

E&C SUBCOMMITTEE ON HEALTH: LEGISLATION TO LOWER CONSUMER COSTS AND EXPAND ACCESS

EXECUTIVE SUMMARY

Members of the House Energy & Commerce Subcommittee on Health convened a [hearing](#) to discuss three bills intended to lower costs and improve access: [H.R. 1425](#), the State Health Care Premium Reduction Act; [H.R. 1386](#), the Expand Navigators Resources for Outreach, Learning and Longevity (ENROLL) Act; and [H.R. 1385](#), the State Allowance for a Variety of Exchanges (SAVE) Act. Witnesses Peter Lee of Covered California and Ms. Audrey Morse Gasteier of Massachusetts Health Connector provided insight as to how successful state-based health insurance exchanges are organized and administered. Mr. J.P. Wieske from Wisconsin advocated for more innovative ways for patients to enroll in the health system through privatization and technology. Members were supportive of state reinsurance flexibility to lower premiums; however, Members were split on the effectiveness of patient navigators and the sustainability of state-based insurance markets.

OPENING STATEMENTS

Subcommittee Chairwoman Anna Eshoo (D-CA) began her opening statement by expressing support for the three proposed bills and restated Democrats' commitment to lower costs for Americans. She asserted that the proposed bills bring down the cost of health insurance by allowing funding and flexibility to improve the individual market and increase choices, and added that reinsurance can be useful to account for those with preexisting conditions and to lower costs for middle class Americans.

In his opening statement, **Ranking Member Michael Burgess (R-TX)** expressed his disappointment in the lack of bipartisanship on these bills, especially on the topic of reinsurance. He stated that Republicans are supportive of reinsurance and state stability funds as cost reduction programs, but feels the current bill is too restrictive. Instead Ranking Member Burgess prefers the flexibility afforded in his own bill, in [H.R. 1510](#). With regard to the patient navigator program, he felt that current data demonstrated minimal effectiveness. The Ranking Member felt similarly pessimistic about state-based exchanges and their long-term sustainability.

Full Committee Chairman Frank Pallone (D-NJ) supported the proposed legislation's ability to reduce cost and improve access in his [opening statement](#). Chairman Pallone explained how "access" includes consumer access to important information to make the right decisions and how critical the navigators program is to this aspect. He said that the SAVE Act would allow states with Republican Governors the ability to tailor their market places to the states' needs. Chairman Pallone concluded that state reinsurance programs have been able to effectively lower premiums and a federal law could build upon this success.

WITNESS TESTIMONY

Mr. Peter Lee, Executive Director of Covered California, [testified](#) that recent federal policy actions have had negative impacts, but that California aims to use all of the tools of the ACA to improve access and affordability. He provided findings from a recent report that demonstrated that state-based market premium increases are half that of federal market premium increases. Mr. Lee asserted that reinsurance can help middle-class Americans who do not qualify for subsidies by lowering premiums and stabilizing the market. Finally, he noted that California has a robust patient navigator program that, coupled with outreach, has allowed California to maintain robust enrollment and keep premiums down.

In his [testimony](#), **Mr. J.P. Wieske, Vice President of State Affairs at the Council for Affordable Health Coverage**, stressed that while the ACA provides many useful tools, it has also created new problems. He suggested that other mechanisms – such as smart phone apps – be utilized to enroll patients, rather than inefficient navigators. Mr. Wieske did support the use of reinsurance, but highlighted that it does not reduce costs directly, and suggested other tools should be used for cost reduction.

Ms. Audrey Morse Gasteier, Chief of Policy at Massachusetts Health Connector, [testified](#) that Massachusetts has enjoyed success in their state-based exchange due in part to the benefit of time, and hopes to share best practices. She boasted that Massachusetts has nearly universal coverage at 97 percent, and the lowest average premiums. Ms. Gasteier provided that the keys to success have been the connector care program that provides additional subsidies and Massachusetts' navigator and outreach program that ensures a robust market and increases coverage. She concluded that Massachusetts' state-based exchange is critical to the success of the program because it allows for flexibility.

MEMBER DISCUSSION

HR 1425 – State Health Care Premium Reduction Act

Several members asked the witnesses how federal reinsurance would be best carried out compared to existing state-run Section 1332 waivers that allow reinsurance. **Rep. Fred Upton (R-MI)** questioned how states can have more flexibility with regard to reinsurance. Mr. Wieske stated that flexibility is key as “one size does not fit all” and a state option with a federal fallback would be best. **Rep. Kurt Schrader (D-OR)** asked what limitations states could face when designing their own reinsurance programs. Mr. Lee provided that states must choose where to allocate the funds. For instance, he said that if the funds go to straight reinsurance, states could reduce premiums by 7 percent. Alternatively, states can target the population at 400-600 percent of the federal poverty level to lower premiums for those without subsidies.

HR 1386 – Expand Navigators Resources for Outreach, Learning and Longevity (ENROLL) Act

A majority of member discussion was centered around the patient navigators program and the benefit or lack of benefit it provides to the individual market place. **Rep. Doris Matsui (D-CA)** asked Ms. Gasteier how Massachusetts has achieved greater enrollment through the use of data. Ms. Gasteier responded that data is used to identify populations who are most likely to be uninsured and then navigators are strategically placed to target these populations. Rep. Matsui continued that California has premiums 20 percent lower than the national average and asked Mr. Lee how this was achieved. Mr. Lee credited their navigator and outreach program that keeps their risk pool large and premiums stable.

Rep. Kathy Castor (D-FL) highlighted how cuts to the navigator program had a negative impact on rural areas in Florida, which impacted affordability statewide. Ms. Gasteier agreed that the market performs better when coverage can be widespread. Mr. Lee added that navigators are useful in areas to which insurance agents do not have access. **Rep. Tony Cardenas (D-CA)** asked Mr. Lee to explain how the California navigator program functioned. Mr Lee explained that navigators are used to fill the gaps that insurance agents do not fill, such as Spanish speaking communities. He continued that individuals who use navigators make better decisions and are often healthier than individuals who enroll online.

Republican representatives were not as supportive of the use of navigators. **Rep. H. Morgan Griffith (R-VA)** stated that the navigator program received \$62 million in funding, but enrolled less than 1 percent of the total enrollees in the federal market place. Rep. Griffith then asked Mr. Wieske why the program should receive more funding if it is not effective. Mr. Wieske provided that insurance agents have proven more effective in enrolling patients than navigators in Wisconsin, but this could vary from state to state. He added that Wisconsin experienced problems with people posing as navigators. **Rep. Larry Bucshon (R-IN)** offered that his state of Indiana spent approximately \$1 million to enroll 606 enrollees and asked Mr. Wieske if there should be a cap on navigator funding per enrollee or a penalty for not meeting enrollment goals. Mr. Wieske responded that navigators are typically required to spend their funding as soon as it is received but some sort of penalty could be imposed.

HR 1385 – State Allowance for a Variety of Exchanges Act (SAVE)

Rep. Brett Guthrie (R-KY) recounted the history of awards for state-based insurance markets, and how many states were unable to create their own, even with unlimited funding. Rep. Guthrie asked Mr. Gieske what barriers Wisconsin faced in creating their market. Mr. Gieske responded that Wisconsin ultimately returned their award because of lack of flexibility attached the grant and that the cost per person to create the system would be too high. **Rep. Earl Carter (R-GA)** cited how half of the 12 state-based exchanges received grades of either D or F and asked why. Mr. Gieske replied that improvements are often costly and difficult.