



Matthew Eyles
President & Chief Executive Officer

October 17, 2019

The Honorable Nancy Pelosi
Speaker of the House
House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
House Republican Leader
House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Senate Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Senate Democratic Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer:

On behalf of America's Health Insurance Plans (AHIP), I am writing to urge you to continue your work on the most important health care issue to Americans today: **Health care affordability**. We strongly support your shared goal of tackling health care cost drivers. We agree this is best achieved by fostering new competitive market forces and eliminating perverse incentives that lead to higher prices and costs. If addressed effectively in a bipartisan manner, your actions will lower premiums and out-of-pocket costs for hundreds of millions of American patients, providing them with greater financial security and peace of mind.

As you return for the final weeks of the 2019 work period, we urge you to enact bipartisan legislation in three critical policy areas: (1) surprise medical bills; (2) prescription drug prices and costs; and (3) health care taxes that undermine affordability and access. AHIP and its member health insurance providers stand ready to help you enact policies to improve health care affordability for every American.

1. End surprise medical bills without increasing health care costs and premiums.

Every year, Americans make approximately 145 million emergency room visits.ⁱ Hundreds of millions of additional, non-emergency procedures are performed at hospitals annually. At least 1 in 5 patients covered by health insurance will receive a surprise medical bill from a doctor, even when the hospital participates in their coverage network.ⁱⁱ

Sadly, certain physician groups (and the private equity firms that often finance them) have implemented business strategies to intentionally remain out-of-network. This is done only to maximize their own revenues and profits—not to improve patient care, quality, access or affordability. In nearly every case, consumers have no ability to plan for or avoid treatment from these doctors. While many states are acting to protect consumers, federal action is needed to protect the more than 130 million Americans covered under self-funded (ERISA) plans.ⁱⁱⁱ

We stand alongside employers, labor unions, accountable care providers, and consumers in advocating for a market-based benchmark solution that will guarantee fair, equitable payment to providers, promote network participation, and increase patient access and financial security. Evidence from the states shows this approach works and has led to significant decreases in surprise medical billing while increasing network participation across affected provider types.^{iv} The Congressional Budget Office has also scored this approach as saving American taxpayers, consumers, and businesses tens of billions of dollars.^v

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We appreciate that Committee leaders in both chambers have adopted a payment benchmark based on local, competitive, market-based rates. We believe that a market-based benchmark approach will most effectively address the growing problem of surprise medical bills while providing the greatest savings to consumers and taxpayers. We urge you to enact a market-based benchmark approach and put an end to this egregious practice.

2. Enact bipartisan solutions to lower prescription drug prices and costs.

Millions of hardworking Americans feel the profound consequences of out-of-control prescription drug prices every day. Outrageous drug prices harm patients who struggle to afford needed medications, consumers who pay higher premiums and co-pays, employers that sponsor coverage, and taxpayers who fund Medicare and Medicaid.

We share your goals to deliver lower drug prices and costs for every American. Legislative and regulatory action is needed, and we appreciate efforts by leaders in both parties and in both chambers to put forth reform proposals to make prescription drugs more affordable.

We strongly support proposals that would put significant downward pressure on prices through competition, consumer choice, appropriate incentives, and open and honest drug pricing. We also support solutions that address misaligned incentives that raise prices, as well as policies that preserve and strengthen insurance providers' leverage to provide the lowest net cost medicines to consumers. We call on Congress to lower prescription drug costs through policies that:

- Have bipartisan support;
- Improve affordability for consumers through lower prices and lower out-of-pocket costs while not increasing premiums;
- Reduce taxpayer burden;
- Ensure drugmakers have meaningful accountability for the prices they alone set and raise year after year;
- Maintain health plans' leverage and negotiating abilities to reduce the net cost of drugs for consumers;
- Reduce prescription drug costs across the entire health care system – rather than shift costs between consumers, employers, and taxpayers;
- Address government-granted monopolies that allow manufacturers to set and maintain outrageous launch prices and eliminate competition.

Everyone deserves access to needed medications at an affordable price. We should not and do not have to choose between innovation and affordability. With the right solutions and bipartisan collaboration, we can have both.

