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Expanding Coverage and Stabilizing the Insurance Market

Senators and House members should develop and introduce legislation to help stabilize the individual health insurance market, including funding for state reinsurance programs; expand cost sharing assistance eligibility to purchase insurance in the exchanges; fully fund CMS program operations for the federal exchanges in FY 2019. We urge Congress to reject any policy proposals that would undermine existing essential health benefits and consumer protections, as described below in the "What is ACP Asking of Congress" section.

What's it all about?

Millions of Americans have gained coverage and access to much-needed health care as a result of the Affordable Care Act (ACA), which has been the law of the land since 2010. The ACA also established basic consumer protections including: no lifetime or annual dollar limits on coverage; prohibits insurers from denying, cancelling or charging higher premiums to people with pre-existing conditions; requires all health plans to cover 10 categories of essential health benefits; and prohibits insurers from charging higher premiums to women based solely on their gender. Many good things came out of that law, but it is also the case that the health insurance marketplace has been struggling over the past few years, due to a confluence of many factors. Premiums have been rising, and many health insurers have pulled out of the individual health exchanges. In addition, the administration and Republican-led Congress have taken or proposed actions that non-partisan researchers have found will further destabilize the market by increasing premiums, undermining patient protections, and resulting in "adverse selection" among persons obtaining coverage in the individual market. All of this has left millions of Americans wondering the fate of their current health coverage, and the extent to which basic consumer protections, currently in place, will be there tomorrow. View 2018 report on Individual Insurance Market Performance in Late 2017.

ACP outlines below the elements that have brought us to this point, why we believe Congress must step in to help stabilize the insurance market, and our suggestions on what could be helpful to the effort. We recognize that there is no one solution to this issue, but what is important is that action be taken, and soon, to bring about a more stable marketplace where individuals can have access to affordable, comprehensive coverage.

What's the current status?

Over the past year, a significant number of legislative and regulatory reforms have been implemented that have destabilized an already-struggling health insurance marketplace:

- **Repeal of the Individual Mandate** – The Tax Cuts and Jobs Act, H.R. 1, which was enacted in December 2017, included a provision that repeals the individual insurance mandate which requires individuals to have health insurance of some kind or else pay a penalty. According to the Congressional Budget Office report, the repeal of this mandate will cause tens of millions of Americans to lose coverage and increase the cost of premiums.
- **Elimination of the Cost Sharing Reduction Payments -** In October of last year, President Trump decided to discontinue cost sharing reduction (CSR) payments to insurers which help lower deductibles and other out-of pocket health care costs for roughly 6 million low and moderate income people who enroll in a "Silver" plan. The law requires insurers to pay for the CSRs, regardless of whether the receive reimbursement from the federal government. To offset this added expense many insurers raised premiums for Silver-tier plans, which had the effect of enhancing the generosity of premium tax credits. However, enrollees who were ineligible for premium tax credits had to pay the full cost of the premium increase.

- **Shortened Enrollment Period -** For health insurance enrollment in 2017, the Administration shortened the enrollment period from 90 days to 45 days and significantly curtailed efforts to educate, promote, and enroll people in the exchanges.
- **Changed short-term plan duration -** A new rule proposed by the administration would allow insurance companies to offer short-term health plans that last almost a full year (364 days) instead of the current 90 days. These short term plans would not be required to include all of the essential health benefits currently required of all plans sold in the individual insurance market and would allow insurers to charge more for plans needed by individuals with pre-existing conditions. One recent analysis found that such short-term plans typically do not cover prescription drugs, maternity care, mental health, and substance use disorder treatments, putting individuals and families that enroll in such plans at risk if they develop a condition requiring such services. Because these plans also may attract people who are healthier, people who remain in the ACA-qualified plans are likely to be sicker, resulting in double-digit premium increases for qualified health plans, more uninsured persons, and increased federal spending, according to independent researchers.
- **Association Health Plans -** In January 2018, the administration put forth for comment a proposed rule for association health plans (AHP). This proposed rule would allow small businesses and the self-employed to join health plans governed by large group market rules, circumventing the individual and small group health insurance market consumer protections established by the ACA.

ACP appreciates the bipartisan efforts of Sens. Alexander (R-TN) and Murray (D-WA), chair and ranking members respectively of the Senate Health, Education, Labor and Pensions (HELP) Committee, to try to develop legislation to help create more stability in the market and we encourage them to continue those efforts.

Why and how should Congress address this issue?

Several states have recently announced that double-digit premiums are being requested by insurers, due in large part to repeal of the individual insurance requirement and actions taken by the administration that are destabilizing the markets. For instance, one insurer in the Commonwealth of Virginia has requested a 64 percent premium increase. Bipartisan legislation is needed to help stabilize the insurance market and it should include adequate funding to support the operation of current-law health exchanges, and options for an effective reinsurance program. Reinsurance can help ensure that patients get to keep the coverage they have while protecting insurers from high costs. Congress should provide federal funding for state reinsurance programs, with sufficient funding to the states for the programs to be effective. One non-partisan study estimates that a well-funded reinsurance fund, enough to reduce age-specific premiums by 19 percent, would cost $34 billion in FY2020, while a standard reinsurance fund, reducing age-specific premiums by four percent would cost $6.2 billion. We also remain concerned about the rising costs of qualified health plan premiums for individuals with higher incomes who are ineligible to receive premium tax credits and cost sharing subsidies.

What is ACP asking of Congress?

Develop and introduce comprehensive market stabilization legislation that includes reinsurance options to help stabilize the markets.

Expand cost-sharing assistance eligibility to purchase insurance in the exchanges as well as increase the level of premium tax credits and cost sharing subsidies offered to purchase a qualified health plan.

Introduce legislation that would block the expansion of access to short-term health plans or Association Health Plans that allow insurers to charge more to individuals with pre-existing conditions and permit them to exclude from coverage essential medical care.

Support $690 million in discretionary funding for federal exchanges within CMS' Program Operations as part of the FY2019 Labor, Health and Human Services, and Education Appropriations bill.

Who can I contact to learn more?

advocacy@acponline.org; Digital version of this issue brief can be found at: https://www.acpservices.org/leadership-day/policy-priority-issues