

United States Senate

WASHINGTON, DC 20510

August 15, 2016

Ms. Paula Steiner
President and CEO
Health Care Service Corporation
300 E. Randolph St.
Chicago, IL 60601

Dear Ms. Steiner:

We have appreciated Health Care Service Corporation's (HCSC) efforts to provide affordable, quality health insurance coverage options serving as Blue Cross Blue Shield (BCBS) plans in the Illinois and Montana Marketplaces. As the largest insurer in these Marketplaces, BCBS plans play a vital role in providing health care coverage to our constituents, many of whom are insured for the first time thanks to the Patient Protection and Affordable Care Act (ACA). However, we are particularly concerned about the 2017 proposed premium increases across numerous BCBS plans, in addition to those of other insurers in our states. We urge HCSC to continue its work with the Department of Health and Human Services (HHS), as well as our state Departments of Insurance, to ensure high-quality plan options within the Marketplaces servicing Illinois and Montana remain affordable and accessible for our constituents.

Our nation's uninsured rate has declined from 20.3 percent among adults ages 18 to 64 in 2013 to 11.5 percent in 2015, the lowest uninsured rate on record. Over 20 million Americans have gained health insurance coverage through the ACA; and this year, nearly 4.9 million new customers signed up for coverage through the federal Marketplace. These changes are to be lauded, but they did not come about easily. They required significant changes on the part of federal agencies and state governments, as well as on the part of health insurance companies. Prior to passage of health reform, health insurers offering plans in the individual market often competed by finding and covering the healthiest and least expensive consumers. Today, the ACA ensures that everyone can buy coverage – no matter their past health history or status – and insurance companies have had to adapt and compete based on identifying and implementing innovative strategies to provide quality, cost-effective health care to all those in need.

Given the unique dynamics and competition in our states, as well as the still-maturing Marketplaces, we understand both the challenges and opportunities that HCSC faces in offering coverage in the new individual market. However, we are troubled by many of BCBS' proposed rate requests for plan year 2017 including four products requesting more than a 23 percent increase and one product requesting a 45 percent increase in Illinois, and four products requesting more than a 32 percent increase including one product requesting a 62 percent increase in Montana. As you know, other insurers in our states have proposed troubling increases as well, but HCSC's requested rate increases relative to other products and significant market share in our states make it all the more critical that the company continue to pursue strategies to help control costs.

While premium increases were a reality long before the ACA was signed into law, we know that BCBS plans in other states have found innovative ways to reduce costs and maintain quality of care for enrollees by enhancing care coordination, investing in value-based purchasing, and employing strong provider contractor strategies. For example, BCBS of Massachusetts has implemented a payment model that pays doctors and clinicians based on the quality, efficiency, and effectiveness of their care, which has saved money and improved patient outcomes. Similarly, BCBS of Florida is harnessing inter-disciplinary teams of nurses, analysts, pharmacists, social workers, and other professionals to deliver targeted care to certain high-risk populations. In New Jersey, BCBS is implementing consumer analytics programs to reach uninsured populations through novel marketing strategies to attract new enrollees that had been overlooked by other insurance companies. These are but a few of the new ideas and strategies that are being utilized by insurers nationwide.

HHS has identified best practices on innovative models and strategies for insurers to improve the delivery of quality coverage in these new marketplaces. We also understand that insurers have had to submit a Quality Improvement Strategy to HHS identifying steps they are taking to improve enrollee health, prevent readmissions, and promote wellness, all of which can serve to reduce health care costs for insurers and consumers alike. Finally, HHS has held stakeholder meetings and conducted individualized outreach with interested insurers to help provide guidance and facilitate the development and implementation of innovative approaches.

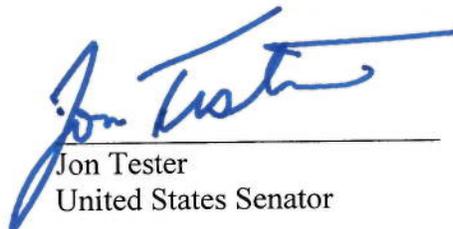
In light of the proposed rate increases for 2017, we urge HCSC to actively engage with HHS to identify strategies – including those already utilized by other BCBS companies – to reduce costs and improve care for the tens of thousands of our constituents covered by your plans. It is our hope that, by doing so, consumers in our states will not have to absorb significant premium increases year after year. Additionally, we would be interested in learning what steps HCSC is taking to reduce costs for enrollees and how HCSC is implementing new strategies to adjust to the dynamics of the post-ACA Marketplace. Finally, as our state Departments of Insurance review BCBS rate proposals for next year, we encourage you to work collaboratively and creatively to structure products that offer high-quality coverage without jeopardizing enrollee access with prohibitively high premiums.

We applaud your commitment to the federal Marketplace and to improving the health and quality of health care for our constituents. Many of our constituents depend upon HCSC for their health insurance and we would not want access to those plans jeopardized in any way. As the dynamics of the Marketplace evolve, we appreciate HCSC's efforts to identify new ways to offer quality, affordable health insurance plans for those in the Marketplace. We look forward to continuing to work with you to ensure our constituents have access to quality, affordable health insurance coverage.

Sincerely,



Richard J. Durbin
United States Senator



Jon Tester
United States Senator