

Dear Mr. Lucia, Ms. Sullivan-Hare, and Mr. Aaron,

Families USA is a national nonprofit, nonpartisan organization dedicated to the achievement of high quality, affordable health care for all. We are writing to urge the Insurance Market Working Committee of the Health Benefit Exchange Executive Board to move forward the recommendation of the Standing Advisory Board to **prohibit the application of tobacco rating in the individual and small group health insurance markets in the District of Columbia.**

The application of 1.5:1 tobacco rating will greatly limit the availability of affordable coverage for many District residents, particularly because its application is the same regardless of a person's income. When people face a 50 percent tobacco surcharge, it is applied based on the full cost of their insurance premium, not on the amount the person pays for coverage after delivery of a tax credit subsidy. So, for example, if the full cost of a silver reference plan is \$600/ month and a low-income person is tobacco rated at 1.5:1, that means the person faces a \$300 monthly surcharge that the subsidy won't help him or her with. For example, here is how this would affect someone at 150 percent of the poverty level: Such an individual, with a subsidy, would face premiums of \$57 per month. Going with the example above, if that person uses tobacco, under tobacco rating his premium would go from \$57/month to \$357/ month. That is simply unaffordable for someone earning \$17,500/ year.

Furthermore, there is no evidence that charging people more for health coverage has any impact on health behaviors such as tobacco use. However, there is extensive evidence that nicotine replacement therapy and tobacco cessation counseling are effective in helping people cease tobacco usage. Preventive services requirements under the Affordable Care Act ensure that non-grandfathered plans will make these services available to enrollees free of charge. However, if tobacco users are priced out of coverage altogether with a 50 percent tobacco rating, they will not be able to access these evidence-based services that can help them curb their tobacco addictions.

Given the lack of evidence that tobacco rating can impact smoking behaviors, tobacco rating cannot be described as anything other than a form of basic underwriting, no different from any other health status underwriting. If implemented, this form of underwriting will disproportionately affect populations that already suffer greater barriers to accessing affordable health care in the District. For example, according to the Centers for Disease Control and Prevention (CDC), the smoking rate among African American residents of the District is greater than three times the rate of smoking among white residents. Therefore, 50 percent tobacco surcharges would impact African American residents more than white residents, disproportionately impeding their access to affordable coverage. Such a result could ultimately

exacerbate the District's already significant racial and ethnic health and health care disparities. In addition, individuals with mental health conditions are more likely to smoke than individuals without such conditions, and implementing tobacco rating would jeopardize access to essential services for this vulnerable population.

In light of the severe affordability concerns and lack of evidence regarding the use of tobacco rating, Families USA strongly urges you to endorse a prohibition on tobacco rating in the individual and small group health insurance markets in DC. Please feel free to contact us at 202-628-3030 should you have any questions.

Sincerely,

Claire McAndrew  
Senior Health Policy Analyst  
Families USA