3. Provide relief from taxes that increase premiums and out-of-pocket costs.

Premiums for comprehensive health insurance coverage continue to rise because the underlying costs continue to increase. That includes taxes levied on those premiums. Those taxes impact tens of millions of Americans with coverage – whether through an employer, Medicare Advantage, Part D, or the individual market. We urge Congress to act now to relieve Americans from these burdensome taxes to make coverage and care more affordable for everyone.

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First, Americans need relief from the health insurance tax (HIT), a multi-billion-dollar tax imposed on health insurance premiums on consumers, small and medium-sized businesses, states, and Medicare beneficiaries. In 2020 alone, the HIT is projected to increase costs for these Americans by \$16 billion dollars.^{vi} And as premiums continue to rise with health care costs, the impact of the HIT will get worse: Analysts estimate that the HIT will cost every American family around \$5,000 over the next decade.^{vii}

Second, hardworking Americans need relief from the 40% excise tax on employer-sponsored coverage - the Cadillac Tax. This tax creates a perverse incentive to reduce health care value – pushing businesses to choose between requiring higher cost-sharing of employees or offering them fewer health care benefits. It also has an outsized impact on employee populations with numerous chronic conditions, that have serious illnesses or work in more hazardous conditions (e.g., manufacturing, law enforcement), and who have larger families. Currently slated to go into effect in 2021, the Cadillac Tax will, in short order, affect every American business and employee. In just the first 5 years of implementation, more than 80% of employers expect their plans will be affected.

Bipartisan support remains strong to protect hardworking American families from taxes like these. AHIP calls on Congress to act immediately to provide relief from the HIT and the Cadillac Tax to improve value and affordability of coverage for every American.

Conclusion

On behalf of our members and the millions of people we serve and employ, we thank you for your dedication to addressing these essential pocketbook issues. Everyone deserves access to the coverage, services, and medications they need at a price they can afford. As you close out the legislative work period for 2019, we look forward to continuing our work with you to reduce health care costs for every American.

Sincerely,



Matthew Eyles
President & Chief Executive Officer

ⁱ Centers for Disease Control and Prevention: National Hospital Ambulatory Medical Care Survey (2016). https://www.cdc.gov/nchs/data/nhamcs/web_tables/2016_ed_web_tables.pdf

ⁱⁱ Cooper, Z., & Morton, F. S. (2016). Out-of-Network Emergency-Physician Bills — An Unwelcome Surprise. *New England Journal of Medicine*, 375(20), 1915-1918 http://faculty.som.yale.edu/fionascottmorton/documents/NEJM_ED.pdf

ⁱⁱⁱ Department of Labor. Annual Report on Self-Insured Group Plans. 2018.

<https://www.dol.gov/sites/dolgov/files/ebsa/researchers/statistics/retirement-bulletins/annual-report-on-self-insured-group-health-plans-2018.pdf>

^{iv} Adler, L., Duffy, E., Ly, B., and Trish, E. The Brookings Institution. California Law Saw Reduction in Out-of-Network Care from Affected Specialties After 2017 Surprise Billing Law. September 2019. <https://www.brookings.edu/blog/usc-brookings-schaeffer-on-health-policy/2019/09/26/california-saw-reduction-in-out-of-network-care-from-affected-specialties-after-2017-surprise-billing-law/>

^v Congressional Budget Office. Cost estimate for S. 1895, Lower Health Care Costs Act, July 16, 2019.

<https://www.cbo.gov/publication/55457> and Cost estimate for H.R. 2328, Reauthorizing and Extending America's Community Health Act (Title IV, No Surprises Act), September, 18, 2019. <https://www.cbo.gov/system/files/2019-09/hr2328.pdf>

^{vi} Carlson, C., Giese, G., and Sauder, T. Oliver Wyman. Analysis of the impacts of the ACA's tax on health insurance in year 2020 and later. August 2018. <https://health.oliverwyman.com/content/dam/oliver-wyman/blog/hls/featured-images/August18/Insurer-Fees-Report-2018.pdf>

^{vii} *Ibid.*