



## MEMORANDUM

Date: March 15, 2019

To: Residential Eating Disorders Consortium

From: Center Road Solutions

### **RE: House Energy & Commerce Committee Hearing Strengthening Our Health Care System: Legislation to Lower Consumer Costs and Expand Access**

On March 6, the House Energy and Commerce Health Subcommittee held a hearing entitled, “Strengthening Our Health Care System: Legislation to Lower Consumer Costs and Expand Access” which presented three bills including:

- **H.R. 1425: “State Health Care Premium Reduction Act” introduced by Reps. Angie Craig (D-MN) and Scott Peters (D-CA)**, would provide \$10 billion annually to states to establish a state reinsurance program or use the funds to provide financial assistance to reduce out-of-pocket costs for individuals enrolled in ACA-compliant plans. Additionally, the bill would require the Centers for Medicare and Medicaid Services (CMS) to establish and implement a reinsurance program in states that do not apply for federal funding under the bill.
- **H.R. 1386: “Expand Navigators’ Resources for Outreach, Learning, and Longevity (ENROLL) Act” introduced by Rep. Kathy Castor (D-FL)**, would provide \$100 million annually for the federally-facilitated marketplace (FFM) navigator program. The bill would also:
  - Reinstate the requirement that there be at least two navigator entities in each state
  - Prohibit Department of Health and Human Services from considering whether a navigator entity has demonstrated how it will provide information to individuals relating to association health plans and short-term plans
- **H.R. 1385: “State Allowance for a Variety of Exchanges (SAVE) Act” introduced by Reps. Andy Kim (D-NJ) and Brian Fitzpatrick (R-PA)**, would provide states with \$200 million in federal funds to establish state-based marketplaces. Under current law, federal funds are no longer available for states to set up state-based Marketplaces.

### **Key Takeaways:**

- Disagreement about how effective the ACA Navigator program has been for states. In California it has been very successful, in Wisconsin less so.
- Witnesses from CA and MA support restoring the funding the Navigator program and a federal reinsurance program as solutions to address health care affordability and make sure consumers are well informed of their options.
- Alternatively, the witness from WI supports privatizing the federal insurance marketplaces and allowing consumers to use their tax credits to purchase plans that are not ACA-compliant as a way to improve affordability and consumer choice.

### **Hearing Summary/Opening Statements:**

#### **Health Subcommittee Chairwoman Representative Anna Eshoo (D-CA)**

- If an individual is not enrolled in Medicare or Medicaid does not get their insurance through their employer, or is a small business owner or self-employed, the legislation we’re considering today will help bring down the cost of health insurance.

#### **Health Subcommittee Ranking Member Representative Michael Burgess (R-TX)**

- CMS found that during the 2018 Open Enrollment period, Navigators received \$36 million, but enrolled less than 1 percent of the fee for service enrollment population. Additionally, CMS data show that agents and brokers helped with 42% of the fee for service enrollment for plan year 2018—this is substantially more effective than Navigators.

### **Witnesses:**

Peter Lee, Executive Director, Covered California ([testimony](#))

- California's rate of uninsured has been reduced from 17.2% in 2013 to an historic low of 7.2% in 2017 with 11 health insurance carriers.
- Covered California, Massachusetts Health Connector and the Washington Health Benefit Exchange released a joint analysis, "Exploring the Impact of State and Federal Actions on Enrollment in the Individual Market: A Comparison of the Federal Marketplace and CA, MA and WA," which highlights the stark difference between the experience of consumers who live in states that have been committed to using the tools of the ACA.
  - Since 2014, the cumulative premium increase that consumers in states served by the federally-facilitated marketplace have risen by 85%; while in our three states the increase has been less than half that increase.
- One of the most effective ways to help stabilize individual markets throughout the nation is to provide adequate federal funding through reinsurance.
  - By covering a portion of medical costs for enrollees who experience extremely high medical claims, a reinsurance program lowers plan costs thus lowering premiums for all plans sold in the individual market.

**Audrey Morse Gasteier, Chief of Policy, Massachusetts Health Connector ([testimony](#))**

- The Health Connector is a stable, high-functioning and competitive ACA-compliant marketplace, with 9 insurance carriers selling 57 plans to individuals and 70 plans to small businesses for plan year 2019.
- The Health Connector runs a robust Navigator program partnering with 16 organizations composed of a mix of community-based nonprofits, public health organizations, fishing industry organizations, and community health centers.
- During 2018 Open Enrollment, Navigators fielded nearly 30,000 renewal questions, over one-third of which came in during 2019 Open Enrollment.

**J.P. Wieske, Vice President for State Affairs, Council for Affordable Health Coverage ([testimony](#))**

- eHealth data shows the average cost of an individual ACA-compliant plan increased 123% since 2013. During that same period, average monthly premiums for families increased 174%.
- Solutions to address costs include:
  - Transitioning over three-year period to a privately-operated exchange model and eliminate funding for activities unrelated to federal data hub in the HealthCare.gov;
  - During scheduled downtime, HHS should direct all traffic to private enrollment web sites;
  - Enable all beneficiaries to use their premium tax credits off the public exchanges, to also be used in the privately-operated exchange model when fully implemented

**Q&A Session:**

- **Rep. Eshoo (D-CA):** In your opinion, what are solutions to address health care affordability?
  - **Mr. Lee:** Reinsurance programs, staggering subsidies for Americans to avoid the "fiscal cliff," and continuing marketing and outreach during open enrollment.
  - **Mr. Wieske:** In addition to what Mr. Lee said, better risk pools.
  - **Ms. Morse Gasteier:** Tools to promote continuous enrollment, not offering plans that would siphon younger, healthier people from the insurance pool.
- **Rep. Burgess (R-TX):** In a previous hearing in this committee we heard from the American Enterprise Institute that zeroing out the individual mandate was insignificant as the majority of Americans were not penalized. Mr. Lee, do you agree?
  - **Mr. Lee:** In California, 300,000 people no longer have coverage because of the repeal of the individual mandate and that was a loss of \$500 million in penalties for the state and raised premiums by 4.5%.