



**Statement on
“Strengthening Our Health Care System:
Legislation to Lower Consumer Costs and Expand Access”**

**Submitted to the
House Energy and Commerce Committee
Subcommittee on Health**

March 6, 2019

America’s Health Insurance Plans (AHIP) is the national association whose members provide coverage for health care and related services to millions of Americans every day. 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.

Every American deserves affordable, comprehensive coverage—regardless of their income, health status, or pre-existing conditions. This has been a core principle for health insurance providers and a constant commitment by our industry. Our members work every day to promote health, wellness and prevention, address the significant drivers of chronic disease and poor health, give consumers the power to choose the care and coverage that works best for them and their families, and improve patient care and the consumer experience with innovative tools, treatments, and technologies.

We appreciate this opportunity to comment on the three bills the subcommittee will consider in today’s hearing and to share our additional recommendations for making premiums more affordable for Americans who buy coverage in the individual market.

Stabilizing Premiums Through Reinsurance Programs

The “State Health Care Premium Reduction Act” (H.R. 1425) would provide \$10 billion annually to support state reinsurance programs and other approaches to making health care more affordable for individuals enrolled in qualified health plans. AHIP strongly supports this legislation, consistent with our past support for federal funding of state-based initiatives to stabilize insurance markets.¹

State-based reinsurance programs are an effective, proven way to stabilize premiums in the individual health insurance market. Building on our experience in the states, a federally-funded reinsurance program would offset some of the costs of patients who have the most complex health conditions and need the most care. In the last three years, several states have adopted reinsurance arrangements through the use of Section 1332 state innovation waivers with notable success in reducing premiums.

Enacting measures like these can help significantly lower premiums for millions of individuals who rely on the individual market to access care, as long as they are adequately funded and designed to ensure that consumers in all states benefit. This approach also can reduce federal spending on premium tax credits.

Promoting Enrollment in Health Coverage Through Navigators

The “Expand Navigators’ Resources for Outreach, Learning, and Longevity Act” (H.R. 1386) would provide \$100 million annually for the Navigator Program to support outreach and education activities focusing on the annual open enrollment period for the Affordable Care Act (ACA) Exchanges. AHIP supports this legislation, consistent with our past support for these activities.

Our members believe it is important for the federal government to devote adequate resources to marketing, outreach, and education before and during open enrollment to help consumers understand their coverage options and encourage broad market participation. Moreover, even with improved availability and functionality of online tools to help consumers, the process of

¹ Similar proposals AHIP supported in the 115th Congress include the Patient and State Stability Fund that was approved by the House in May 2017 as part of the American Health Care Act, and a bipartisan Senate proposal announced in October 2017 that would have given states more funding flexibility to establish reinsurance, high risk pools, invisible high-risk pools, insurance stability funds, and other programs.

choosing and enrolling in coverage along with understanding eligibility for different programs and federal assistance can still be complicated. Marketing, outreach, and education activities help reduce the number of uninsured Americans by ensuring that consumers are aware of the products available to them and the timing of the annual open enrollment period including the enrollment deadline. In addition, by encouraging continuous coverage and promoting enrollment of a broad mix of both healthy and less healthy individuals, these activities help to stabilize the risk pool and promote more affordable premiums.

Allowing Additional States to Administer Their Own Exchanges

The “State Allowance for a Variety of Exchanges Act” (H.R. 1385) would provide \$200 million to support the planning and establishment of state-based Health Insurance Exchanges in states that currently are participating in the federally-facilitated Exchange. AHIP also supports this legislation.

In 2019, 11 states and the District of Columbia are offering ACA coverage options through their own state-based Exchanges. The other 39 states are using the federally-facilitated Exchange. Both approaches are currently working well for millions of Americans. However, to the extent that additional states may wish to transition to state-based Exchanges, we agree that federal funding should be available to support this transition. In states that want to administer their own marketplaces, such funding would help state officials provide a shopping experience that is tailored to meet the specific needs and circumstances of their residents.

Ensuring Affordable, Comprehensive Health Coverage for All Americans

In addition to the bills that are on today’s hearing agenda, we believe additional steps are needed to make health care more affordable for people who buy coverage in the individual market. Nearly 15 million Americans purchase their health coverage through the individual market—but without support from an employer contribution or if the individual’s income is too high to qualify for premium tax credit assistance, costs can pose a significant challenge to obtaining coverage.

To address this concern, AHIP released a report² in November 2018 outlining 12 recommendations that can be implemented, by policymakers at both the state and federal levels,

² <https://www.ahip.org/12-solutions-to-lower-premiums-for-hardworking-americans-who-buy-their-own-coverage/>

to make premiums more affordable in the individual market. The solutions in our report focus on helping hardworking Americans who fall into a gap—earning too much to qualify for financial support, but still struggling to pay their monthly premiums.

Our recommendations are categorized into three areas: (1) addressing rising health care costs and drug prices; (2) offering premium savings to families making over 400 percent of the federal poverty level; and (3) increasing the number of consumers who buy coverage, which will balance the individual market risk pool to bring costs down for everyone.

Our specific recommendations, as explained in our attached report, would accomplish the following:

- Reduce surprise medical bills;
- Increase competition in prescription drugs;
- Expand the use of telehealth;
- Create reinsurance programs;
- Provide savings to consumers who participate in wellness programs;
- Repeal the ACA health insurance tax;
- Provide tax parity for Americans who buy individual market coverage;
- Expand Health Savings Account (HSA) options;
- Curb inappropriate third-party premium payments;
- Increase flexibility for reference pricing;
- Create state premium discount programs; and
- Support marketing and outreach efforts to increase enrollment and strengthen the risk pool.

Conclusion

Affordable, comprehensive coverage for everyone requires effective insurance markets with broad-based participation, clear and consistent rules and regulations, and fair competition. We look forward to continuing to work with the Committee to advance these priorities. By working together, we can ensure that America's health care markets deliver strong patient protections, as well as robust competition and choice that lead to greater affordability.