



# AFL-CIO

AMERICA'S UNIONS

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

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January 6, 2017

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

The Honorable Paul Ryan  
Speaker of the House  
U.S. Capitol Building  
Room 232  
Washington, DC 20515

Dear Majority Leader McConnell and Speaker Ryan:

On behalf of the 12.5 million working people represented by the AFL-CIO, I write to you as the congressional leaders of the Republican party. I urge you to abandon the strategy you are pursuing to roll back coverage and protections under our nation's major health care programs.

You are now poised to repeal the Affordable Care Act (ACA) with breathtaking speed at the beginning of the new Congress, without providing replacement coverage to the 30 million Americans who will become uninsured as a result. This action appears to mark just the first stage of a massive Republican plan to cut federal support for health coverage.

I hope you will change your direction on health care reform as reflected in prominent Republican proposals, such as the House's "Better Way" platform; Rep. Tom Price's FY 2017 budget resolution and his Empowering Patients First Act; and the Patient CARE Act offered by Sen. Burr, Sen. Hatch and Rep. Upton. These proposals embody a cut-and-run approach, under which the federal government sheds responsibility for reducing health care costs and ensuring affordable coverage, and dumps these responsibilities directly on workers, retirees, and state and local governments. This abdication of responsibility is central to some of the most alarming benefit rollbacks featured in the Republican health care plans:

- **Repeal of the ACA.** It is reckless to repeal the ACA without providing an immediate replacement. This approach will cause the individual insurance market to collapse, destroying coverage for millions of Americans, even if Congress provides itself with a “transition period” to try to enact an alternative to the ACA. The major Republican replacement plans cap coverage in a way that puts the burden of excessive medical price increases directly on working people and simultaneously fails to do anything about the major drivers of health costs, especially rapidly increasing prices for pharmaceutical drugs and health services. Instead, these plans essentially give consumers a limited voucher for coverage, leading to higher insurance premium contributions for less coverage.
- **Taxing Health Benefits.** Workplace insurance is the leading source of health coverage for Americans, covering 178 million people. The major Republican plans levy destructive new taxes on this coverage; and their sponsors endorse the belief of most economists that these new taxes will drive employers to cut back on the health benefits they provide by increasing the out-of-pocket expenses working people and retirees are required to pay. In their view, hollowing out coverage in this way is good because they know it will compel working people to cut back on the medical care they receive. A number of studies show, however, that the billions in new tax dollars that the federal government reaps will come at a high price for working people as they are forced to choose between paying high out-of-pocket costs and foregoing necessary care. In many cases, workers will simply find that their employer no longer offers coverage because of disincentives imposed by the tax.
- **Medicare Vouchers and “Modernization.”** The overriding goal for Medicare in the major Republican plans is to end the Medicare guarantee and replace it with a limited voucher. Medicare beneficiaries will be forced to pay a greater and greater share of the cost of coverage as excessive health care cost growth outpaces the new Republican limits on federal support for Americans’ earned health benefits. As with the other major rollbacks, the federal government would retreat, leaving beneficiaries to fend for themselves in the hopes that “market forces” will temper the growth of costs. The prominent Republican plans suggest that smaller “modernization” reforms may occur first, modifications that will increase seniors’ out-of-pocket costs in an effort to reduce their utilization of care.

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- **Medicaid Block Grants/Per Capita Caps.** The major Republican plans also make substantial cuts to Medicaid, even though it currently pays for most nursing home and community-based long-term care for America's seniors and, in conjunction with the Children's Health Insurance Program, ensures that more than a third of America's children can get the medical care they need. The Republican plans slash Medicaid over time by capping the growth of federal payments at a rate that is far below the growth in health costs. To make up for these reductions in federal funding, states would be allowed to cut benefits and reduce the number of people eligible for them. This clearly is another example of a retreat by the federal government, a plan that leaves it to others to find solutions and cover the costs.

For more than a century, America's labor movement has believed that access to quality, affordable health care—health care that allows children to grow into their potential, that does not force working people to make impossible choices between lifesaving treatments and putting food on the table, that enables grandparents to be fully part of the life of their family—should be a right. America has made meaningful strides, however imperfect, toward this goal of health security for all with each of these major forms of coverage, especially Medicare provided on a single-payer basis.

The “health reform” plans you are planning to push through, however, would effectively end these major forms of coverage as we know them—hurting working people and retirees with lost coverage and denial of the care they need. The future of health care in America requires you to abandon these plans and instead work with us to pursue sensible reforms to the system.

Sincerely,



Richard L. Trumka  
President

RLT/WS/vh

cc: Members of the U.S. Senate  
Members of the U.S. House of Representatives