

September 25, 2017

United States Senate Committee on Finance
Attn. Editorial and Document Section
Room SD-219
Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Chairman Hatch, Ranking Member Wyden, and members of the Committee:

Young Invincibles appreciates the opportunity to submit a comment for the record for today's Hearing to Consider the Graham-Cassidy-Heller-Johnson Proposal. As a non-partisan, non-profit organization committed to expanding economic opportunity for young adults, we are gravely concerned about the impact the Graham-Cassidy proposal would have on young people's access to quality, affordable health care coverage and broader financial security.

Since passage of the Affordable Care Act (ACA), 19.9 million people have gained health care coverage,¹ 9.3 million of whom are young people ages 18 to 34.² While young adults make up just 27.6 percent of nonelderly Americans,³ this cohort accounts for 47 percent of the coverage gains since 2010.⁴ According to multiple analyses,⁵ the Graham-Cassidy proposal would reverse this progress and increase the number of uninsured by up to 32 million people, in particular by:

1. Slashing federal health care funding;
2. Ending the ACA's Medicaid expansion and financial assistance;
3. Cutting and capping funding for Medicaid beneficiaries;
4. Eviscerating protections for people with pre-existing conditions; and
5. Defunding Planned Parenthood.

It is not just the content of this proposal that is alarming, but also the process. Just 8 days after the amendment's sponsors unveiled their plan, Senate Majority Leader McConnell announced his intention to vote on it by the end of the month, despite it having the potential to cut federal health care funding by \$4.15 trillion through 2036⁶ and increase the number of uninsured by up to 32 million. Unfortunately independent estimates are the best we have to assess the impact of Graham-Cassidy. The proposal was being rewritten as recently as last night in an effort to persuade its political opponents; and it will not receive a comprehensive score by the Congressional Budget Office before the Senate intends to vote on the measure.⁷ When questioned about this, a sponsor of the amendment said: "I

¹ Data derived from US Census Bureau, American Community Survey 1-year Estimates for 2010 - 2016, using American FactFinder, <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Matthew Fiedler and Loren Adler, *How will the Graham-Cassidy proposal affect the number of people with health insurance coverage?* (Washington, DC: The Brookings Institution, 2017), <https://www.brookings.edu/research/how-will-the-graham-cassidy-proposal-affect-the-number-of-people-with-health-insurance-coverage/>. Jacob Leibenluft, *Like Other ACA Repeal Bills, Cassidy-Graham Plan Would Add Millions to Uninsured, Destabilize Individual Market* (Washington, DC: The Center on Budget and Policy Priorities [CBPP], 2017), <https://www.cbpp.org/research/health/like-other-aca-repeal-bills-cassidy-graham-plan-would-add-millions-to-uninsured>. Emily Gee, *Coverage Losses by State Under the Graham-Cassidy Bill to Repeal the ACA* (Washington, DC: The Center for American Progress [CAP], 2017), <https://www.americanprogress.org/issues/healthcare/news/2017/09/20/439277/coverage-losses-state-graham-cassidy-bill-repeal-aca/>.

⁶ Elizabeth Carpenter & Chris Sloan, Avalere, *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion*, <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-states>

⁷ Rachana Pradhan & Dan Diamond, Politico, *Graham, Cassidy revise Obamacare repeal bill, appealing to holdouts*, September 24, 2017, <http://www.politico.com/story/2017/09/24/obamacare-graham-cassidy-repeal-243079>; Leigh Angres & Deborah Kilroe, Congressional Budget Office, *CBO Aims to Provide Preliminary Assessment of Graham-Cassidy Bill by Early Next Week*, September 18, 2017, <https://www.cbo.gov/publication/53116>

just don't care about the coverage numbers.⁸ Experts the American people trust with their health care about the coverage numbers, which may be why the plan has also been rebuffed by key stakeholders, including the American Medical Association,⁹ American Hospital Association,¹⁰ patient advocates,¹¹ and Governors across the political spectrum.¹² We hope the Senate will reject this dangerous amendment and refocus its attention on bringing further stability to the individual insurance market and keeping costs down for consumers.

Graham-Cassidy Slashes Federal Health Care Funding

Between 2020 and 2026, the September 13th version of Graham-Cassidy would cut health care funding by \$215 billion.¹³ During this window, federal health care spending would modestly increase in 16 states, however, that boost comes at the expense of diverting health care funding from 34 states and DC that adopted the ACA's Medicaid expansion and enrolled more people in health coverage.¹⁴ Furthermore, most of the states that would see a small increase in funding under Graham-Cassidy would likely receive greater funding if they accepted the ACA's Medicaid expansion during this window.¹⁵ From 2020 to 2027, federal health funding cuts would total \$489 billion, affecting 39 states.¹⁶

We are particularly concerned about the funding choices that states would be forced to make in light of the Graham-Cassidy bill. Not only would states be forced to cut health coverage and benefits, but the loss of federal funds for health care under this bill would mean even fewer state resources for the other needs of young adults as states attempt to partially fill health funding gaps. One particular area that could see increased state funding cuts is higher education, which accounts for one of the areas states have the greatest flexibility and therefore rely on to make cuts.¹⁷ Reducing state support for higher education has been shown to increase student borrowing and debt loads,¹⁸ increase tuition,¹⁹ and reduce the quality of education.²⁰ By making it harder for young people to get the skills they need, Graham-Cassidy could depress employment, wages, and tax revenues.

