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Statement of Dick Woodruff
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"Hearing to Consider the Graham-Cassidy-Heller-Johnson Proposal"

United States Senate
Committee on Finance

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Good afternoon, Chairman Hatch, Ranking Member Wyden and members of the Committee. My name is Dick Woodruff, Senior Vice President for Federal Advocacy of the American Cancer Society Cancer Action Network (ACS CAN). I appreciate the opportunity to testify today on behalf of cancer patients and other patients living with chronic diseases on the proposal introduced by Senators Lindsey Graham (R-SC) and Bill Cassidy (R-LA) to repeal and replace the current health care law. ACS CAN, the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society, supports evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. As the nation's leading advocate for public policies that are helping to defeat cancer, ACS CAN ensures that cancer patients, survivors, and their families have a voice in public policy matters at all levels of government.

We recognize that the current health care law requires bi-partisan fixes. But we oppose the Graham-Cassidy bill because of the potential negative impact it would have on the 1.6 million Americans who will be diagnosed with cancer this year[1] and the additional 15.5 million Americans living today with a history of cancer.[2] For these Americans – many of your own constituents – access to affordable health insurance is a matter of life or death. Research from the American Cancer Society has shown that uninsured Americans are less likely to get screened for cancer and thus are more likely to have their cancer diagnosed at an advanced stage when survival is less likely and the cost of care more expensive.[3]

The Graham-Cassidy Bill Could Gut Pre-Existing Condition Protections

For many years, a cancer diagnosis made it nearly impossible to get or keep insurance for Americans who relied on private health insurance sold in the individual and smaller group markets. Prior to enactment of the current law, health insurers in most states that sold in those markets could refuse to cover an individual with a pre-existing condition like cancer; could limit and/or refuse to cover care associated with a pre-existing condition; or could charge a higher premium based on pre-existing conditions – making insurance unaffordable. A survey conducted before passage of the current law found that 36 percent of those who tried to purchase health insurance directly from an insurance company in the individual insurance market were turned down, charged more, or had a specific health problem excluded from their coverage.[4] Some people even found their insurance policies rescinded after being diagnosed

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[1] American Cancer Society, Cancer Facts & Figures 2017, available at https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2017/cancer-facts-and-figures-2017.pdf.

[2] Id.

[3] E Ward et al, "Association of Insurance with Cancer Care Utilization and Outcomes, *CA: A Cancer Journal for Clinicians* 58:1 (Jan./Feb. 2008), http://www.cancer.org/cancer/news/report-links-health-insurance-status-with-cancer-care.

[4] Doty MM, Collins SR, Nicholson JL et al. *Failure to Protect: Why the Individual Insurance Market is not a Viable Option for Most US Families.* The Commonwealth Fund, July 2009.

with cancer. The current law prohibits these discriminatory practices and has helped to ensure that millions of people with serious illnesses like cancer can get and keep their coverage.

Unfortunately, the Graham-Cassidy proposal essentially rolls back the non-discrimination protections in the individual and small group market. Although the bill would technically prohibit plans from denying individuals coverage due to pre-existing conditions, it would allow states to waive the requirement that prohibits health plans from considering an individual's health history when determining premiums. For an individual in active cancer treatment or a cancer survivor, the health plan could have no limit on the amount of the monthly premium. Products would be unaffordable to individuals who required – or were anticipated to require – high-cost treatments.

The bill would also allow states to waive some or all of the essential health benefits (EHBs) requirements. Insurance should cover the major health needs of cancer patients and survivors, including hospitalization, specialty cancer care, physician services, prescription drugs, rehabilitative care, screenings, and mental health services. Eliminating EHB requirements would encourage insurers to streamline "basic" policies that do not include explicitly defined comprehensive benefits, thus putting cancer patients and survivors at risk of inadequate treatment, and could jeopardize access to necessary preventive care, treatment, and follow-up care.

Moreover, since the current law ties the prohibition on lifetime and annual benefit limits to the EHB requirements, by eliminating the EHB requirements, the Graham-Cassidy proposal could also eliminate these other important protections. Health plans could once again impose lifetime or annual limits on benefits provided to enrollees, increasing the chances that a diagnosis of cancer or other serious condition could lead to severe financial hardships for many Americans.

Finally, the legislation would allow states to waive the current three-to-one age rating requirements that limit what insurers can charge in premium on the basis of the age of the enrollee. While cancer can be diagnosed at any age, the incidence of cancer increases with age. According to the American Cancer Society, 85 percent of all cancers in the United States are diagnosed in people 50 years of age and older.[5] Thus, increasing the age rating bands would mean that older individuals (those more at risk of developing cancer) would face significantly higher health care premiums or be priced out of the market completely. Prior to the enactment of the current laws age rating band restrictions, older adults faced significant

[5] American Cancer Society, Cancer Facts & Figures 2017.

problems accessing health insurance coverage, in large part because insurers in many states were permitted to charge older enrollees many times what they charged younger ones, (compounded by the ability of issuers to use health status when setting premiums).[6]

The Graham-Cassidy Bill Could Make Coverage Unaffordable

The legislation provides that, beginning in 2020, individuals would no longer qualify for federal tax credits or subsidies. Instead, states would receive a block grant of federal funds intended to cover the state's portion of Advance Premium Tax Credits (APTCs), Cost-Sharing Reduction subsidies (CSRs), Medicaid expansion funds, and funds from the Basic Health Insurance program.

