The Honorable Robert Bentley
Office of the Governor
State Capitol
600 Dexter Avenue
Montgomery, AL 36130-2751

Dear Governor Bentley,

I write in response to the letter you and other Governors received from Members of Congress concerning possible changes to federal financing of the Medicaid program. The American Cancer Society Cancer Action Network (ACS CAN), the advocacy affiliate of The American Cancer Society, is the nation's largest patient advocacy group, dedicated to eliminating death and suffering from cancer through evidence-based public policy. We represent millions of cancer patients, survivors and their families in the United States.

ACS CAN has serious concerns about how alternative financing proposals being considered by Congress – specifically block grants and per capita caps – could impact cancer patients and survivors who depend on Medicaid for their care. Supporters of block grants and per capita caps argue that these alternatives provide states with greater "flexibility" in administering Medicaid. In reality these approaches could end up costing Alabama more and could jeopardize access to care for the state's most vulnerable, low-income cancer patients and survivors.

The following outlines our specific concerns with block grants and per capita caps and highlights some of the potential impact to Medicaid enrollees in your state:

Block Grants and Per Capita Caps Impact on States and Cancer Patients

Both block grants and per capita caps will likely favor higher-income states that tend to spend more Medicaid dollars, leaving lower-income states to pay for a greater portion of program costs than under the federal match.[i] The fixed payments associated with block grants are estimated in advance and based on each state's *projected* health care costs using current year expenditures. Per capita caps are based on *historical* spending per enrollee and a pre-determined growth rate. Either proposal will limit federal investment in state Medicaid programs and place a significant financial burden on your state budget, largely due to the unpredictability of health care costs. New breakthrough treatments or unexpected health care emergencies (e.g., Zika virus) can cause Medicaid spending to rise, leaving the state with a larger share of unanticipated program costs. Additionally, economic downturns or major state disasters often result in more Alabamians meeting the eligibility requirements for Medicaid. Currently, when these unexpected incidents occur the federal match automatically adjusts to cover additional state spending to meet enrollee needs. Under a block grant arrangement, however, fixed payments would remain the same and your Administration would be left to address the shortfall.

Per capita caps may be slightly more responsive to enrollment increases but are still unable to respond to unexpected medical cost growth, which can be of particular concern to cancer patients. For example, if a Medicaid enrollee is diagnosed with stage III breast cancer – which studies have shown could cost between $130,000 to $160,000 per year for chemotherapy, radiation, hormone therapy, and surgery/lumpectomy[ii,iii] – and the federal per capita cap for a state Medicaid enrollee is only $6,500, the state would be responsible for covering the difference in the enrollee's treatment costs (approximately $95,000 per year). If the federal funding is exhausted, your Administration may be faced with the decision to stop or limit services provided to enrollees until the next year's block grant or per capita cap funds become available, leaving many low-income residents, including those with cancer, underinsured or uninsured.

Restricting Eligibility, Enrollment, or Benefits Guaranteed by Medicaid

Block grants and per capita caps purport to provide states greater flexibility in administering state Medicaid programs. Unfortunately, this flexibility with reduced federal funding would likely result in your state being forced to impose restrictions in eligibility, enrollment, and/or benefits and services for Medicaid enrollees. If Alabama experiences a significant reduction in overall federal funding under a block grant or per capita cap, your Administration will have to consider other cost-saving measures that are otherwise prohibited by the current Medicaid program, including enrollment freezes, waiting lists, withholding certain medical benefits, and increased cost-sharing for beneficiaries.

Cost-sharing requirements deter low-income patients from getting medical care. Multiple studies have shown that individuals are less likely to seek health services, including lifesaving preventive screenings (e.g. mammograms and colonoscopies), when they must pay for those services out-of-pocket.[iv,v,vi] Deterring a low income person from care could result in higher costs later which the state may have to bear. For a person with cancer, enrollment freezes, waiting lists, and out-of-pocket cost-sharing could mean that a cancer diagnosis is delayed, resulting in a later stage diagnosis when treatment costs are higher and survival is less likely. Ultimately, block grants and capping Medicaid reimbursement costs per enrollee raise serious issues about the Alabama Medicaid Agency's ability to offer low-income Alabamians quality, affordable, and comprehensive health care coverage, particularly for those suffering from cancer.

Shifts Costs to Providers and Beneficiaries

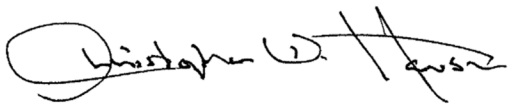
Reduced federal financial support will likely result in Alabama reducing provider payments. Hospitals, rural providers, and federally qualified health centers (FQHC) heavily rely on Medicaid reimbursement to provide services to Medicaid enrollees. Reducing reimbursement to hospital systems, FQHCs, and providers may result in fewer providers participating in the Medicaid program and higher state uncompensated care costs. Not only would this mean less access for Medicaid enrollees facing a cancer diagnosis, but it could also hinder your efforts to improve the quality of health care provided in the state and the health of all Alabamians.

Conclusion

ACS CAN is confident that you and your Administration are committed to preserving access to quality, affordable, and comprehensive health care coverage for Alabama's low-income cancer patients,

survivors, and those at risk of cancer. We ask that in your discussions with members of Congress you consider the effects that certain funding changes to Medicaid will have not only on your state's finances but also on cancer patients and survivors in your state. We stand ready to work with you toward eliminating death and suffering from cancer through ensuring cancer patients and survivors in your state have access to uninterrupted and meaningful health insurance coverage. If you have questions or would like to discuss our concerns in more detail, please contact me at 202.661.5701 or our Alabama Government Relations Director, Ginny Campbell at 334.546.5576.

Sincerely,



Christopher Hansen
President, ACS CAN

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