

STABILIZE THE INDIVIDUAL INSURANCE MARKETPLACE

BACKGROUND

Employer-Sponsored Insurance (ESI) is the most common type of health coverage in the United States, with more than 180 million Americans depending on it. The Kaiser Family Foundation reports that the average premium increase for families in employer groups rose only three percent in 2017. ESI's strength and stability is directly linked to a stable individual insurance market. If the individual market destabilizes or implodes, the costs to cover uninsured individuals will be shifted to the employer-sponsored market, raising costs for employers, increasing premiums for employees, and decreasing benefits for ESI recipients. Unfortunately, the average increase for families in the individual market rose 20 percent in 2017. Approximately 20 million Americans purchase their insurance on the individual market.

THE ISSUE

Health insurance policies purchased in the individual market are increasingly expensive as insurers continue to exit markets across the country, decreasing competition and leaving the remaining carriers with risk pools that lack healthy balance and are increasingly unaffordable. Senators Lamar Alexander and Patty Murray crafted legislation in the last congress intended to help stabilize the individual insurance markets by guaranteeing **Cost Sharing Reduction (CSR)** payments to health insurance companies for two years to encourage their market participation and mitigate rising premiums. The legislation enjoyed broad bipartisan support but was derailed by unrelated issues.

The legislation specifically required states to certify within 60 days that they will ensure that issuers of qualified health plans receiving payments are providing "a direct financial benefit to consumers and the Federal Government, as applicable," and provide a plan for ensuring that such benefits are delivered. Those plans would have to include monthly, one-time, and after-the-year rebates—considered part of the premium and taken into account for risk adjustment and "any other relevant downstream financial calculations," but not for premium subsidy purposes—and "other means of providing a direct financial benefit."

The Council also supports liberalizing the ACA's **1332 waiver process** to allow states more flexibility with plan design respective to cost and coverage requirements. Instead of only allowing approval of plans that are "as affordable as" existing exchange plans, HHS should be able to approve waivers for states that will offer plans with "comparable" affordability.

OUR POSITION

The Council supports liberalizing the 1332 waiver process, codifying the ACA's Cost Sharing Reduction (CSR) Payments, and creating reinsurance pools to mitigate premium increases and seek stabilization in the individual insurance market. We urge members of the House and Senate to support these policies and to strengthen the individual markets before their erosion bleeds into employer-sponsored markets. Further erosion of the individual markets would risk undermining the cost-containment strengths and affordability provided by the employer sponsored insurance market.

ABOUT US

The Council of Insurance Agents & Brokers is the premier association for the top regional, national and international commercial insurance and employee benefits brokerage firms worldwide. Council members are market leaders who annually place 85 percent of U.S. commercial property/casualty insurance.

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