

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 24, 2017

The President
The White House
Washington, DC 20500

Dear Mr. President:

The law requires, and it is your obligation under the law, to pay the Affordable Care Act's (ACA) cost-sharing reduction payments. Equivocation on this matter destabilizes the market and hurts American families by directly increasing their health care costs.

Cost-sharing reduction payments help seven million hardworking Americans and their families – more than half of all Marketplace enrollees for 2017 – afford their out-of-pocket health care costs. The decision to unilaterally rescind support for these subsidies will cause premiums and out-of-pocket costs to skyrocket and could cause millions of Americans to lose their health insurance coverage.

According to a recent report in *Politico*, your administration has stated that it will continue to pay these cost-sharing subsidies, for now.¹ However, your public statements continue to raise doubts about the future of these payments and your commitment to enforcing the ACA, the law of the land.² You have also stated in the past that, “The best thing politically is to let Obamacare explode” and recently said that “Obamacare is dead.”³

We strongly disagree. The ACA is not dead; however, your failure to commit to paying these subsidies is destabilizing the Marketplaces, and will directly result in higher costs and fewer consumer choices. Insurers have little time left to finalize their rate filings for 2018, and without certainty as to whether or not cost-sharing subsidies will be paid, they will significantly raise their rates or exit the Marketplaces altogether. According to the American Academy of Actuaries, failure to make cost-sharing subsidy payments “could result in insurer losses and solvency challenges, leading insurers to further consider withdrawing from the market. . . . [S]ignificant market disruption could result, leading to millions of Americans losing their health

¹ *White House to continue Obamacare payments, removing shutdown threat*, Politico (Apr. 6, 2017).

² *Trump in tweets: ‘New healthcare plan is on its way’*, Politico (Apr. 30, 2017).

³ *Trump blasts ‘dead’ ObamaCare: New healthcare plan ‘on its way’*, The Hill (Apr. 30, 2017).

insurance.”⁴ In fact, the CEO of Molina Healthcare recently warned that if cost-sharing subsidies are not funded, the company will withdraw from the Marketplaces immediately.⁵

In areas where insurers decide to remain in the Marketplaces, failure to pay these subsidies will increase premiums for all individuals enrolled in the individual market. According to a study by the Kaiser Family Foundation, average ACA Marketplace premiums for silver plans would need to increase by 19 percent to compensate for lack of funding for cost-sharing subsidies.⁶ An analysis conducted by Covered California found that 2018 health premiums in the individual market in California could rise by 42-49 percent if the subsidies are not funded and other provisions of the ACA are not enforced.⁷ Rising prices and fewer choices will likely hit consumers in rural areas, where health care prices have traditionally been higher, particularly hard.⁸ As a result of rising premiums, the federal government would end up spending \$31 billion more from 2018-2027.⁹

Working families in every state are relying on you to pay cost-sharing subsidies to help ensure that they can afford the health care they need. The stability of the nation’s health care system and the health of millions of Americans now rest in your hands. Their health care coverage is not a bargaining chip.

It is your responsibility to the American people and your obligation under the law to make the cost-sharing reduction payments and to stop other acts of sabotage that undermine Americans’ access to affordable, quality health insurance.

Sincerely,

⁴ Letter from the American Academy of Actuaries to the Honorable Paul Ryan, Speaker, U.S. House of Representatives, and the Honorable Nancy Pelosi, Democratic Leader, U.S. House of Representatives (Dec. 7, 2016).

⁵ Letter from J. Mario Molina, CEO and Chairman, Molina Healthcare, to Speaker Paul Ryan et al (Apr. 27, 2017).

⁶ Kaiser Family Foundation, *Estimates: Average ACA Marketplace Premiums for Silver Plans Would Need to Increase by 19% to Compensate for Lack of Funding for Cost-Sharing Subsidies* (Apr. 6, 2017).

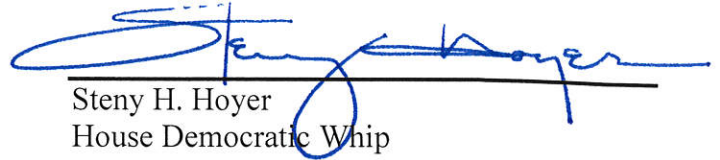
⁷ Covered California, *Analysis of Impact to California’s Individual Market If Federal Policy Changes Are Implemented* (Apr. 27, 2017).

⁸ Kaiser Family Foundation, *The Affordable Care Act and Insurance Coverage in Rural Areas* (May 29, 2014).

⁹ Kaiser Family Foundation, *The Effects of Ending the Affordable Care Act’s Cost-Sharing Reduction Payments* (Apr. 25, 2017).



