

# AFL-CIO

## LEGISLATIVE ALERT

June 9, 2016

Dear Representative:

On behalf of the AFL-CIO, I am writing in regard to tomorrow's hearing in the Energy and Commerce Subcommittee on Health titled, "Advancing Patient Solutions for Lower Cost and Better Care." We believe that three of the bills to be examined tomorrow represent harmful policy proposals that should be opposed.

One of these bills would change the allowed age variation in health insurance premium rates from the current ratio of 3:1 to 5:1 in the Affordable Care Act (ACA) marketplaces and the individual and small group markets. Charging older adults up to five times more than the premium costs faced by the average consumer would have several negative effects. The Commonwealth Fund found that higher premium costs under this policy would cause 400,000 seniors to lose their insurance coverage and the federal government would face \$9.3 billion in extra costs. The net effect of this policy is to provide a financial boost to insurance companies while imposing substantial costs on seniors and taxpayers. We urge you to oppose this policy that picks the wrong winners and losers.

A second bill would restrict the grace period that currently protects ACA marketplace insurance enrollees when they are unable to cover their monthly premium on time. Currently, when enrollees fail to pay their full premium on time, they have a three-month period in which to catch up with their payments before their coverage is terminated. This protection is particularly important for low-income households that may see their income fluctuate from month to month. This legislation, however, would limit the grace period to 31 days or the length required under a state's statute. Presumably, this bill is intended to ensure that insurance companies will not face losses from the nonpayment of premiums, but their liability is already limited under current law to one month's worth of claims. Like the previous bill, this legislation puts the interests of insurance companies over that of working people.

Another of the bills would require the Centers for Medicare and Medicaid Services to establish procedures to verify eligibility for enrollment in a marketplace plan when a person has experienced a major life change (such as the loss of a job or the birth of a child) that provides for a special enrollment period (SEP). The bill does not, however, provide for additional funding to ensure that the collection of new information will be efficient and user-friendly. In addition, the insurance industry has not produced data showing that these SEPs have been abused, and the Urban Institute has estimated that only 15 percent of the people eligible for SEPs actually use them. Since this bill does not target a significant problem and has the potential to creating barriers to coverage, we ask that you oppose it.

We hope you will have an opportunity to explore the shortcomings of these bills at tomorrow's hearing and will work against their enactment going forward.

Sincerely,

A handwritten signature in black ink, appearing to read "William Samuel". The signature is fluid and cursive, with a large initial "W" and a long, sweeping tail.

William Samuel, Director  
GOVERNMENT AFFAIRS DEPARTMENT

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**American Federation of Labor and Congress of Industrial Organizations**

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