June 20, 2025

The Honorable Bernard Sanders
Ranking Member
U.S. Senate Committee on Health, Education, Labor, and Pensions
428 Senate Dirksen Office Building
Washington, D.C. 20510

Dear Senator Sanders,

As physician leaders of Covered California and the California Public Employees' Retirement System (CalPERS), we are united in expressing our concern regarding the health care provisions in the House reconciliation bill. Together, our organizations serve more than 3 million Californians through state-based Marketplace coverage, and public employee health benefits, forming a cornerstone of the state's health care system.

Covered California, the nation's largest state-based health insurance marketplace, has provided coverage to over 6.3 million Californians—about one in six residents—since its launch in 2014. With more than 1.5 million members, CalPERS is the largest commercial health benefits purchaser in California and the second largest commercial purchaser in the nation after the federal government. California's efforts under the Affordable Care Act (ACA) have led to a historic reduction in the uninsured rate, which reached a record low of 6.4 percent in 2023. This milestone has been transformative, improving health outcomes, reducing disparities, and stabilizing the health care system across the state.

As practicing physicians and leaders in these organizations, we have seen firsthand the devastating impact of inadequate insurance coverage and, alternatively, the transformative impact of expanding access to affordable health care. Rolling back this progress through the proposed reconciliation bill provisions would bring us back to those dark days, exacerbating inequities in health care access, worsening health outcomes, and increasing costs for everyone.

Impact of the Health Care Provisions in the House Reconciliation Bill

While our current roles focus on ensuring affordable health care for millions of Californians, our backgrounds as practicing primary care physicians in Sacramento and Los Angeles—with over 35 collective years of clinical experience—have given us firsthand insight into the devastating consequences of inadequate coverage. Before the

ACA's passage, when California's uninsured rate exceeded 17 percent, we saw tragic cases of patients delaying care due to lack of coverage. It was not uncommon to diagnose a 40-year-old with incurable metastatic colon cancer in the emergency room because they delayed preventative care due to lack of coverage. We have each transitioned patients in their 30s to hospice care for advanced illness that could have been prevented had it been caught earlier.

California's progress under the ACA has been remarkable, reducing the uninsured rate to a record low of 6.4 percent in 2023. However, the proposed cuts to Medicaid and the ACA threaten to undo these gains. The non-partisan Congressional Budget Office projects that 7.8 million Americans would lose Medicaid coverage and another 4 million current Marketplace enrollees would go uninsured because of the provisions in the budget reconciliation bill. In addition, should Congress fail to extend the enhanced premium tax credits which are due to expire at the end of this year, another 4.2 million Marketplace enrollees would go uninsured, resulting in a combined 16 million Americans going uninsured.

Thirty-eight percent of all Californians, or 14.9 million, are currently enrolled in Medicaid, including 50 percent of all children, and 40 percent of all births in California. Should the bill's health provisions pass and enhanced premium tax credits expire, estimates suggest approximately 660,000 Californians on the exchange would go uninsured. Estimates on the Medicaid side are north of 3 million. These are not just our patients, but our neighbors, friends, and family members. And our patients' cancers don't stop growing, their auto-immune diseases don't magically reverse, and their pregnancies don't pause simply because the federal government has changed its policies. In fact, we know what happens: people delay needed care, they stretch their medications out to last an extra month, and they skip that necessary preventive screening test. This leads to a higher-acuity and sicker overall population; and one that costs us all more.

Unfortunately, the sophisticated programs and free clinics across the state that previously provided care to the uninsured for years before ACA coverage expansion have already closed. Re-establishing the referral pathways, specialty agreements, and staffing to support uninsured patients requires time and money that we don't have. The only door that will remain open to the millions of newly uninsured is the emergency room. But our emergency departments already see high volumes, long wait times, and boarding. A surge of members with aborted care plans and complex disease is not only worse for them but also creates bottlenecks for insured patients in need of emergency services. Additionally, our dedicated healthcare professionals who remain strained post-pandemic and at a persistently high risk of burnout may continue to exit the field or reduce their number of working hours.

