



*A Passionate Voice for Compassionate Care*

September 14, 2017

Senator Lamar Alexander  
Chairman  
Health, Education, Labor and Pensions  
Committee  
United States Senate  
Washington, DC 20510

Senator Patty Murray  
Ranking Member  
Health, Education, Labor and Pensions  
Committee  
United States Senate  
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray,

On behalf of the Catholic Health Association of the United States (CHA), the national leadership organization of more than 2,000 Catholic health care systems, hospitals, long-term care facilities, sponsors, and related organizations, **I applaud your statesmanship and efforts to work together to make the improvements in our health care system that will stabilize the individual insurance market, improve affordability, and strengthen and expand the coverage gains already achieved.**

As you develop legislation on the stabilization of the Marketplace, we urge you to include policy provisions that will:

- Explicitly fund the cost sharing reduction (CSR) payments;
- Provide a reinsurance mechanism and/or financing;
- Address the “family glitch;” and
- Ensure enforcement of the individual mandate as well as investments in consumer information and outreach efforts.

**Ensuring funding for the CSR payments** helps lower out-of-pocket costs (e.g., deductibles and co-pays) and keeps premiums affordable for low-income Marketplace consumers. It is also less costly to the Federal government to continue paying the CSRs than to stop paying them. According to the Congressional Budget Office (CBO), discontinuing the CSRs is expected to raise Marketplace premiums between 20 to 25 percent. Such an increase in premiums would mean that the federal government would have to pay more for premium tax credits at an approximate cost of \$194 billion over ten years. The Kaiser Family Foundation predicts that, in such a situation, the additional cost of premium tax credits would be 23 percent higher than the cost of continuing to pay for the CSRs.

**Providing a reinsurance program** helps insurers manage large and unpredictable costs by sharing a portion or spreading the risk of insurer costs for their most expensive enrollees. The most common type of reinsurance allows insurers to draw on additional funding to help cover costs that exceed a certain threshold (e.g., a claim that exceeds a certain dollar amount or an enrollee with a defined health condition). This allows insurers to better manage their costs since



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the most expensive and difficult to predict medical care costs are offset by reinsurance. The federal government also saves money on premium tax credits as reinsurance lowers premiums.

**Addressing what is known as the “family glitch”** would allow and assist three to six million more Americans to purchase health insurance coverage in the Marketplace, thereby expanding the risk pool and increasing stability. Under current rules, employer-sponsored insurance is deemed to be affordable if the cost of employee-only coverage is less than or equal to 9.66 percent of family income in 2016. However, if one family member has an affordable offer of single coverage, then all family members are ineligible for tax credits to purchase Marketplace coverage, even if the cost of coverage for the whole family is greater than 9.66 percent of family income. While such families are not subject to penalties when the dependents go without coverage, these families lack an affordable option to cover all family members.

**Ensuring enforcement of the Individual Mandate** helps to maintain a healthy risk pool, which is an essential element of Marketplace stability. Weakened enforcement of the individual mandate means young and healthy individuals are less likely to sign up for insurance, creating an older and sicker risk pool that will drive up costs. This in turn will cause premiums to rise and further create a disincentive for healthier people to gain coverage until the market collapses. The individual mandate should remain in full force, unless or until an equally effective continuous coverage policy is enacted.

**Finally, ensuring continued investment in consumer information and outreach efforts** is key to creating a sustainable risk pool as it raises awareness about coverage options and removes barriers to entry for individuals to enroll. Eroding marketing and outreach efforts will increase the number of uninsured and will have a negative impact on the risk pool, leading to high costs. Congress should provide serious oversight to make sure that funding intended to help individuals learn about and access coverage, known as “consumer information and outreach” funding, continues and is used as intended to appropriately educate the public about coverage options and encourage enrollment in the Marketplaces.

The ACA is not a perfect law, but it has provided coverage for millions of Americans that was not possible before. It can and should be improved where necessary to ensure that those covered continue to have access to affordable care. We stand ready to work with you, your Committee and all members of Congress to improve the availability, affordability, coverage and quality of our health care system.

Sincerely,

A handwritten signature in black ink that reads "Sr. Carol Keehan". The signature is written in a cursive, flowing style.

Sr. Carol Keehan, DC  
President and CEO