Graham-Cassidy Ends the ACA's Medicaid Expansion and Financial Assistance

As of 2015, more than 3.8 million young adults were covered through the ACA's Medicaid expansion,²¹ and approximately 4.2 million more could be covered if all states expanded.²² An additional 3.5 million young adults had

⁸ Adam Cancryn, Politico, *Cassidy says he's close to having the votes to pass Obamacare repeal*, September 15, 2017, <http://www.politico.com/states/new-york/albany/story/2017/09/15/cassidy-says-hes-close-to-having-the-votes-to-pass-obamacare-repeal-114517>

⁹ America's Health Insurance Plans, *Joint Letter Regarding the Graham-Cassidy-Heller-Johnson Legislation*, September 23, 2017, <https://www.ahip.org/wp-content/uploads/2017/09/Joint-statement-AMA-AAFP-AHA-FAH-AHIP-BCBSA-9.23.17.pdf>

¹⁰ Ibid.

¹¹ American Heart Association, *Sixteen Patient and Provider Groups Oppose Graham/Cassidy Bill*, September 18, 2017, <http://newsroom.heart.org/news/sixteen-patient-and-provider-groups-oppose-grahamcassidy-bill>

¹² Bipartisan Governors Letter Regarding Graham-Cassidy, September 17, 2017

https://www.colorado.gov/governor/sites/default/files/bipartisan_governors_letter_re_graham-cassidy_9-19-17.pdf

¹³ Elizabeth Carpenter and Chris Sloan, *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion* (Washington, DC: Avalere, 2017), <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

¹⁴ Ibid.

¹⁵ Jacob Leibenluft, *No State Wins Under Cassidy-Graham, Despite Its Funding Redistribution* (Washington, DC: CBPP, 2017), <https://www.cbpp.org/blog/no-state-wins-under-cassidy-graham-despite-its-funding-redistribution>

¹⁶ Elizabeth Carpenter and Chris Sloan, *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion* (Washington, DC: Avalere, 2017), <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

¹⁷ Mark Huelsman, *How the Graham-Cassidy Health Care Bill Could Wind Up Increasing Student Loan Debt* (New York: Demos, 2017), <http://www.demos.org/blog/9/21/17/how-graham-cassidy-health-care-bill-could-wind-increasing-student-loan-debt>

¹⁸ Elizabeth Baylor, *State Divestment in Higher Education Has Led to an Explosion of Student Loan Debt* (Washington, DC: CAP, 2014), <https://www.americanprogress.org/issues/education/reports/2014/12/03/102407/state-disinvestment-in-higher-education-has-led-to-an-explosion-of-student-loan-debt/>

¹⁹ Phil Oliff, et al., *Recent Deep State Higher Education Cuts May Harm Students and the Economy for Years to Come* (Washington, DC: CBPP, 2013), 1, <https://www.cbpp.org/sites/default/files/atoms/files/3-19-13sfp.pdf>

²⁰ Ibid., 2.

²¹ Erin Hemlin, *What's Happened to Millennials since the ACA? Unprecedented Coverage & Improved Access to Benefits*

(Washington, DC: YoungInvincibles, 2017), 3, <http://younginvincibles.org/wp-content/uploads/2017/05/YI-Health-Care-Brief-2017.pdf>

²² Ibid., 8.

gotten covered through the health insurance marketplaces,²³ where more than 80 percent of all enrollees qualify for reduced-cost coverage thanks to the ACA's premium tax credits.²⁴ And as many as 7.2 million young adults could qualify for cost-sharing reductions.²⁵ Under the Graham-Cassidy amendment, starting in 2020, the ACA's Medicaid expansion, premium tax credits, and cost-sharing reductions would be eliminated.²⁶ States could apply for a funding block grant from the federal government to run through 2026, however these block grants would be divvied up from a pool of federal health care funding that is \$215 billion less than what would be available under current law.²⁷ States would also be restricted in how they could use this block grant funding. For example, states would be prevented from allocating more than 20 percent of their block grant to maintaining or opening Medicaid coverage for the expansion population (low-income adults).²⁸ States could also use this money to establish inadequate and cost prohibitive approaches to covering people with pre-existing conditions, like high-risk pools.²⁹ Although the block grant approach purports to provide more "flexibility" for state leaders, Graham-Cassidy's drastic funding cuts would severely limit states ability to cover its low- and middle-income residents and would force states to scramble to set up new health systems before the ACA's Medicaid expansion and financial assistance expires.³⁰

These changes will not only increase the number of uninsured, but also threaten young people's lives.³¹ For instance, 25-year-old Las Vegas resident Armin Garcia credits Medicaid expansion for saving his life.³² A few years ago he was diagnosed with cancer and was able to receive a bone marrow transplant.³³ If it were not for Governor Sandoval adopting Medicaid expansion, Armin says that he would never have been able to afford his life-saving treatment, as he was previously uninsured.

Graham-Cassidy Cuts and Caps Funding for Medicaid Beneficiaries

Graham-Cassidy would go far beyond ending the ACA's Medicaid expansion by fundamentally changing the program's financing structure and ending the program as we know it. Under the plan, new caps on funding for Medicaid beneficiaries' coverage would force states to raise taxes, restrict coverage eligibility, ration benefits, and lower provider reimbursements, limiting Medicaid enrollees' network of physicians.³⁴ According to Avalere, over time Graham-Cassidy's Medicaid limits would reduce funding for children and non-disabled adults more than other

²³ Ibid., 3.

²⁴ Center for Medicare and Medicaid Services (CMS), *June 30, 2015 Effectuated Enrollment Snapshot* (Washington, DC: US Dept. of Health and Human Services [HHS], 2015), <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-09-08.html>.