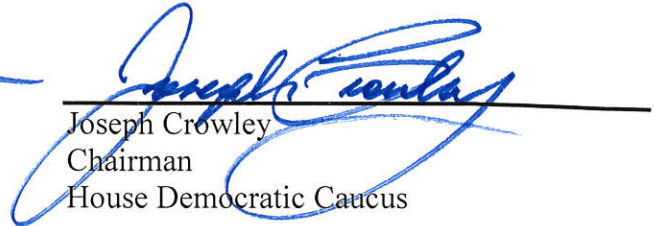
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House Democratic Leader



Steny H. Hoyer
House Democratic Whip



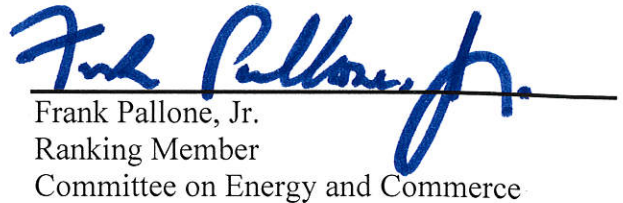
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Assistant Democratic Leader



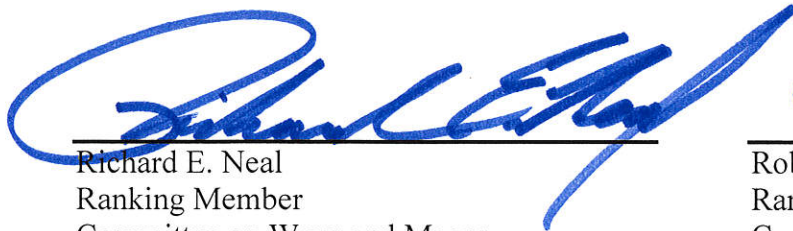
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House Democratic Caucus



Linda T. Sánchez
Vice Chairman
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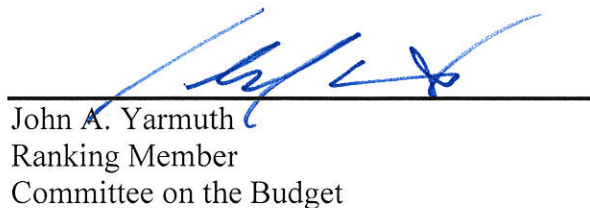
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Committee on Energy and Commerce



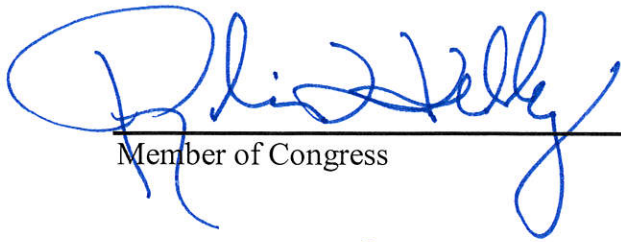
Richard E. Neal
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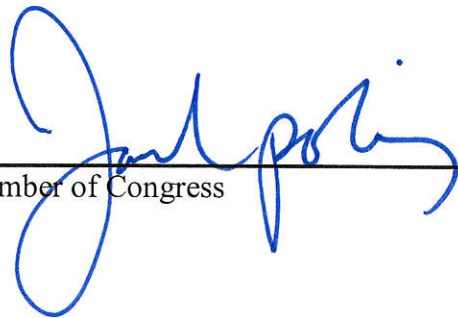
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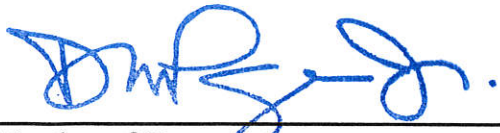
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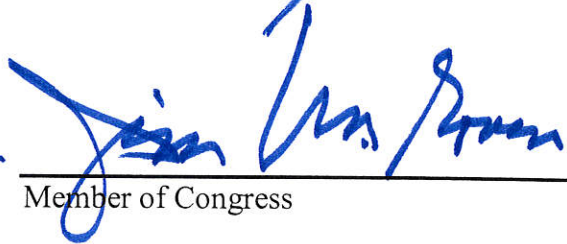
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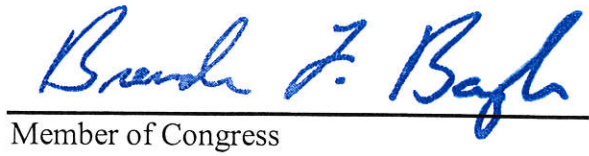
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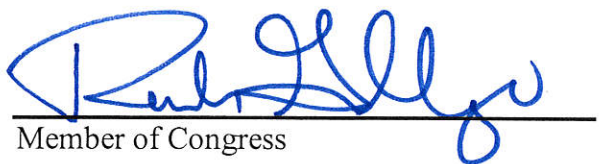

