



The Honorable Orrin Hatch
Chairman
U.S. Senate Committee
Washington, DC 20510-6200

The Honorable Ron Wyden
Ranking Member
U.S. Senate Committee
Washington, DC 20510-6200

September 25, 2017

Dear Chairman Hatch and Ranking Member Wyden,

The American Network of Community Options and Resources (ANCOR) is a nonpartisan national trade association that represents over 1,400 disability service providers serving over 1 million people with intellectual and developmental disabilities nationwide. Our members are able to provide critical services to this important population because of the Medicaid home and community-based services (HCBS) and intermediate care facility (ICF/IID) programs.

As the Committee prepares to hold a hearing on the Graham-Cassidy-Heller-Johnson proposal (GCHJ proposal) and deliberate on the impact of the bill, ANCOR would like to express its strong opposition to the proposal because of the harm it will cause to people with intellectual and developmental disabilities (I/DD). We are hopeful that the deliberative body of the Senate will instead commit to a bipartisan process. While we understand that several Senate members seek to address issues specific to the Affordable Care Act (ACA), we are dismayed that the GCHJ proposal uses the traditional Medicaid program to help pay for such changes.

Services provided to people with disabilities by the traditional Medicaid program are proven to be successful, allowing state-run institutions in several states to close, and children with disabilities the opportunity to live in the community with their family and peers. Now is not the time to disrupt the funding mechanisms in Medicaid that made this historical progress possible. The Committee should note that developmental disability prevalence in the U.S is on the rise and, as confirmed by the Centers for Medicare and Medicaid Services (CMS), the need for these critical services are going to continue to increase in the next several years. For example, the Centers for Disease Control (CDC) reported that, in the year 2000, 1 out of 150 children had autism. Today the prevalence has increased to 1 in every 68 children having a diagnosis of autism. Further, in the past few decades, CDC has documented that the prevalence of Down Syndrome births has increased by over 30%, with about 1 in every 700 babies in the U.S. being born with Down Syndrome.

The GCHJ proposal will cause irreparable harm to programs for people with intellectual and developmental disabilities. This bill replicates legislative language from the Better Care Reconciliation Act (BCRA) in its details around setting Medicaid per-capita caps. Earlier Congressional Budget Office scores predicted that these identical cuts would cost the traditional Medicaid program (non-expansion) \$175 billion in the first five years of implementation and this is all before the growth rate for the disabled population is reduced in 2026.

Avalere Heath released data on September 20, 2017 that indicated that the GCHJ proposal will reduce federal funding dramatically in every state in the United States adding up to hundreds of billions of dollars that states will not be able to replace. ANCOR modeled the impact of the per-capita proposal in the GCHJ proposal on real Medicaid data for traditional disability services between 2001-2005 (to replicate pre-ACA passage) and it revealed that the vast majority of states will immediately lose 15% or more of their federal Medicaid spending dedicated to traditional disability services.

The HCBS and ICF/IID programs that our members provide are optional services under Medicaid – that means that states can choose to offer them, but unlike mandatory services, states are not required by the program to include them

as part of their Medicaid partnership with the federal government. This classification leaves our services extremely vulnerable under the GCHJ proposal. Even a state with the best intentions will find itself short on state/federal dollars and optional services will be the first to be cut. The GCHJ proposal does not protect people with disabilities who need Medicaid to survive; instead it puts them at extreme risk.

The bill itself contains a provision that highlights the danger to HCBS programs. On page 95 under Section 124, the legislative language details a four year demonstration project to sustain HCBS programs with priority given to rural states. While ANCOR appreciates the legislative highlight of the importance of HCBS programs, the demonstration project seems to indicate that funding will be needed to sustain these programs in light of the drastic cuts under the per-capita cap system.

To be more specific, the cuts created through the per-capita cap formula in Section 124 of the bill will devastate providers and the businesses around the country that provide these critical services. Not only does the growth rate for the people ANCOR members support get cut to an unsustainable CPI-M (even the American Health Care Act as passed in the House had initially proposed a CPI-M plus 1% into perpetuity) which is far less than the predicted growth rate of the true cost, but it also locks in a base period from quarters within FY14-FY17. Avalere Health, MACPAC, and other reliable data sources show that post 2026, this equation will drastically reduce federal Medicaid funding jeopardizing vulnerable populations and the providers that serve them. This is a formula set up for failure and the losers will include the most vulnerable citizens in our country.

Passage of the GCHJ proposal would represent a moral shift in our history of over five decades of bipartisan support for people with intellectual and developmental disabilities to live in the community. Without these services, people with disabilities who are now active parts of their communities will be shifted to nursing homes and hospitals, and waiting lists will grow significantly. A vote to support GCHJ is a vote to confirm that the imperative to achieve a publicized political outcome is being prioritized ahead of maintaining a successful safety net for people with disabilities. Please do not allow the services that have been built over half a century to be a casualty to this political debate around health care.

We respectfully request that you vote no on the harmful GCHJ proposal.

Sincerely,

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