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ACAP  
Association for Community  
Affiliated Plans



association of  
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NATIONAL ASSOCIATION OF  
Community Health Centers

The Honorable Donald J. Trump  
President of the United States  
The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

April 20, 2017

Dear President Trump,

As safety net focused organizations, we urge you to work with Congress to stabilize the individual market for 2017, 2018, and beyond by ensuring continued federal funding for consumers' cost-sharing reductions (CSR) in the Marketplaces.

Cost-sharing reductions are key to low-income consumers' ability to access affordable care. In fact, approximately 5.9 million people received CSRs in the first half of 2016—equating to nearly 56 percent of Marketplace enrollees. On average, consumers receive approximately \$1000 in cost-sharing assistance. CSRs are guaranteed to consumers regardless of funding source (at issue in *House v Price*). To date issuers have simply acted as a pass-through for federal funding; issuers receive the CSR funding and reduce low income Marketplace enrollee's premiums accordingly. However, without CSR payments issuers would be required to fund them on their own—forcing them to either raise premiums significantly or leave the Marketplace.

Issuers are currently determining their rates for 2018 and seek certainty as to whether the Federal Government will continue to fund CSRs. The uncertainty posed by *House v. Price* also can lead issuers to charge higher premiums for 2018 or even to exit the Marketplace altogether. Congress can resolve this issue by taking action to fund CSRs in the upcoming Continuing Resolution. Without guaranteed CSR funding, the impact will be far reaching:

**Carriers will drop coverage.** Many issuers, particularly Safety Net Health Plans that operate with limited margins, will be forced to stop offering coverage altogether in 2017 or 2018.

**Premiums will increase.** Estimates show that most issuers would need to raise their premiums by approximately 20 percent, with some issuer estimates as high as 30 percent. If CSRs are funded, however, premium increases are expected to instead be in the single digits.

**Federal spending via tax credits will increase substantially.** Contrary to popular belief, eliminating federal CSR funding would actually increase taxpayer spending, not decrease it. Advanced premium tax credits (APTC) for Marketplace plans, which are federally funded, would increase, as they are



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based on the cost of coverage. A recent analysis showed that the corresponding increases to APTC would actually cost the Federal government more than funding the CSRs by at least \$2 billion more annually.

**Uncompensated care will increase.** Many individuals will be unable to afford coverage if premiums rise drastically, leading them to drop coverage altogether. The resulting impact is an increase in the uncompensated care burden for hospitals, community health centers, and other safety-net providers in particular. Additionally, many individuals will simply go without needed care.

We urge Congress to work with the Administration to ensure continued, stable funding for cost sharing reductions in order to ensure business stability within the individual market. With the June 21, 2017 deadline for qualified health plan applications quickly approaching, there is a slim margin of time for Congress to act before plans must price their product offerings for 2018.

We stand ready to work with the Administration on this important issue and ensure market stability for millions of Americans nationwide.

Sincerely,

Association for Community Affiliated Plans  
America's Essential Hospitals  
Association of Clinicians for the Underserved  
National Association of Community Health Centers

cc: The Honorable Thomas E. Price, M.D., Secretary of Health and Human Services  
The Honorable Steven T. Mnuchin, Secretary of the Treasury  
The Honorable Mick Mulvaney, Director of the Office of Management and Budget  
The Honorable Seema Verma, Administrator, Centers for Medicare and Medicaid Services