



# AFL-CIO

AMERICA'S UNIONS

**American Federation  
of Labor and  
Congress of Industrial  
Organizations**

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March 23, 2017

U.S. House of Representatives  
Washington, DC 20515

Dear Representative:

On behalf of the 12.5 million working people represented by the AFL-CIO, I urge you to oppose the American Health Care Act (H.R. 1628). This legislation is a betrayal of working people who will pay the price for it through medical care they can no longer afford, greater financial insecurity, fewer jobs, and lives that end too soon. Though it masquerades as health policy, this legislation is really a massive redistribution of wealth away from working families to give even more to the wealthy few.

Working people were promised insurance for everyone, affordable premiums, and much lower deductibles. The American Health Care Act (AHCA) breaks every one of these promises. It takes health benefits away from millions of Americans, makes others pay far higher premiums and out-of-pocket expenses, and drives deductibles and other required expenses even higher than they are today. At the same time, it fractures every major form of health coverage in the nation—from disrupting the individual market, to hollowing-out employment-based coverage, decimating Medicaid, and cutting Medicare funding. As it rips away the financing of this coverage, it simultaneously delivers hundreds of billions of dollars in tax windfalls to high-income households and corporations.

While much attention understandably has been focused on the massive coverage losses that will occur in Medicaid and the individual market, most covered Americans—178 million—get their coverage through health benefits earned on the job. This includes most of the coverage that unions negotiate for their members. The AHCA entrenches the so-called “Cadillac” tax on worker health benefits in our tax code, threatening to hollow out the health benefits working people count on most.

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There is wide consensus among economists that the tax will result in higher deductibles, co-pays, and coinsurance for working people. Data show that the tax will predominately fall on the middle class, and that the average household will face thousands of dollars in extra out-of-pocket costs. While the AHCA repeals all of the major Affordable Care Act (ACA) taxes that fall on wealthy individuals and corporations, it preserves this tax on the middle class. As a result of this tax, together with the elimination of penalties for large employers that choose not to offer affordable coverage, 7 million fewer people will get workplace health benefits.

The largest coverage losses, however, result from the AHCA's gutting of the Medicaid program. The Congressional Budget Office (CBO) estimated that \$880 billion would be slashed from the program, taking coverage away from 14 million people. While Medicaid provides coverage for those struggling the most to make ends meet, such as people with disabilities, children in low-income households, and seniors, it is also a crucial pillar of our health care system, providing coverage not available from other sources. Almost every American depends on Medicaid for coverage of long-term care supports and services, since there is virtually no other source of coverage for these services; it pays for the care of 3-in-5 nursing home residents. Medicaid also covers half of all childbirths in the U.S. and 1-in-3 children.

Of course, the AHCA also eliminates the ACA premium and cost-sharing subsidies that help make individual market insurance affordable. CBO predicted that this will disrupt the individual market, leading to a loss of coverage for 9 million people by 2020. In addition, individuals with this coverage will face thousands of dollars in extra costs. This is particularly true for early retirees who will face an "age tax," where their premiums can be increased five times above the premiums allowed for younger consumers. CBO estimated that a 64-year-old earning \$26,500 a year would face a 759% increase in net premiums under the AHCA. Despite complaints raised about these premium spikes, the amended version of the bill does nothing to address the premiums seniors will be charged.

The AHCA also cuts Medicare funding. The legislation reduces the expected solvency of Medicare's hospital trust fund by three years in order to provide the wealthy with a \$117 billion tax cut. It provides pharmaceutical corporations with a \$25 billion tax cut, taking money earmarked for Medicare's fund for outpatient services.

Even more appalling, the AHCA provides a stunning windfall of tax breaks to the wealthy and corporations. The Center on Budget and Policy Priorities estimated that the 400 highest-income taxpayers will receive an average tax cut of \$7 million apiece. The average millionaire will receive about \$50,000. For Wall Street, insurance companies score at least \$145 billion, while medical device companies walk away with tax breaks totaling at least \$20 billion.

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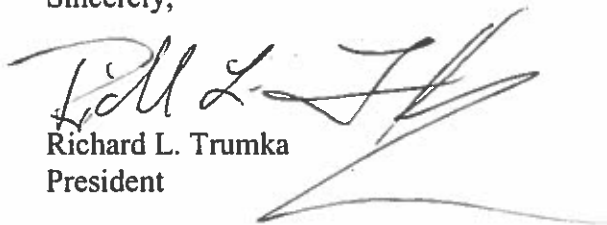
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This bill is based on the prominent conservative theory, enshrined in Speaker Paul Ryan's "Better Way" platform, that health coverage is too generous and families need to face higher costs to make them better consumers. But the truth is that nearly every working household currently finds health care costs to be a fundamental challenge. They understand the stakes, and lost access to medical care and the financial peril that can accompany serious illness have meant tragedy for many.

We cannot simply put the burden of solving the system's problems on the people who by themselves have the least leverage to effect change. Congress should make itself responsible for taking on interests such as the pharmaceutical corporations, insurance companies, and medical device makers that profit from ever increasing medical prices.

The AHCA represents a clear dereliction of duty. Congress must abandon this approach, and begin to do the real work of making health care affordable. It must return to the pursuit of a universal standard of comprehensive coverage enjoyed by everyone who calls our country home.

Sincerely,

A handwritten signature in black ink, appearing to read "R. L. Trumka", is written over a large, light-colored scribble or watermark.

Richard L. Trumka  
President

RLT/WS/lkr