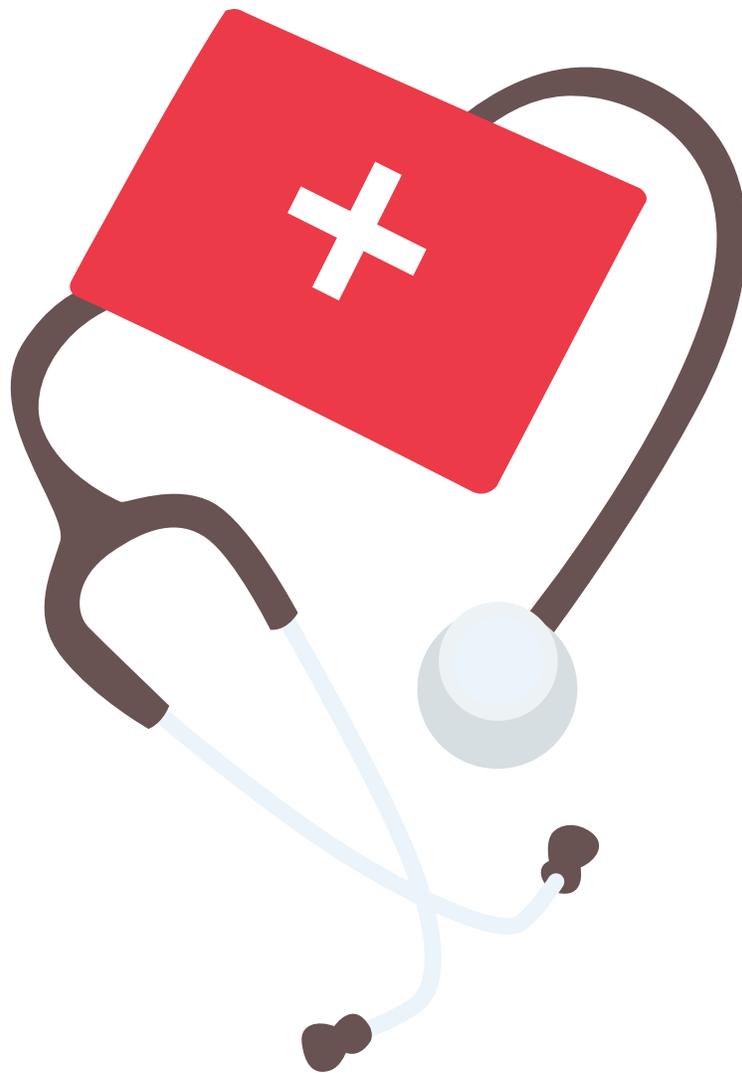


---

# THE NOT SO QUIET SABOTAGE OF YOUR HEALTH CARE

---

HOW THE ADMINISTRATION'S ACTIONS ARE  
UNDERMINING OUR HEALTH CARE SYSTEM



**U.S. SENATOR BOB CASEY**



**FIGHTING** *for a FAIR SHOT for FAMILIES, KIDS and SENIORS*

---

# The Not So Quiet Sabotage of Your Health Care

## How the Trump Administration and Congressional Republicans Are Undermining Our Health Care System

*“...the most immediate drivers of instability are the weakening of the individual mandate, the uncertain status of funding for the cost sharing reductions and the absence of funding for overall market stabilization measures...”<sup>i</sup>*

*-Pennsylvania Insurance Commissioner and PA Health Plan CEOs*

The Trump Administration continues to use administrative actions and its bully pulpit to undermine the stability of the health insurance market – feeding uncertainty that can only lead to higher premiums and fewer insurance choices for consumers. Congressional Republicans, with the backing of the Administration, are causing further havoc in the market due to their efforts to enact the American Health Care Act, which would upend the system starting immediately. While experts say the health insurance market has been showing signs of stabilizing and moving toward profitability,<sup>ii</sup> <sup>iii</sup> President Trump and Congressional Republicans have put that progress at considerable risk.