²⁵ Ibid; Testimony of Christina Postolowski, US Senate HELP Committee, Stabilizing Premiums and Helping Individuals in the Individual Insurance Market for 2018: Health Care Stakeholders, September 14, 2017, <https://www.help.senate.gov/imo/media/doc/Postolowski.pdf>

²⁶ Joseph Antos and James Capretta, "The Graham-Cassidy Plan: Sweeping Changes In A Compressed Time Frame," *Health Affairs*, September 22, 2017, <http://healthaffairs.org/blog/2017/09/22/the-graham-cassidy-plan-sweeping-changes-in-a-compressed-time-frame/>

²⁷ Elizabeth Carpenter and Chris Sloan, *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion* (Washington, DC: Avalere, 2017), <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

²⁸ Joseph Antos and James Capretta, Health Affairs, "The Graham-Cassidy Plan: Sweeping Changes In A Compressed Time Frame," *Health Affairs*, September 22, 2017, <http://healthaffairs.org/blog/2017/09/22/the-graham-cassidy-plan-sweeping-changes-in-a-compressed-time-frame/>

²⁹ Ibid. See also Testimony of Christina Postolowski, US Senate HELP Committee, Stabilizing Premiums and Helping Individuals in the Individual Insurance Market for 2018: Health Care Stakeholders, September 14, 2017, <https://www.help.senate.gov/imo/media/doc/Postolowski.pdf>

³⁰ Margot Sanger-Katz, "The GOP Bill Forces States to Build Health Systems From Scratch. That's Hard," *The New York Times*, September 21, 2017, <https://www.nytimes.com/2017/09/21/upshot/the-gop-bill-forces-states-to-build-health-systems-from-scratch-thats-hard.html?mcubz=1&r=0>

³¹ See Ann Crawford-Robert, et al., *Coverage Losses Under the Senate Health Care Bill Could Result in 18,100 to 27,700 Additional Deaths in 2026* (Washington, DC: CAP, 2017), <https://www.americanprogress.org/issues/healthcare/news/2017/06/22/434917/coverage-losses-senate-health-care-bill-result-18100-27700-additional-deaths-2026/>

³² Jeff Gillan, "Heller a 'No' on Senate's Obamacare replacement bill," *KSNV News3 Las Vegas*, June 23, 2017, <http://news3lv.com/news/local/heller-a-no-on-senates-obamacare-replacement-bill>

³³ Instagram, @younginvincibles, June 23, 2017, <https://www.instagram.com/p/BVsaDpAlzRb/>

³⁴ Congressional Budget Office Cost Estimate, "H.R. 1628 Better Care Reconciliation Act of 2017," June 26, 2017, 31, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/52849-hr1628senate.pdf>. Timothy Layton, Ellen Montz, and Thomas McGuire, "The Downstream Consequences Of Per Capita Spending Caps In Medicaid," *Health Affairs*, June 26, 2017, <http://healthaffairs.org/blog/2017/06/26/the-downstream-consequences-of-per-capita-spending-caps-in-medicaid/>

Medicaid-eligible populations.³⁵ Because young families with children account for two-thirds of all Medicaid enrollees, we are extremely concerned that this proposed cap and restrictive growth rates would limit their access to care.³⁶ Finally, current law allows for flexibility in coverage options when emergencies hit, however the fixed Medicaid financing structure under Graham-Cassidy would make it harder for states to respond to public health emergencies like those triggered recently by Hurricanes Harvey, Irma, or Maria.³⁷

Graham-Cassidy Eviscerates Protections for People with Pre-Existing Conditions

Prior to the ACA, more than one-third of young adults could have been denied coverage due to their health history.³⁸ Under Graham-Cassidy, states could eliminate essential protections put in place by the ACA that prevent them from being charged more for their coverage.³⁹ Unlike previous repeal bills, the most recent version of Graham-Cassidy does not require states to apply for waivers to opt out of these consumer protections, they just have to “describe their plans.”⁴⁰ In a hearing before the U.S. Senate HELP Committee earlier this month, Young Invincibles’ Rocky Mountain Regional Director Christina Postolowski testified that she had been diagnosed with Rheumatoid Arthritis at the age of 20 and, prior to the ACA, was denied coverage by multiple insurers due to her chronic condition.⁴¹ Under Graham-Cassidy, someone with her diagnosis could face a premium surcharge of \$26,580 a year,⁴² and consumers with common conditions like asthma or pregnancy could also face premium surcharges, of \$4,340 or \$17,320 respectively.⁴³

The proposal would also allow states to get rid of the ACA’s Essential Health Benefits provision, forcing people with health needs to purchase supplemental coverage and opening the back door to restoring annual and lifetime limits.⁴⁴ Young people use mental health services, maternity care, and preventive services most frequently.⁴⁵ Allowing insurers to sell skimpy policies with few benefits could reduce or eliminate young people’s access to the services they value and need the most.

The most recent version of Graham-Cassidy would also allow insurers to operate multiple risk pools that segregate sick and healthy consumers, exposing people with pre-existing conditions to higher premiums that could make

³⁵ Elizabeth Carpenter and Chris Sloan, *Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion* (Washington, DC: Avalere, 2017), <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>

³⁶ Howard Gleckman, “Proposed Federal Medicaid Caps Will Hurt Seniors. Here’s Why,” *Forbes*, June 21, 2017, <https://www.forbes.com/sites/howardgleckman/2017/06/21/proposed-federal-medicaid-caps-will-hurt-seniors-heres-why/#2849408b475a>.

