



January 17, 2017

Hon. Orin Hatch
Chairman, Senate Committee on Finance
104 Hart Senate Office Building
Washington, DC 20510

Hon. Lamar Alexander
Chairman, Senate HELP Committee
455 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Alexander and Chairman Hatch:

As you consider the nomination of Representative Tom Price as Secretary of Health and Human Services, the Alliance of Community Health Plans (ACHP), representing the top-performing, non-profit regional health insurance plans serving consumers across 27 states and the District of Columbia, requests that you take the opportunity to ask Dr. Price about steps the new administration will take to ensure stability of the individual market and government health programs. We believe that both legislative and regulatory changes to the Affordable Care Act should be considered in tandem. Absent a thoughtful and comprehensive transition plan, we worry that some of the nation's most vulnerable hard-working Americans will experience dangerous and costly disruptions in coverage and care.

Stability and predictability are critical to maintaining a well-functioning, affordable insurance market during any transition. Given the already difficult challenges of the individual market, significant changes in the basic parameters of coverage or funding for 2017 or 2018 would be extraordinarily destabilizing for insurers and consumers alike and likely lead to withdrawal from many markets. Consumers and caregivers in particular need clear information about the available options and sufficient time to adjust.

ACHP members are community-based, non-profit health plans providing care and coverage for almost 19 million Americans. They are at the forefront of innovative financing and delivery models, serving the commercial market, individual exchanges, public programs and plans for federal, state, and local public employees. Our member health plans live and work in their communities – they do not enter and exit markets based on profit considerations – and they work to find solutions that bring affordable, high-quality care to their neighbors.

Our plans collaborate closely with the doctors and hospitals in their communities. That commitment to both patients and health care providers means our regional plans are uniquely qualified to share their market experiences as the committee and incoming administration consider future reforms.

Adequate funding:

1. Continued funding of premium tax credits and cost-sharing reduction subsidies – or some system of comparable financial supports – is key. Without this financial support, most consumers would not be able to afford health insurance and health plans would be unable to continue coverage. No step is more important in reducing market uncertainty than signaling that financial supports will be available through a transition period.
2. Reinsurance is a well-established mechanism put in place by the government to protect plans against unanticipated losses and has worked effectively for exchange coverage. Reinsurance obligations for 2016 should be fully paid and Congress should extend the program for 2017 and beyond in order to stabilize markets.
3. Non-payment of the government's risk corridor obligations – again, a well-established mechanism used in Medicare Part D – end up costing plans millions or tens of millions of dollars. We urge that these obligations be met and paid in full as promised by law.

Stable risk pool:

1. Continuous coverage is critical – and plans have shown that individuals who maintain coverage show significant improvements in their health profile in relatively short periods of time. Both expanded pre-enrollment verification of eligibility for special enrollment periods and further narrowing of special enrollment exemptions are warranted, as are steps to reduce gaming of grace periods, non-payment of premiums, and cancellations/re-enrollments.
2. If existing consumer protections are maintained, as they should be, new steps to strengthen enrollment are necessary. Especially in the absence of an individual mandate, Congress should authorize health plans to offer enrollment incentives and penalties. These could be financial as in Medicare Part B (e.g., higher premiums) and coverage-related, (e.g., late enrollees limited solely to bronze plan options).
3. Risk adjustment allows health plans to offer affordable coverage to more complex patients and levels the playing field among plans. Current risk adjustment approaches require risk to be calculated statewide rather than on the basis of each market area, which can adversely affect plans offering coverage in only a portion of the state. We urge Congress to give states the option of determining the fairest approach for its plans.
4. Health plans should have greater flexibility in designing coverage as long as they are designed with the expectation that plans will continue to manage risk and accept all enrollees.
5. Given the uncertainty of the next two years, states should have the option to extend “non-compliant” plans during the transition.

Affordability:

1. Higher taxes have discouraged employers from offering coverage and are a significant factor in raising out-of-pocket costs for consumers. The premium or health insurance tax should be repealed permanently and the tax on high-cost plans (“Cadillac tax”) should either be revised to create a more level playing field or repealed entirely.
2. If high-cost risk pools are included in reforms, adequate and broad-based funding is essential. High-cost risk pools should not exclude patients for pre-existing conditions or impose waiting periods. Premiums should be at standard market levels.
3. Government policy should encourage and support innovations in benefit design to encourage value-based treatment, patient-centered care, and use of telehealth and other technologies that increase access and efficiency and meet patient expectations.

Thank you for your consideration of raising these issues and our recommendations regarding stability and continuous coverage in the marketplace with Dr. Price during his confirmation proceedings. We welcome the opportunity to bring our health plan CEOs to meet and have further discussions with you on their experiences and suggestions on the financing and delivery of health care. If you have any questions, please feel free to contact me at 202-524-7750 or cconnolly@achp.org.

Sincerely,



Ceci Connolly
President & CEO

Cc: Hon. Ron Wyden, Ranking Member
Hon. Patty Murray, Ranking Member

Members of the Senate Committee on Finance
Members of the Senate Help Committee