U.S. CHAMBER OF COMMERCE

TWO THINGS CONGRESS COULD DO RIGHT NOW TO STABILIZE THE INSURANCE MARKET AND LIMIT PREMIUM INCREASES:

1. Continue Funding for Cost Sharing Reduction Payments
2. Extend the Delay in the Health Insurance Tax

Continue Funding for Cost Sharing Reduction Payments

The Affordable Care Act (ACA) mandates that insurers participating in the ACA exchanges reduce or eliminate the deductible and co-payments for low-income individuals. Insurers are reimbursed for this expense through the Cost Sharing Reduction (CSR) program. Currently, approximately 7 million people (60% of those who purchase coverage on the exchanges) benefit from this program.

If Congress or the administration were to terminate the CSR payments, insurers would still be required by law to reduce or eliminate the out-of-pocket costs for qualifying individuals[1], but they would be forced to raise premiums.

Insurers must declare premium rates by mid-August for the upcoming open enrollment season (November 1 – December 15, 2017). A number of states are allowing insurers to either submit two different premium rates (one assuming continued CSR payments and one assuming no CSR payments) or revise their rates if CSR funding is terminated. The average increase in premiums if the CSR program is terminated is between 11-20%.

For low-income individuals, federal taxpayers will end up bearing the brunt of this premium increase as tax credit subsidies rise to offset the premium increase. The Kaiser Family Foundation estimates that the cost to taxpayers of larger tax credit subsidies will be 23% more than the savings from eliminating CSR payments.

Total Effectuated Enrollment and Financial Assistance by State, February 2017			
State	**CSR Enrollment***	**Percentage of Enrollment with CSR***	**Estimate of Additional Premium Increase to Compensate for Loss of CSR****
Total	5,895,662	57%	N/A
AK	5,895	42%	11%
AL	116,722	77%	25%
AR	34,298	58%	15%
AZ	78,265	56%	13%
CA	673,104	48%	N/A
CO	33,087	27%	N/A
CT	42,937	44%	N/A
DC	525	3%	N/A

[1] Qualifying individuals are those that are eligible to purchase coverage on the exchange. Generally speaking, these individuals earn between 100-400% of the Federal Poverty Level (FPL) (up to $98,400 for a family of four). However, CSR payments are only available for those between 100- 250% FPL ($61,500 for a family of four).

Total Effectuated Enrollment and Financial Assistance by State, February 2017			
State	**CSR Enrollment***	**Percentage of Enrollment with CSR***	**Estimate of Additional Premium Increase to Compensate for Loss of CSR****
DE	11,152	46%	11%
FL	1,072,045	75%	25%
GA	286,076	71%	23%
HI	9,859	59%	21%
IA	24,574	53%	14%
ID	56,165	66%	N/A
IL	149,781	48%	14%
IN	68,937	47%	14%
KS	48,493	56%	18%
KY	36,223	51%	N/A
LA	70,932	58%	20%
MA	150,862	62%	N/A
MD	76,429	57%	N/A
ME	36,992	53%	16%
MI	141,270	50%	15%
MN	11,106	12%	N/A
MO	121,896	57%	18%
MS	53,632	80%	27%
MT	20,569	42%	13%
NC	300,255	67%	20%
ND	9,557	47%	9%
NE	41,666	56%	15%
NH	17,098	36%	10%
NJ	126,272	52%	14%
NM	21,407	47%	13%
NV	42,533	56%	15%
NY	31,962	15%	N/A
OH	93,661	45%	13%
OK	80,548	62%	17%
OR	54,153	39%	10%
PA	205,692	57%	16%
RI	15,933	55%	N/A
SC	132,649	72%	23%
SD	16,144	59%	16%
TN	118,901	59%	21%
TX	604,735	63%	19%
UT	109,204	62%	15%
VA	218,241	60%	17%
VT	11,631	40%	N/A
WA	72,771	40%	N/A
WI	111,318	51%	17%
WV	15,203	51%	15%
WY	12,302	56%	14%

*****Source: *2017 Effectuated Enrollment Snapshot* (June 12, 2017), Centers for Medicare and Medicaid Services, https://downloads.cms.gov/files/effectuated-enrollment-snapshot-report-06-12-17.pdf (last visited on August 2, 2017).

**Source: *Estimates: Average ACA Marketplace Premiums for Silver Plans Would Need to Increase by 19% to Compensate for Lack of Funding for Cost-Sharing Subsidies* (April 6, 2017), Kaiser Family Foundation, http://www.kff.org/health-costs/press-release/estimates-average-aca-marketplace-premiums-for-silver-plans-would-need-to-increase-by-19-to-compensate-for-lack-of-funding-for-cost-sharing-subsidies/ (last visited August 2, 2017).

Extend the Delay in the Health Insurance Tax

The Affordable Care Act imposed a tax on fully-insured health insurance plans, the types of plans sold to businesses who do not self-insure (e.g. most small businesses) and individuals. The Health Insurance Tax (HIT) also applies to Medicare Advantage and Medicare Prescription Drug Plans. The non-partisan Congressional Budget Office and other analysts have all concluded that the HIT is "largely passed through to consumers in the form of higher premiums."

Recognizing that the tax directly resulted in an increase in health insurance premiums, the prior Congress and President Obama agreed to suspend the tax for 2017. According to one 2015 estimate, suspending the tax for one year would result in premiums being more than $200 lower per member than if the tax were left in place.

Under current law the tax will be re-imposed in January of 2018 and will raise $14.3 billion, with much of that cost being passed along to consumers and small businesses in the form of higher premiums.

Estimated Average Annual Premium Savings Per Enrollee Resulting From Eliminating the HIT for 2018

Individual Market	$220
Small Group Market	$280
Large Group Market	$270
Medicare Advantage	$370
Medicare Part D	$17

Source: "Estimated Impact of Suspending the Health Insurance Tax from 2017- 2020." Oliver Wyman. December 16, 2015.

For additional information, please contact:
Katie Mahoney, Executive Director, Health Policy, U.S. Chamber of Commerce
at kmahoney@uschamber.com