³⁷ Jacob Leibenluft, et al., *Like Other ACA Repeal Bills, Cassidy-Graham Plan Would Add Millions to Uninsured, Destabilize Individual Market*, (Washington, DC: CBPP, 2017), <https://www.cbpp.org/sites/default/files/atoms/files/9-13-17health.pdf>; Edwin Park, “Why the Proposed Medicaid Per Capita Caps and Block Grants Matter for Families of Children with Special Health Care Needs,” I, March 2, 2017, <https://www.lpfch.org/cshcn/blog/2017/03/02/why-proposed-medicaid-capita-caps-and-block-grants-matter-families-children>

³⁸ Erin Hemlin, “What’s Happened to Millennials since the ACA? Unprecedented Coverage & Improved Access to Benefits”, Young Invincibles, April 2017, <http://younginvincibles.org/wp-content/uploads/2017/05/YI-Health-Care-Brief-2017.pdf>

³⁹ Joseph Antos and James Capretta, “The Graham-Cassidy Plan: Sweeping Changes In A Compressed Time Frame,” *Health Affairs* September 22, 2017, <http://healthaffairs.org/blog/2017/09/22/the-graham-cassidy-plan-sweeping-changes-in-a-compressed-time-frame/>

⁴⁰ Caitlin Owens, “Here’s the new Graham-Cassidy bill,” *Axios*, September 24, 2017, <https://www.axios.com/heres-the-new-graham-cassidy-bill-2489238510.html>

⁴¹ Testimony of Christina Postolowski, US Senate HELP Committee, Stabilizing Premiums and Helping Individuals in the Individual Insurance Market for 2018: Health Care Stakeholders, September 14, 2017, <https://www.help.senate.gov/imo/media/doc/Postolowski.pdf>

⁴² Sam Berger and Emily Gee, *Graham-Cassidy ACA Repeal Bill Would Cause Huge Premium Increases for People with Pre-Existing Conditions* (Washington, DC: CAP, 2017), <https://www.americanprogress.org/issues/healthcare/news/2017/09/18/439091/graham-cassidy-aca-repeal-bill-cause-huge-premium-increases-people-pre-existing-conditions/>

⁴³ Ibid.

⁴⁴ Joseph Antos and James Capretta, “The Graham-Cassidy Plan: Sweeping Changes In A Compressed Time Frame,” *Health Affairs*, September 22, 2017, <http://healthaffairs.org/blog/2017/09/22/the-graham-cassidy-plan-sweeping-changes-in-a-compressed-time-frame/>

⁴⁵ “How Millennials Use Their Health Insurance”, Young Invincibles, August 2016, http://younginvincibles.org/wpcontent/uploads/2017/04/how_millennials_use_health_care.pdf

coverage unaffordable.⁴⁶ The amendment would also allow states to lift the ACA's cap on out-of-pocket costs, exposing young people to costs they cannot afford.⁴⁷

Defunding Planned Parenthood

Millions of young people rely on Planned Parenthood to access basic health care services like preventive care, including immunizations, cancer screenings, and contraception.⁴⁸ Graham-Cassidy would single out Planned Parenthood by prohibiting the organization from being reimbursed for care administered to Medicaid beneficiaries next year.⁴⁹ This is particularly alarming given that [54 percent](#) of Planned Parenthood health centers nationwide are in health professional shortage areas, rural or medically underserved areas.⁵⁰ Defunding Planned Parenthood could lead to more unintended pregnancies, higher maternal mortality rates, and missed diagnoses that could help catch and treat diseases before they become more serious.⁵¹ At a time maternal mortality in the United States is on the rise,⁵² it is bad policy to limit access to prenatal care for young Americans.

Conclusion

Graham-Cassidy would reduce federal funding for health care, end the ACA's Medicaid expansion and financial assistance, fundamentally undermine the Medicaid program and protections for people with pre-existing conditions, and defund Planned Parenthood. None of these reforms make health care better for young Americans. Instead, these changes would dramatically increase the number of uninsured young people, threaten their physical and financial health, and dramatically shift costs to states at a time when no state budget can afford it. Congress must reject this proposal.

Rather than take health coverage away from millions of young people, Congress should follow the Senate HELP Committee's lead and explore bipartisan approaches to bringing more stability to the individual insurance market. In Appendix A, please find Young Invincibles' testimony before the HELP Committee this month, which outlined five strategies to improve the stability of the individual insurance market and make coverage more accessible and affordable for young consumers. We hope that you will prioritize these recommendations in your efforts to reform the health care system.

⁴⁶ Caitlin Owens, "Here's the new Graham-Cassidy bill," *Axios*, September 24, 2017, <https://www.axios.com/heres-the-new-graham-cassidy-bill-2489238510.html>

⁴⁷ Diana Farrell and Fiona Greig, "Coping with Medical Costs through Life." JPMorgan Chase Institute, 2017

⁴⁸ Planned Parenthood, Defunding Fact Sheet: The Urgent Need for Planned Parenthood Health Centers,

https://www.plannedparenthood.org/files/4314/8183/5009/20161207_Defunding_fs_d01_1.pdf

⁴⁹ Paige Winfield Cunningham, "Cassidy-Graham's Abortion Ban Workaround," *The Washington Post*, September 22, 2017, https://www.washingtonpost.com/news/powerpost/paloma/the-health-202/2017/09/22/the-health-202-cassidy-graham-s-abortion-ban-workaround/59c4196030fb0468cea81a6b/?utm_term=.ad51b3682210

⁵⁰ Planned Parenthood, Defunding Fact Sheet: The Urgent Need for Planned Parenthood Health Centers,

https://www.plannedparenthood.org/files/4314/8183/5009/20161207_Defunding_fs_d01_1.pdf

⁵¹ Reay Earhart, "The Disastrous Consequences of Defunding Planned Parenthood," *The Advocate*, April 14, 2017,

<https://www.advocate.com/commentary/2017/4/14/disastrous-consequences-defunding-planned-parenthood>

⁵² Sabrina Tavernise, "Maternal Mortality Rate in U.S. Rises, Defying Global Trend, Study Finds," *The New York Times*, September 21, 2016, <https://www.nytimes.com/2016/09/22/health/maternal-mortality.html?mcubz=1>

APPENDIX A

TESTIMONY FOR THE UNITED STATES SENATE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Christina Postolowski, Rocky Mountain Regional Director
Young Invincibles
September 14, 2017

Thank you Chairman Alexander, Ranking Member Murray, and members of the Committee for the opportunity to appear before you today. My name is Christina Postolowski, and I am the Rocky Mountain Regional Director of Young Invincibles, a non-profit, non-partisan research and advocacy organization working to expand economic opportunity for young adults ages 18 to 34. We welcome the chance to discuss ways to both improve the individual insurance market and build on the gains young adults have made under the Affordable Care Act (ACA).