The Trump Administration and Republicans in Congress are sabotaging the health insurance marketplace just as insurers are making decisions about 2018 rates. Over 1.1 million Pennsylvanians have gained health coverage under the Affordable Care Act through the Marketplace and Medicaid Expansion.<sup>iv</sup> Just this week, the government reported that the uninsured rate in Pennsylvania was well below the national average.<sup>v</sup> Examples of sabotage include threatening to withhold nearly \$7 billion in annual payments that would lower consumers’ deductibles and co-pays, suggesting the Administration won’t robustly enforce the law, cut-backs in efforts to sign people up for coverage, and a House-passed bill that would cause 14 million Americans to lose health insurance coverage next year alone. No good businessperson would create so much uncertainty in a market he or she wanted to succeed.

As a result of the market disruption created by the Trump Administration and Congressional Republicans, many insurers feel compelled to hedge their bets in the form of higher premiums or completely withdrawing from the market. This is the result of Republican-induced chaos and will harm hard-working families in Pennsylvania and around the country.

### What does Sabotage Look Like?

- **Threatening to Not Enforce the Law:** From his first day in office, President Trump has created uncertainty in the health insurance market. On January 20, 2017, he ordered federal agencies, to the extent permissible, to exempt, delay or defer any Affordable Care Act provisions that impose a cost or penalty on individuals.<sup>vi</sup> Health insurers and insurance experts have been clear that undermining the enforcement of the individual responsibility penalty weakens the health insurance risk pool. Without a diverse risk pool, insurers are much more likely to raise premiums. The Congressional Budget Office estimated that repealing this provision could raise premiums by up to 20 percent.<sup>vii</sup>

- **Undercutting Outreach and Enrollment Efforts:** On January 26, 2017, the Trump Administration ended marketing activities for the final week of health insurance enrollment, a critical period for reaching younger, healthier enrollees and a period of time during previous open enrollment seasons in which enrollment spiked. Ending these activities could have reduced enrollment by nearly half a million people.<sup>viii</sup> Researchers recently reported that the volume of TV advertisements during the Affordable Care Act’s first enrollment period was associated with increased insurance coverage.<sup>ix</sup> The U.S. Department of Health and Human Services Inspector General is now investigating the Administration’s actions to cease outreach activities abruptly before the enrollment period ended.<sup>x</sup>
  
- **Failing to Commit to Making Payments that Lower Consumer Costs:** Cost-sharing reductions (CSRs) in the Affordable Care Act have provided \$7 billion annually to reduce deductibles and co-payments for millions of consumers, including over 225,000 Pennsylvanians.<sup>xi</sup> Yet the Trump Administration has repeatedly failed to commit to continuing these payments. During a Congressional hearing on March 29, 2017, Secretary Price refused to commit to continuing these payments. As recently as May 2, 2017, Office of Management and Budget Director Mick Mulvaney refused to commit to continue CSR payments. In a May 11, 2017 interview with *The Economist*, President Trump said, “Plus we’re subsidising it and we don’t have to subsidise it. You know if I ever stop wanting to pay the subsidies, which I will.”<sup>xii</sup> Insurers, hospitals, the American Medical Association and the U.S. Chamber of Commerce have all called on the President to ensure that CSRs are fully funded for at least 2017 and 2018. Absent such a commitment, these leading health care groups have made clear that:

*“Premiums for 2018 and beyond will be higher. Analysts estimate that loss of CSR funding alone would increase premiums for all consumers – both on and off the exchange – by at least 15 percent. Higher premium rates could drive out of the market those middle-income individuals who are not eligible for tax credits.”*

and

*“Choices for consumers will be more limited. If reliable funding for CSRs is not provided, it may impact plan participation, which would leave individuals without coverage options.”<sup>xiii</sup>*

- **Supporting Legislative Uncertainty:** On May 4, 2017, the Trump Administration celebrated a House-passed bill that would cause 14 million Americans to lose health insurance coverage in 2018 and 24 million Americans to lose it by 2026. Moreover, it would allow states to opt-out of fundamental consumer protections by, for example, allowing insurance companies to once again discriminate against people with pre-existing conditions. And Senate Republicans have yet to unveil their version of the legislation. That means insurers are trying to plan for the 2018 health insurance market while the Trump Administration and Congressional Republicans are actively trying to dismantle it and have no clear ability to describe what might take its place.

