



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
HARRISBURG

THE COMMISSIONER

June 13, 2017

The Honorable Patrick Toomey
248 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Toomey,

As I know you are currently engaged in the Senate's discussions about the future of health care across the country, I am writing to provide an update on the current state of Pennsylvania's individual health insurance market and what I believe this market needs as the health care reform conversation continues through the United States Senate.

On May 22, my department received product filings for insurers selling Affordable Care Act-compliant individual and small group plans for 2018. My staff is still in the process of reviewing these filings, but these initial requests show insurers seeking a statewide average increase of 8.8 percent in the individual market and 6.6 percent for small group plans. Based on current filings, all five insurers on our individual market filed plans for 2018, and all 67 counties will have access to an exchange product and financial assistance if they qualify.

I am very pleased with these filings, particularly in our individual market. I cannot pretend that this market has been without its challenges, and unfortunately I had to approve rate increases in the past that were higher than I would have liked. These increases were necessary at the time given the losses our insurers were seeing in the individual market. Now, this year's requests show close to what we would expect to see from a stable market based on trends in medical costs. These requests confirm that Pennsylvania's individual market is on a path to stability. However, because of all of the uncertainty this market is facing, I still fear for the future of our individual market.

In order to understand the potential impacts of uncertainty surrounding the Affordable Care Act's future, I asked our insurers to provide estimates of what they would need to request if provisions of the Affordable Care Act were changed. If cost-sharing reductions are not paid, companies indicated that they would request a 20.3 percent rate increase statewide. If the individual mandate is repealed, Pennsylvanians would likely see 23.3 percent increase. If both were changed, our insurers estimate that they would see a 36.3 percent increase.

These are actions over which the federal government has control. These are the facts of how this debate impacts our companies, and from there, Pennsylvania consumers – your constituents.

I have long been an advocate for fixing the portions of the Affordable Care Act that are not working as they should. Actions like strengthening the individual mandate, enforcing special enrollment periods, and making insurers whole on risk corridor payments would be positive actions to improve the health of the market. There is also room for a conversation on how to address year-to-year growth in medical costs and consumers' concerns surrounding rising out-of-pocket costs like deductibles, but I fear that the conversations taking place in Washington are not focusing on such pragmatic steps at this time.

The American Health Care Act, as passed by the United States House of Representatives, would not accomplish this. The Congressional Budget Office's evaluation of the bill indicates that 14 million people would lose insurance by 2018 and 23 million more people would be uninsured in 2026 than under current law. Let me be clear that a proposal that results in any increase to our uninsured population – be it 23 million or 23,000 – is unacceptable. Conversations on potential health reforms should focus on improving affordability and access to insurance, not returning consumers to the unsustainable pre-Affordable Care Act world.

As a regulator, I work with our insurers every day. I hear their concerns, and I see the challenges they have faced adjusting to this market. I also see that their experience is improving. They are committed to this market and the populations they serve, but that commitment is not absolute. Any significant changes to this market will result in further instability that could make this market too hostile for some companies to be willing to continue to participate. This instability will only hurt consumers.

My hope is that your constituents will be at the forefront as deliberations continue, and I hope that you and your colleagues in the Senate take a more thorough approach and consider opinions of experts like the Congressional Budget Office and state officials like me who work with consumers and insurers every day. I am happy to share insights however I can.

Thank you,



Teresa D. Miller

Pennsylvania Insurance Commissioner