



March 8, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth Bldg.
Washington, D.C. 20515

The Honorable Greg Walden
Chairman
Committee on Energy and Commerce
2125 Rayburn Bldg.
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Brady and Chairman Walden:

ation whose members provide coverage for health care and related services to millions of Americans every day. AHIP members offer coverage across the entire spectrum of private-sector and public programs, from the individual market and employer-sponsored coverage to Medicaid managed care and Medicare Advantage plans. Our members are committed to market-based solutions and believe that every American deserves affordable coverage that provides them with access to quality care.

We offer our comments on the recently-introduced American Health Care Act in the spirit of working collaboratively with Congress and the Administration to find practical, workable solutions that improve affordability, value, and access. AHIP appreciates that the House proposal largely sets aside the employer-sponsored and Medicare markets, recognizing that they work well to advance the health, well-being, and financial security of more than 200 million Americans. We can build on this progress, applying lessons learned in these markets to achieve greater affordability, stability and sustainability for the approximately 75 million Americans covered by Medicaid and 20 million consumers in the individual market.

As we have previously stated, the individual market faced challenges in the past, and it has significant challenges for 2018. The proposed legislation includes a number of positive steps to help stabilize the market and create a bridge to a reformed market during the 2018 and 2019 transition period. These steps include continuing premium tax credits through the transition; funding for states to help stabilize risk pools; more flexibility for states and health plans to offer consumers more choices; and permanently eliminating many taxes that drive up consumer costs, including the health insurance tax. We support coverage for individuals with pre-existing conditions that are coupled with strong incentives for continuous coverage.

promote continuous coverage; this is essential for the viability of the individual market. Given the proposed changes to immediately eliminate the penalties associated with the individual coverage requirement would add to short-term instability in the market, we support moving up the timetable to establish additional risk pool funding as soon as 2017.

As we consider long-term, structural changes, a stable market requires a good mix of all consumers to participate. We have stated previously that there is no question that younger adults are under-represented in the individual market. Recalibrating and reforming the way in which the premium assistance is structured will encourage younger Americans to get covered. We support a tax credit formula that factors in both age and income similar to the approach described in the Hatch-Burr-Upton proposal: age bands

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would be based on a 5:1 ratio, while providing higher contributions for individuals with incomes between 100 and 400 percent of the federal poverty level. Tax credits related to age as well as income will help ensure that more people stay covered, and are the most efficient and effective way to allocate tax-payer dollars.

Similarly, changes to Medicaid should ensure that the program is sustainable long-term. We appreciate that the bill acknowledges that time is needed for states and other stakeholders to prepare for any changes. Today, Medicaid health plans provide coverage to more than 70 percent of all Medicaid beneficiaries, or more than 50 million individuals. The Medicaid managed care market is also highly competitive. Our members work with Medicaid beneficiaries, providers, and states to promote better care coordination for patients with chronic conditions, improve health outcomes, and maximize efficient use of scarce public funds.

As a core principle, we believe that Medicaid funding should be adequate to meet the healthcare needs of beneficiaries. We are concerned that key components of the proposed new funding formulas starting in 2020 — such as the base year selection and annual increases tied to the consumer price index for medical care — could result in unnecessary disruptions in the coverage and care beneficiaries depend on. For example, Medicaid health plans are at the forefront of providing coverage for and access to behavioral health services and treatment for opioid use disorders, and insufficient funding could jeopardize the progress being made on these important public health fronts. At the same time, AHIP members are committed to reducing cost growth by using value-based care arrangements and other innovative programs to address chronic illnesses and better manage the care of the highest-need patients. In addition, the individual market and Medicaid are closely related, given the populations they serve. It will be important for policymakers to consider how long-term reforms impact consumers, health care providers, employers, and other stakeholders.

By working collaboratively, we can improve health care in our nation for all consumers, no matter what type of coverage they have. As we continue to review the bill, we are focused on workable solutions. We look forward to working with policymakers and the Administration to achieve the shared goal of affordable, high-quality coverage for all Americans.

Sincerely,