



OFFICE OF THE EXECUTIVE VICE PRESIDENT
UC HEALTH

OFFICE OF THE PRESIDENT
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September 22, 2017

Dear Members of the California Delegation:

On behalf of the University of California Health system, collectively referred to as “UC Health,” which is California’s fourth largest health care delivery system, second highest in annual count of Medicaid (“Medi-Cal”) services delivered in California, and the nation’s largest health sciences instructional program, with more than 14,000 students, I write to urge your opposition to the Graham-Cassidy health care bill.

Comprised of five nationally acclaimed medical centers in Davis, Irvine, Los Angeles, San Diego, and San Francisco, and 18 health professional schools, UC Health system is one of California’s leading providers of quality health care and a critical safety net provider. In 2016, UC Health had 4.5 million outpatient visits, 356,000 emergency room visits, and 165,000 inpatient admissions. Across UC Health’s five medical centers, approximately 60 percent of the patients are Medicare or Medi-Cal beneficiaries or uninsured.

UC Health’s overriding concerns in the health care coverage debate are set forth in two basic principles. First, Congress should ensure the continuation of affordable, comprehensive health insurance coverage. Second, Congress must preserve the ability of academic medical centers, like UC Health, to care for the sickest patients, serve as vital safety nets to vulnerable populations, and train the next generation of clinicians and researchers.

Fiscal analysis demonstrates that if the Graham-Cassidy legislation were to go into effect, California would lose approximately \$41.1 billion from 2020-2026 relative to the current Affordable Care Act (ACA) and more than \$57.5 billion in 2027 and each year thereafter.¹ Because California already is among the nation’s leaders in operating a cost-efficient Medicaid program, a significant cut in federal funding would leave California with no other choice but to diminish its current Medicaid benefits or offer less care to patients. As a safety net, UC Health’s twelve public hospitals are entrusted to continue providing high quality care to California’s most vulnerable populations.

UC Health’s capacity to fulfill its tripartite mission of training the next generation of clinicians, innovating medical cures, and providing high quality patient care would be greatly

¹ Data extracted from fiscal analysis undertaken by the State Health & Value Strategies, a grantee of the Robert Wood Johnson Foundation, highlights the substantial losses in federal funding that would result to California should the following policies go into effect: 1) Medicaid expansion is phased-out from 2020-2026, 2) Cost-sharing reduction subsidies supporting exchange enrollees end, 3) Medicaid delivery ceases to be under a federal-state partnership in which federal funding for a Medicaid enrollee is uncapped and simply matched to costs borne by the state, and 4) A state flexibility approach is adopted, allowing states to waive many ACA consumer protections for state exchange insurance products. A UC Berkeley Labor Center report from September 18, 2017 estimates as much as \$57.5 billion in funding being lost to California in 2027 and every year thereafter if Graham-Cassidy legislation becomes law.

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compromised should the Graham-Cassidy legislation be enacted into law. The legislation's phase-out of the Medicaid expansion, termination of the cost-sharing reduction payments to exchange issuers in return for their covering at-risk lower-income Covered California enrollees,

restructuring of Medicaid from an uncapped federal-state entitlement into a per capita cap allotment system, and allowance of state waivers to eliminate existing private health exchange plan protections would unravel California's health coverage gains. Additionally, enactment of these policies would hinder the ability of UC Health and other academic medical centers to care for our nation's sickest and most vulnerable patients, while maintaining our commitment to clinician training and scientific advancement.

We urge you to consider the importance of the Medicaid expansion and the federal cost-sharing reduction payments that have allowed millions of Californians to obtain health care coverage. Since passage of the ACA as many as 3.7 million low-income uninsured Californians have acquired health coverage through the Medicaid expansion. Another 1.5 million Californians acquired commercial health care coverage through enrollment in Covered California. As a result, California's uninsured rate has fallen to a historic low of 7.5 percent.

The current Medicaid expansion, federally-subsidized state health exchanges, and exchange plan consumer protections have helped millions of Californians access medical care. UC Health urges you to oppose the Graham-Cassidy legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Stobo". The signature is fluid and cursive, with a large initial "J" and "S".

John D. Stobo, MD

Executive Vice President--UC Health system