

Insurance Market Stabilization

The United States now devotes more than \$10,000 per capita to health,ⁱ while premiums and out-of-pocket costs continue to rise.ⁱⁱ Congress should enact insurance market stabilization provisions as part of the final fiscal year 2018 omnibus package in March to improve the affordability of insurance.

AAFP policies on market stabilization/affordability

Since 1989, the AAFP has advocated for health care coverage for everyone in the United States through a primary care based system built on the patient-centered medical home. [AAFP's policy](#) calls for primary care coverage with *no financial barriers* (co-payments.) The physician organizations representing more than 500,000 physician and medical student members throughout the United States have adopted [joint principles](#) asking that Congress and the Administration act to “Ensure that premium and cost-sharing subsidies are sufficient to make coverage affordable and accessible.”

Background

In October 2017, funding for cost sharing subsidies for those below 250 percent of the federal poverty level was discontinued. As a result, health plans, which are still required to provide cost sharing reductions, lost more than \$1 billion through the end of 2017, and was projected to increase premiums 12-15 percent in 2018.ⁱⁱⁱ [The Bipartisan Budget Act of 2018](#) enacted on February 9, 2018, did not address health insurance markets, but bills have been released that would restore cost-sharing reduction (CSR) payments, and would fund reinsurance programs that support financing for high, unpredicted health care costs among ACA enrollees. Together, these proposals could [reduce individual insurance premiums for enrollees in general in 2019 by as much as 18 percent](#). Legislation like the [Bipartisan Health Care Stabilization Act](#) (Alexander-Murray), the [Lower Premiums through Reinsurance Act of 2017](#) (Collins-Nelson bill), and the [Premium Relief Act of 2017](#) (Costello), provide good starting points for bipartisan negotiation on a comprehensive package to stabilize insurance markets. Additional stabilization steps may be needed, however, especially due to the repeal of the individual mandate.

Regulatory Action

[Association Health Plans](#). Comments on a new [regulation](#) published January 4, 2018, that would allow so-called association health plans under ERISA are due March 4, 2018. The AAFP has already released a [public statement](#) regarding the regulation noting that it will allow for risky, inadequate insurance for the healthy and increase costs for the sick.

[Short-term plans](#). The Administration also published a [regulation](#) February 20, 2018, to expand access to short-term health plans. The regulation amends the definition of “short-term, limited-duration insurance” for purposes of its exclusion from the definition of “individual health insurance coverage.” The AAFP released a [statement](#) regarding the regulation and plans to file a comment by the deadline (April 23, 2018).

ⁱ https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-per-capita-basis-health-spending-grown-substantially_2017.

ⁱⁱ <http://www.healthcostinstitute.org/report/2016-health-care-cost-utilization-report/>.

ⁱⁱⁱ http://www.naic.org/newsroom_statement_171013_csr_funding.htm.

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