

BILL PASCRELL, JR.
9TH DISTRICT, NEW JERSEY

2370 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5751
(202) 225-5782 FAX

ROBERT A. ROE FEDERAL BUILDING
200 FEDERAL PLAZA, SUITE 500
PATERSON, NJ 07605
(973) 523-5152
(973) 523-0637 FAX

<http://pascrell.house.gov>
bill.pascrell@mail.house.gov

Governor Chris Christie
Office of the Governor
PO Box 001
Trenton, NJ 08625



COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON TRADE
COMMITTEE ON THE BUDGET

Congress of the United States House of Representatives

December 20, 2016

Dear Governor Christie,

As you know, House Majority Leader Kevin McCarthy, in conjunction with the current and incoming chairmen of the House Committees on Ways and Means, Energy and Commerce, and Education and the Workforce, sent a letter on December 2 to governors and state insurance commissioners seeking input and feedback on various changes to the Affordable Care Act (ACA) and the health insurance system as a whole.

I write to encourage you and your staff to make it clear to Leader McCarthy and the Committee Chairmen that repeal of the Affordable Care Act (ACA) and its Medicaid expansion would have a disastrous impact on our state. The House Republican health care reform blueprint *A Better Way*, the ACA repeal budget reconciliation bill vetoed by President Obama last year, and past House Republican budgets have all proposed repealing the expansion of the Medicaid program included in the ACA. I am extremely concerned about the impact this would have on New Jersey and strongly urge you convey the negative impact this policy would have on our state's residents, budget, health care provider infrastructure, and economy. Additionally, I am requesting copies of the letters that your office and the New Jersey Department of Banking and Insurance send in response to this inquiry.

I believe you made the right decision in choosing to expand Medicaid in New Jersey under the ACA. This decision has helped facilitate the enrollment of hundreds of thousands of New Jerseyans in the program¹ and contributed to the unprecedented decline in our state's uninsurance rate. The Medicaid expansion has also resulted in a significant and much-needed infusion of federal dollars to New Jersey, which has produced \$1 billion in savings to the state budget over the last three years.²

Repealing the Medicaid expansion would result in 528,000 New Jerseyans losing their health coverage³ and an \$11.2 billion loss in federal funds from 2018 to 2021, according to a recent report from New Jersey Policy Perspectives.⁴ This would be the greatest loss in federal funding that New Jersey has ever experienced.

I know that you share our frustration with New Jersey's status as a "payer state" that receives less in federal spending than it pays out in federal taxes. The repeal of the Medicaid expansion would only exacerbate this issue and pose additional challenges for New Jersey's state budget. Although the state does pay a portion of the costs associated with the expansion, the vast majority of these costs – 95 percent in 2017 – are and will continue to be covered by the federal government under the ACA. Even

¹ Castro, Raymond. Repealing the Medicaid Expansion Would Reverse Health Coverage Gains & Deepen New Jersey's Financial Crisis. New Jersey Policy Perspective. November 2016. <http://www.njpp.org/wp-content/uploads/2016/11/NJPPMedicaidExpansionRepealNov2016.pdf>.

² *Id.*

³ *Id.*

⁴ *Id.*

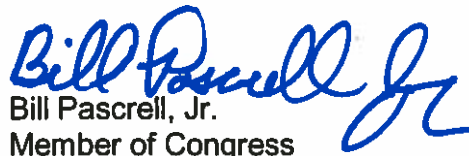
with the state's share of costs, the Medicaid expansion will continue to save our state budget \$474.4 million annually through reductions in charity care payments and higher federal matching rates on general medical education payments, community health center wrap-around services, and other programs.⁵ Simply stated, repeal of the Medicaid expansion would only compound New Jersey's already serious state budget challenges.

I know that you have expressed a desire to see more state flexibility in the Medicaid program, but I want to make it clear that when Republican Medicaid reform plans tout "state flexibility" what they amount to in reality is a crippling cut in federal Medicaid funding to states. According to the Congressional Budget Office, the House Republican Budget proposal to transform Medicaid into a block grant would cut federal Medicaid funding by \$1 trillion, or 25 percent, over ten years. That is on top of the cuts that would occur as a result of repealing the Medicaid expansion.⁶ The idea that federal funding levels under either a Medicaid block grant or per capita cap will be adequate enough to continue to protect the expansion population, or even the basic Medicaid guarantee, is simply not realistic.

Beyond the repeal of the Medicaid expansion, we are equally concerned about the impact that repealing major provisions of the ACA through the budget reconciliation process – as Republicans have vowed to do – before having a replacement plan in place will have on New Jersey residents. The Urban Institute recently released an analysis of this legislation, which found that 799,000 New Jerseyans would lose their health insurance if it became law, resulting in a 124 percent increase in our state's uninsurance rate.⁷ Regardless of one's view of the ACA, the strategies and policies being proposed by Republicans will undoubtedly hurt hundreds of thousands of people in New Jersey and millions across the country. They will also put governors and state legislators in an impossible position, leaving states to deal with the fall-out of massive increases in uninsurance rates, substantial cuts to states' current federal funding levels, and significant disruptions in state insurance markets and the health care system more broadly. I am counting on you to stand up for New Jersey and push back on these harmful proposals.

Thank you in advance for your attention to this matter and I look forward to working with you to ensure that changes to the ACA or any other aspect of our health care system do no harm to New Jersey or our residents.

Sincerely,


Bill Pascrell, Jr.
Member of Congress

cc:
Richard J. Badolato
Commissioner
New Jersey Department of Banking and Insurance
20 West State Street
PO Box 325
Trenton, NJ 08625

⁵ *Id.*

⁶ Park, Edwin. Medicaid Block Grant Would Slash Federal Funding, Shift Costs to States, and Leave Millions More Uninsured. Center on Budget and Policy Priorities. November 30, 2016. <http://www.cbpp.org/research/health/medicaid-block-grant-would-slash-federal-funding-shift-costs-to-states-and-leave>.

⁷ Blumberg, Linda J., Matthew Buettgens, and John Holahan. Implications of Partial Repeal of the ACA through Reconciliation. Urban Institute. December 2016. <http://www.urban.org/sites/default/files/publication/86236/2001013-the-implications-of-partial-repeal-of-the-aca-through-reconciliation.pdf>.