
Greenstein: Failure to Address Marketplace Cost-Sharing Reduction Payments in the 2017 Spending Bill Puts Coverage at Risk for Millions

By refusing to include a measure guaranteeing the continued payment of the Affordable Care Act's (ACA) cost-sharing reductions (CSRs) in the new fiscal year 2017 spending bill, the Administration and congressional Republican leaders have endangered health coverage for millions of Americans. They will bear responsibility for the premium increases, marketplace disruption, and coverage losses that will likely result.

CSRs are subsidies that the ACA provides to reduce deductibles, copayments, and other cost sharing for people with low or modest incomes who purchase health coverage through the ACA's insurance marketplaces. About 6 million people — more than half of all marketplace consumers — benefit from CSRs, which go to people with incomes below 250 percent of the poverty line (about \$60,000 for a family of four) and reduce their out-of-pocket costs by an average of about \$1,100 per person. Under the ACA, insurers must provide health plans with lower deductibles and other out-of-pocket costs to people who qualify for CSRs, and the federal government then reimburses the insurers for the cost of doing so, which is about \$7 billion a year.

In 2014, the House sued the Obama Administration to try to block these CSR payments. And while the courts have said the Administration can keep making the payments while the lawsuit is pending, the Trump Administration has repeatedly threatened to stop defending the lawsuit — which would end the payments — or to stop making the payments unilaterally. The President has been explicit that he's making these threats, which could affect millions of people with marketplace coverage, as a political bargaining chip.

Insurers have warned that without the guarantee of CSR payments, they will have to raise premiums sharply to cover the cost, and some major insurers have warned they would simply exit the marketplace altogether, either nationwide or in various states. Even if the payments continue for now, ongoing uncertainty about the Administration's future plans could drive similar results. In particular, if uncertainty continues to surround the CSR payments over the next few months — as insurers submit and finalize marketplace premium and participation decisions for 2018 — insurers are certain to raise premiums to account for the risk, and some will likely stop offering marketplace plans.

Including language in the 2017 spending bill guaranteeing these payments thus was a commonsense solution, supported by the National Governors Association, the National Association of Insurance Commissioners, and the U.S. Chamber of Commerce — as well as by insurers and

health care providers. And because these payments were already financed as part of the ACA itself, the measure would have carried no new cost.

In fact, experts have estimated that a *failure* to pay CSRs would cost taxpayers billions of *additional* dollars, because the resulting higher premiums would increase the costs to the government of providing marketplace tax credits to help consumers afford their premiums, and the increase in cost would *exceed* the savings from ceasing to make the CSR payments. But the Administration and congressional Republican leaders still refused to include the provision.

It's not too late for policymakers to provide needed clarity to insurers and to protect marketplace consumers. House Republicans could drop their lawsuit against the CSR payments. Likewise, the Trump Administration could offer a firm guarantee that it plans to keep defending the lawsuit and making the payments — not just “for now,” as it said last week, but on an ongoing basis.

This isn't the first time the Administration has taken steps to weaken and undercut the ACA marketplaces. It has engaged in a troubling series of such efforts since January. (And congressional Republicans have sought to undermine the law since its enactment in 2010.) But this latest example makes it even more clear that whether for ideological or political reasons, the Administration and congressional leaders are acting in ways that threaten to disrupt the markets where more than 10 million Americans get their health insurance. Responsibility for the consequences that follow will rest squarely on their shoulders.

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