



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

CHRISTOPHER T. SUNUNU
Governor

June 27, 2017

The Honorable Mitch McConnell, Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles E. Schumer, Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

My administration has been thoroughly reviewing the details of the Better Care Reconciliation Act (BCRA) currently under consideration in the United States Senate. We understand the magnitude and difficulty of reforming health care and appreciate your efforts to tackle the challenge head-on. While a good deal more time and analysis is needed to fully appreciate its entire impact on New Hampshire, there are some initial thoughts we would like to share.

Unfortunately, there has been far too much partisan hyperbole engulfing the health care reform discussion and not nearly enough constructive ideas. We have been pleased on previous occasions to offer our insights and ideas on how to best approach reform. Granite Staters understand that health care reform is critically necessary. Like most states, New Hampshire currently faces the likelihood of potentially astronomical premium increases in 2018.

We continue to believe that the best way to reform Obamacare is through a focus on transparency, competition and an improved partnership with states that includes reliable, adequate federal funding and flexibility for states to craft their own approaches to address the cost of care with improving quality, access and innovation.

From that perspective, there are aspects of the BCRA that are commendable. Notably, the considerable flexibilities that the states are afforded, while also maintaining preexisting condition protections. This increase in flexibility is a positive improvement over the House bill and allows for states to innovate, increase competition and bring free market ideas forward. Similarly, with respect to Medicaid, the inclusion of the option to provide coverage for limited stays in Institutes for Mental Disease (IMDs) should be applauded. Moreover, the incorporation of a state option to

permit work requirements as a condition of eligibility is very welcome and consistent with our desired policy approach to its Medicaid expansion.

However, we have substantial concerns regarding the adequacy of resources New Hampshire would receive under the bill's per capita cap system. As we have stated previously, in order for New Hampshire to successfully design and manage health care systems that best meet the needs of our citizens, we need sufficient time, reliable funding, and greater flexibility. Ultimately, the BCRA fails to provide us with sufficient funding.

Of particular concern are the BCRA's proposed per capita cap and its impact on the state's Medicaid program. Even if the state managed its healthcare costs below the trend rate for the per capita cap in BCRA, New Hampshire is projected to lose at least \$1.4 billion in the first decade. As with the House version, New Hampshire will be locked into per capita rates that would force the state to confront the hardest of choices: make severe cuts to its Medicaid program, such as ending eligibility categories or eliminating coverage of vital services, or both. New Hampshire Medicaid covers many Granite Staters, including 90,000 children and nearly 20,000 senior citizens and people with disabilities. It provides coverage for prescription drugs, doctor visits and home and community based care. Choosing among these groups and services would not be practical.

We are further concerned that BCRA jeopardizes the investment New Hampshire made in its Medicaid expansion. Our Medicaid expansion has been one of the primary tools to combat our opioid crisis. We know that in total, more than 23,000 people have received substance use disorder services through this coverage group since it began in mid-2014. We currently serve more than 51,000 people through this program; and since its inception more than 107,000 unique people have ever received coverage through it. The BCRA planned reduction in Federal Medical Assistance Percentages (FMAP) for this coverage group jeopardizes the investment the state has made. In fact, New Hampshire stands to lose nearly \$20m in FY2021 alone due to changes in funding for this coverage group.

As for the bill's provisions affecting state health insurance markets, we appreciate the additional flexibility that states would have in pursuing Section 1332 waivers and the streamlined process for application. We are encouraged to see that federal funds have been allocated for a "State Stability and Innovation Program." The short-term fund, if it is sufficiently capitalized, could be of major importance to New Hampshire in suppressing what otherwise may be substantial rate increases in the individual market in 2018. At the same time, we were disappointed to see that the long-term fund diminishes significantly after 2021 and requires a state match that tops out at 35%. This is not affordable or practical for states like New Hampshire with fixed revenue structures and balanced budget requirements.

Our job is to advocate for New Hampshire. Taken as a whole, we believe that the changes proposed in the BCRA will lead to cuts in eligibility, loss of coverage, or significant increases in state taxes. New Hampshire is proud of its tradition of not having an income tax or sales tax and remains vigilant against down-shifting of costs onto states that become general fund liabilities. While there are aspects of the BCRA that are certainly commendable, the significant concerns expressed above prevent us from being able to support the BCRA. We simply do not see the resources necessary for us to craft a successful system that meets the needs of Granite Staters.

Healthcare reform requires robust participation from the nation's governors. While we remain committed to reforming healthcare, the current version of the BCRA goes beyond addressing Obamacare's flaws. This is not an approach I can support, and I am opposed to the BCRA as currently written. We remain heartened by your assurances when the bill was released that it is a draft that is open to discussion and improvement. We hope that moving forward the House and Senate will consider our concerns in an open, transparent, deliberate and bipartisan manner. We remain committed to the necessity of reforming Obamacare and stand ready to assist in any manner possible.

Sincerely,



Christopher T. Sununu
Governor

cc:

Sen. Jeanne Shaheen
Sen. Maggie Hassan
Congresswoman Carol Shea-Porter
Congresswoman Annie Kuster