

June 14, 2017

Sen. Mike Rounds
502 Hart Senate Office Building
Washington, DC 20510

Dear Sen. Rounds;

On behalf of the state's post-acute providers, hospitals, health systems and clinician partners, the South Dakota Association of Healthcare Organizations is writing to express further concerns about the American Health Care Act (AHCA).

Although we welcome opportunity to improve the nation's health care system, a new report documents significant funding disparities between states that expanded Medicaid when compared to states that have not expanded Medicaid over the next decade. South Dakota and the other 18 states that opted out of the Affordable Care Act's full expansion for Medicaid will receive \$680 billion less than expansion states. *South Dakota's portion of that total is an estimated loss of \$8.814 billion over 10 years.*

The report released by the Missouri Hospital Association takes into account the various structural Medicaid funding provisions in the AHCA over the next decade — such as the move to per capita spending caps — and other provisions meant to lessen the disparity for non-expansion states. The latter includes eliminating Medicaid Disproportionate Share Hospital (DSH) payment cuts two years earlier for non-expansion states than for expansion states as well as a \$10 billion safety net fund.

The report details that expansion states will see an average of \$1,936 per beneficiary compared to \$1,158 per Medicaid beneficiary in non-expansion states over the next 10 years. The disparity is a result of using 2016 as a base year when establishing the AHCA's per capita cap rates, which locks in the significantly enhanced federal Medicaid matching funds for expansion states. This means enhanced funding continues forward at those higher rates while non-expansion states will not recover from their disadvantaged financial position.

A possible alternative to funding the “transitional dollars” is to shift some of the proposed tax cuts in the House bill to support non-expansion states. South Dakota delivers better quality care for less; our Medicare spending per beneficiary is fourth-lowest in the nation because of the efficiency in our delivery of care. Please consider providing an incentive for states that deliver excellent care for less dollars.

It is essential that we protect and preserve access to care and find solutions to maintain coverage for as many South Dakotans as possible. We look forward to continued dialogue; however, we are unable to support the AHCA in its current form and request your consideration of our position.

Warm Regards,



Scott A. Duke
President/CEO

cc: Curt Hohman, Chairperson