## Insurers and State Regulators Say Uncertainty is Driving Their Decisions

Consider the statements of insurers and state regulators confirming that the Administration's efforts are likely to drive higher premiums and lower insurer participation in 2018:

- [Pennsylvania Insurance Commissioner Teresa Miller, Highmark Health Plan CEO Deborah Rice-Johnson, Geisinger Health Plan CEO Steve Youso, Independence Blue Cross COO Yvette Bright, Capital Blue Cross CEO Gary St. Hilaire, and UPMC Health Plan CEO Diane Holder](#): "The absence of certainty regarding market parameters, and in particular those with direct financial consequence, magnify the risks of market participation in a way that issuers and regulators cannot ignore. This, we fear, could undermine the progress we have made, reduce coverage options and significantly increase prices for millions of vulnerable Pennsylvanians (and others throughout the nation)."<sup>xiv</sup>
- [CareFirst BlueCross BlueShield CEO Chet Burrell](#): "Failure to enforce the individual mandate makes it far more likely that healthier, younger individuals will drop coverage and drive up the cost for everyone."<sup>xv</sup>
- [California Insurance Commissioner Dave Jones](#): "In light of all the actions taken by the Trump Administration and House Leadership to undermine the ACA, I expect that health insurers will consider filing significant rate increases for 2018. Further, I am concerned that this needless uncertainty may, in some cases, cause insurers to leave markets entirely."<sup>xvi</sup>
- [BlueCross BlueShield of Tennessee President and CEO JD Hickey](#): "Given the potential negative effects of federal legislative and/or regulatory changes, we believe it will be necessary to price-in those downside risks, even at the prospect of a higher-than-average margin for the short term, or until stability can be achieved. These risks include but are not limited to the elimination of Cost Sharing Reduction subsidies (CSRs), the removal of the individual mandate and the collection of the health insurer tax."<sup>xvii</sup>
- [Anthem Chairman and CEO Joseph Swedish \(Anthem is the largest insurer providing individual Marketplace coverage\)](#): "We are notifying our states that if we do not have certainty that CSRs will be funded for 2018 by early June, we will need to evaluate appropriate adjustments to our filing," Swedish said. Those adjustments could include resubmitting higher rates increases, "or exiting certain individual ACA-compliant markets altogether."<sup>xviii</sup>
- [Association of Washington Healthcare Plans Molli Robertson and Washington State Insurance Commissioner Mike Kreidler](#): "Uncertainty demands a more conservative pricing model for insurance, which means planning for the worst case scenario in terms of utilization and cost of care. Regulatory action should minimize unpredictability, uncertainty, and rapid change – factors that all contribute to instability in the insurance market. Currently, the most significant and immediate drivers of market uncertainty are the weakening of individual mandate

enforcement, the uncertain status of cost-sharing reduction funding, and the lack of funding for broader market stabilization measures.”<sup>xix</sup>

- **Wellmark Chairman and CEO John Forsyth:** “Finding solutions to stabilize this market is in the best interest of all Iowans, including providers of health care and insurance carriers,” said Wellmark Chairman and CEO John Forsyth. “No one really benefits from rising costs. While there are many potential solutions, the timing and relative impact of those solutions is currently unclear. This makes it difficult to establish plans for 2018.”<sup>xx</sup>

## Congressional Republicans Are Threatening Affordable Coverage with the American Health Care Act

On May 4, 2017, Republicans in the House of Representatives passed the American Health Care Act, which allows insurance companies to once again discriminate against people with pre-existing conditions, and will result in health insurance premiums to skyrocket. It also slashes funding for Medicaid by over \$800 billion in exchange for tax cuts for the wealthiest Americans. These changes are of grave concern to families across the Commonwealth and country, while also injecting greater uncertainty into our health insurance market.

The Table below shows how a two-person household at age 60 with \$40,000 median income would be forced to pay more for health insurance under the American Health Care Act.<sup>xxi</sup> In all 67 counties, these consumers would pay more under the American Health Care Act, between \$2,890-\$22,250 more per year. Since the American Health Care Act gives states the option to allow insurance companies to discriminate against individuals with pre-existing conditions, individuals with cancer, depression, or diabetes could pay more.

