



June 29, 2017

The Honorable Seema Verma, Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attn: CMS-9928-NC
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Baltimore, MD 21244-8016

Administrator Verma:

Thank you for the opportunity to provide feedback on ways to improve market stability and the overall functionality of the Affordable Care Act. I strongly believe that the Congressional roadblocks to the law's implementation and the current political climate have had a serious impact on the individual market. The impact is not irreversible and I look forward to working with Secretary Price and you to make sure that the law is working for insurance companies and, most importantly, health care consumers.

Pennsylvania's individual market has seen its challenges, but overall, our market is on a path to stability. Since taking office in January 2015, I have worked closely with our insurers to make sure they view our market as a viable place to do business. Unfortunately, this resulted in larger premium increases for 2017 plans than I would have liked, but these increases were necessary due to losses insurers were seeing. For 2018, Pennsylvania insurers are requesting an average 8.8 percent increase statewide. According to an estimate from Oliver Wyman, health care costs account for 5-8 percent of 2018 premium increases, and a federal health insurance tax adds on an additional 3 percent. Based on this, our average increase request is close to or below trend.

However, this could change depending on actions taken by the federal government. Pennsylvania's insurers provided information with their filings on how changes to the Affordable Care Act's implementation would impact their rate filings. They indicate that they would request a 20.3 increase statewide if cost-sharing reductions are not paid and a 23.3 percent increase if the individual mandate is not enforced. If changes are made to both parts of the law, our insurers estimate that they would need to request a 36.3 percent increase statewide to compensate for the added risk – if they continue participating, that is.

These are things that the Department of Health and Human Services has control over. By allowing the law to work as it should by paying cost-sharing reductions and enforcing the individual mandate, HHS can help bring stability to the individual market. However, by remaining non-committal on making cost-sharing reductions payments, even as Republican committee chairs in the U.S. House and Senate voice support, HHS officials are actively destabilizing the insurance market. At the end of the summer, states will have to approve final rates and, in the fall, insurers will have to sign contracts committing to the products they plan to offer for 2018. State regulators and insurers must have a definitive answer about funding for cost sharing reductions through the 2018 plan year by that time. In order to avoid substantial additional premium increases, the answer must be that HHS will honor its commitments, choose protecting consumers over political posturing, and continue making cost sharing reduction payments.

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While asking for input now on how to stabilize the market in the long-term is appreciated, these are certainties that the market has been demanding and states have been asking you for since you took office and for which time is of the essence. These are also certainties that are fully within your ability to provide. I implore you to do so.

HHS should also work with Congress to ensure that insurers are made whole for risk corridor payments that they are owed. Increasing stability in the individual market is as simple as taking a proactive approach to ensuring the Affordable Care Act is allowed to work as intended.

I have long been a vocal supporter for improving the portions of the Affordable Care Act that are not working as they should. Insurers in Pennsylvania have expressed that the previous administration did not strictly enforce special enrollment period eligibility, and the rule issued earlier this year that addressed special enrollment period eligibility was a step in the right direction. However, I worry that a shorter enrollment period for 2018 will result in fewer people enrolling and therefore an increased number of uninsured Pennsylvanians, especially if HHS does not focus on marketing and outreach during the open enrollment period as we saw when advertisements were nearly pulled in January 2017.

The top complaint that I hear from consumers in the individual market is that they are paying too much for health insurance and too much out of pocket for health care due to rising deductibles and cost sharing. As we know, the root cause of the high cost of health insurance is the high cost of health care services. The best way to truly bring down the cost of health insurance is reduce health care costs and improve health care quality. To that end, I encourage HHS to focus on activities that bring transparency to healthcare costs and quality and incentivize the health care system to continue moving toward value-based payment reform.

I firmly believe that governments at the federal and state level have the power to stabilize this market. The first step is to embrace the current law. The federal government and individual state governments need to create a hospitable environment for insurers to do business in order for this law to work as it should. If leadership on either side focuses on how the law will fail, then it will likely fail. If we proactively embrace the law and work with insurers to make sure they view the market favorably and work with consumer groups to promote enrollment, we can stabilize the market and work together to increase health insurance availability and affordability.

Governor Wolf and I have done this to the best of our ability in Pennsylvania. Governor Wolf immediately expanded Medicaid, and this administration has cultivated a close relationship with our insurers and consumer advocates. Despite its challenges, our market has shown significant improvement.

What we desperately need now is stability at the federal level. For the sake of the 506,000 Pennsylvanians on the individual market that would be hit by significant rate increases or a complete loss of coverage, they need that stability soon. I am committed to helping achieve it however I can. I urge you to make that same commitment.

Thank you,



Teresa D. Miller
Commissioner