

United States Senate

WASHINGTON, DC 20510

May 7, 2018

Dear Friend,

I am writing to thank you for working with me to try to lower premiums in the individual health insurance market, and to let you know why Congress failed and where things stand now.

Seven months of bipartisan discussions involving more than half the members of the U.S. Senate produced these proposals:

- Three years of cost-sharing reduction subsidy payments (CSRs) to help low-income Americans pay out of pocket expenses;
- Streamlining the Affordable Care Act's Section 1332 State Innovation Waiver without changing essential health benefits or the prohibition of annual or lifetime limits on benefits or the guarantee of an offer of insurance for those with pre-existing conditions. This new flexibility would have allowed Iowa and other states to increase choices and lower premiums and allowed New York, Minnesota and New Hampshire to use federal insurance funds more effectively. There was new authority for "catastrophic" policies with lower premiums and higher deductibles.
- Three years of reinsurance grants at \$10 billion each year, so states could create funds to insure the very sick and to lower premiums for everyone.

Experts at Oliver Wyman predicted these proposals could reduce rates by up to 40 percent over three years. Almost all Democrats liked the three ideas; most Republicans were skeptical because they "shore up Obamacare." The Congressional Budget Office said that if scoring reflected that CSRs are being paid through the tax credit, enacting the proposals would actually SAVE taxpayer dollars.

On Saturday, March 17, President Trump asked Senate Majority Leader McConnell and Speaker Ryan to include these three proposals in the Omnibus Spending Bill. McConnell and Ryan said "yes." Democrats said "no." The reason: Democrats would not apply to these proposals the traditional Hyde compromise language regarding federal funding for elective abortions— even though Democrats have voted for Hyde language in every appropriations bill since 1976 and voted to apply Hyde to more than 100 other provisions in the same Omnibus bill this year.

Sen. Howard Baker once said the essence of Senate leadership is becoming an eloquent listener. That means hearing and understanding what people have to say because what they are saying is not always what they mean. My conclusion is that, by their actions and words, what Democrats REALLY were saying was: We don't want to change one sentence of Obamacare, even parts that obviously are not working.

Given Democrats' attitude, I know of nothing that Republicans and Democrats can agree on to stabilize the individual health insurance market. The last seven months show that Democrats are not

willing even to make modest temporary changes with which they agree. So now efforts to help Americans paying skyrocketing premiums will turn to the Trump Administration and the states. And our committee's efforts will turn to other pressing health care issues including opioids, overall health care costs, electronic health care records, prescription drug prices and 340B.

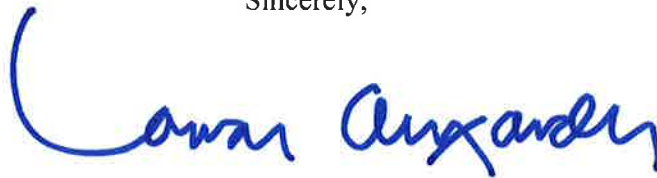
I'm encouraged by Labor Secretary Alex Acosta's proposed rule on association health plans. It would allow some self-employed and employees of small companies to buy the same kind of insurance with the same lower cost and same protections that roughly 160 million Americans who work for large employers have today. The Trump Administration has also proposed a rule that would reaffirm the role of states in regulating short term health insurance. This could provide a coverage option for Americans who today are uninsured because plans in Affordable Care Act markets are too expensive. Neither of these changes require the approval of Congress.

I am talking with Health and Human Services Secretary Alex Azar and Seema Verma, the Administrator of the Centers for Medicare and Medicaid Services, about other administrative actions they can take to give states more flexibility to help lower health insurance premiums, especially for the 9 million working Americans in the individual market who do not receive a federal subsidy. I will be encouraging governors and state insurance commissioners to do everything they can to help repair the damage caused by the Affordable Care Act.

No one regrets Congress's failure to reach an agreement on this more than I do. I ran for the U.S. Senate because I want to achieve bipartisan results on important issues and often I have done that, but I could not here.

I want you to know how much I appreciate your help, because without it, we could not have made the best possible case for a new law that could have saved taxpayers' money and reduced health insurance premiums by as much as 40 percent for 9 million Americans who have no government subsidy to help them buy health insurance.

Sincerely,

A handwritten signature in blue ink that reads "Lamar Alexander". The signature is written in a cursive style with a large, sweeping initial "L".