### Increased Health Insurance Costs for a 60 year-old couple under the AHCA<sup>xxi</sup>

City	Consumers Pay More Under the Republican Plan
Allentown	<b>+\$19,190</b>
Johnstown	<b>+6,310</b>
Philadelphia	<b>+\$13,830</b>
Pittsburgh	<b>+2,890</b>
Reading	<b>+\$20,680</b>
Scranton	<b>+\$12,900</b>

Note: data are based on a couple at 60 years of age and \$40,000 annual income

The non-partisan Congressional Budget Office (CBO) reviewed the legislation and determined that this would result in 14 million individuals losing coverage next year and 24 million people losing it by 2026. It would culminate in 14 million fewer individuals enrolling in Medicaid by 2026, a 17 percent reduction relative to current law.<sup>xxii</sup>

The spike in the cost of coverage for many, decimation of Medicaid, and spike in the number of uninsured Americans that would result from the American Health Care Act only serves to make it more challenging for individuals and families to obtain the financial and health security provided by health insurance coverage.

## Conclusion

The Administration and Congressional Republicans must end the games and make a firm commitment to ensuring that Americans have affordable health coverage. Consumers should not bear the cost of the Trump Administration and Congressional Republicans' sabotage through higher premiums and fewer choices. Yet, unfortunately, this is exactly what could happen to consumers in the 2018 plan year thanks to efforts to undermine the law. All Americans deserve affordable health insurance coverage; Americans deserve better than sabotage.

---

<sup>i</sup> Teresa Miller, Diane Holder, Deborah Rice-Johnson, Yvette Bright, Steve Youso, Gary St. Hilaire. *Letter to Secretary of Health and Human Services Tom Price*. Pennsylvania Insurance Department, April 2017.

<http://www.insurance.pa.gov/Documents/Sec.%20Tom%20Price%20joint%20letter%2004.26.17FINAL.pdf>

<sup>ii</sup> Cynthia Cox, Larry Levitt, Gary Claxton. *Insurer Financial Performance in the Early Years of the Affordable Care Act*. Kaiser Family Foundation, April 2017. <http://kff.org/private-insurance/issue-brief/insurer-financial-performance-in-the-early-years-of-the-affordable-care-act/>

<sup>iii</sup> Deep Banerjee, James Sung, Joseph N. Marinucci, Jacqueline Unverrich. *The U.S. ACA Individual Market Showed Progress In 2016, But Still Needs Time To Mature*. S&P Global Marketplace Intelligence – Global Credit Portal, April 2017.

[https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1828594&SctArtId=421970&from=C&nsi\\_code=LIME&sourceObjectId=10047007&sourceRevId=5&fee\\_ind=N&exp\\_date=20270408-00:16:31](https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1828594&SctArtId=421970&from=C&nsi_code=LIME&sourceObjectId=10047007&sourceRevId=5&fee_ind=N&exp_date=20270408-00:16:31)

<sup>iv</sup> Wes Venteicher, Ben Schmitt. *Pennsylvania has 1M in path of Obamacare repeal*. Tribune-Review, November 2016. <http://triblive.com/news/editorspicks/11447429-74/health-insurance-plans>

<sup>v</sup> Centers for Disease Control and Prevention. *National Health Interview Survey Early Release Program*. U.S. Department of Health and Human Services. May 16, 2017.

<https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201705.pdf>

<sup>vi</sup> *Executive Order 13765: Executive Order Minimizing the Economic Burden of the Patient Protection and Affordable Care Act Pending Repeal*. Executive Office of the President. January 2017.

<https://www.whitehouse.gov/the-press-office/2017/01/2/executive-order-minimizing-economic-burden-patient-protection-and>

<sup>vii</sup> Congressional Budget Office. *Repeal the Individual Health Insurance Mandate; Options for Reducing the Deficit: 2017 to 2026*. December 8, 2016. <https://www.cbo.gov/budget-options/2016/52232>

<sup>viii</sup> Joshua Peck. *Trump Blocked Nearly 500,000 People from Getting ObamaCare Coverage*. Huffington Post, February 3, 2017. [http://www.huffingtonpost.com/entry/trump-blocked-nearly-500000-people-from-getting-coverage\\_us\\_5894bfdbe4b0c1284f25b9de](http://www.huffingtonpost.com/entry/trump-blocked-nearly-500000-people-from-getting-coverage_us_5894bfdbe4b0c1284f25b9de)

<sup>ix</sup> Pinar Karaca-Mandic, Andrew Wilcock, Laura Baum, Colleen L. Barry, Erika Franklin Fowler, Jeff Niederdeppe, Sarah E. Gollust. *The Volume of TV Advertisements during The ACA's First Enrollment Period Was Associated with Increased Insurance Coverage*. Health Affairs March 2017.

