



March 21, 2017

The Honorable John McCain
218 Russell Senate Office Building
Washington, DC 20510

Dear Senator McCain,

Vitalyst Health Foundation (formerly known as St. Luke's Health Initiatives) is an Arizona-based independent, non-partisan public foundation with a mission to inform, connect and support efforts to improve the health of individuals and communities in Arizona. Over its 20-year history, Vitalyst Health Foundation has invested more than \$100 million in Arizona, including programs in your district, and has dedicated itself to supporting key health initiatives ranging from statewide health policy to local development of community food hubs and gardens. Our success is based around four overarching priorities:

- (1) increasing access to affordable, quality care and insurance coverage;
- (2) working with municipal leaders to promote healthy community design;
- (3) building capacity within community-based organizations; and
- (4) promoting health, health care innovations and collaborations.

For virtually our entire existence, we have been involved in research and programmatic work related to access to affordable, quality health care. Having paid close attention to recent developments in health policy, we believe it is important for you to understand our perspective on the American Health Care Act (AHCA) and its impact on Arizona. Recent analyses by reputable, objective organizations reveal the following implications, which are deeply troubling:

24 million fewer Americans will be insured. This number includes reductions in lives covered by Medicaid, the individual market and employer-sponsored insurance.¹ Earlier analyses estimated 6 million to 15 million Americans (at minimum) could lose coverage.^{2,3} In Arizona, nearly 600,000 people have become insured since 2014, dropping our uninsured rate from 19% to 13%. This has helped stabilize our economy, reduce medical bankruptcies and led to reductions in uncompensated care for hospitals.

Older and lower-income Arizonans would be most at risk of losing coverage under the AHCA's tax credits. In general, when compared to current law, the AHCA tax credits would be worse for lower-income and older Arizonans, and better for higher-income and younger Arizonans.⁴ Arizona has a large percentage of 50-64 year old workers, who would be adversely impacted by this policy change. Since almost 20% of the state's population now qualify for expanded Medicaid eligibility (earning less than 133% of the poverty level, or roughly \$16,000 per year for a single adult), these changes could impact one of every five Arizonans.

Reduced federal subsidies would disproportionately hurt Arizona. Arizona's premiums on the individual market are currently more expensive than the rest of the county, but the premiums were subsidized at a higher rate this year so the overall cost to most people was about the same as in previous years. Nearly 200,000 people are now signed up for this coverage. Under the AHCA, reduced subsidies would leave many Arizonans without enough assistance to afford coverage.⁵

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Risk pools in the individual market could become less stable due to the delay between AHCA’s repeal of the individual mandate and its implementation of continuous coverage. The AHCA would eliminate the individual mandate penalty effective Dec. 31, 2015, and enact continuous coverage penalties based on 2018 coverage status. Having neither provision in 2017 could deter healthy individuals from maintaining coverage, thereby creating sicker, and more expensive risk pools. Arizona has tried high-risk pools in the past and they have not been effective at providing affordable health care.

The repeal of Medicaid expansion would leave many low-income Arizonans without affordable options on the individual market. Low-income Arizonans who lose coverage following the repeal of Medicaid expansion would likely need to transition to the individual market – where the combination of Arizona’s high premiums and AHCA’s decreased financial assistance could push Arizonans away from obtaining coverage.²

Arizonans will be further at risk of infectious disease outbreaks and chronic diseases with the repeal of the Prevention and Public Health Fund. The fund currently provides \$9.3M annually to Arizona’s public health infrastructure for services including kids’ vaccines, opioid abuse treatment, infectious disease control and breast cancer prevention.⁶

Health care was the only sector during the Great Recession that did not experience negative job growth, and it is a vital part of the state’s economy. We believe this Act could adversely affect the state’s economy as well as the health of its population.

We strongly urge you to reach out to your constituents and the health-related organizations throughout the state that can provide feedback on the possible repercussions of these major policy changes. The Cover Arizona Coalition is one such organization, representing more than 800 groups and individuals that have worked over the past four years to help Arizonans find affordable health insurance options. We would be glad to connect you with Coalition members in your district to provide additional perspective on how this Act would affect their organizations and the communities you serve.

We look forward to working with you on this critical policy initiative.

Sincerely,

Suzanne Pfister
President and CEO
Vitalyst Health Foundation

Sources

¹ [Congressional Budget Office](#)

² [Brookings Institution](#)

³ [Standard & Poor’s Global](#)

⁴ [Kaiser Family Foundation](#) – *How ACA Repeal and Replace Plans Might Shift Health Insurance Tax Credits*

⁵ [Kaiser Family Foundation](#) – *2017 Premium Changes and Insurer Participation in the ACA Health Insurance Marketplaces*

⁶ [Arizona Department of Health Services](#)

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