



July 14, 2017

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Charles Schumer  
Democratic Leader  
United States Senate  
Washington, DC 20510

Dear Leaders McConnell and Schumer:

As the U.S. Senate considers the Better Care Reconciliation Act, we are writing to urge you to strike the "Consumer Freedom Option" from the bill. It is simply unworkable in any form and would undermine protections for those with pre-existing medical conditions, increase premiums and lead to widespread terminations of coverage for people currently enrolled in the individual market.

The Consumer Freedom Option allows insurers to sell products that must comply with all rules in current law alongside plans that do not comply with current insurance reforms – meaning they are allowed to refuse offering coverage to certain people, charge different rates based on age and gender, and not provide comprehensive health benefits. This would allow the new plans to “cherry pick” only healthy people from the existing market making coverage unaffordable for the millions of people who need or want comprehensive coverage, including, for example, coverage for prescription drugs and mental health services.

Some have asserted that a “single risk pool” – which requires insurers to place all consumers into one pool to determine premiums – as well as additional dedicated funding for high risk individuals will make this work. That is not the case. The Consumer Freedom Option establishes a “single risk pool” in name only. In fact, it creates two systems of insurance for healthy and sick people. A new [paper](#) from the American Academy of Actuaries on risk pooling confirms this view. We also firmly believe that the dedicated funding included in the bill to address the cost of plans that cover people with pre-existing medical conditions is insufficient and additional funding will not make the provision workable for consumers or taxpayers.

As healthy people move to the less-regulated plans, those with significant medical needs will have no choice but to stay in the comprehensive plans, and premiums will skyrocket for people with preexisting conditions. This would especially impact middle-income families that are not eligible for a tax credit. Taxpayers will pay more to finance

federal tax credits for the individuals in comprehensive plans and these costs will continue to increase, even with dedicated funding. Risk adjustment is also critical to making the individual market sustainable, but can only work when there are uniform benefit requirements across the market.

Finally, this provision will lead to far fewer, if any, coverage options for consumers who purchase their plan in the individual market. As a result, millions of more individuals will become uninsured.

Given our experience and longstanding commitment to providing health care coverage, we understand what it takes to make health insurance markets work for consumers. We believe strongly that the rules must apply equally to all insurance products offered in state individual and small group markets. A level playing field and effective risk adjustment across uniform benefits is important to assure effective competition, choice and affordability. The Consumer Freedom Option does not meet these requirements and would harm consumers who are most in need of coverage. We strongly oppose this provision.

Sincerely,



President and CEO  
America's Health Insurance Plans



President and CEO  
Blue Cross Blue Shield Association