<http://content.healthaffairs.org/content/early/2017/03/13/hlthaff.2016.1440.abstract>

<sup>x</sup> Shelby Livingston. *HHS inspector general is investigating pullback on HealthCare.gov ads*. Modern Healthcare, March 2017. <http://www.modernhealthcare.com/article/20170324/NEWS/170329934>

- 
- <sup>xi</sup> Sarah Lueck. *Interactive Map: Cost-Sharing Subsidies at Risk under House GOP Health Bill*. Center for Budget and Policy Priorities, March 2017. <http://www.cbpp.org/blog/interactive-map-cost-sharing-subsidies-at-risk-under-house-gop-health-bill>
- <sup>xii</sup> *Q&A Transcript: Interview with Donald Trump*. The Economist, May 2017. <http://www.economist.com/Trumptranscript>
- <sup>xiii</sup> *Letter to President Donald Trump*. America's Health Insurance Plans, et al, April 2017. [https://www.uschamber.com/sites/default/files/4-12-17\\_joint\\_csr\\_letter\\_to\\_president\\_trump\\_04.12.2017.pdf](https://www.uschamber.com/sites/default/files/4-12-17_joint_csr_letter_to_president_trump_04.12.2017.pdf)
- <sup>xiv</sup> Teresa Miller, Diane Holder, Deborah Rice-Johnson, Yvette Bright, Steve Youso, Gary St. Hilaire. *Letter to Secretary of Health and Human Services Tom Price*. Pennsylvania Insurance Department, April 2017. <http://www.insurance.pa.gov/Documents/Sec.%20Tom%20Price%20joint%20letter%2004.26.17FINAL.pdf>
- <sup>xv</sup> Tami Luhby. *Trump vows premiums will fall, but these Obamacare insurers want big hikes for 2018*. CNN Money, May 2017. <http://money.cnn.com/2017/05/05/news/economy/insurers-premiums-obamacare-trump/>
- <sup>xvi</sup> Dave Jones. *Letter to All California Health Insurers*. California Department of Insurance, April 2017. <http://www.insurance.ca.gov/0400-news/0100-press-releases/2017/upload/nr039HealthRateFiling.pdf>
- <sup>xvii</sup> JD Hickey. *Letter to Tennessee Insurance Commissioner McPeak*. BlueCross BlueShield of Tennessee, May 2017. [https://cdn1.vox-cdn.com/uploads/chorus\\_asset/file/8487845/JDH\\_Letter\\_CommMcPeak\\_FV.0.pdf](https://cdn1.vox-cdn.com/uploads/chorus_asset/file/8487845/JDH_Letter_CommMcPeak_FV.0.pdf)
- <sup>xviii</sup> Bertha Coombs. *Anthem could bolt from Obamacare exchange if subsidies are cut*. CNBC, April 2017. <http://www.cnbc.com/2017/04/26/anthem-could-bolt-from-obamacare-exchange-if-subsidies-are-cut.html>
- <sup>xix</sup> Mike Kreidler, Mollie Robertson; *Letter to Secretary of Health and Human Services Tom Price*. Association of Washington Healthcare Plans and Washington Insurance Commissioner. April 2017. <https://www.insurance.wa.gov/current-issues-reform/affordable-care-act/documents/Kreidler-AWHP-letter-HHSSec-TomPrice.pdf>
- <sup>xx</sup> John Forsyth. *Wellmark announces 2018 individual ACA market decision in Iowa*. Wellmark BlueCross BlueShield, April 2017. <https://www.wellmark.com/about/newsroom/2017/04/03/2018-aca-market-decision>
- <sup>xxi</sup> Kaiser Family Foundation. *Premiums and tax credits under the Affordable Care Act vs. the American Health Care Act: Interactive maps*. April 2017. <http://kff.org/interactive/tax-credits-under-the-affordable-care-act-vs-replacement-proposal-interactive-map/>
- <sup>xxii</sup> Congressional Budget Office. *Cost Estimate: American Health Care Act*. March 2017. <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>