The data on the impact of the ACA on young people's coverage rates, health care needs, and the financial challenges facing this generation might surprise you. Consider the following:

- Since 2010, the uninsured rate for young people has declined from 29 percent to 16 percent.¹ As of 2015, over eight million people between the ages of 18 and 34 received coverage through provisions in the ACA,² including 3.5 million through the health insurance marketplaces and 3.8 million through Medicaid.³
- Young adults already earn lower incomes than other age groups, but young adults who are uninsured or purchasing insurance individually earn even less. Young workers in the individual market earn a median income of \$26,000,⁴ while uninsured young workers earn a median income of \$20,000 per year.⁵ That means that the typical young adult enrolled in the individual market could get a benchmark plan for \$154 a month (or 7.1 percent of their annual income) in premiums.⁶ An uninsured young person could pay \$83 a month in premiums (or 4.96 percent of their annual income) for the same policy.⁷ In addition to these tax credits, up to 7.2 million young adults between the ages of 18 and 34 are eligible for cost-sharing reductions (CSRs).⁸
- Contrary to stereotypes, young adults value health insurance and want to enroll in coverage.⁹ More than seven in 10 young adults say it is "very important" that they have health insurance.¹⁰ And prior to the ACA, just five percent of young workers with an offer of employer-sponsored coverage said that they opted not to enroll in their employer's plan because they did not need the coverage, instead citing others reasons such as parental coverage or prohibitive costs.¹¹
- A survey conducted prior to the ACA found that 60 percent of young people said that they did not get needed health care because of cost and half reported problems paying medical bills or said they were paying off medical debt over time.¹²

To ensure we continue to build on the ACA's coverage gains, Young Invincibles recommends that Congress take the following policy actions:

1. Swiftly fund cost-sharing reduction payments through at least 2019;
2. Create a permanent reinsurance program—not high-risk pools;
3. Maintain existing guardrails around Section 1332 waivers;

¹ Erin Hemlin, What's Happened to Millennials since the ACA? Unprecedented Coverage & Improved Access to Benefits", Young Invincibles, April 2017, <http://younginvincibles.org/wp-content/uploads/2017/05/YI-Health-Care-Brief-2017.pdf>

² Ibid.

³ Ibid.

⁴ Young Invincibles' analysis of Current Population Survey, Annual Social and Economic Supplement, 2016.

⁵ Ibid.

⁶ Estimated using Kaiser Health Foundation's Health Insurance Marketplace Calculator, assuming a single 26-year old non-tobacco user.

⁷ Ibid; Young Invincibles' analysis of Current Population Survey, Annual Social and Economic Supplement, 2016.

⁸ Young Invincibles' analysis of Current Population Survey, Annual Social and Economic Supplement, 2016.

⁹ Kaiser Family Foundation. (2013). *Kaiser Health Tracking Poll: June 2013*. Princeton Survey Research Associates International. Retrieved from <http://www.kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-june-2013/>

¹⁰ Ibid.

¹¹ S.R. Collins, The Commonwealth Foundation, Covering Young Adults Under the Affordable Care Act, August 2013, 6, http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2013/Aug/1701_Collins_covering_young_adults_tracking_brief_final_v4.pdf

¹² S.R. Collins, The Commonwealth Foundation, Young, Uninsured, and in Debt: Why Young Adults Lack Health Insurance and How the Affordable Care Act Is Helping, June 2012, 1, http://www.commonwealthfund.org/~media/files/publications/issue-brief/2012/jun/1604_collins_young_uninsured_in_debt_v4.pdf

4. Reverse cuts to marketplace enrollment promotion and consumer assistance—specifically targeting these efforts to reach young adults; and
5. Provide increased financial assistance to maximize young adult enrollment and further stabilize the market.

1. Fund cost-sharing reduction payments through at least 2019.

First, to ensure those already benefitting from the ACA do not see their coverage jeopardized, Congress should make clear that CSR payments will be made by immediately funding the reductions through a mandatory appropriation through at least the end of 2019. Making these payments would reduce uncertainty among consumers and carriers stemming from pending litigation and statements from the Administration about whether these payments will continue to be made. Moreover, these payments are already built into the federal budget baseline and would not require additional spending.¹³ By immediately funding CSRs through at least 2019, Congress will avoid increasing consumers' premiums up to 20 percent next year,¹⁴ spur greater competition among insurers in the individual market, and prevent the federal government from absorbing the additional costs associated with financing enrollee's premium tax credits. This funding is crucial not only for consumers currently receiving CSRs, but also for marketplace consumers whose incomes may exceed the threshold to qualify for premium tax credits. This is especially critical for young adults who have seen their net worth drop 56 percent in the last 25 years.¹⁵ Given young adults' lower net worth and incomes, young people are less able to absorb an increase in their out-of-pocket costs or 20 percent increase in premiums. Therefore, if CSR payments are not funded, we could see fewer young adults able to participate in the marketplaces.

2. Create a permanent reinsurance program—not high-risk pools.

Second, to keep premiums down and make coverage more affordable, Congress should create a permanent reinsurance program. National and state-level reinsurance programs have already been shown to significantly reduce premiums, which promotes market stability, insurer participation, and the enrollment of younger, healthier consumers. Under the ACA's temporary reinsurance program, for instance, reinsurance was estimated to have reduced premiums by 10 to 14 percent in 2014.¹⁶ And earlier this year, Governor Walker estimated that consumers in Alaska could see their premiums drop as much as 20 percent next year because of the state's reinsurance program.¹⁷ Reinsurance is not new or unique, nor is it an insurer bailout: for instance, Congress recognized the importance of a permanent reinsurance program when developing the Medicare Part D prescription drug program in 2003.¹⁸ To provide immediate stability to the individual market, we recommend Congress guarantee funding for reinsurance through at least a 2-year mandatory appropriation.

