



To: Montana Reporters  
From: The Office of Senator Jon Tester  
RE: Efforts to Destabilize Health Care in Montana

## Don't Just Take Our Word For It

National Association of Insurance  
Commissioners Manager of Health  
Policy Brian Webb:

"The biggest problem we have [for  
2018] is uncertainty. Insurers hate  
uncertainty."  
([NBC News](#), May 8, 2017)

The Congressional Budget Office:

"Several factors could lead insurers  
to withdraw from the market –  
including lack of profitability and  
substantial uncertainty about  
enforcement of the individual  
mandate and about future payments  
of the cost-sharing subsidies to  
reduce out-of-pocket payments  
for people who enroll in nongroup  
coverage through the marketplaces  
established by the ACA."  
([Congressional Budget Office](#), May  
24, 2017)

U.S. Chamber of Commerce, AHIP,  
American Academy of Family  
Physicians, American Hospital  
Association, American Benefits  
Council, BCBS Association, AMA,  
Federation of American Hospitals:

"Unless CSRs are funded, a  
tremendous number of Americans  
will simply go without coverage and  
move to the ranks of the uninsured.  
This threatens not just their own  
health and financial stability, but  
also the economic stability of their  
communities." ([Letter to Senate  
Leaders](#), May 19, 2017)

Senator Tester knows Congress must act now to improve the current health care system, stabilize the insurance markets, and make health care more affordable for every Montanan. But the evidence clearly shows that actions taken by the Trump Administration and certain members of Congress are destabilizing insurance markets and threatening significant health care cost increases for Montanans in 2018.

Both public and private analyses released earlier this year showed that the individual marketplaces were stable and improving, and that on average, insurers were getting closer to breaking even in the marketplaces.

A March 2017 analysis from the non-partisan [Congressional Budget Office](#) says that "under current law, most subsidized enrollees purchasing health insurance coverage in the

nongroup market are largely insulated from increases in premiums...The subsidies to purchase coverage combined with the penalties paid by uninsured people stemming from the individual mandate are anticipated to cause sufficient demand for insurance by people with low health care expenditures for the market to be stable."

An April 2017 [Standard & Poor's](#) report found that "2016 results and the market enrollment so far in 2017 show that the ACA individual market is not in a 'death spiral'". The analysis found that the health insurance market is set for stability and profitability as long as the Administration is not "disruptive."

However, despite the fact that experts have said the individual health insurance market has been showing signs of stabilization, the Administration and certain members of Congress have put this progress at risk.

## Timeline of Undermining the Health Care System

### President Trump Signs an Executive Order Undermining the Law

January 20, 2017

His first day in office, [President Trump signed an executive order](#) telling federal agencies, to the extent permissible, to exempt, delay, or defer any Affordable Care Act provisions that impose a cost or penalty on individuals. Health insurers and experts have been clear that undermining the enforcement of the individual mandate will weaken the risk pool, which in turn drives up premiums. [The Congressional Budget Office estimated](#) that repealing this provision could raise premiums by up to 20 percent and that "[substantial uncertainty about enforcement of the individual mandate](#)" could lead insurers to withdraw from the marketplace.

### Trump Administration Deliberately Undercuts Outreach and Enrollment Efforts

January 26, 2017

The Trump Administration [cut 75 percent of television advertising](#) and all digital advertising for the final week of health insurance enrollment, [resulting in an estimated 500,000 fewer Americans](#) purchasing coverage. Based on previous open enrollments, the last week has proven to be a critical time for signing up younger, healthier enrollees. The U.S. Department of Health and Human Services Inspector General [is now investigating the Administration's actions](#) to end outreach activities abruptly before the open enrollment period ended.

