



Stabilizing the Individual Market

Americans deserve affordable, high quality health care. The Affordable Care Act (ACA) helped to expand coverage to 20 million more Americans. At the same time, it is clear that parts of the law are not working well. Improvements are critical to ensure that people get covered, stay covered, and get the care and services they need. We must act now to stabilize the individual health insurance market. Without action, costs will continue to increase and choices will continue to decrease.

We offer these policy recommendations to immediately improve affordability and access to care for individual market consumers. It cannot be overemphasized that, as reforms to the individual market are considered, the timeline is extremely short to advance these critical steps to improve stability and affordability for consumers in the individual market and have a positive impact on 2018 premiums.

- **Fund cost-sharing reduction (CSR) benefits that help lower-income individuals afford the care they need.** Nearly 85 percent of consumers who buy coverage via a health care exchange receive tax credits to help them pay their premiums.¹ Well over half – and as much as three quarters -- of these consumers receive additional assistance to lower their deductibles and cost-sharing for care they receive. Without CSR funding, consumers will face significantly higher premiums and fewer plan choices.

¹ ASPE Research Brief—Health Plan Choice and Premiums in the 2017 Health Insurance Marketplace. October 24, 2016. <https://aspe.hhs.gov/sites/default/files/pdf/212721/2017MarketplaceLandscapeBrief.pdf>

- **Establish a premium stabilization program to improve market stability.** A federally funded, premium stabilization program can offset some of the costs of patients who have the most complex health conditions and need the most care. This will help keep coverage affordable for those who rely on the individual market to access care. There has been broad, bipartisan support of such efforts, including from both the House and Senate Republican versions of health care reform, and proposals from House and Senate Democrats and the bipartisan Problem Solvers Caucus.
- **Provide relief from burdensome, anti-consumer taxes and fees that raise health care costs.** Eliminating taxes and fees such as the \$145 billion tax on consumer health insurance will reduce premiums and promote affordability. Congress provided relief from this tax for 2017, but it is slated to return next year. The Congressional Budget Office estimates that if the tax goes into effect in 2018, Americans will face \$145 billion more in costs over the next decade (2017-2026).² Stopping the tax on consumer health insurance, on the other hand, would lower premiums by an average of \$220 per member per year.³
- **Promote innovation and state flexibility.** Many Governors and state insurance commissioners have called for more flexibility

² <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/52941-hr1628bcra.pdf>

³ Oliver Wyman— Estimated Impact of Suspending the Health Insurance Tax from 2017-2020. December 16, 2015. <https://ahip.org/wp-content/uploads/2015/12/Oliver-Wyman-report-HIT-December-2015.pdf>

Stabilizing the Individual Market

and control over their markets. This flexibility can be provided with improvements to the ACA's Section 1332 waiver process, including shortening the federal review time, creating a fast-track option, and establishing a process to waive the requirement for new state authorization legislation in an emergency. Changes to expedite the Section 1332 waivers should be balanced with requirements for state legislation within 2 years. Policymakers should maintain guardrails to ensure that 1332 waiver proposals provide coverage that is at least as comprehensive and as affordable for as many people as without the waiver.

Additional policies and considerations will help promote a more stable individual market for consumers and families:

- **Ensure legislative reforms are extended for an adequate duration.** As Congress considers legislation to stabilize and reform the individual market, these proposals should ensure that reforms are in place long enough to promote public confidence and allow adequate time for states and health plans to implement them.
- **Consider changes to premium tax credit eligibility to level the playing field.** In states that did not expand Medicaid, Americans with incomes below 100 percent of the federal poverty level (FPL) do not receive premium tax credits to help them afford their coverage. We believe these Americans should also have access to premium tax credits.
- **Avoid policies that could further destabilize the individual market.** Policymakers should avoid legislative proposals that have the potential to worsen the individual market. For example, repealing the individual coverage requirement without a strong alternative incentive to maintain continuous coverage would drive up

premiums, increase the number of Americans without health insurance coverage, and lead to widespread adverse selection and market instability. Moreover, policies that seek to segment insurance markets and narrowly divide risk pools would also contribute to market instability, especially for individuals with greater health care needs. Instead, policies that encourage personal responsibility and help keep coverage accessible, available, and continuous should be promoted.

AHIP and its members remain committed to making health care affordable and accessible for all Americans. While the individual health insurance market has been challenged, our commitment is to find solutions that deliver immediate stability and long-term improvement.