Statement on
"Patient Relief from Collapsing Health Markets"

Submitted to the
House Energy and Commerce Committee
Subcommittee on Health

February 2, 2017

America's Health Insurance Plans (AHIP) is the national association whose members provide coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers.

We appreciate this opportunity to comment on a series of bills the committee is examining as part of its effort to develop health reforms for replacing the Affordable Care Act (ACA). As the committee examines these issues, it is clear that certain parts of the ACA have not worked as well as intended, especially for individuals who purchase coverage on their own. In fact, the individual market—which has grown significantly in recent years and currently provides coverage to 18 million Americans[1]—has faced challenges for many years, including prior to the implementation of the health reform law.

For consumers who purchase coverage in the individual market, the more immediate challenges—which have been well-documented—include significant increases in average premiums in 2017 (driven by underlying growth in medical and prescription drug costs, the sunset of the transitional reinsurance program and other factors), fewer health plan choices, lower-than-expected exchange enrollment and risk pool challenges in some states.

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[1] ASPE Data Point—About 2.5 Million People Who Buy Coverage Off-Marketplace May Be Eligible for ACA Subsidies. October 4, 2016. https://aspe.hhs.gov/sites/default/files/pdf/208306/OffMarketplaceSubsidyeligible.pdf

While these challenges are real, it is also true that the ACA has expanded coverage to 20 million Americans and the percentage of Americans without health insurance has dropped to historical lows—down from 16.0% in 2010 to 8.6% in 2016.[2] These gains have been achieved through the Medicaid expansion as well as through the ACA exchange marketplace (which has been accomplished through a combination of insurance market reforms, financial assistance via premium subsidies, and the individual mandate).

Draft Bills Under Consideration in Today's Hearing

We appreciate that today's hearing will focus on several draft bills that offer promising strategies for addressing some of the challenges in the individual market. We look forward to working with the committee on these and other proposals.

"Plan Verification and Fairness Act"

We support this legislative proposal to implement a pre-enrollment verification process, using available electronic data sources, for special enrollment periods (SEPs). While the Centers for Medicare & Medicaid Services (CMS) has taken steps to address the misuse of SEPs, pre-enrollment verification represents the most effective approach to ensure the appropriate use of SEPs in promoting both affordability for consumers and stability in the new Exchanges.

While most consumers play by the rules, many have misused SEPs—and that raises costs for everyone. Too many Americans have incentives to game the system by applying for coverage only when they need care. We must eliminate opportunities for fraud if we are to make care more affordable for everyone.

In February 2016, AHIP and the Blue Cross Blue Shield Association released a joint policy analysis[3] that raised concerns about the misuse and abuse of SEPs by some individuals and discussed the importance of verifying eligibility for SEPs. Our joint policy analysis stated: "We continue to support ensuring consumers have access to affordable coverage. Special enrollment periods are important to ensure continuity of coverage given changing life situations for consumers and must be implemented through verification processes that do not allow 'just in time' insurance which will undermine the stability of the marketplaces. Verification should focus on ensuring program integrity up front because it is a more consumer friendly approach

[2] Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, January-March 2016. https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201609.pdf

[3] AHIP-BCBSA, *Appropriate Use of Special Enrollment Periods Is Key to Exchange Stability, Affordability for Consumers*, February 2016

that avoids issues on the back end that consumers, providers, issuers and exchanges must reconcile."

"Health Coverage State Flexibility Act"
We support this legislative proposal to align the current grace period for recipients of advanced premium tax credits (APTC) with existing state law and regulation. This bill would take another important step toward eliminating opportunities for fraud and making health care more affordable.

Under current law, Exchange enrollees who receive APTC are provided a three-month grace period before coverage is discontinued if they are delinquent on their premium payment, and health plans are required to pay health care claims during the first month of the grace period. We believe current law should be amended to make the grace period requirements consistent with existing state rules, most of which currently allow for a 30-day grace period. This legislation could help promote continuous coverage and consumer affordability by improving risk pool stability.

"State Age Rating Flexibility Act"
We support this legislative proposal to grant states the flexibility to adopt wider age rating bands to promote more affordable coverage and expand participation among younger, healthier individuals.

The ACA established 3:1 age rating bands that led to higher premiums for certain younger consumers, particularly those who purchased individual market coverage prior to the ACA and/or are not currently eligible for subsidies. Providing flexibility for states to adopt wider age bands—combined with other steps, such as modifying the formula for the existing premium assistance tax credits to factor in age bands—could encourage younger and healthier people to enroll in coverage. This, in turn, could improve affordability for consumers by promoting greater stability of the risk pool.

"Preexisting Conditions Protection and Continuous Coverage Incentive Act"
We appreciate that this legislative proposal aims to address the needs of individuals with pre-existing conditions and we look forward to seeing the incentives that will be included in a later version of this bill.

Our members have strongly supported an approach to health reform that brings everyone into the system. Broad coverage can ensure the availability of affordable options. Health insurance only

works when everyone is covered: those who utilize insurance to obtain quality care as well as those who are healthy but have insurance to protect themselves in case they get sick. Both types of consumers must be insured for coverage to remain affordable. To address this priority and achieve a more stable and workable marketplace, it is important for Congress to approve robust policies that encourage people to maintain continuous coverage.

Conclusion

AHIP and the health plans we represent look forward to working with the committee, members of Congress on a bipartisan basis, and the administration as it works to improve health care for all Americans. We can achieve this by working together in a good faith and bipartisan manner to fix critical problems while preserving the expanded coverage and enhanced affordability of coverage for millions of patients and families. Thank you again for the opportunity to work with you on these important issues.