

March 5, 2019

The Honorable Anna Eshoo  
Chairwoman  
Subcommittee on Health  
House Committee on Energy & Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Michael Burgess, MD  
Ranking Member  
Subcommittee on Health  
House Committee on Energy & Commerce  
2322A Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Eshoo and Ranking Member Burgess:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to express the AMA's support for H.R. 1425, H.R. 1386, and H.R. 1385, which will be the focus of the Subcommittee on Health's legislative hearing on March 6<sup>th</sup> entitled, "Strengthening Our Health Care System: Legislation to Lower Consumer Costs and Expand Access." The AMA believes that these bills would help to reduce consumers' health care costs and improve their access to high quality insurance coverage.

H.R. 1425, the "State Health Care Premium Reduction Act," (Craig, D-MN and Peters, D-CA), would provide \$10 billion annually to states to help lower costs for consumers purchasing health insurance coverage in the individual market. States would have the option of creating a state reinsurance program or using the funds to help reduce out-of-pocket costs, such as copayments, coinsurance, premiums, and deductibles, of individuals enrolled in exchange qualified health plans offered on the individual market. The legislation would also require the Centers for Medicare & Medicaid Services (CMS) to establish and implement a reinsurance program in states that do not apply for federal funding.

The AMA believes that reinsurance provides an equitable, fair, and cost-effective mechanism to subsidize the costs of high-risk and high-cost patients, and protects patients with pre-existing conditions. State and federal reinsurance programs have been shown to be effective in yielding premium reductions, in comparison to what they otherwise would have been. The temporary reinsurance program in place during the early years of the Affordable Care Act (ACA) implementation (2014-2016) helped to stabilize premiums in the individual health insurance marketplace. Insurers' investments in reinsurance yielded significant premium reductions. For example, in 2014, insurers received reinsurance payments once an enrollee's costs exceeded \$45,000 (attachment point), covering 80 percent of enrollee costs up to \$250,000 (reinsurance cap). The \$10 billion reinsurance fund for 2014 was estimated to reduce premiums by 10 to 14 percent.

H.R. 1386, the "Expand Navigators' Resources for Outreach, Learning, and Longevity (ENROLL) Act" (Castor, D-FL), would require the Secretary of the U.S. Department of Health and Human Services (HHS) to obligate \$100 million per year for the Navigator program. The bill would reinstate the requirement that there be at least two navigator entities in each state and would require HHS to ensure that navigator grants are awarded to entities with demonstrated capacity to carry out the duties specified in the ACA. The bill would also prohibit HHS from considering whether a navigator entity has

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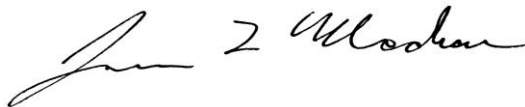
demonstrated how it will provide information to individuals relating to association health plans (AHPs) or short-term, limited-duration insurance (STLDI) plans.

The Administration decreased funding for the ACA's 2018 Open Enrollment consumer outreach and enrollment educational activities from \$100 million to \$10 million, a 90 percent cut from the previous year, and continued to fund such activities at \$10 million during the 2019 Open Enrollment period. AMA policy strongly supports providing consumers with assistance in understanding their insurance options and the costs of coverage and in enrolling in the coverage that best meets their individual or family needs. We have watched with concern as the number of individuals enrolling in marketplace coverage has dropped over the past couple of years, and believe that the ENROLL Act could help reverse some of this decline by requiring HHS to adequately fund the Navigator program to conduct consumer outreach and enrollment educational activities for the ACA marketplaces, as well as prohibit HHS from using funding to promote plans such as STLDI and AHPs that do not provide comprehensive consumer protections.

H.R. 1385, the "State Allowance for a Variety of Exchanges (SAVE) Act" (Kim, D-NJ and Fitzpatrick, R-PA), would authorize \$200 million in federal funding to states to enable the establishment of state-based marketplaces. The ACA provided states with a choice of establishing their own exchanges or using the federal exchange, and provided grants to states to help support the planning and creation of the state-based exchanges. However, this grant funding was time-limited and could only be awarded up until January 1, 2015. H.R. 1385 would allow states once again to have some assistance in establishing state-based exchanges. According to the [Commonwealth Fund](#), analysts noted that insurance markets in 2018 remained healthier in the states that were running their own insurance marketplaces than in those that relied on the federal marketplace.

The AMA applauds your leadership in holding a hearing on H.R. 1425, H.R. 1386, and H.R. 1385, and looks forward to working with you and your colleagues to advance these bills through the House of Representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Madara". The signature is fluid and cursive, with a large initial "J" and "M".

James L. Madara, MD