



July 31, 2017

The Honorable Thomas E. Price, M.D.
Secretary of Health and Human Services
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Secretary Price:

I write you today out of serious concern for the future of Pennsylvania's individual health insurance market and fear for the 506,000 Pennsylvanians who rely on it to purchase quality, affordable health insurance coverage. We are mere weeks away from when my department must submit initial approved rates for 2018 individual and small group health insurance plans, and our insurers need to know the future of payments for cost-sharing reductions.

When filing rates, our five individual market insurers indicated that if cost-sharing reduction payments are not made, they will need to increase rates by an average of 20.3 percent statewide rather than the average 8.8 percent statewide that was requested in their initial filings. If the administration does not commit to making these payments, rate increases will more than double for Pennsylvania consumers. This also does not account for the added uncertainty related to the enforcement of the individual mandate and the impact failing to enforce the mandate as intended could have on our risk pool, and therefore on rates.

Our insurers desperately need stability. They have been asking for it for months, and I reiterated this need with leaders from our five individual market insurers in a letter to you in April and again in June through a response to a request for information from your department's Centers for Medicare and Medicaid Services. Despite our requests and similar sentiments from insurers, regulators, governors, legislators, and consumer advocates around the country, we still do not have more than a month-to-month commitment on cost-sharing reduction payments.

Without a commitment to make cost-sharing reductions to insurers for the entire 2018 policy year, I will be forced to permit our insurers to build the instability caused by this uncertainty and that related to questions about enforcement of the individual mandate into their rates. Failing to do so would almost assuredly result in insurers choosing not to sell policies in Pennsylvania for 2018, an outcome I believe is unacceptable for the hundreds of thousands of Pennsylvanians who rely on this market for coverage.

I cannot stress enough how difficult a position this is for regulators like me. As insurance commissioner, it is my job to protect Pennsylvania consumers, and shield them from unnecessary rate

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July 31, 2017

Page 2 of 2

increases. When our insurers first filed rates for 2018, I was optimistic that we were going to be able to do that. These initial single digit rate filings showed that our market is stabilizing, and the 506,000 Pennsylvania consumers – particularly those who do not qualify for premium subsidies – would not experience the large rate increase other states are facing. However, an important part of protecting consumers is ensuring the fiscal health of our insurers to foster a vibrant and competitive market. I cannot protect consumers if companies decide to withdraw from the market, leaving consumers without access to health insurance.

We do not need to be in this position. As government leaders, we have a duty to act in the best interest of the people we serve. By failing to commit to making cost-sharing reduction payments for 2018, the Trump Administration is forcing insurers around the country to work under duress and limiting the ability of state regulators to effectively exercise their authorities to protect consumers. This only hurts the consumers who are caught in the middle. These Pennsylvanians and health insurance consumers around the country deserve a stable market. They deserve the single digit rate increases our insurers filed for.

But there is still time to make this right. I know you may believe Obamacare is failing. In Pennsylvania, it is not failing on its own. If our market fails, it is because of your actions, and its failure will rest squarely on your shoulders. The Trump Administration has the power to eliminate this uncertainty so that our market continues to work for Pennsylvanians. If the Trump Administration can commit by August 16 – the deadline specified by HHS for submission of rate filings – to making payments for cost-sharing reductions for the remainder of 2017 and the entire 2018 policy year, regulators like me can protect our consumers from significant and unnecessary rate increases. We can bring stability to our markets – the stability we all so desperately want to see. I implore you to do your part in allowing us to do this.

It is imperative that we do not squander this opportunity, and I truly hope the Trump Administration understands the power it holds in this situation. We all say we want to protect the consumers we serve from rising costs, and this is the administration's opportunity to make good on that promise. If this does not happen, Pennsylvania consumers will know who failed to protect them. Do not let Pennsylvanians bear the cost of your indecision.

Sincerely,



Teresa D. Miller
Commissioner