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June 9, 2016

Dear Representative:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I am writing with respect to tomorrow's hearing on "Advancing Patient Solutions for Lower Costs and Better Care." Specifically, we want to express our opposition to the proposals under discussion that would increase age rating for older Americans, restrict the ability of consumers to enroll in coverage during special enrollment periods and reduce the grace period available to marketplace enrollees. These proposals would not reduce costs or ensure better care. Instead, they would drive up costs and cause more consumers to experience delays and termination of coverage.

The Affordable Care Act (ACA) addressed one of the most pressing problems in our health care system, the inability of older Americans to afford or even obtain health coverage due to their age and health status. Under the ACA, insurers may not charge older adults more than three times the amount young people are charged for similar health care coverage. This key feature of the ACA has helped to cut the number of uninsured Americans, age 50-64, by half. Rep. Susan Brooks' proposal would allow insurers to charge older individuals five times the amount younger adults are charged. This proposal would not only drive up costs substantially for older individuals, it would increase the number of uninsured by an estimated 400,000 according to research by the Commonwealth Fund. Moreover, the Commonwealth Fund found that the proposal would also increase federal spending.

Our economy is large and dynamic, with large numbers of people relocating, moving in and out of jobs and in and out of Medicaid eligibility. We urge the Committee to be cautious about pursuing changes to the ACA's special enrollment periods (SEPs) that would force individuals experiencing changes in their lives to wait to access health coverage and tax credits for which they are eligible. It is not surprising that those who make greater use of SEPs tend to be less healthy. They are more motivated to seek coverage while some healthier individuals may be willing to wait until the next regular enrollment period. But Rep. Marsha Blackburn's proposal may actually create adverse selection problems by imposing obstacles that further reduce the number of healthier individuals who pursue coverage during SEPs.

We also oppose the proposal to reduce the ACA's three-month grace period for nonpayment of premium, to the 30-day period established by most states prior to the ACA. Grace periods established by states were designed for very different circumstances. The state grace periods apply to coverage that is wholly paid for by the insured. In contrast, the ACA grace period applies to coverage that is paid in large part

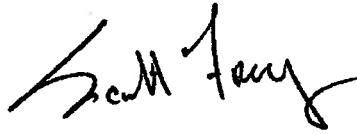
**American Federation of State, County and Municipal Employees, AFL-CIO**

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by federal tax credits that cover 73% of the premium on average. As a result, insurers are paid a significant share of the premium for marketplace enrollees who are late or who fail to pay their share of the premium. In addition, state grace periods were established when there was no requirement that individuals and families have health coverage. It would be punitive to impose such a short grace period on those who would then be penalized for going without insurance. This is especially true when so many eligible for tax credits struggle to meet other basic needs.

We appreciate the opportunity to convey our concern about these proposals.

Sincerely,

A handwritten signature in black ink that reads "Scott Frey". The signature is written in a cursive style with a large, sweeping initial "S".

Scott Frey  
Director of Federal Government Affairs

SF:BC:rf