



May 9, 2016

TO: Members, Subcommittee on Health

FROM: Committee Majority Staff

RE: Hearing entitled Health Care Solutions: Increasing Patient Choice and Plan Innovation”

I. INTRODUCTION

On May 11, 2016, at 10:00 a.m. in 2322 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “Health Care Solutions: Increasing Patient Choice and Plan Innovation.”

II. WITNESSES

The Subcommittee will hear from the following witnesses:

- Scott Gottlieb, M.D., Resident Fellow, American Enterprise Institute;
- Avik Roy, Senior Fellow, Manhattan Institute; and
- Sabrina Corlette, J.D., Research Professor, Center on Health Insurance Reforms, Georgetown University.

III. BACKGROUND

In 2013, the Committee on Energy and Commerce, along with the Senate Committee on Finance and the Senate Committee on Health, Education, Labor, and Pensions, authored a joint report that warned that Federal insurance mandates included in the Patient Protection and Affordable Care Act (PPACA) would lead to significant increases in premium costs.¹ Two years later, average premiums on the Federal exchanges rose 12.6 percent for bronze plans² and 11.3 percent for silver plans.³ Additionally, average deductibles for silver plans also increased by over \$500.⁴ Preliminary rates for 2017 show a continuation of this trend, with some select plans proposing premium increases of over 32 percent.⁵

¹<https://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/analysis/20130305PremiumReport.pdf>.

²http://www.rwjf.org/content/dam/files/rwjf-web-files/Research/2015/Table_3_Bronze_Premiums.pdf.

³http://www.rwjf.org/content/dam/files/rwjf-web-files/Research/2015/Table_1_Silver_Premiums.pdf.

⁴<http://kff.org/health-costs/issue-brief/patient-cost-sharing-in-marketplace-plans-2016/>.

⁵<http://www.oregon.gov/DCBS/Insurance/healthrates/Documents/2017-proposed-average-health-insurance-rate-requests.pdf>.

The Congressional Budget Office confirmed that these increases can be attributed to new rules and regulations dictating the design of health insurance benefits mandated by PPACA.⁶ Prior to enactment of that law, regulation of the design of health coverage in the individual and small group markets had largely been the responsibility of the States.

The Federal mandates enacted in the PPACA have limited insurers' ability to innovate and adapt to address the shifting needs of unique patient populations. The current law constrains insurance plans to rate restrictions, out-of-pocket-spending levels, actuarial value requirements, funds spent on administering packages, and coverage rules regardless of beneficiaries' individual health needs.

These restrictive Federal regulations have a direct impact on patients and insurers as costs continue to rise and negatively impact insurance markets. In order to offset these growing costs, provider networks and drug formularies are becoming more limited and some large health insurers have already decided to pull out of the Federal health exchanges.

In order to fix the current health insurance system, patient-focused reforms must embrace three goals: pre-existing condition protections, lower costs and more choices, and market stability without mandates. An equitable solution must be found to ensure that premiums are low enough to attract patients and high enough to cover medical expenses. This hearing will examine forward-thinking ideas to reform insurance markets to better serve patients.

IV. ISSUES

The following issues may be examined at the hearing:

- Continuous Coverage and Guaranteed Issue;
- High Risk Pools (HRPs);
- Age-Rating Ratio;
- Actuarial Value (AV);
- Health Status of Newly-Enrolled Patients;
- Pooling for Individuals and Small Businesses; and
- Special Enrollment Periods (SEPs) Verification.

V. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Adam Buckalew of the Committee staff at (202) 225-2927.

⁶ https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51130-Health_Insurance_Premiums.pdf.