



September 6, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
Washington, D.C. 20510

Dear Chairman Hatch and Ranking Member Wyden:

Thank you for your outstanding, bipartisan leadership of the Senate Finance Committee.

The Healthcare Leadership Council (HLC) is a coalition of chief executives from all disciplines within American healthcare. Members of HLC – hospitals, academic health centers, health plans, pharmaceutical companies, medical device manufacturers, laboratories, biotech firms, health product distributors, pharmacies, post-acute care providers, and information technology companies – are committed to advancing a consumer-centered healthcare system that values innovation, accessibility, and affordability.

HLC believes all Americans need access to affordable coverage of high-quality healthcare. The Affordable Care Act (ACA) faces significant, potentially destabilizing challenges that could affect the ability of individuals to maintain coverage. HLC appreciates the committee's consideration of ways to stabilize and strengthen the individual health insurance market. The attached health reform recommendations outline steps the committee can take to bolster the stability of the health insurance market, encourage greater competition, and give consumers enhanced choice and stability in their coverage. We hope that these proposals will aid the committee in its work, and we are happy to provide more detail as is helpful.

Thank you again for your leadership on stabilizing the health insurance market. HLC looks forward to continuing to collaborate with you. If you have any questions, please do not hesitate to contact Debbie Witchey at (202) 449-3435.

Sincerely,

A handwritten signature in black ink that reads "Mary R. Grealy". The signature is written in a cursive style with a large, prominent "M" and "G".

Mary R. Grealy
President



HEALTH REFORM RECOMMENDATIONS

HLC believes health reform efforts should build upon the most successful components of the ACA while also acting to improve the components of the ACA that need reform.

HLC is a coalition of chief executives from all disciplines within American healthcare. Its members – the nation’s leading hospitals, academic health centers, health plans, pharmaceutical companies, medical device manufacturers, laboratories, biotech firms, health product distributors, pharmacies, post-acute care providers, and information technology companies – are committed to advancing a consumer-centered healthcare system that values innovation, accessibility, and affordability.

These health sector leaders strongly believe that all Americans need access to affordable coverage of high-quality healthcare. HLC urges our country’s leaders to work together toward this goal. While the ACA faces significant, potentially destabilizing challenges, the law has significantly reduced the number of Americans without health insurance coverage. It is essential that any health reform proposals maintain a similar number of insured Americans.

Individual Market

The health insurance structure must bolster the stability of the entire health insurance market, encourage greater competition, and give all Americans enhanced choice of, and flexibility in, their coverage.

To offset the costs of high-risk individuals, an effective insurance structure must include a viable and appropriately funded reinsurance program, which will in turn reduce premiums for all consumers and help stabilize the health insurance market. In addition, the cost-sharing reduction (CSR) subsidies must be fully funded. The CSRs keep healthcare affordable for low-income Americans and, even as premiums are reduced, these individuals will still need assistance with out of pocket costs. Failure to fund this important program will result in higher premiums and create uncertainty as health plans face the decision whether or not to remain in the market. HLC would also suggest providing low-income individuals with a prefunded health savings account that incentivizes the use of preventive services and could be used for cost-sharing expenses.

Immediate steps are needed to help provide greater certainty for the 2018 market as state officials and health plans finalize decisions regarding their engagement in local markets and product offerings. HLC would highlight reinsurance and CSR funding as

two policy provisions for which near-term action would benefit the market and consumers substantially.

HLC also believes that a premium tax credit that is workable for low-income families who are not eligible for Medicaid and who do not have access to employer-sponsored insurance should be tied to income and geography, as well as to age, and be adequately funded. These premium tax credits should retain their value over time relative to premium growth to avoid a market destabilizing dynamic in which less healthy consumers would be the dominant population purchasing coverage in future years.

Access to affordable health insurance should not be based on health status. This is essential to ensuring that all Americans have coverage to become and remain healthy and receive treatment when needed. Having a diverse group of consumers in the market also spreads risk and controls premiums and out-of-pocket costs. This is the reason that an individual mandate was first used in Massachusetts under then-Governor Mitt Romney. In the absence of an individual mandate in the future, alternative mechanisms, such as a continuous coverage requirement, must be enacted in its place to ensure a stable individual market. A limited waiting period before obtaining coverage, similar to that in Medicare, could be an effective way of preventing consumers from letting their health coverage lapse and then buying coverage only when they get sick. Additionally, the Centers for Medicare and Medicaid Services (CMS) should take steps to close the loopholes consumers could use to obtain coverage, and should maintain risk adjustment to ensure that issuers have equal incentive to enroll all individuals.

It is vital that the health reform legislation provide meaningful safeguards for patients with preexisting conditions and that there be no annual or lifetime limits on coverage. Consumers will be further empowered by restoring options for and increasing the flexibility of health savings accounts and repealing the limitations on contributions to flexible spending accounts and health savings accounts. This will provide middle-income consumers with better tools to manage funds to cover their healthcare expenses.

States have traditionally been the primary regulators for their local markets and they understand how best to meet their consumers' needs. For example, varying geographies and demographics across states make it difficult to apply uniform, one size fits all network adequacy standards nationally. Restoring regulatory oversight of insurance products, rate review, and network adequacy to the states will help minimize dual regulation where states are in a better position to know what works best for their market.

Taxes, Fees, and Payment Provisions

Other provisions to support the healthcare safety net are also needed. For example, Disproportionate Share Hospital (DSH) payments must be restored to preserve access to care for low-income beneficiaries.

In addition to restoring the DSH payments, Congress should repeal the ACA's burdensome taxes and fees on providers, plans, and manufacturers. The health insurance tax, the medical device tax, and the tax on brand-name prescription medicines raise health insurance premiums for everyone. They also harm job creation, deter the medical innovation needed to save and improve patients' lives, and inhibit economic growth.

HLC's membership of leaders across all healthcare sectors share a commitment to creating jobs and giving hope to patients through access to high-value, high-quality care. HLC looks forward to continuing to collaborate with Congress to develop an optimal, 21st century healthcare system.