

Congress of the United States

Washington, D.C. 20515

April 13, 2018

The Honorable Bruce Rauner
Governor, State of Illinois
207 State House
Springfield, IL 62706

Dear Governor Rauner:

Last year, we wrote to ask that you “work with us to prevent the repeal of the (Affordable Care Act) and to protect access to health care for all Illinoisans.” While we were disappointed that you chose not to join other Republican and Democratic Governors in vocal opposition to the ACA’s repeal, we were able to defeat that legislation. However, the Trump Administration and the Republican Congress have continued their efforts to undermine the law and did not include any stabilization measures in the Fiscal Year 2018 omnibus spending bill. In light of new studies that show the extreme damage those efforts could have on coverage and premium rates in Illinois, we once again renew our call for you to take action in the hope that this year you will agree to work with us on lowering health care costs and expanding access to the people of our state.

Since the passage of the ACA, Republicans have worked to undermine or eliminate the law, despite the fact that millions have received coverage through the ACA, including 334,979 individuals in Illinois for 2018. For the first time, Illinoisans are guaranteed that having a pre-existing condition or being a woman will no longer result in higher premiums or coverage denials. Health consumers are assured of coverage that includes essential health benefits, including maternity care and opioid treatment, without annual or lifetime limits. The age tax on those age 50 to 64 is limited. Premium assistance is available for 253,542 Illinoisans. Insurance companies are required to spend at least 80% of premium dollars on health care.

Rather than building on the ACA, the Trump Administration and Congressional Republicans are currently pushing policies that would reduce enrollment and raise premiums and out-of-pocket costs for middle-class families. The Trump Administration cut funding for Marketplace advertising by 90 percent, slashed in-person assistance through the navigator program and increased premiums for middle class families by unilaterally refusing to pay cost sharing reductions. Those actions have had devastating consequences for working families. According to the latest data from Gallup, 3.2 million fewer people had health insurance coverage during the first year of the Trump Administration, relative to 2016.

The repeal of the individual mandate beginning in 2019 and proposed Trump Administration regulations on short-term limited-duration (STLD) plans and association health plans will further destabilize the individual market and raise costs for American families. STLD plans and association health plans are not required to comply with ACA protections such as the

guarantee of essential health benefits, prohibitions on premium increases based on health status and pre-existing conditions, bans on lifetime and annual benefit caps, and limits on age-rating. These junk plans would return patients to the days where only upon illness did they discover their plans imposed unreasonable limits on coverage and excluded needed benefits. In the past, consumers faced more than \$100 million in unpaid claims when fly-by-night companies purporting to sell insurance became insolvent. In addition, expanding access to junk insurance plans negatively affects the risk pool in the ACA-compliant market, thereby increasing premiums for middle class families.

According to a recent analysis conducted by the Urban Institute, two measures alone -- the elimination of the individual mandate coupled with the Administration's push for barebones coverage, would increase premiums for ACA-compliant plans in Illinois by 19.4 percent and harm 327,000 Illinoisans who would have been protected under the ACA but would now be either uninsured or severely underinsured.¹ Similarly, the Covered California analysis estimates that the elimination of the individual mandate would increase premiums across the country between 7 and 15 percent next year, while the expansion of STLD and AHP plans would add another 0.3 to 1.3% increase.² Illinois premiums are estimated to rise up to 50 percent by 2021.

In the absence of a commitment from President Trump and the Republican-led Congress to protect Americans' access to health care, states can and must step up to ensure families are protected from crushing health care costs by ensuring access to affordable insurance that covers needed benefits. There are a number of actions at the state level that would help increase coverage and improve the affordability of care for families in our state that will also counteract the harmful work of Republicans in Washington. We urge you to work to implement some or all of these options to help ensure stability and lower costs for our residents. Six potential options include:

Protect state residents by limiting the sale of sub-par junk insurance plans.

The Trump Administration has further weakened consumer protections by allowing STLD plans to be sold that do not meet basic benefit or financial protection standards. While the Trump Administration has loosened federal regulations, strong state protections can prevent such plans from appearing in the state market to scam unknowing customers. For example, states could blunt the destabilizing effect of a proposed regulation on short-term limited duration plans by requiring that these plans comply with key consumer protections, or by limiting the duration of these plans and preventing renewals.³ The Urban Institute analysis estimates that states that prohibit or limit STLD plans would see significantly lower premium increases than states like Illinois that do not.

