

March 5, 2019

The Honorable Angie Craig  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Craig:

I am writing to express the American Lung Association's support for your legislation, HR 1425, "the State Health Care Premium Act." Your legislation will increase funding for reinsurance programs – important tools to reduce health insurance premiums and stabilize health insurance marketplaces for patients with lung disease.

Reinsurance programs help health insurance companies cover the claims of very high cost enrollees, which in turn helps insurers to keep premiums affordable for individuals buying insurance on the individual market. Lower premiums can also encourage younger, healthier individuals to purchase insurance coverage, strengthening the risk pool of the state's marketplace. Additionally, a healthier risk pool can help attract new insurance companies to participate in the state's marketplace, increasing competition and improving choices for consumers. This would help patients with asthma, COPD, lung cancer and other lung diseases obtain affordable, comprehensive coverage.

Reinsurance programs have been successfully used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.<sup>1</sup> In Minnesota, a state already implementing a reinsurance program through a Section 1332 waiver, premiums for individual insurance plans in 2019 decreased by between 7.4 and 27.7 percent compared to 2018 rates.<sup>2</sup>

We applaud you for your commitment to ensuring that patients are protected and that they can access quality and affordable healthcare coverage. We look forward to working with you to ensure that your legislation becomes law.

Sincerely,



Deborah P. Brown  
Chief Mission Officer

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<sup>1</sup> American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from [https://www.actuary.org/files/publications/Acad\\_eval\\_indiv\\_mkt\\_011817.pdf](https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf).

<sup>2</sup> Minnesota Commerce Department. *2019 Health Insurance Rates*. October 2018. Retrieved from <https://mn.gov/commerce/consumers/your-insurance/health-insurance/rates/rate-filings/2019/>.

