be jeopardized through excessive cost-shifting, funding cuts, or per capita caps or block granting.

Health Insurance Must be Adequate and Understandable – All plans should be required to cover a full range of needed health benefits with a comprehensive and stable network of providers and plan features. Guaranteed access to and prioritization of preventive services without cost-sharing should be preserved. Information regarding costs and coverage must be available, transparent, and understandable to the consumer prior to purchasing the plan.



February 2, 2017

Dear Senators and Representatives:

Our organizations write to ask for your support for ensuring access to healthcare for the more than tens of millions of Americans living with or at risk for lung cancer. As Congress moves forward with its discussions regarding healthcare, we ask that you recognize those impacted by lung cancer need access to quality and affordable healthcare.

Lung cancer is the nation's leading cause of cancer death of women and men, killing more than 158,000 Americans each year. In 2016, an estimated 224,000 Americans were diagnosed with lung cancer, representing about 13 percent of all cancer diagnoses. The five-year survival rate for lung cancer is 55 percent for people whose cancer is detected when the disease is localized

in the lungs; however, only 16 percent of lung cancer cases are diagnosed at this early stage. For lung cancer that has already spread, the five-year survival rate is only 4 percent.

To help improve these often-grim statistics, in the last two years, the Food and Drug Administration has approved eight new drug therapies for the treatment of lung cancer – giving new hope to patients and their families. Many lung cancer patients are alive today because of key healthcare protections currently in effect that eliminated pre-existing condition prohibitions, lifetime and annual benefit limits, coverage rescissions and access to preventive services, including lung cancer screening for individuals at high risk and smoking cessation treatments. Together these protections ensure lung cancer patients have access to new break-through treatments and early detection. Our organizations oppose attempts to weaken or eliminate any of them.

A stable and affordable insurance marketplace is vital to lung cancer patients and their families. Instability in the marketplace because of the unknown will jeopardize affordability and access, especially in the individual marketplace. We also recognize that proposals that only guarantee health insurance for those who are able to retain continuous coverage and that may also impose waiting periods on those who do not retain such coverage would place barriers to access. Given the disabling impact cancer has on a person's life and ability to work, these provisions could put patients with lung cancer at risk for losing their care.

We are committed to working with you to ensure that our nation's healthcare system will protect individuals with lung cancer and ensure they have access to quality and affordable healthcare.

Thank you.

Sincerely,

American Lung Association
Lung Cancer Alliance
Addario Lung Cancer Medical Institute
Bonnie J. Addario Lung Cancer Foundation
Cancer Support Community
Cancer Survivors Against Radon, Inc. (CanSAR)
CancerCare
Caring Ambassadors Program, Inc.
Citizens for Radioactive Radon Reduction, Inc.
Dusty Joy Foundation (LiveLung)
Free ME from Lung Cancer
Free to Breathe
Lung Cancer Circle of Hope
Lung Cancer Initiative
Lung Cancer Research Council
Lung Cancer Research Foundation
LUNGevity Foundation
Respiratory Health Association
Rexanna's Foundation for Fighting Lung Cancer
Upstage Lung Cancer