COMMUNITY CATALYST

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The Honorable Greg Walden
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Frank Pallone
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

February 2, 2017

Dear Chairman Walden and Congressman Pallone:

We are writing to express our strong opposition to any changes under consideration in insurance rules that would loosen the current 3:1 age-rating band ratio under current law. This limit is a crucial consumer protection that ensures that older adults – specifically those ages 50-64 who are not yet eligible for Medicare – have access to affordable coverage. Consideration of moving to a 5:1 ratio will push premiums up, further exacerbating the affordability of insurance for older adults and result in many becoming uninsured.

Community Catalyst is a national non-profit advocacy organization dedicated to quality affordable health care for all. Since 1997, Community Catalyst has been working to build the consumer and community leadership required to transform the American health system. With the belief that this transformation will happen when consumers are fully engaged and have an organized voice, Community Catalyst works in partnership with national, state and local consumer organizations, policymakers, and foundations, providing leadership and support to change the health care system so it serves everyone - especially vulnerable members of society.

A study by RAND Corporation[1] concluded that switching to a 5:1 band would reduce premiums for young adults by much less than it would boost premiums for older enrollees. For a 64-year-old, the annual premium for a typical silver plan would grow from about $8,500 to $10,600. A 24-year-old enrollee would see premiums fall from $2,800 to $2,100. The higher premiums for older, low-income enrollees would cost the federal government an additional $9.3 billion a year in federal premium subsidies. Moreover, RAND estimates about 400,000 older adults who don't qualify for subsidies would drop coverage.

Surely the intent of the Committee is not to increase uninsurance rates nor raise costs to the federal government. The changes made in 2010 to share risk and stop medical underwriting for those with pre-existing conditions have gone a long way to making insurance accessible and affordable to millions previously left out. If the Committee agrees

[1] http://www.commonwealthfund.org/publications/blog/2015/sept/charging-older-adults-higher-premiums-could-cost-taxpayers

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that a goal is to eliminate discrimination based on health status, then any loosening of the current rules would undermine that goal and would significantly harm the health and economic security[2] for millions of older adults, especially those with multiple health conditions.

The ACA's federal age-rating protection should be maintained and strengthened, not weakened or eliminated. We appreciate the opportunity to submit our comments for the record.

Sincerely,

[redacted]

Rob Restuccia, Executive Director

Cc: Members of the Committee on Energy and Commerce

[2] According to a March 2013 study by the Urban Institute, looser rate bands would significantly increase out-of-pocket rates paid by the oldest purchasers, who are substantially less likely than young adults to be eligible for subsidies. Blumberg, L and Buettgens, M, "Why the ACA Limits on Age-Rating will not Cause "Rate-Shock": Distributional Implications of Limited Age Bands in Non-Group Health Insurance", March 2013 http://www.urban.org/sites/default/files/alfresco/publication-pdfs/412757-Why-the-ACA-s-Limits-on-Age-Rating-Will-Not-Cause-quot-Rate-Shock-quot-Distributional-Implications-of-Limited-Age-Bands-in-Nongroup-Health-Insurance.PDF