¹ Linda J. Blumberg et. al, *The Potential Impact of Short-Term Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending* (Feb. 2018) (www.urban.org/sites/default/files/publication/96781/stld_draft_0226_finalized_0.pdf).

² "Individual Markets Nationally Face High Premium Increases in Coming Years Absent Federal or State Action, with Wide Variation Among States," Covered California, March 8, 2018.

³ Jeanne Lambrew et. al., *Recommended Actions For States to Protect Their Health Insurance Markets*, Health Affairs (Jan. 22, 2018) (www.healthaffairs.org/doi/10.1377/hblog20180117.926755/full).

Strengthen state oversight of the individual market to improve plan participation and lower costs.

State regulators in all states can work with plans to ensure that every rating area has a plan available and increase competition to reduce costs and increase choice. Demonstrating this commitment and increasing communication with issuers at the state level has the potential to reverse the Trump Administration's ongoing efforts to sabotage the individual market. Illinois does not provide rate authority that allows the Department of Insurance to deny unjustifiable premium rates, negotiate for reasonable rates, or order rebates.

Protect consumers by ensuring their health plan provides essential health benefits, like hospital care or prescription drugs.

While Republican legislative attempts to undermine critical health benefits like maternity care and prescription drugs have not succeeded to date, the Trump Administration is considering steps that would allow plans to charge more for certain life-saving benefits or allow plans to exclude certain needed items from coverage altogether. Illinois has the opportunity to demonstrate the importance of these essential health benefits and ensure equal access to needed care by passing our own requirements to protect residents and bolster the intent of current law and regulations.

Boost coverage (and lower costs) by increasing outreach, enrollment and marketing.

While the Trump Administration dramatically cut the budget for marketing and outreach, and has refused to use funds designated for these purposes, Illinois can and should redouble on the ground efforts, including marketing targeted at hard-to-reach groups. Awareness of the marketplaces and available financial assistance remain very low, and younger and healthier consumers are more likely to remain uninsured without significant advertising campaigns. Investments in outreach, enrollment and marketing help ensure a diverse risk pool, bringing premiums down for consumers. For instance, Covered California estimates that its extensive investment in marketing and outreach has translated into 6-8 percent lower premiums.⁴ Illinois could develop an effective outreach plan and ask that federal funds currently not being used for their intended purposes be made available for those outreach and marketing efforts.

Use existing Affordable Care Act (ACA) authority to craft a reinsurance program to reduce health insurance premiums.

A number of states have sought State Innovation waivers under Section 1332 of the ACA to create reinsurance funds to stabilize the individual market. These funds protect consumers from dramatic premium increases by paying claims above a certain limit or paying for claims for certain specific high-cost conditions. Removing these claims or conditions through reinsurance allows plans to reduce premiums for other consumers. Illinois should explore a similar approach.

⁴ Covered California, *Marketing Matters: Lessons From California to Promote Stability and Lower Costs in National and State Individual Insurance Markets* (Sept. 2017) (http://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17.pdf).

Broaden the insurance risk pool by passing a state-level individual mandate or similar policy designed to boost enrollment.


Passing a state level individual mandate would both increase coverage and reduce premiums for consumers. After Massachusetts passed its own individual mandate prior to the ACA, premiums decreased by double digits and coverage increased from 70 to 92 percent. The Congressional Budget Office projects that the repeal of the individual mandate in the Republican tax law will result in 13 million people losing coverage and 10 percent higher premiums each year. Restoring the mandate at the state level would help insulate Illinois (and Illinoisans' insurance premiums) against these adverse effects.

Republicans in Washington have proven to be incapable of crafting a replacement for the ACA that would increase coverage and lower costs for American families and they remain unwilling to seriously engage in bipartisan improvements to the ACA. For the sake of our constituents, we once again urge you to take action to mitigate the impact of their harmful actions and inability to solve the problems that exist in our insurance markets today. We hope to be able to work with you on those efforts and thank you for your attention.

Sincerely,



JAN SCHAKOWSKY
Member of Congress



BOBBY L. RUSH
Member of Congress



BILL FOSTER
Member of Congress



MIKE QUIGLEY
Member of Congress



ROBIN L. KELLY
Member of Congress



RAJA KRISHNAMOORTHY
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