United States Senate
Committee on Health, Education, Labor, and Pensions

Stabilizing Premiums and Helping Individuals in the Individual Insurance Market for 2018: Health Care Stakeholders

Summary of Testimony

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Young adults have historically had higher uninsured rates than any other age group, but since passage of the Affordable Care Act (ACA), we've seen their uninsured rate nearly be cut in half. Over eight million people between the ages of 18 and 34 have received coverage through provisions in the ACA,[1] including 3.5 million through the health insurance marketplaces, thanks in large part to the law's financial assistance. While we've made tremendous progress, 11 million young adults remain uninsured, including 6.1 million who could be eligible for premium tax credits.[2] We are encouraged to see Congress work together to focus on what can be done to boost youth enrollment and further stabilize the market. Here are some of our recommendations:

Fund cost-sharing reduction (CSR) payments through a mandatory appropriation through at least 2019. Making CSR payments would reduce uncertainty among consumers and carriers. 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. Given young adults' lower net worth and incomes, young people are less able to absorb an increase in their out-of-pocket costs or what CBO forecasts would be a 20 percent increase in premiums. If CSR payments are not funded, we could see fewer young adults able to participate in the marketplaces.

Create a permanent reinsurance program – not high-risk pools. 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. 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. To provide immediate stability to the market, we recommend Congress guarantee funding for reinsurance through at least a 2-year mandatory appropriation. As someone who was denied coverage for having Rheumatoid Arthritis and left no other option but to enroll through Colorado's pre-ACA high-risk pool, I saw its shortcomings first hand. I can tell you that high-risk pools are an unacceptable coverage alternative for people with pre-existing conditions.

Maintain existing guardrails around Section 1332. We recognize the value and importance of state flexibility in expanding access to coverage. However, amendments to Section 1332 that would change the law's guardrails would likely harm the most vulnerable young people. 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. Furthermore, allowing states to waive essential health benefits, for example, could actually decrease rather than increase young adult enrollment, by reducing or eliminating the services that young people use and value most in their coverage.[3]

Reverse cuts to marketplace enrollment promotion and consumer assistance—specifically targeting these efforts to reach young adults. While young adults disproportionately qualify for financial assistance, their enrollment depends on them knowing about their options. Many young people remain unaware of premium tax credits or opportunities to enroll in marketplace coverage. Congress should reverse the Administration's recent cuts to enrollment promotion and Navigator grants. These are proven strategies for helping connect people, particularly those with lower rates of health insurance literacy, to coverage.

Provide increased financial assistance to maximize young adult 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.[4] 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.

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[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] 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

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

[4] 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