

# United States Senate

WASHINGTON, DC 20510

May 26, 2017

COMMITTEES:  
ARMED SERVICES  
BUDGET  
ENERGY AND  
NATURAL RESOURCES  
INTELLIGENCE  
RULES AND ADMINISTRATION

Kevin Lewis  
President and CEO  
Community Health Options  
150 Mill Street  
Lewiston, ME 04240

Dear Mr. Lewis:

I have spent the past several weeks traveling around Maine speaking to hospitals, health care providers, patients of all ages, and caregivers. The topic that comes up repeatedly is a concern about the continued affordability of health care and health insurance.

Everyone understands that premiums rise. However, what many people don't realize is that average individual market premiums in 2014, the year many of the major insurance provisions of the Affordable Care Act (ACA) were implemented, were actually 10 to 21 percent lower than they were the previous year. Furthermore, even with the significant increases in this market in 2017, experts at the Brookings Institution estimate that premiums were still 30 to 50 percent lower than they would have been without the ACA.<sup>1</sup>

Nevertheless, I do believe that it is critical to understand the factors that contribute to premium increases, especially when some of the responsibility may be the result of government decisions. To that end, I am interested in knowing the impact of regulatory and administrative decisions on the health insurance market and how they are impacting the premium structure of your products which might even price products out of reach for many Maine individuals and their families.

You know, as well as I, that a stable regulatory environment is critical for a stable business environment. Further, as one of the businesses involved in providing health care coverage for thousands of Maine citizens, you are a critical player in the economy of Maine both through the services you support and the jobs you provide. Providing certainty to insurers is a critical component of stabilizing the individual marketplaces in the short-term and allowing us to address the long term improvements to make the program more transparent, affordable and accessible.

Obviously, the most significant uncertainty is whether or not the federal government will reimburse insurers for the statutorily obligated cost sharing reduction (CSR) payments. The CSR payments are an essential aspect of the structure of the ACA and ensure that low-income enrollees will continue to have affordable access to services through reduced cost-sharing obligations, which include lower co-payments, deductibles, and other out-of-pocket costs. Providing certainty to insurers for continued CSR payments is a critical component of stabilizing the individual marketplaces in the short-term.

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<sup>1</sup> <https://www.brookings.edu/wp-content/uploads/2016/07/acapaper721.pdf>

The joint request from the U.S. Department of Justice and House Republicans for yet another 90 day extension on the pending *House v. Price* litigation means that a final decision on this issue will occur long after your rates are due to the state. The financial loss that this delay represents, I assume, will need to be calculated into your 2018 rates. In fact, the Kaiser Family Foundation estimates that insurers would need to increase premiums by 19 percent in 2018 if the government fails to make the CSR payments.<sup>2</sup>

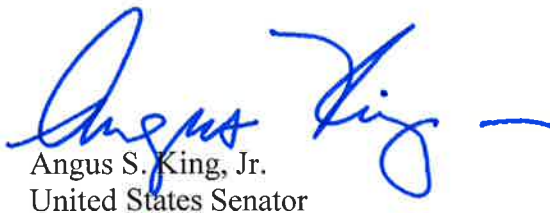
The lack of enforcement for the individual shared responsibility provision of the ACA, more commonly known as the individual mandate, would also be significant as it would likely mean fewer young, healthy people will purchase insurance resulting in an older, less healthy risk pool, thereby increasing rates. Further, some of those people choosing not to get insurance may in fact suffer some health-related crisis during the year and need to get charity care at a Maine hospital, which will result in further cost shifting to the insure population.

As you file your 2018 rates, I would be grateful if you provide to my office a comparison of the rates you have filed with a report of what the rates might have been if the ACA had not experienced administrative changes—either through regulatory changes or through non-enforcement of ACA statute, such as the absence of a guarantee on CSR payments. I encourage you to also include any other administrative or regulatory changes that are impacting your decision on rates—or even your ability to continue to offer essential health insurance products to Maine people.

For additional information please contact Marge Kilkelly, Senior Policy Advisor at 202-228-1467.

Thank you for your continued service to Maine people.

Sincerely,



Angus S. King, Jr.  
United States Senator

Cc: Daniel Corcoran, President and General Manager, Anthem Blue Cross & Blue Shield  
Edward Kane, Vice President, Maine Harvard Pilgrim Health Care

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<sup>2</sup> <http://kff.org/health-reform/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/>

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Edward Kane  
Vice President, Maine  
Harvard Pilgrim Health Care  
1 Market St., 3rd Floor  
Portland, Maine 04101

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Daniel Corcoran  
President and General Manager  
Anthem Blue Cross & Blue Shield of Maine  
2 Gannett Drive  
South Portland, ME 04106

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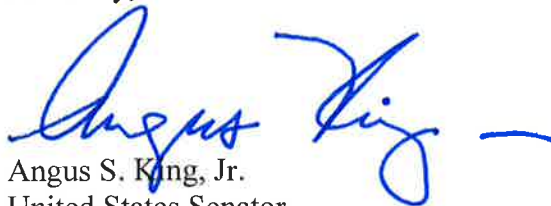
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