

September 25, 2017

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230 Capitol Building
Washington, DC 20510

The Honorable Charles E. Schumer
Minority Leader
U.S. Senate
S-221 Capitol Building
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of the American Council on Education and the undersigned higher education associations, I write to raise serious concerns about the impact of the healthcare legislation recently proposed by Senators Graham, Cassidy, Heller and Johnson. Our concerns largely mirror those we wrote to you about with regard to the “Better Care Reconciliation Act of 2017.”

First, the bill’s proposed significant changes of the financing of traditional Medicaid (such as the “per capita cap” on spending) and repeal of the Medicaid expansion authorized under the Affordable Care Act will have a significant negative effect on state budgets, forcing state governments to make very difficult and harmful funding decisions. In particular, states would have to choose between providing health care for their most vulnerable residents and investing in higher education. This would exacerbate the long-term decline in state support for higher education and inevitably lead to increased tuition and potentially cuts to state student financial aid programs, raising the cost of attending college for students and their families.

According to Fitch Ratings, “substantial Medicaid cuts would require states to make material budget adjustments over the next decade and beyond. Federal aid for Medicaid currently represents approximately 20% of state budgets . . . Medicaid changes that significantly reduce federal funding to states will cause states to consider a broad mix of spending cuts or revenue increases to maintain long-term fiscal balance. In a time of already muted revenue growth, spending cuts could affect K-12 and higher education the most, as those are the other largest areas of state spending outside of Medicaid.”

Second, the proposed Medicaid cuts and program changes, as well as changes affecting individual market coverage, will also have a significant adverse effect on academic medicine and teaching hospitals, which serve as critical safety net providers and are central to the future of health care in our country. Teaching hospitals are already under enormous financial pressure as they seek to balance providing patient care while supporting critical research and the education of our country’s future medical professionals. They are also important economic engines in communities across the country, serving as stable employers and catalysts for innovation and other economic growth. The Association of American Medical Colleges, which represents academic medicine, is deeply concerned that the bill will lead to a dramatic rise in the number of uninsured Americans. This would lead to large increases in uncompensated care costs and bad debt at teaching hospitals, which would put enormous pressure on their budgets, making it more difficult to invest in research and training.

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A third concern is that many students may lose access to health coverage, including mental health care vital to many college students, as a consequence of the bill's changes to Medicaid and to individual market coverage requirements. Students relying on individual market coverage may see increased out-of-pocket expenses, forcing them to choose between paying for tuition and books or for higher cost medical care.

In summary, it is essential that any health care legislation not leave colleges and universities and many students and their families worse off. Without changes, the bill's impact on colleges and universities, teaching hospitals and those we serve will be severely negative. As the legislative process moves forward, we strongly urge you to address these important concerns and fix current problems without creating new ones.

Sincerely,



Ted Mitchell
President

TM/lw

On behalf of:

American Association of Collegiate Registrars and Admission Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American College Health Association
American Council on Education
American Indian Higher Education Consortium
Association of American Medical Colleges
Association of American Universities
Association of Jesuit Colleges and Universities
Association of Public and Land-grant Universities
Association of Governing Boards of Universities and Colleges
Council for Opportunity in Education
Council of Graduate Schools
EDUCAUSE
Hispanic Association of Colleges & Universities
National Association for Equal Opportunity in Higher Education
NASPA - Student Affairs Administrators in Higher Education
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
Thurgood Marshall College Fund
UNCF