States could use these funds to implement their own insurance programs and the coverage could vary significantly by state. Unfortunately, compared to CBO projections of current law spending, funds available under the block grants would be substantially below the amounts that would be available for Medicaid and health insurance subsidies under current law, shortchanging states and almost guaranteeing that the level of subsidies will not be maintained.

Further, the legislation is silent regarding any consumer protections that a state should implement in designing their individual state insurance program. There are no requirements that a state maintain the same level of subsidies for individuals, thus leaving individuals vulnerable to higher out-of-pocket costs under the Graham-Cassidy bill than would be incurred under current law. Compared to Congressional Budget Office projections of current law spending, the funds that would be made available under the block grants are substantially below the amounts that would be available for Medicaid and health insurance subsidies under current law, shortchanging states and almost guaranteeing that the level of subsidies will not be maintained.

In addition, the block grant is only available to states until the end of 2026, after which the block grant is eliminated leaving the states to shoulder 100 percent of the cost of administering their health insurance program. With federal funds eliminated, it is likely that any state program enacted under Graham-Cassidy would be either severely curtailed or eliminated entirely, depending on the state budget.

[6] Gerry Smolka, Leigh Purvis, and Carols Figueiredo, "Health Care Reform: What's at Stake for 50- to 64-Year-Olds," AARP Public Policy Institute, Insight on the Issues #124, March 2009.

The Graham-Cassidy Bill Would Significantly Cut Medicaid

Medicaid is the health insurance safety-net for lower income Americans, offering quality, affordable, and comprehensive health care coverage to over 74 million people[7] – including those with cancer, those who will be diagnosed with cancer, and cancer survivors. Medicaid provides important preventive screenings and treatment services for cancer patients and survivors. It is projected that in 2017, approximately 2.3 million patients (infants to age 64) with cancer or a history of cancer will rely on Medicaid and the Children's Health Insurance Program (CHIP) for their insurance – a 31 percent increase from 2013.[8] Out of the 2.3 million enrollees, 540,000 are estimated to be receiving Medicaid coverage under the current law's Medicaid expansion. Additionally, Medicaid provides coverage for children – with approximately one-third of pediatric cancer patients enrolled in Medicaid at the point of diagnosis.[9]

The Graham-Cassidy bill would significantly cut funding for Medicaid. The bill would end the expansion of Medicaid by 2020 and reduce Medicaid funding for the traditional Medicaid population – including seniors, people with disabilities, and low-income families with children – by imposing a per capita cap. The cap could potentially limit enrollment and services.

The proposed repeal of Medicaid expansion along with significant federal funding changes could leave the nation's lowest income cancer patients and survivors without access to preventive, curative, and follow-up health care, as states struggle to decide how to manage their Medicaid populations with less federal dollars. For low-income Americans, the changes proposed by Graham-Cassidy could be the difference between an early diagnosis when outcomes are better and costs are less or a late diagnosis where costs are higher and survival less likely.

The Graham-Cassidy Timeframe is Unworkable

Under the legislation states would be required to create a new program for their individual health insurance market within two years. The creation and implementation of new mechanisms for providing coverage and revising state insurance rules will require a significant investment in terms of time and resources from state governments and, in many cases, may require enactment of state laws and/or regulations. Many state legislatures are already out of session and are not slated to return until the beginning of next year, which would leave little

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[7] Medicaid.gov. *June 2017 Medicaid and CHIP enrollment data highlights*. Accessed September 18, 2017. https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html. Note: Numbers include both Medicaid and Children's Health Insurance Program (CHIP) enrollment.

[8] Analysis provided to ACS CAN by Avalere Health. *Funding for Medicaid patients with cancer under BCRA Discussion Draft.* Analysis performed June 2017.

[9] Id.

time for a state to have a meaningful opportunity for input before enacting its new marketplace.

Moreover, the changes to the health insurance individual market called for under the Graham-Cassidy proposal would require significant education and outreach to consumers. Because these programs would be administered at the state level, the same state agencies that are responsible for creating and implementing their marketplace would also be tasked with consumer education and outreach, putting additional strain on these already overly burdened entities.

Moving Forward

For the reasons previously stated, ACS CAN is opposed to the Graham-Cassidy legislation and urges the Committee to reject the legislation. At the same time, we recognize that the current law will require additional fixes.

We commend the bipartisan efforts of Senators Alexander and Murray as they work through regular order to find bipartisan solutions that benefit patients. Such a process must ensure that individuals with pre-existing conditions are protected, that essential health benefits are maintained, and that coverage is made affordable for individuals. We urge this Committee to build upon their work and focus on practical, bipartisan efforts to strengthen health care coverage.

ACS CAN stands ready to work with the Committee and all Members of Congress to develop and implement policies that will improve the health care system for the millions of individuals who are in active cancer treatment and cancer survivors.