

A Bipartisan Approach to Stabilizing the Private Individual and Small Group Marketplaces

Bipartisan efforts to stabilize the private individual and small group marketplace offer hope that legislators will work together to ensure that coverage options remain available to consumers on the individual and small group markets. Consumers Union, the policy and mobilization division of Consumer Reports, welcomes this next step in the healthcare reform discussion. Before turning to improvements on the Affordable Care Act (ACA) to address the affordability and accessibility of health coverage, we urge this bipartisan group to move forward on realistic solutions to the critical issue of marketplace stability for the millions of consumers who rely on the private individual and small group markets for their health insurance.

Eliminate uncertainties around cost-sharing reductions by making the program permanent and funding mandatory

- The Cost Sharing Reduction (CSR), which allows low- and moderate-income consumers to access healthcare with reduced or eliminated cost sharing, is available for consumers with households between 100 percent and 250% of the federal poverty level; in 2016, 7 million consumers were enrolled and benefitted from its expanded financial protection.ⁱ
- According to the Bipartisan Problem Solvers Caucus, “CSR payments are an important part of helping households earning between 100% and 250% of the federal poverty level afford to participate in the individual market.”ⁱⁱ
- The impact of failure to pay CSRs would be widely felt. The Congressional Budget Office (CBO) estimates that eliminating CSR payments would cause premiums to rise by about 20%.ⁱⁱⁱ
- Inflated premium rates would increase premium tax subsidy, “increas[ing] the federal deficit, on net, by \$194 billion from 2017 through 2026,”^{iv} according to the CBO and the Joint Committee on Taxation.
- The National Association of Insurance Commissioners (NAIC),^v National Governors Association,^{vi} and the United States Chamber of Commerce^{vii} all agree that ensuring funding for CSRs is of utmost importance.
- A bipartisan group of health policy analysts and advocates agree: “cost sharing reduction subsidies should be funded through congressional appropriation to assure that lower-middle income policyholders will have access to insurance and can afford their coverage.”^{viii}

Create a permanent reinsurance program based on the previous and successful federal reinsurance program

- The federal reinsurance program was designed to extend from 2014 to 2016^{ix} to counter carriers’ practice of charging higher rates in anticipation of high-risk enrollees.^x This temporary program is credited for reducing premiums.^{xi}
- Insurance experts agree that a permanent program to reimburse carriers for the costs associated with high-risk enrollees, such as a reinsurance program, would moderate premiums.^{xii}

- States support reinsurance as a tool to stabilize the marketplace. For example, Alaska recently gained approval from CMS^{xiii} for its 1332 state innovation waiver for its reinsurance program.^{xiv} Minnesota^{xv} and Iowa^{xvi} have reinsurance-related waiver applications pending with HHS.
- The National Governors Association supports using a reinsurance program to stabilize the market,^{xvii} as does a bipartisan group of governors who signed onto a bipartisan Obamacare stabilization plan.^{xviii}

Ensure the broadest risk pool possible by maximizing enrollment

- A strong and viable risk pool is important to attracting health insurance carriers and restraining premium increases. As stated by a bipartisan group of Governors, “[i]ncreasing coverage uptake among the uninsured would improve the risk pool and set in place a virtuous cycle of lower premiums leading to higher enrollment.”^{xix}
- Federal funding for outreach and enrollment efforts during open enrollment 2017 will be dramatically scaled down from \$100 million to \$10 million^{xx} and outreach to Spanish-speaking populations may end entirely.^{xxi} If not corrected, doing so will harm the stability of the private market. Outreach and enrollment efforts are critical to encouraging younger and healthier people to enroll in insurance, essential to a healthy risk mix to offset the cost of those with greater medical costs.^{xxii}
- The so-called “family glitch”—a result of the IRS and Treasury Department’s interpretation of the ACA which only considers whether a worker’s *individual* coverage is affordable without consideration to whether coverage is affordable for the worker’s whole family^{xxiii}—has caused some families to go without insurance coverage because of inability to pay. Making insurance affordable to families caught by the family glitch would increase participation in the marketplace^{xxiv} while also insuring consumers who may otherwise have been shut out of the system due to insurance costs.