Well-funded and well-designed reinsurance programs will go a long way to helping cover high-cost consumers – a return to state or federal high-risk pools, on the other hand, will not. Historically, high-risk pools have been woefully inadequate at providing affordable, comprehensive coverage to those who need it most and would fail to meet the needs of young people, resulting in higher uninsured rates and subjecting those with pre-existing conditions—which affect up to 35 percent of 18- to 24-year-olds and 46 percent of 25- to 34-year-olds—to a lifetime of struggling to access care.¹⁹

I know this to be true, because when I was 23, I was diagnosed with Rheumatoid Arthritis. It was 2008, and, in the midst of moving and changing jobs, I was denied coverage on the individual market by multiple insurers due to my chronic condition. The State of Colorado hired me as a contractor, without benefits. It was a great opportunity, particularly in the midst of the Great Recession, but the prospect of going without health coverage was nerve-wracking. I was still fairly early in my diagnosis and trying to figure out the appropriate medications and treatment to control my condition, to prevent more serious health challenges down the road. Colorado's state-run high-risk pool,

¹³ Paul N. Van de Water, "Providing an Explicit Appropriation for Cost-Sharing Reductions Wouldn't Require a Budgetary Offset," Center on Budget and Policy Priorities (CBPP) blog, April 19, 2017, <https://www.cbpp.org/blog/providing-an-explicit-appropriation-for-cost-sharing-reductions-wouldnt-require-a-budgetary>

¹⁴ Congressional Budget Office, "The Effects of Terminating Payments for Cost-Sharing Reductions", August 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53009-costsharingreductions.pdf>

¹⁵ Tom Allison, "The Financial Health of Young America: Measuring Generational Declines Between Baby Boomers & Millennials", Young Invincibles, January 2017, 11, <http://younginvincibles.org/wp-content/uploads/2017/04/FHYA-Final2017-1-1.pdf>

¹⁶ American Academy of Actuaries, [Using High-Risk Pools to Cover High-Risk Enrollees](#) (2017).

¹⁷ Matt Buxton, Alaska's health insurance premiums to fall by 20 percent with new federal funding, *The Midnight Sun*, July 11, 2017, <http://midnightsunak.com/2017/07/11/alaskas-health-insurance-premiums-fall-20-percent-new-federal-funding/>

¹⁸ Michael Hiltzik, "As GOP Moves Toward Repeal, A Government Report Shows Obamacare is Working Well," *Los Angeles Times* (Jul. 3, 2017)

¹⁹ High Risk Pool Ruse, *USA Today*, March 5, 2017, <https://www.usatoday.com/story/opinion/2017/03/05/high-risk-pool-ruse-editorials-debates/98681846/>; "At Risk: Pre-Existing Conditions Could Affect 1 in 2 Americans." HHS ASPE Brief. p.1. <https://aspe.hhs.gov/system/files/pdf/76376/index.pdf>

CoverColorado, which operated prior to the ACA, was the only place I could get covered, so I enrolled. Even with the subsidy I received, my insurance through CoverColorado was expensive. By law, CoverColorado's premiums could be up to 50 percent higher than standard individual market rates.²⁰ I was also subject to a three-month pre-existing condition exclusion period,²¹ which meant that for one-quarter of the time that I was on the plan, I still lacked the coverage I needed. And CoverColorado had a lifetime limit of \$1 million.²²

I was not alone in my experience. In 2008, about 23 percent of CoverColorado enrollees were young adults between the ages of 20 and 39.²³ However, there were also many Coloradans with pre-existing conditions who were left out of our state's previous high-risk pool. At its peak, CoverColorado only served about 14,000 people and accounted for only 3.5 percent of Coloradans in the individual market in 2011.²⁴ Today, it is estimated that about 753,000 non-elderly Coloradans—nearly 54 times that number, or 22 percent of Colorado's nonelderly population—have a pre-existing condition that could potentially make them eligible for a high-risk pool.²⁵

But it is not just health care consumers that come up short under high-risk people schemes; it is the government and taxpayers as well. In a recent interview with *The Denver Post*, former Colorado insurance commissioner Marcy Morrison explained that Colorado regularly struggled to fund the pre-ACA CoverColorado program.²⁶ And the cost to operate a high-risk pool offering ACA-like coverage and subsidies—where the typical consumer spends between 8 and 10 percent of their income on coverage—would be very expensive: up to \$656 billion over 10 years.²⁷

3. Maintain existing guardrails around Section 1332 waivers.

As we think about building on coverage gains made by the ACA, we recognize the value and importance of state flexibility in expanding access to coverage. For example, Colorado decided to run its own state-based marketplace and expand its Medicaid program. As a result of these efforts, Colorado has seen a reduction in its uninsured rate from 14.3 percent in 2013 to 6.7 percent in 2015, with young adults seeing the largest gains in coverage.²⁸ Section 1332 waivers are one way that states can make changes that build upon these types of successes and improve young people's access to quality, affordable health insurance.

However, amendments to Section 1332 that would change the law's guardrails would harm the most vulnerable young people. We urge Congress not to change the Section 1332 guardrails that require that any waiver proposal provide coverage to at least a comparable number of residents as the ACA, provide coverage that is at least as comprehensive and affordable as the ACA, and not increase the federal deficit.²⁹ These guardrails are as important as ever in light of recent state waiver proposals that would decimate financial assistance for low-income young adults, like those proposed by Iowa and Oklahoma.³⁰ Additionally, allowing states to waive essential health benefit requirements, for example, could actually decrease rather than increase young adult enrollment, by reducing or eliminating the services—like maternity and newborn care, mental health and substance use disorder services, and preventive services—that young people use and value the most in their coverage.³¹

4. Reverse cuts to marketplace enrollment promotion and consumer assistance -- specifically targeting these efforts to reach young adults.

