

**Congress of the United States**  
**Washington, DC 20515**

June 21, 2018

The Hon. Lawrence J. Hogan Jr.  
Governor  
State of Maryland  
100 State Circle  
Annapolis, Maryland

Dear Governor Hogan:

We write to you to urge you to reject partisan attacks on the Affordable Care Act and work across the aisle to protect our constituents' health insurance and develop solutions to reduce out of pocket health care costs for working families. Since the passage of the ACA, Republicans have worked on a national and state level to undermine or eliminate the law despite the fact that millions have received coverage through the ACA, including 291,000 individuals under Maryland's Medicaid expansion and 142,872 through Maryland's Health Benefit Exchange. The Trump Administration and Congressional Republicans are currently pushing policies that depress enrollment in health insurance, and raise premiums and out of pocket costs for middle class families. The Trump Administration cut funding for Marketplace advertising by 90 percent, slashed in-person assistance through the navigator program and increased premiums for middle class families by unilaterally refusing to pay cost sharing reductions. These actions have had devastating consequences for working families. According to the latest data from Gallup, 3.2 million fewer people had health insurance coverage during the first year of the Trump Administration, relative to 2016.

The repeal of the individual mandate beginning in 2019 and proposed Trump Administration regulations on short-term limited-duration (STLD) plans and association health plans will further destabilize the individual market and raise costs for American families. According to a recent analysis conducted by the Urban Institute, the elimination of the individual mandate, coupled with the Administration's efforts to sabotage the ACA, will significantly increase 2018 premiums (in states that do not prohibit or limit short term plans), and will result in 6.4 million more people uninsured in 2019.<sup>1</sup> The analysis estimates that the state of Maryland will see an estimated 34.7 percent increase in the number of uninsured Maryland residents.

In the absence of a commitment from President Trump and the Republican-led Congress to protect Americans' access to health care, states can and must step up to ensure families are protected from crushing health care costs by ensuring access to affordable insurance that covers needed benefits.

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<sup>1</sup> Linda J. Blumberg et. al, *The Potential Impact of Short-Term Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending* (Feb. 2018) ([www.urban.org/sites/default/files/publication/96781/stld\\_draft\\_0226\\_finalized\\_0.pdf](http://www.urban.org/sites/default/files/publication/96781/stld_draft_0226_finalized_0.pdf)).

There are a number of actions at the state level that would help increase coverage and improve the affordability of care for families in our state that will also counteract the harmful work of Republicans in Washington. We urge you to work to implement some or all of these options to help ensure stability and lower costs for our residents. Six potential options are listed below; these represent a few areas that Maryland is already targeting and a few areas where more progress could be made.

*Create a strong, long-term reinsurance program to reduce health insurance premiums.*

We commend the Maryland General Assembly for the passage of the Maryland Health Care Access Act of 2018, which would impose a 2.75% tax on health insurers (replacing the federal health insurer tax that was suspended for 2018) for the creation of a state reinsurance fund through a Section 1332 waiver. These funds protect consumers from dramatic premium increases by paying claims above a certain limit or paying for claims for certain specific high-cost conditions. Removing these claims or conditions through reinsurance allows plans to reduce premiums for other consumers. We urge that the waiver process include careful and thorough consideration of public and stakeholder input resulting in a strong, long-term reinsurance program to protect Maryland citizens from rising premiums.

*Protect state residents by limiting the sale of sub-par junk insurance plans.*

It's promising that the Maryland Health Care Access Act of 2018 also included language limiting short-term plans to a duration of less than three months that cannot be extended or renewed. This clarification would protect consumers from a weakening of consumer protections that would allow plans to be sold that do not meet basic benefit or financial protection standards. These junk plans would return patients to the days where only upon illness did they discover their plans imposed unreasonable limits on coverage and excluded needed benefits. In addition, expanding access to junk insurance plans negatively affects the risk pool in the ACA-compliant market, thereby increasing premiums for middle class families. While the Trump Administration has loosened federal regulations, strong state protections can prevent such plans from appearing in the state market to scam unknowing customers. We were pleased to see language restricting these plans to three months or less in the Maryland Health Care Access Act of 2018, and hope to see similar language in the final draft of the 1332 waiver application.

