

STABILIZE THE INDIVIDUAL MARKET

BACKGROUND

Current challenges in the individual health insurance market, if left unresolved, pose a systemic threat to the broader health insurance industry, including the stable and well-functioning employer-sponsored segment. A healthy individual market is important for all constituencies within the industry—U.S. businesses, employees and individual market enrollees.

OUR POSITION

- **Stabilizing the individual market should be a priority for policymakers.**

In general, The Council supports—and urges policymakers to support—common-sense solutions to build and maintain a stable and healthy individual market because an *unhealthy* individual market impacts the functioning and costs of the entire health eco system, including the highly functioning employer market.

- **Stabilizing the individual market should not come at the expense of destabilizing a robust and healthy employer-sponsored market, which anchors the U.S.'s private insurance system.**

Today, 177 million Americans get their health coverage through their employer. Those employers contribute \$668 billion annually to health benefits for their employees—funding that does not have to come from taxpayers. The current employer-based system is robust and serves U.S. businesses and employees well. Policies that seek to support the individual market by destabilizing or weakening the healthy employer-sponsored segment simply are not tenable solutions.

- **Cost-sharing payments under current law for individual market coverage should be appropriately funded to reassure insurers still participating in the individual market.**

Insurers need more certainty, not less, to continue participating in the individual market. Carrier planning (i.e., plan design, rate filings, etc.) for the 2018 plan year is already well under way, and yet, uncertainty surrounding payment of the Affordable Care Act's cost-sharing subsidies in the individual market remains.

The current Administration should fund the subsidies to help prevent additional insurers from exiting the individual market and avoid further exacerbating availability and cost challenges in that market.

- **Individuals should be properly incentivized to maintain continuous coverage to help avoid abuses and unnecessary costs to the system.**

The Council supports some requirement that individuals maintain continuous coverage. Without such a requirement and in light of the law's protections for individuals with pre-existing conditions, the entire industry—but the individual market in particular—is vulnerable to abuse, enormous cost increases and instability.

- **Revising the age rating band will help young, healthy participants in the individual market.**

The Council supports changing the age rating band from 3:1 to 5:1, a change that will increase actuarial soundness of rates and protect young, healthy participants in the individual market from unmanageable costs.

- **High-risk pools, to the extent they are utilized as a policy solution, must be carefully constructed and protected from uncontrollable costs.**

Historically, high-risk pools have faced tremendous long-term funding obstacles. To proactively address these challenges, any high-risk pool policy solution should include set indexed rates (e.g., Medicare rates plus a set percentage) and eligible "high risk" participants should be clearly delineated.

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% of U.S. commercial property/casualty insurance.

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