To bring greater stability to the market and help more young people achieve the financial security associated with having coverage, we recommend boosting enrollment promotion and assistance efforts with additional funds dedicated to targeting young adults. Despite tremendous gains since the passage of the ACA, 11 million young adults

²⁰ Robin Baker, Bell Policy Center, Non-Group Insurance: Not a Quick Fix for Health Care, Page 10, (2009).

²¹ Blair Miller, "Despite Concerns Over Pre-existing Conditions, Rep. Mike Coffman Leaning Yes on AHCA as Vote Looms," Denver Channel (May 3, 2017).

²² Ibid.

²³ Robin Baker, Bell Policy Center, Non-Group Insurance: Not a Quick Fix for Health Care, Page 11, (2009).

²⁴ John Ingold, "High-Risk Pools, A Centerpiece of GOP Health Care Bill, Have a History in Colorado," *The Denver Post* (May 5, 2017); Karen Pollitz, High-Risk Pools for Uninsurable Individuals, Page 4, (2017).

²⁵ Gary Claxton et al., Pre-existing Conditions and Medical Underwriting in the Individual Insurance Market Prior to the ACA (2016).

²⁶ "High-risk pools, a centerpiece of GOP health care bill, have a history in Colorado," *The Denver Post*, May 5, 2017,

<http://www.denverpost.com/2017/05/05/high-risk-pools-ahca-history-colorado/>.

²⁷ Linda Blumberg et al., High-Risk Pools Under the AHCA: How Much Could Coverage Cost Enrollees and the Federal Government?, Page 4, (2017).

²⁸ "Impacts of the Affordable Care Act," Colorado Health Institute, last updated February 21, 2017,

<https://www.coloradohealthinstitute.org/research/impacts-affordable-care-act-0>

²⁹ 42 U.S. Code § 18052(b)(1).

³⁰ Iowa Insurance Division, Draft: Iowa Stopgap Measure, July 13, 2017, <https://iid.iowa.gov/documents/iowa-stopgap-measure>; Oklahoma State Department of Health, Oklahoma 1332 Waiver Application, Page 18, August 16, 2017.

³¹ How Millennials Use Their Health Insurance, Young Invincibles, August 2016, http://younginvincibles.org/wp-content/uploads/2017/04/how_millennials_use_health_care.pdf

remain uninsured.³² About 6.1 million of these uninsured young adults have incomes that could qualify them for premium tax credits.³³ Of those, approximately 4.2 million of them have incomes that could qualify them for cost-sharing reductions,³⁴ including over 3 million who may be eligible for insurance plans with deductibles no larger than \$250 a year.³⁵

Guaranteed CSR payments and a reinsurance program would help bring premiums down for even more young people, but actual enrollment depends on young adults knowing about their options. Many young people remain unaware of premium tax credits or opportunities to enroll in marketplace coverage, with historically too few resources devoted to reaching this population. For example, a report from the Commonwealth Fund found that 19- to 34-year-olds were the least likely group of uninsured adults to know about the insurance marketplaces.³⁶ This is not surprising: young people are often learning about the health coverage system for the first time in their lives.

The Administration's announcement that they would cut Navigator grants by 41 percent and paid advertising by 90 percent for this upcoming enrollment period goes in the exact wrong direction.³⁷ Congress should reverse these cuts and direct HHS to administer these resources so as not to limit enrollment,³⁸ imperil the risk pool, and discourage issuers' future participation in the marketplace. These outcomes would result in higher premiums for consumers and greater costs to the government and taxpayers in future years.

Navigators, consumer assistance programs, and marketplace call centers help bridge inequities in health insurance literacy and ensure that young people understand their options and are able to get covered. And we have seen the value of this assistance in our state-based outreach efforts. For example, recently, someone on our outreach team in Virginia recently met a student in Burke, Virginia who was weeks away from turning 26. She did not understand her options for transitioning off dependent coverage, was unaware of the 60-day special enrollment period, and had no idea she could qualify for premium tax credits. She now plans on making an appointment with Enroll Virginia as her birthday gets closer. Without this additional information, the young woman could have missed her opportunity to enroll. And she's far from alone: due to mixed messages from the Administration and uncertainty in Congress, we have seen that consumer confusion has increased. All of this calls for renewed, targeted outreach and assistance funding that helps provide accurate information to consumers and better ensures that young adults know about their coverage options.

5. Provide increased financial assistance to maximize young adult enrollment and further stabilize the market.

To achieve our shared goal of boosting young adult enrollment and further stabilizing the individual market, Congress should do more to further reduce young adults' premium costs to help more of them afford coverage. One proposal suggests a boost in financial assistance by an additional \$50 a month for young adults. This would result in an additional 900,000 insured young adults at a less than \$3.7 billion a year price tag to the federal government.³⁹

Another way to lower costs for young people is to lower the premium affordability threshold for young adults. This would result in greater financial assistance for young people based on their incomes and account for, as the ACA currently does, premium variation in markets across the country. Boosting young adult enrollment in the marketplaces will not only help young people, but can help reduce premiums for marketplace consumers more broadly.⁴⁰ Lowering the affordability threshold would help make plans more accessible to the lowest income young people in the highest

³² Young Invincibles' analysis of Current Population Survey, Annual Social and Economic Supplement, 2016. Based on raw number of uninsured young adults ages 18 to 34. <http://www.census.gov/cps/data/cpstablecreator.html>

³³ Ibid.