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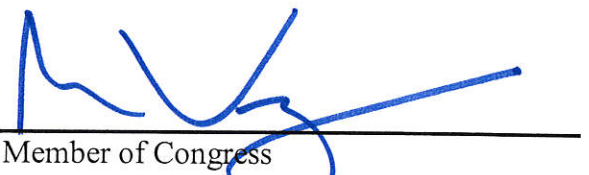

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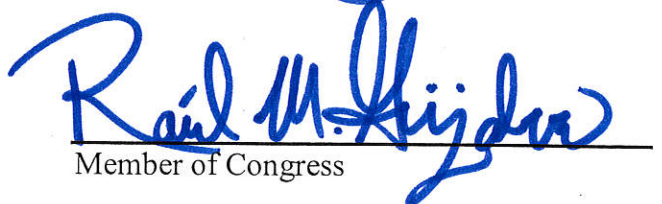

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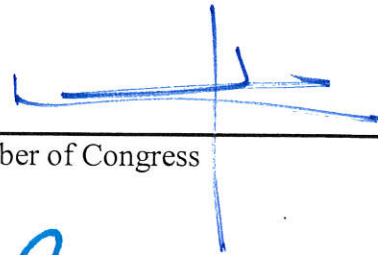
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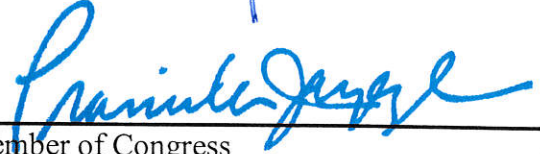
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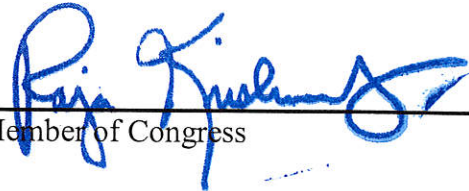
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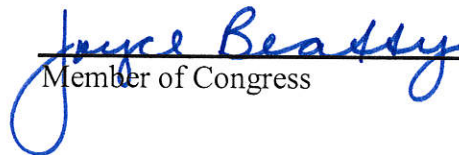
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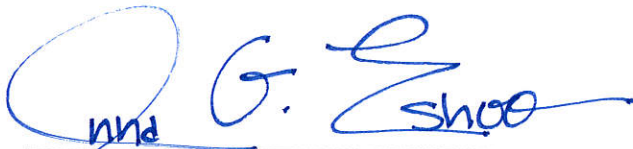
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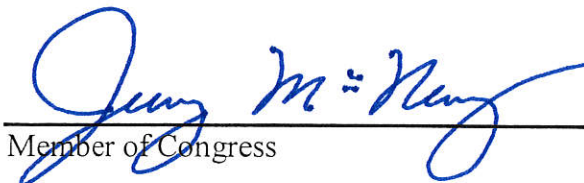

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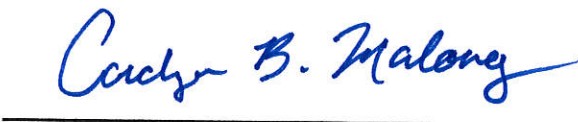

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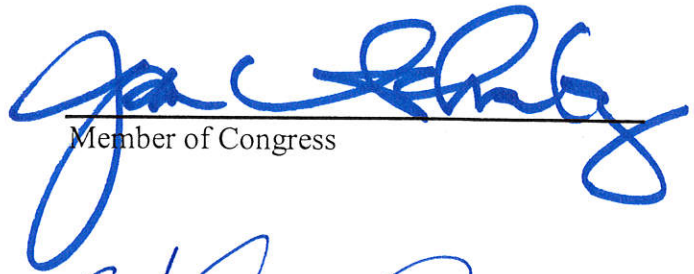
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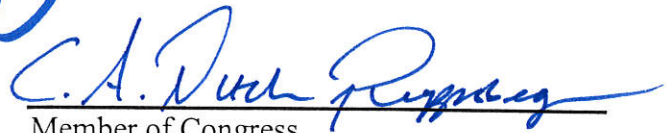
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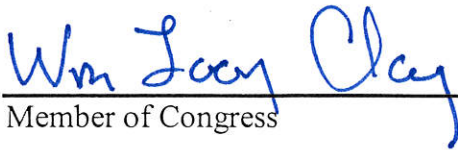
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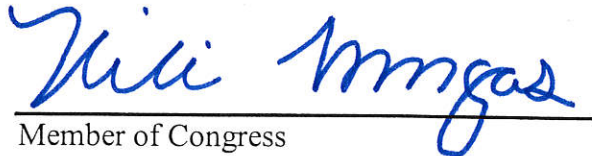
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