The compounding of healthcare workforce challenges with increases in uncompensated care means the healthcare delivery system is forced to pursue other unfavorable paths to remain financially solvent. Reducing hospital uncompensated care costs in California has been one of the major successes of the ACA, with costs cut in half from $3.0 billion in 2013 to $1.4 billion in 2016 due to more patients having insurance. However, rolling back coverage expansions would reverse this progress, exacerbating financial strain on providers and increasing costs for everyone. In response to the uncertainty and volatility, we have already seen hiring freezes take place across the health care ecosystem, from academic medical centers to county-operated facilities. It has also been reported that up to 20 percent of the cost of uncompensated care may lead hospitals to cost-shift to their commercial lines of business. That means that hard working employees have a larger portion of their salaries carved out for health benefits as employers pass on the hospital cost increases to the uninsured.

Given the substantial disruption that the current health provisions in the reconciliation bill would cause to us as practicing physicians, we appreciate the HELP committee's request for input from those of us on the front lines. We are aligned with efforts to improve the health of Americans and to make healthcare more affordable, but we cannot support efforts which retract ACA expansions that have been found to reduce all-cause mortality. There are few interventions in our field that have shown such broad improvement in morbidity and mortality across cancer, infant and maternal, and substance use disorder outcomes. Let us not lose ground now.

Impact of the Specific Proposals in the House Reconciliation Bill

As it pertains to the committee's posted questions regarding specific provisions of the Medicaid provider tax, silver-loading, and impacts on out-of-pocket costs:

- Medicaid Provider Tax: There are already a limited number of providers that accept Medicaid in the state, and those that do will often set limits on the number of Medicaid patients they will accept in order to stay financially solvent. On average Medicaid rates across the United States are 72 percent of Medicare and even lower for primary care. The provider tax has allowed higher reimbursement rates and substantially improved access. The moratorium would likely result in fewer providers willing to accept Medicaid patients, and those that do would possibly accept fewer patients; all the above compounds have already strained access issues for our most vulnerable populations.

- Silver Loading: Silver loading enabled the creation of health plans with high actuarial value (AV) that are accessible, feature minimal premiums, and limit direct costs to patients. This approach contrasts with the traditional structure of health plan offerings, where premiums are inversely related to out-of-pocket (OOP) costs—such as Bronze plans with lower premiums but higher OOP expenses. For individuals who require more frequent or complex care, such as those with chronic conditions, the inability to afford the premium for a Silver, Gold, or Platinum plan that aligns with their needs may lead to significant consequences. They may choose to forgo coverage entirely, resulting in being uninsured, or purchase a plan within their budget but face unaffordable OOP costs. This situation presents a dual risk: patients becoming uninsured or underinsured and/or providers facing unpaid OOP costs, which can ultimately result in bad debt for healthcare organizations.

- Projected Marketplace Premium Cost Increases for Consumers: With the immense uncertainty across the marketplace, disruptive health provisions in the bill, and forthcoming headwinds such as expiring enhanced premium tax credits, premium costs are projected to increase as much as 75 percent for some individuals. This will be experienced as a dramatic shock for patients and is unlikely to be absorbed by most individuals. For older middle income folks, that increase may consume up to 31 percent of their annual income. This forces patients to make impossibly hard decisions between rent, food on the table, and necessary health care.

We would also add more broadly that the proposals in the reconciliation bill would undermine consumers' ability to enroll in and maintain coverage by restricting eligibility, limiting enrollment opportunities, and increasing administrative burden and costs to consumers. More specifically, the reconciliation bill would unnecessarily increase burden and cost to consumers through new eligibility verification processes, leading to eligible consumers becoming uninsured. The bill would curtail enrollment by shortening the open enrollment in numerous states, including California, resulting in fewer younger, healthier enrollees who historically sign up later in the enrollment period. Further, the bill would restrict eligibility for most lawfully present immigrants who have historically been eligible for Marketplace premium tax credits and cost-sharing reductions since the advent of Marketplaces. For more information on these and other impacts, we would invite you and your staff to review recent information released by the State Marketplace Network, of which Covered California is a member, outlining the concerning impacts of the proposed reconciliation bill.

The health care provisions in the reconciliation bill would jeopardize coverage for millions, destabilize the health care system, and disproportionately harm vulnerable populations. California's progress under the ACA demonstrates that expanding access to care improves health outcomes, reduces disparities, and strengthens the system. Rolling back these provisions would reverse these gains, leaving millions uninsured and increasing costs for all.

As Chief Medical Officers of Covered California and CalPERS, we urge the Senate HELP Committee to carefully consider the significant consequences of the reconciliation bill, and begin to work to extend the enhanced premium tax credits, and protect affordable health care for Californians and all Americans.

Sincerely,

S. Monica Soni, MD
Chief Medical Officer
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Julia Logan, MD, MPH
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