³⁴ Young Invincibles' analysis of Current Population Survey, Annual Social and Economic Supplement, 2016. Based on raw number of uninsured young adults earning between 100 and 250% FPL. <http://www.census.gov/cps/data/cpstablecreator.html>

³⁵ Ibid. Based on raw number of uninsured young adults earning between 100 and 250% FPL; Center for Budget & Policy Priorities, Key Facts You Need to Know: Cost-Sharing Reductions, Page 2, December 3, 2015, http://www.healthreformbeyondthebasics.org/wp-content/uploads/2013/09/KeyFacts_Cost-Sharing-Reductions.pdf

³⁶ S. R. Collins, M. Z. Gunja, M. M. Doty, and S. Beutel, "Who Are the Remaining Uninsured and Why Haven't They Signed Up for Coverage?", The Commonwealth Fund, August 2016, <http://www.commonwealthfund.org/publications/issue-briefs/2016/aug/who-are-the-remaining-uninsured>

³⁷ Amy Goldstein, The Washington Post, Trump officials slash advertising, grants to help Americans get Affordable Care Act insurance, August 31, 2017, https://www.washingtonpost.com/national/health-science/trump-officials-slash-advertising-grants-to-help-americans-get-affordable-care-act-insurance/2017/08/31/e8a45386-8e8f-11e7-84c0-02cc069f2c37_story.html?utm_term=.17f5754f54d3

³⁸ Pinar Karaca-Mandic, Health Affairs, The Volume Of TV Advertisements During The ACA's First Enrollment Period Was Associated With Increased Insurance Coverage, March 2017

³⁹ C. Eibner & E. Saltzman, The Commonwealth Fund, Insuring Younger Adults Through the ACA's Marketplaces: Options to Expand Enrollment, December 16, 2016, <http://www.commonwealthfund.org/publications/blog/2016/dec/insuring-younger-adults>

⁴⁰ Ibid.

cost markets, ultimately bringing down costs for all consumers. We are currently analyzing the full impact on coverage, premiums, and cost that such a proposal would have.

As Congress considers ways to bring premiums down, we would caution that bringing premiums down by increasing out-of-pocket costs may do very little to help young people afford care. Very high-deductible or catastrophic plans will further expose our cash-strapped generation to financial insecurity that most cannot afford. Enrollment trends show little appetite for skinny plans, with young people opting overwhelmingly for more comprehensive coverage, not less.⁴¹ In 2015, 77 percent of young adults ages 18 to 34 in Healthcare.gov states chose a Silver-level plan or higher, with only 21 percent selecting a Bronze plan and 3 percent in a catastrophic plan.⁴² Perhaps surprising to some, a recent survey found that young adults were nearly 40 percent more likely to indicate that they would prefer a plan with a higher monthly premium and a lower deductible as compared with adults 50 and over.⁴³ This is particularly true for low- and middle-income consumers; the survey found just 39 percent of those earning under \$50,000 a year preferred a low premium, high-deductible plan, compared to 52 percent of people making over \$50,000.⁴⁴

While so-called "copper plans" or similar proposals would certainly reduce premiums,⁴⁵ deductibles for these policies would be around \$9,000,⁴⁶ even while a recent analysis of consumer finance data found that, for young people, an extraordinary medical payment amounted to \$1,406.⁴⁷ Furthermore, the typical young adults' net worth is just \$10,900,⁴⁸ and the median income for an uninsured young worker is just \$20,000 a year.⁴⁹ In the event of a health care emergency, these types of policies would require a young person to spend nearly all of their net worth—or half the annual income of a typical uninsured young worker—to even meet their deductible. Even if such a plan were coupled with a Health Savings Account, the typical uninsured young person would have to save \$632 a month to avoid facing an extraordinary medical payment just to meet a copper plan deductible.⁵⁰ Young people may determine that a plan offering them such little in value is not worth the cost and forego coverage altogether.

Millions of young people are accessing coverage for the first time and millions more are benefitting from the law's benefit standards and consumer protections, enabling them to live independent, productive lives without fear of experiencing a health emergency and devastating financial loss. We hope Republicans and Democrats will follow this Committee's lead and work together to bring greater stability to the health care system and make meaningful changes to the law to meet the needs of young people across the country. Thank you for the opportunity to speak with you today. I look forward to taking your questions.

⁴¹ ASPE Issue Brief, "Health Insurance Marketplace 2015 Open Enrollment Period: March Enrollment Report," 30-31, https://aspe.hhs.gov/system/files/pdf/83656/ib_2015mar_enrollment.pdf

⁴² Ibid.

⁴³ Jay McDonald, Bankrate, How bad is shopping for health insurance?, December 2, 2014, <http://www.bankrate.com/finance/insurance/health-insurance-poll-1114.aspx>

⁴⁴ Ibid.

⁴⁵ Caroline Pearson, Avalere Health, Avalere Analysis: 'Copper Plan' Alternative Would Lower Premiums 18%, August 20, 2014, <http://avalere.com/expertise/managed-care/insights/avalere-analysis-copper-plan-alternative-would-lower-premiums-18>

⁴⁶ Ezra Klein, Vox.com, 7 Democrats have a plan to make Obamacare cheaper. Here's how., October 28, 2014, <https://www.vox.com/2014/10/28/7083343/obamacare-copper-plans-explained>

⁴⁷ Farrell, Diana and Greig, Fiona. "Coping with Medical Costs through Life." JPMorgan Chase Institute, 2017

⁴⁸ Tom Allison, "The Financial Health of Young America: Measuring Generational Declines Between Baby Boomers & Millennials", Young Invincibles, January 2017, Page 11, <http://younginvincibles.org/wp-content/uploads/2017/04/FHYA-Final2017-1-1.pdf>

⁴⁹ Young Invincibles' analysis of Current Population Survey, Annual Social and Economic Supplement, 2016.

⁵⁰ Ibid.; Farrell, Diana and Greig, Fiona. "Coping with Medical Costs through Life." JPMorgan Chase Institute, 2017