American Academy of Family Physicians
American Academy of Pediatrics
American College of Physicians
American Congress of Obstetricians and Gynecologists
American Osteopathic Association
American Psychiatric Association

Joint Statement for the Record

Hearing of the Senate Help, Education, Labor and Pensions Committee
on
Stabilizing Premiums and Helping Individuals in the Individual Insurance Market for 2018: Health Care Stakeholders

September 14, 2017

On behalf of the more than 560,000 physicians and medical students represented by the combined memberships of the American Academy of Family Physicians, the American Academy of Pediatrics, the American College of Physicians, and the American Congress of Obstetricians and Gynecologists, the American Osteopathic Association, and the American Psychiatric Association, we appreciate this opportunity to submit a statement for the record outlining our recommendations to stabilize the health insurance market and ensure our patients have access to a wide variety of affordable and comprehensive coverage options. Our members are the front-line physicians who care for patients in rural, urban, wealthy and low-income communities, and are the foundation of the American health care system.

We applaud the committee's efforts to develop bipartisan solutions to strengthen and improve the health insurance market. Millions of Americans rely on the coverage offered through health insurance exchanges (also known as marketplaces) and it is imperative that we work together so that insurance is available and affordable to all. We submit the following recommendations, as reflected in our joint principles:

Provide long-term cost-sharing reduction funding

Our coalition's joint principles state that policymakers must ensure that premium and cost-sharing subsidies are sufficient to make coverage affordable and accessible, especially for vulnerable patients like children and adults with special health care needs, older adults, and low-income individuals and

families. Stakeholders as diverse as the National Association of Insurance Commissioners and governors from both parties have called for predictable long-term cost-sharing reduction funding (1,2).

Congress should make an immediate commitment to fund cost-sharing reduction payments at least through 2019 and, preferably, for the long term. Failing to do so could result in higher premiums, reduced insurer confidence in the sustainability of the marketplace risk pool, and a larger federal deficit. Preliminary insurer rate filings for plan year 2018 indicate that insurers are requesting additional premium increases of up to 23% because of uncertainty related to cost-sharing reduction payments (3). According to the Congressional Budget Office, gross silver plan premiums would increase by 20% in 2018 and 25% in 2020 compared to the March 2016 baseline if cost-sharing reductions are not continued after 2017 (4). Although many enrollees would receive premium tax credits that would insulate them from rate fluctuations to some effect, those who do not qualify for the tax credits may be forced to pay higher premiums or shop for cheaper off-marketplace plans that lack the consumer protections of marketplace plans.

Continue reinsurance and other premium stabilization programs

Reinsurance and other risk stabilization programs have been an effective tool to offset the cost of insuring high-risk individuals and curbing excessive premiums. The Affordable Care Act's (ACA) temporary reinsurance pool ended in 2016 and the Centers for Medicare and Medicaid Services (CMS) has since encouraged states to develop reinsurance programs through the § 1332 waiver process. Alaska's reinsurance program successfully limited premium hikes to a manageable 7%, down from a projected 42% increase had the state not intervened (5). A recent CMS report indicated that the transitional reinsurance and permanent risk adjustment programs successfully prevented exorbitant premium spikes, which kept enrollees in the individual marketplace (6). We encourage Congress to develop and sufficiently fund long-term premium stabilization programs to enhance the availability of affordable premiums and encourage insurer participation.

Enhance outreach and education efforts

Millions of Americans remain unaware of premium tax credits, community-based Navigator and outreach programs and other assistance that can help them afford and enroll in comprehensive health insurance coverage. A 2016 Commonwealth Fund report on the uninsured found that 38% of survey participants were unaware of the Healthcare.gov website or their state's health insurance exchange/marketplace (7). The report also found that adults who visited the exchange and received personal assistance from a navigator, broker or other assister were much more likely to enroll in coverage than the unassisted. More intensive outreach and enrollment efforts will be vital since the open enrollment period for plan year 2018 has been shortened to only a month and a half. In 2017, marketplace enrollment declined after the Department of Health and Human Services prematurely ended its open enrollment publicity and outreach campaign. CMS has reduced funding for open

enrollment advertising by 90% and cut navigator program grant funding by about half, despite evidence of effectiveness and promises of enhanced outreach efforts to increase awareness of the compressed open enrollment period. Congress should adequately fund outreach and education efforts to encourage a better risk pool and prevent low enrollment, higher premiums, and market destabilization.