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- ⁱ The Commonwealth Fund, *A Key to Affordable Health Coverage for Millions of U.S. Workers*, (October 13, 2016).
- ⁱⁱ Bipartisan Problem Solvers Caucus Proposal to Stabilize the Individual Market, (July 31, 2017).
- ⁱⁱⁱ Congressional Budget Office, *The Effects of Terminating Payments for Cost-Sharing Reductions*, (August 2017). This is because the ACA requires the carriers to offer the CSR program regardless of whether the carriers are reimbursed by the federal government, elimination of these CSR payments would result in the carriers raising insurance premiums to recoup their losses.
- ^{iv} Congressional Budget Office, *The Effects of Terminating Payments for Cost-Sharing Reductions*, (August 2017).
- ^v Letter to Congressional majority and minority leaders, dated July 19, 2017.
- ^{vi} National Governors Association, *Shared Priorities from the Governors' Bipartisan Health Reform Learning Network*, (June 20, 2017).
- ^{vii} U.S. Chamber of Commerce, *Two Things Congress Could Do Right Now to Stabilize the Insurance Market and Limit Premium Increases*, (August 15, 2017).
- ^{viii} Health Reform Roundtable media statement, *A Bipartisan Answer to "What Now?" for Health Reform*, (August 9, 2017).
- ^{ix} Section 1341 of the Affordable Care Act established a transitional reinsurance program to stabilize premiums in the individual market inside and outside of the Marketplaces.
- ^x Kaiser Family Foundation, *Explaining Health Care Reform: Risk Adjustment, Reinsurance, and Risk Corridors*, (August 17, 2016).
- ^{xi} The RAND Corporation blog, *Four Steps That Could Stabilize the Health Insurance Market*, (August 25, 2017).
- ^{xii} American Academy of Actuaries, *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*, (January 2017), at p.24.
- ^{xiii} Letter from CMS on behalf of HHS and the Department of Treasury to Governor Walker, dated July 7, 2017.
- ^{xiv} For details on the program, see *Alaska: State Innovation Waiver under section 1332 of the PPACA*, (July 11, 2017).
- ^{xv} See letter to Health & Human Services and the Department of the Treasury, regarding establishing a new state-based reinsurance program, dated May 5, 2017.
- ^{xvi} See letter to Health & Human Services and the Department of the Treasury, regarding establishing a new state-based reinsurance program, dated August 21, 2017.
- ^{xvii} National Governors Association, *Shared Priorities from the Governor's' Bipartisan Health Reform Learning Network*, (June 20, 2017).
- ^{xviii} Letter to Congressional majority and minority leadership, signed by Governors Kasich (OH), Hickenlooper (CO), Sandoval (NV), Wolf (PA), Walker (AK), McAuliffe (VA), Edwards (LA), Bullock (MT), (letter dated August 30, 2017).
- ^{xix} *Id.*
- ^{xx} Center for Consumer Information & Insurance Oversight, *Policies Relating to the Navigator Program and Enrollment Education for the Upcoming Enrollment Period*, (August 31, 2017).
- ^{xxi} Talking Points Memo, *EXCLUSIVE: Trump Admin Abandons Latino Outreach for Obamacare Sign-Ups*, (August 11, 2017).
- ^{xxii} Deloitte, *Young Adults and Health Insurance: Not Invincible - But Perhaps Convincible*, (2014).
- ^{xxiii} For more on this, see Consumer Reports, *When It's Too Expensive to Add Your Family to Your Health Plan*, (December 3, 2014).
- ^{xxiv} Letter to Congressional majority and minority leadership, signed by Governors Kasich (OH), Hickenlooper (CO), Sandoval (NV), Wolf (PA), Walker (AK), McAuliffe (VA), Edwards (LA), Bullock (MT), (letter dated August 30, 2017).