CareFirst BlueCross Blue Shield CEO Chet Burrell:

"Failure to enforce the individual mandate makes it far more likely that healthier, younger individuals will drop coverage and drive up the cost for everyone else."  
([CNN](#), May 5, 2017)

Blue Cross Blue Shield of Tennessee President and CEO JD Hickey:

"Given the potential negative effects of federal or legislative and/or regulatory changes, we believe it will be necessary to price-in those downside risks, even at the prospect of a higher-than-average margin for the short term, or until stability can be achieved. These risks include but are not limited to the elimination of Cost Sharing Reduction subsidies (CSRs), the removal of the individual mandate and the collection of the health insurer tax."  
([Business Insider](#), May 9, 2017)

Blue Cross Blue Shield North Carolina:

"The failure of the administration and the House to bring certainty and clarity by funding CSRs has caused our company to file 22.9 percent premium increase, rather than one that is materially lower. That will impact hundreds of thousands of North Carolinians."  
([Washington Post](#), May 26, 2017)

Insurance Company Anthem explaining why it's pulling out of the Ohio insurance Marketplace:

"The lack of certainty of funding for cost sharing reduction subsidies...and...increasing lack of overall predictability simply does not provide a sustainable path forward to provide affordable plan choices for consumers."  
([Business Insider](#) and [Wall Street Journal](#), June 6, 2017)

Anthem Chairman and CEO Joseph Swedish:

"We are notifying our states that if we do not have certainty that CSRs will be funded for 2018 by early June, we will need to evaluate appropriate adjustments to our filing," Swedish said. Those adjustments could include resubmitting higher rates increases, "or exiting certain individual ACA-compliant markets altogether."  
([CNBC](#), April 26, 2017)

## President Trump Won't Commit to Making Consumer Cost-Sharing Reduction Payments, Creating Market Instability

President Trump continues to threaten to withhold \$7 billion in annual cost-sharing reduction (CSR) payments that lower consumers' deductibles and co-pays.

[The National Association of Insurance Commissioners](#) wrote to Office of Management and Budget Director Mick Mulvaney in May 2017 that "the uncertainty of this funding (CSR payments) could add a 15-20% load to the rates or even more."

- **3/29/17** - Health and Human Services Secretary Tom Price refused to commit to continuing the payments during a congressional hearing.
- **5/2/17** - Office of Management and Budget Director Mick Mulvaney [refused to commit to continue the CSR payments](#).
- **5/11/17** - In an [interview with the Economist](#), President Trump said, "Plus we're subsidizing it and we don't have to subsidize it. You know if I ever stop wanting to pay the subsidies, which I will."
- **5/22/17** - The Trump Administration and House of Representatives [asked a federal appeals court judge](#) for another 90-day-delay in [a lawsuit regarding CSR payments](#). The House of Representatives is leading that lawsuit. The delay continues [uncertainty over the payments](#) while insurers are determining premiums for 2018, which they must file in Montana by June 15. The Administration's decision to delay the lawsuit came after Trump reportedly told advisers in an Oval Office meeting [he wants to end CSR payments](#).

## Instead of Improving Our Health Care System, President Trump Said Letting it "Explode" is Best Strategy

The President has made repeated comments suggesting the best strategy is to let our health care system fail. [At the White House on March 24, 2017](#), the President said "the best thing we can do politically speaking is let Obamacare explode." The President was asked if he would let our health care system explode, [and he responded](#): "Bad things are going to happen to Obamacare. There's not much you can do to help it. I've been saying that for a year and a half."

## Irresponsible Legislation is Raising Costs by Creating Uncertainty

In May, the U.S. House of Representatives passed a bill that would allow states to opt-out of many consumer protections and raise out-of-pocket costs. [An analysis released by the non-partisan Congressional Budget Office on May 24, 2017](#) found that the American Health Care Act would make health care more expensive and harder to access, particularly for those with pre-existing conditions, children, Montanans approaching retirement, and seniors. Senate Republicans have yet to unveil their health care legislation. This means that insurers are trying to plan for the 2018 health insurance market while the Trump Administration and certain members of Congress are working to make significant changes to the system without any reliable indication of what a replacement might look like. Insurance markets, like most businesses, need certainty to thrive. This uncertainty makes it extremely difficult for insurance companies to plan for the future. As the [Congressional Budget Office analysis indicates](#), "substantial uncertainty about how the new law would be implemented could lead insurers to withdraw from or not enter the nongroup market" for insurance purchased individually.

U.S. SENATOR FOR MONTANA

**JON TESTER**