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President and CEO
P.O. Box 60
Jefferson City, MO 65102

November 16, 2017

The Honorable Jason Smith
U.S. Representative
1118 Longworth Office Building
Washington, D.C. 20515

Dear Representative Smith:

The House of Representatives is preparing to debate tax reform legislation. On behalf of its 145 member hospitals, the Missouri Hospital Association offers the following observations regarding the pending legislation.

Many Missouri hospitals are deeply concerned that the House legislation would eliminate the ability of 501(c)(3) hospitals to use private activity bonds as a source of financing. Access to these tax-exempt bonds lowers borrowing costs and enhances access to capital for hospitals making investments in the services needed to treat the Missourians of today and tomorrow. These investments generate jobs and pump billions nationally into the economy. Also, elimination of private activity bonds would increase borrowing costs for government entities as they attempt to take up the slack. Those costs would be borne by taxpayers through higher taxes and fees to retire the bonds.

The House legislation also would repeal current capacity for hospitals to use advance refunding bonds. These allow 501(c)(3) hospitals to respond to evolving market conditions by refinancing debt to lower borrowing costs. Again, this benefits the public by lowering hospitals' borrowing costs and health costs overall, ensuring a flow of capital to support investments in a rapidly retooling health care system and reaping the economic benefits of those community investments.

The legislation expected to be debated by the House of Representatives does not repeal the "individual mandate" to have health insurance coverage, as does the pending Senate legislation. The mandate was enacted by the Patient Protection and Affordable Care of 2010. MHA urges the House to reject efforts to repeal the individual mandate. The repeal is projected to create federal savings of \$338 billion throughout 10 years. However, these savings come at a terrible price — 13 million more Americans will become uninsured. Much has been written about this proposed repeal, but one document is particularly notable. It is a November 14 letter that clearly describes the result of repealing the individual mandate — "Eliminating the individual mandate by itself likely will result in a significant increases in premiums, which would in turn substantially increase the number of uninsured Americans" and "If Congress simply repeals the mandate while leaving the insurance reforms in place, millions more will be uninsured or face higher premiums, challenging their ability to access the care they need." The letter is from the

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American Medical Association, the BlueCross BlueShield Association, the Federation of American Hospitals, the American Academy of Family Physicians, the American Hospital Association and America's Health Insurance Plans. MHA reiterates the concerns plainly expressed in the letter and urges Congress to refrain from repealing the individual mandate to have health insurance.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Landon", with a long horizontal flourish extending to the right.

Daniel Landon
Senior Vice President of Governmental Relations

dl/djb

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