



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

CHRISTOPHER T. SUNUNU
Governor

October 16, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate

The Honorable Chuck Schumer
Minority Leader
United States Senate

The Honorable Paul Ryan
Speaker
U.S. House of Representatives

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives

Re: Cost sharing reductions, and S. 1835, The Lower Premiums Through Reinsurance Act of 2017

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan and Minority Leader Pelosi,

We write today to urge Congress to take two important steps to help states stabilize individual health insurance markets:

(1) Restore funding for the cost-sharing reduction payments for FY2017, FY2018 and until Congress acts to revise the Affordable Care Act. Our nation's healthcare system demands long-term reform that puts in place market structures and incentives to bring down costs. However, as we have stated before, cost sharing reductions (CSRs) should be appropriated to ensure individuals can afford healthcare until more permanent reform can be achieved.

(2) Pass S. 1835 (the Lower Premiums through Reinsurance Act of 2017), a bipartisan measure sponsored by Senators Susan Collins (R-Maine) and Bill Nelson (D-Florida) in a version that provides states sufficient funding and flexibility to further stabilize their markets. Five governors, three Republicans and two Democrats, have also supported this approach and it is consistent with the principles of federalism. The average 2018 rate increase for New Hampshire citizens buying their health coverage on our exchange is estimated to be 52% for those who are not eligible for a subsidy. More than a quarter of participants in New Hampshire's individual market pay full premium for their health insurance.

Actuarial modeling projects that with these rate increases, by the end of 2018, New Hampshire's individual market will lose about 10,000 members, which is more than 10% of the market and about 40% of those who pay full premium. Without Congressional action, our individual market for 2019 will be in peril, as healthier and younger members leave and prices increase further for the sicker and older members who remain, or our carriers pull out entirely.

This year, in response to the growing prospects of market instability, the New Hampshire Legislature authorized the New Hampshire Insurance Commissioner to take steps to establish a reinsurance mechanism to stabilize the individual market, encourage carriers to stay, and mitigate the rate increases expected for 2018. The New Hampshire Insurance Department developed a proposed reinsurance program and a draft 1332

waiver application and entered talks with CMS in pursuit of pass-through funding. However, because about half of New Hampshire's individual market consists of members whose qualified health plan coverage is sponsored through the state's Medicaid Premium Assistance Program, New Hampshire's eligibility for pass-through funding was greatly reduced, the timetable for approval was greatly extended, and the prospects for market stabilization in 2018 became unlikely.

S. 1835 has the potential to facilitate New Hampshire's efforts to stabilize our individual market through reinsurance mechanisms and invisible high-risk pools. This legislation is a fiscally conservative approach that enables states to stand up their own reinsurance programs quickly and keeps costs to the federal government to a minimum. We hope New Hampshire's Congressional Delegation will join this effort.

Prior to the enactment of the ACA, our neighboring state of Maine ran a highly successful invisible risk pool in which patients never knew they were in the high-risk pool. It simply covered them without forcing premium increases or policy revisions. Maine policymakers were able to reduce premiums while still guaranteeing access to plans for those with pre-existing conditions. Alaska's reinsurance mechanism is expected to lead to a 20 percent decline in premiums in the coming year.

The additional flexibility and expedited timetable for getting a 1332 waiver together with the federal funding provided to support state-created reinsurance mechanisms will go a long way toward addressing the problems that New Hampshire encountered earlier this year in our effort to improve the market for 2018. But having the funding for this program be adequate is key, so we urge you to take a careful look at what would constitute adequate funding to mitigate excess risk in individual markets nationwide.

For these reasons, and because a large number of New Hampshire citizens rely on the individual market to obtain their health insurance coverage, we urge you to take immediate action to: (1) fully fund CSR payments until the ACA is reformed, as Congressional appropriation of CSR funding resolves the constitutional questions and addresses the stated reason President Trump is ending the payments; and (2) pass S. 1835 in a version that provides states sufficient funding and flexibility to help offset the cost of high-risk enrollees and bring more certainty to the market. These steps, along with efforts at the administrative level to reduce regulatory burdens and promote state flexibility, will help stem the tide of increasing premiums and market withdrawals. While S. 1835 does not address all of the problems within the ACA, it is a useful tool to bridge the gap to reform.

We remain committed to working collaboratively with Congress on a bipartisan basis to address the longer-term issues related to health insurance. As your partners in government, we look forward to working with you as we all seek to make health insurance coverage more affordable and accessible.

Sincerely,



Christopher T. Sununu
Governor



Roger A. Sevigny
Insurance Commissioner

CC:

Senator Jeanne Shaheen

Senator Maggie Hassan

Senator Warren Hatch

Senator Ron Wyden

Senator Dick Durbin

Senator Susan Collins

Senator Bill Nelson

Representative Carol Shea-Porter

Representative Annie Kuster

Representative Kevin McCarthy

Representative Steve Scalise

Representative Steny Hoyer

107 North Main Street, State House - Rm 208, Concord, New Hampshire 03301

Telephone (603) 271-2121 • FAX (603) 271-7640

Website: <http://www.governor.nh.gov/> • Email: governorsununu@nh.gov

TDD Access: Relay NH 1-800-735-2964