Americans deserve affordable health care. The Affordable Care Act (ACA) helped to expand coverage to 20 million more Americans, providing access to quality care to more people than ever before. But at the same time, it is clear that pieces of the law have not worked as well as intended. Improvements are critical to ensure that people get covered, stay covered, and get the care and services they need.

The individual insurance market has been a challenge for many years – both before and after the ACA. Given the current challenges and those likely next year, we must take action now to stabilize this market. Without immediate action, costs will continue to increase, choices will continue to decrease, and coverage will not be there for millions. The American people are looking for strong signals that we can and will have an effective transition to a stronger, more stable market.

These steps must be taken to help ensure that Americans have real choices of quality, affordable coverage options:

- **Continue important subsidies that help consumers pay for and use their coverage.** Today, nearly 85 percent of consumers in the individual exchanges receive advance premium tax credits (APTC), making premiums more affordable to people and families living on lower incomes. Nearly 60 percent of these consumers also receive cost-sharing reduction (CSR) subsidies, which lower their deductibles, copayments, and other costs for care. Continuing APTC and CSR payments through any transition period will help ensure these hardworking Americans continue to get and use their coverage for better health.

- **Support high-need patients through reinsurance payments.** The temporary Federal reinsurance program ensures health plans can support sicker patients who require more care, especially those with chronic conditions. Health plans were required to reduce premiums in 2016 to account for these payments. By making these payments in 2017 as intended, federal policymakers will enable consumers to get access to affordable coverage they need.

While these policies are critical to avoid a collapse of the individual market, more stabilization must be done to assure an effective transition:

- **Use premium tax credits to encourage younger people to get coverage.** There is no question that younger adults are underrepresented in the individual market. Recalibrating and reforming the way in which the current APTC subsidy is structured will encourage more younger Americans to get covered. This will strengthen the risk pool, expand coverage, and avoid increasing premium and deductible costs for everyone. We propose modifying the existing tax credit formula to allow a 5:1 factor thus adjusting the required individual contribution amounts for individuals with incomes between 100 and 400 percent of the federal poverty level (FPL).
Recommendations for Ensuring an Effective Health Care Transition

- **Create incentives for people to keep their coverage through the transition.** The elimination of the tax penalties associated with the individual coverage requirement could create market instability and result in the loss of coverage for millions of Americans. We recommend continuous coverage requirements that would be communicated to Americans this year, encouraging them to get enrolled and stay enrolled for the 2018 benefit year. Those requirements would include:
  
  - Encourage all eligible consumers to enroll for 2018 during the open enrollment period. These individuals would face no penalties, regardless of their current coverage status.
  - Beginning in 2018, those enrolling during a special enrollment period must meet continuous coverage requirements, defined as 12 months of creditable coverage.
  - Those without continuous coverage may face waiting periods before they can purchase a plan, and/or late enrollment penalties that are similar to those that beneficiaries experience in Medicare Part D.

- **Establish transitional risk pools.** A federally funded, transitional risk pool program would offset some of the costs of serving patients who have the most complex health conditions and need the most care. Guidelines for how payments will be determined would be established by the Department of Health and Human Services (HHS), and payments would be based on available funding. States could have the option of administering their own risk-pool program, subject to approval by HHS.

- **Provide relief from taxes and fees that raise costs and hurt consumers.** Eliminating taxes and fees, such as the health insurance tax will reduce premiums and promote affordability. Although Congress has taken action to suspend the health insurance tax for 2017, the most recent estimates from the Congressional Budget Office (CBO) indicate that this tax, if it goes back into effect in 2018, will impose additional costs of $156 billion over the next decade (2016-2026)\(^1\). According to an analysis by Oliver Wyman, repealing the health insurance tax would lower premiums by as much as a three percent for 2018 – reducing costs for consumers by an average of $220 per year.

- **Effectively verify the eligibility of those signing up for coverage during special enrollment periods, and revert to state law for premium payment grace period.** The market must be fair if it’s to be affordable. While most consumers play by the rules, some do not – and that raises costs for everyone. Too many game the system by applying for coverage when they need care. We must eliminate opportunities for fraud by the few, if we are to make care more affordable for everyone.

AHIP and its members remain committed to making health care affordable and accessible for all Americans. While the individual insurance market has been challenged, our commitment is to find solutions that deliver immediate stability and long-term improvement. Health plans stand ready to work alongside policymakers of both parties to improve affordability, value, access and well-being for the American people, and to improve and protect the health and financial security of consumers, families, businesses, communities and the nation.