Enforce current-law consumer protections

Our coalition's joint principles call for the protection of the ACA's patient-centered insurance reforms, including the preservation of current coverage of essential health benefits (EHBs). As Congress deliberates creative ways to stabilize the individual market and reduce costs, it must do so without jeopardizing the coverage our patients have today. All marketplace plans must retain EHBs, including maternity coverage and mental health and substance use disorder treatment services. An estimated 8.7 million Americans gained maternity coverage under the ACA, righting a wrong in our health care system and ensuring that insured pregnant women have access to prenatal care, leading to healthier pregnancies and healthier babies. An estimated 4.8 million Americans gained coverage for substance use disorder treatment, and 2.3 million Americans gained mental health coverage at parity with medical and surgical benefits (10). Over time, untreated serious mental illness and substance use disorders intensify and increase the number of comorbid medical conditions in individuals with those conditions, which in the long run increases total individual insurance coverage spending.

We believe the expanded § 1332 waiver authority proposed in the latest ACA repeal effort is the wrong approach, as it significantly lowers the standard by which these waivers are approved. While we understand that the impact of this waiver authority would vary amongst the states and recognize the need to ensure adequate participation in the individual insurance market, we do not believe that pregnant women or people with a serious mental illness or substance use disorder should be denied coverage simply because they live in a state that waived vital consumer protections. Efforts to increase state flexibility should not come at the expense of coverage of this essential coverage. Congress must ensure that these consumer protections are preserved.

Enforce current-law requirement to purchase coverage or otherwise ensure incentives for young adults to buy coverage and participate in insurance pools

Without the current law's requirement that individuals purchase insurance, many healthy individuals would choose to delay or decide not to purchase insurance, creating a risk pool comprised primarily of sick enrollees, increasing the cost of coverage and further destabilizing the insurance market. If the insurance mandate penalty is not adequately enforced enrollment rates will drop among healthy enrollees who may be less inclined to purchase health insurance, leading insurers to increase premiums to compensate for the sicker risk pool.

Through its oversight authority, Congress should urge the administration to enforce the individual mandate to balance the market's risk pool, attract healthier enrollees, and avoid dramatic premium rate increases. Congress should also explore other appropriate incentives for young, healthy individuals to buy coverage so as to ensure a balanced risk pool, provided that such incentives do not result in increased premiums and out-of-pocket costs for older and sicker patients or erosion of current law essential benefits and consumer protections.

Expand competition and consumer choice by offering a public insurance option in all exchange markets

Many patients shopping for exchange-based coverage face a dwindling number of insurance plans from which to choose. To broaden consumer choice and invigorate market competition, Congress should establish a public option. Possible approaches might include a buy-in program for traditional Medicare or Medicare Advantage, Medicaid, or other public health programs to compete with private exchange-based plans. For example, depending on how it is constructed, a Medicare buy-in program limited to individuals age 50-64 could help expand access to physicians and other health care professionals and improve continuity of care for those transitioning to Medicare and reduce premiums for individual market exchange-based plans, according to the American Academy of Actuaries (8). Whatever the policy option adopted, Congress must ensure that reimbursement for physicians' office and hospital visits and other evaluation and management services are no less than the rates paid under traditional Medicare for comparable services.

We appreciate the opportunity to provide recommendations on strengthening the health insurance market, and stand ready to work with the committee on the development of any reforms where our experience and expertise could be of value.

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[1] http://www.naic.org/documents/government_relations_170517_letter_omb_costsharing_reduction.pdf
[2] http://governor.ohio.gov/Portals/0/pdf/Bipartisan%20Governors%20Blueprint.pdf?ver=2017-08-31-094757-317
[3] http://www.kff.org/health-reform/issue-brief/an-early-look-at-2018-premium-changes-and-insurer-participation-on-aca-exchanges/
[4] https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53009-costsharingreductions.pdf
[5] https://aws.state.ak.us/OnlinePublicNotices/Notices/Attachment.aspx?id=106061
[6] https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Summary-Reinsurance-Payments-Risk-2016.pdf
[7] http://www.commonwealthfund.org/publications/issue-briefs/2016/aug/who-are-the-remaining-uninsured
[8] http://election2016.actuary.org/sites/default/files/Medicare-Buy-In-Option.pdf