September 25, 2017

The Honorable Orrin Hatch
Chairman
Senate Finance Committee
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Finance Committee
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of the American Academy of Family Physicians (AAFP) and the 129,000 members we represent, I respectfully submit this letter to the Senate Finance Committee to assist you and members of the Committee in your evaluation and consideration of the *Graham, Cassidy, Heller, Johnson (GCHJ)* proposal.

Thank you for holding this hearing and providing an opportunity for organizations, such as the AAFP, to share with the Committee our views, opinions, and recommendations on the GCHJ proposal and our current health care system.

The AAFP has significant concerns with the *Graham-Cassidy-Heller-Johnson* bill and the negative impact it would have on individuals, families, and our health care system overall. The changes proposed by GCHJ, according to numerous independent and non-partisan organizations, would result in millions of currently insured individuals losing their health care coverage. Furthermore, it would destabilize insurance markets, allow for discrimination against people based on their health conditions, rollback vital insurance and consumer reforms, cause increased premiums and deductibles for individuals and families, and do nothing to reduce the costs of health care. **For these reasons, we oppose the *Graham-Cassidy-Heller-Johnson* proposal.**

We urge the Senate to set aside efforts to repeal the ACA and focus on improving current law in ways that expand access to affordable coverage, reconnect patients back to primary care, stabilize insurance markets, and begin to lower health care costs.

Sincerely,

John Meigs, Jr., MD, FAAFP
Board Chair

C: Members, Senate Finance Committee

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Background

The AAFP first adopted a policy on health care coverage for all in 1989. Research shows that the two most telling factors indicative of individual health is health care coverage and a continuous relationship with a primary care physician. Individuals who have a long-term, continuous relationship with a physician, tend to be healthier and have lower health care costs per capita than those who lack such a relationship. A key to establishing and maintaining a long-term relationship with a physician is continuous health care coverage.

The GCHJ proposal, in its current form, is not consistent with AAFP policies on health care coverage and, in our opinion, falls well short of achieving our goal of ensuring that every American has health care coverage and improved and affordable access to a family physician.

The AAFP recognizes that current law and our current health care system has flaws and is failing to achieve some of our shared goals, especially those aimed at slowing the escalating costs of health care. However, we also recognize that tremendous improvements have been made to our health care system as a result of the enactment of the *Affordable Care Act* in 2010. In fact, just this month, the U.S. Census Bureau released a report that showed the US uninsured rate fell to a historic low of 8.8 percent in 2016. Since enactment of the ACA, we have seen significant decreases in our national uninsured rate, especially among vulnerable populations. We should be celebrating this accomplishment and seeking ways to extend health care coverage to those who still lack it – not pursuing legislation that would drive up the number of uninsured.

The GCHJ proposal, if enacted, would end the Medicaid expansion and its financing and fundamentally alter the Medicaid program through significant changes to that programs financing. In addition, the proposal seeks to eliminate the tax subsidies currently available for low to moderate income individuals purchasing their coverage on the individual market. The bill attempts to replace these two coverage opportunities through the establishment of an overly complex methodology that would redistribute current federal financial support through a state-by-state block grant system.

We are troubled by the fact that the GCHJ proposal appears to punish, financially, those states that have taken the most meaningful steps to expand coverage over the past few years and rewards those that chose to forgo federal dollars that would have assisted their citizens in securing health care coverage. Our goal as a country should be to increase coverage and provide continuing support to those who are doing this well and additional support to those that need it. We should not punish states for extending health care coverage to individuals and families.

We also are deeply concerned about the impact the proposal would have on individuals with pre-existing conditions. The proposed legislation, while retaining guaranteed issue provisions in current law, fails to maintain other protections that protect patients with pre-existing conditions. Yes, the proposal preserves access to health care coverage for everyone, but it exposes individuals with pre-existing conditions to discriminatory pricing based on their health condition. In fact, the proposal explicitly allows insurers to charge individuals with pre-existing health conditions more, solely based on their health status.

Furthermore, the proposal, establishes a waiver process, which currently lacks definition or criteria, that would allow states to no longer comply with requirements that insurance products sold cover a minimal set of benefits. Since the prohibitions on annual and lifetime caps are tied to the essential health benefits under current law, the proposal would allow insurance companies to once again impose annual and lifetime caps on individuals and families.

The AAFP is increasingly concerned with the escalation in deductibles that has occurred in the employer-sponsored, small group, and individual insurance markets. Higher deductibles create a financial disconnect between individuals, their primary care physician, and the broader health care system. The ACA has been successful in reducing the number of uninsured individuals and families through expanded access to health care coverage, but the law has fallen short in reducing costs and most specifically the out-of-pocket cost for individuals. In fact, for some Americans, the law has provided increased access to health care coverage but has done so by increasing out-of-pocket cost through higher deductibles.

In an effort to maximize the proven benefits of health care coverage and a continuous relationship with a primary care physician, the AAFP proposes the establishment of a standard primary care benefit for individuals and families with any high-deductible health plans (HDHP). Our proposal would establish a standard primary care benefit for all individuals with a high-deductible health plan. Individuals with a HDHP, as defined by the Internal Revenue Service (IRS)*, would have access to their primary care physician, or their primary care team, without the cost-sharing requirements (deductibles and co-pays) stipulated by their policy.

The AAFP agrees that innovation in care delivery are essential to reducing costs. The AAFP has been a national leader in efforts to better align our delivery and payment systems to produce higher quality care at lower cost. The GCHJ proposal points to one innovation we see as a high-impact innovation in primary care. The proposal would support the expansion of a delivery model commonly known as “direct primary care (DPC).” The AAFP strongly supports DPC, but we do not see this delivery model as an alternative to comprehensive health care coverage.

There are bipartisan solutions, such as those mentioned above, to challenges we face and the AAFP is standing ready to partner with you and your colleagues to identify, develop, and implement those solutions. On July 27, 2017, the AAFP sent a letter to Senate Leaders outlining a set of bipartisan policies that we believe would be appropriate steps towards improving our health care system.

Health care is an immensely personal issue. Each of us, at some point in our lives, will interact with the health care system either as a result of our own health issue(s) or the health issues of a family member or loved one. Our individual views and opinions regarding our health care system are shaped by our experiences and observations, but we all agree that health care and health care coverage should be accessible and affordable for every person and family.

Changes to current law must be patient-centered, be focused on enhancing and improving our health care system for all Americans, and acknowledge the important role of family physicians and primary care in our health care system. Family physicians are on the frontline each day providing care to millions of men, women, and children in communities large and small, rural and urban, wealthy and poor across the country. Today, one in five physician office visits takes place with a family physician.

They are not only physicians, they also are patient advocates. They are the physicians that individuals and their families turn to when they are sick and when they are in need of guidance on life's most complicated and challenging decisions. They are, without question, the foundation of our health care system.

Our members witness each day the importance of individuals and families having health insurance coverage. They see the value of those patient-centered protections that ensure each individual is able to obtain health care coverage regardless of their gender, health history, or socioeconomic status. Our health care system is not perfect and there clearly are areas of our insurance and health care system that require additional reforms. The AAFP is committed to engaging in a dialogue and process that identifies policies that strengthen our health care system and make health care more affordable for individuals and families at all income levels.

The AAFP's policies and advocacy on these issues are guided by a standard that has been proven the world over – the two primary factors that are most indicative of better health and more efficient spending on health care are continuous health care coverage and having a usual source of care, normally through a primary care physician. Unfortunately, the GCHJ proposal is not consistent with this standard.