April 20, 2017

Dear Speaker Ryan, Majority Leader McConnell, Leader Pelosi, and Leader Schumer:

As safety net focused organizations, we call on Congress to work with the Administration to stabilize the individual market for 2017, 2018, and beyond by taking swift action to appropriate funds for consumers’ cost-sharing reductions (CSR).

Cost-sharing reductions are key to low-income consumers’ ability to access affordable care. In fact, approximately 5.9 million people received CSRs in the first half of 2016—equating to nearly 56 percent of Marketplace enrollees. On average, consumers receive approximately $1000 in cost-sharing assistance. CSRs are guaranteed to consumers regardless of funding source (at issue in House v Price). To date issuers have simply acted as a pass-through for federal funding; issuers receive the CSR funding and reduce low income Marketplace enrollee’s premiums accordingly. However, without CSR payments issuers would be required to fund them on their own—forcing them to either raise premiums significantly or leave the Marketplace.

Issuers are currently determining their rates for 2018 and seek certainty as to whether the Federal Government will continue to fund CSRs. The uncertainty posed by House v. Price also can lead issuers to charge higher premiums for 2018 or even to exit the Marketplace altogether. Congress can resolve this issue by taking action to fund CSRs in the upcoming Continuing Resolution. Without guaranteed CSR funding, the impact will be far reaching:

**Carriers will drop coverage.** Many issuers, particularly Safety Net Health Plans that operate with limited margins, will be forced to stop offering coverage altogether in 2017 or 2018.

**Premiums will increase.** Estimates show that most issuers would need to raise their premiums by approximately 20 percent, with some issuer estimates as high as 30 percent. If CSRs are funded, however, premium increases are expected to instead be in the single digits.
Federal spending via tax credits will increase substantially. Contrary to popular belief, eliminating federal CSR funding would actually increase taxpayer spending, not decrease it. Advanced premium tax credits (APTC) for Marketplace plans, which are federally funded, would increase, as they are based on the cost of coverage. A recent analysis showed that the corresponding increases to APTC would actually cost the Federal government more than funding the CSRs by at least $2 billion more annually.

Uncompensated care will increase. Many individuals will be unable to afford coverage if premiums rise drastically, leading them to drop coverage altogether. The resulting impact is an increase in the uncompensated care burden for hospitals, community health centers, and other safety-net providers in particular. Additionally, many individuals will simply go without needed care.

We urge Congress to work with the Administration to ensure continued, stable funding for cost sharing reductions in order to ensure business stability within the individual market. With the June 21, 2017 deadline for qualified health plan applications quickly approaching, there is a slim margin of time for Congress to act before plans must price their product offerings for 2018.

We stand ready to work with Congress on this important issue and ensure market stability for millions of Americans nationwide.

Sincerely,

America’s Essential Hospitals
Association for Community Affiliated Plans
Association of Clinicians for the Underserved
National Association of Community Health Centers

cc: The Honorable Orrin G. Hatch, Chairman, Senate Committee on Finance
    The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance
    The Honorable Lamar Alexander, Chairman, Senate Committee on Health, Education, Labor, and Pensions
    The Honorable Patty Murray, Ranking Member, Senate Committee on Health, Education, Labor, and Pensions
    The Honorable Patrick Leahy, Vice Chairman, Senate Committee on Appropriations
    The Honorable Thad Cochran, Chairman, Senate Committee on Appropriations
    The Honorable Greg Walden, Chairman, House Committee on Energy and Commerce
    The Honorable Frank Pallone, Jr., Ranking Member, House Committee on Energy and Commerce
    The Honorable Kevin Brady, Chairman, House Committee on Ways and Means
    The Honorable Richard E. Neal, Ranking Member, House Committee on Ways and Means
    The Honorable Rodney P. Frelinghuysen, Chairman, House Committee on Appropriations
    The Honorable Nita Lowey, Ranking Member, House Committee on Appropriations