

United Way of Northern New Jersey

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LIVE UNITED



March 22, 2017

The Honorable Robert Menendez
U.S. Senate
Senate Hart Office Building 528
Washington DC 20510

The Honorable Cory Booker
U.S. Senate
Senate Dirksen Office Building 359
Washington DC 20510

Dear Senator Menendez and Senator Booker,

Each day, United Ways across New Jersey bring public, private, and nonprofit partners together to improve the education, health and financial stability for every person in every community, especially ALICE (Asset Limited Income Constrained Employed). We support policies that give everyone a fair shot at reaching their full potential and caring for their families. Access to quality, affordable health care is essential in reaching that goal, and critical to a child's ability to learn, and a family's financial success.

Over the last three years, communities have made big strides in increasing access to quality healthcare coverage for residents of New Jersey. The overall number of uninsured across our country has been reduced to an all-time low. We still have much work to do to reduce healthcare costs and to increase accessibility, but we cannot turn back the clock on the progress we have made. **Any changes to our healthcare laws should improve the affordability and attainability of healthcare coverage.**

The repeal of the Affordable Care Act (ACA) without a replacement plan providing the same level of financial support and plan coverage could result in as many as 799,000 New Jersey residents losing coverage by 2019. Eliminating marketplace subsidies at current levels and reducing Medicaid enrollment would hit low and moderate income families especially hard. Working families could lose substantial financial assistance now available to help them pay their premiums for insurance purchased in the marketplace. In 2016, New Jersey residents received an average advance premium tax credit of \$3,876 annually, which covered 67% of their total premiums for comprehensive coverage. Under the proposed repeal and replacement plan, New Jersey could lose \$59.7 billion in Federal funding and our hospitals would be forced to pay more for uncompensated care.

In addition to the ACA, 1 in 7 adults and 1 in 3 children in New Jersey receive coverage through Medicaid and the Children's Health Insurance Program. 80% of New Jersey's Medicaid enrollees are from working families. Most of these beneficiaries are children, seniors and people with disabilities. **We are deeply concerned about the impact structural financial changes to Medicaid -- in the form of per capita caps or block grants -- could have on these vulnerable populations.**

OFFICE LOCATIONS:

Morris County

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Somerset County

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Suburban Essex County

Millburn-Short Hills

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2nd Floor
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Sussex County

2 Spring Street, Suite 1
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Warren County

699 Washington Street,
Suite 102
Hackettstown, NJ 07840

The proposal to convert federal financing of Medicaid to a per capita cap system is deeply troubling. This policy is designed to reduce federal funding for Medicaid, forcing states to either make up the difference with their own funds or cut their programs by reducing the number of people they serve and the health benefits they receive.

Under the current Medicaid funding structure, federal funding to New Jersey is guaranteed with no cap and can adapt to fluctuations in program needs. In New Jersey, the federal share is 50%. For every \$1 spent by the state, the federal government matches \$1. In a per capita cap structure, New Jersey would lose flexibility to adapt to changes in health care costs, demographics or addressing unexpected health problems, such as Zika or the opiate epidemic. The cost burden for these added costs would shift to the state, requiring New Jersey to make cuts to benefits or eligibility, which would hurt our most vulnerable citizens who rely on Medicaid for life sustaining care.

We believe it is important to consider the importance of affordable healthcare coverage for individuals and families to remain financially stable and for local economies to thrive. Having attainable, affordable healthcare is not just a health issue. Healthcare is a fundamental financial stability issue for working families. The high cost of healthcare without affordable coverage can hurt working families who are already struggling to make ends meet. Local hospitals are more profitable and solvent because they do not have to spend millions of dollars on uncompensated emergency room care.

While there is certainly room for improvement, the ACA has made it possible for states like New Jersey to make big strides in safeguarding the health and well-being of our residents. We applaud any effort to improve the affordability and quality of healthcare for everyone, but have serious concerns about the proposal currently pending before Congress. We cannot afford to go backward.

We thank you for standing up for the people of New Jersey by ensuring that any changes to our healthcare law improve on existing coverage, protect Medicaid from harmful structural changes, and leave intact consumer protections for all New Jersey residents.

Thank you for your thoughtful consideration of these concerns. And thank you both for your service to our State.

Respectfully,

A handwritten signature in black ink, appearing to read "John Franklin".

John Franklin, CEO

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