*Broaden the insurance risk pool by passing a state-level individual mandate or similar policy designed to boost enrollment.*

Despite the significant progress achieved by the Maryland General Assembly, there were some pieces of legislation that aimed to protect consumers and stabilize the market that did not get passed. One such bill was the Protect Maryland Health Care Act of 2018, which would have created a state level individual mandate that would both increase coverage and reduce premiums for consumers. After Massachusetts passed its own individual mandate prior to the ACA, premiums decreased by double digits and coverage increased from 70 to 92 percent. The Congressional Budget Office projects that the repeal of the individual mandate in the Republican tax law will result in 13 million people losing coverage and 10 percent higher premiums each year. Restoring the mandate at the state level would help insulate states (and insurance

premiums) against these adverse effects, so we urge the Governor and the Maryland General Assembly to prioritize legislation that would create a state-level individual mandate.

*Protect consumers who have pre-existing conditions and ensure their health plan provides essential health benefits.*

The recent Trump Administration decision not to defend critical ACA protections puts individuals with pre-existing conditions at risk for losing their health insurance. It is of paramount importance that we protect these vulnerable individuals. Furthermore, while Republican legislative attempts to undermine critical health benefits like maternity care and prescription drugs have not succeeded to date, there are additional efforts to charge more for certain life-saving benefits or allow plans to exclude certain needed items from coverage altogether. Maryland must take action to ensure adequate coverage for individuals with pre-existing conditions and by passing their own requirements to protect residents and bolster the intent of current law and regulations.

*Boost coverage (and lower costs) by increasing outreach, enrollment and marketing.*

States can increase efforts to connect consumers to coverage and increase awareness of the insurance marketplaces. While the Trump Administration dramatically cut the budget for marketing and outreach, and has refused to use funds designated for these purposes, states can and should redouble on the ground efforts, including marketing targeted at hard to reach groups. Awareness of the marketplaces and available financial assistance remain very low, and younger and healthier consumers are more likely to remain uninsured without significant advertising campaigns. Investments in outreach, enrollment and marketing help ensure a diverse risk pool, bringing premiums down for consumers. For instance, Covered California estimates that its extensive investment in marketing and outreach has translated into 6-8 percent lower premiums.<sup>2</sup> States interested in conducting outreach could ask that federal funds currently not being used for their intended purposes be sent directly to the states for their own outreach and marketing efforts.

One key factor in consumer outreach is the enrollment period during which consumers can sign up for insurance in the health care marketplace. The Trump administration's decision to shorten the federal open enrollment period from 90 days to 45 days limits consumer access and does not reflect actual consumer needs. Because Maryland operates its own online marketplace, we urge you to increase the next open enrollment period to 90 days in order to protect consumers and increase outreach.

*Strengthen state oversight of individual market to improve plan participation and lower costs.*

State regulators in all states can work with plans to ensure that every rating area has a plan available and increase competition to reduce costs and increase choice. Demonstrating this

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<sup>2</sup> Covered California, *Marketing Matters: Lessons From California to Promote Stability and Lower Costs in National and State Individual Insurance Markets* (Sept. 2017) ([http://hbex.coveredca.com/data-research/library/CoveredCA\\_Marketing\\_Matters\\_9-17.pdf](http://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17.pdf)).

commitment and increasing communication with issuers at the state level has the potential to reverse the Trump Administration's ongoing efforts to sabotage the individual market.

Republicans in Washington have sought to undermine the ACA in ways that would reduce coverage and raise costs for American families. They remain unwilling to seriously engage in bipartisan improvements to the ACA. For the sake of our constituents we ask you to do all that you can to mitigate these harmful actions and work to solve the problems that exist in our insurance markets today.

We stand ready to work with you and your administration to help make these options a reality. Thank you for your consideration.

Sincerely,



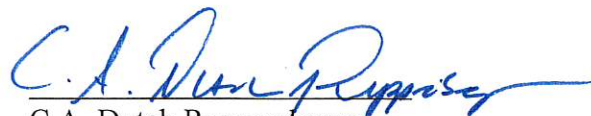
John Sarbanes  
Member of Congress



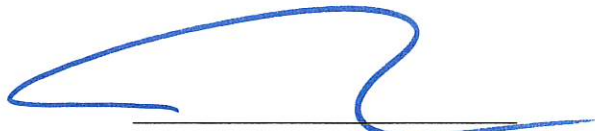
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