

Bipartisan Problem Solvers Caucus Proposal to Stabilize the Individual Market

It is clear that the individual health insurance market is deteriorating and we must act quickly to stabilize it. We all agree that the individual market needs restructuring, and we should swiftly implement changes in time to take effect for insurance plans offered for 2018. Committees of jurisdiction should begin to address the issue through regular order.

To stabilize the individual market and provide some immediate relief, we propose exploring the following solutions:

1. Bring cost-sharing reduction (CSR) payments under the Congressional oversight and appropriations process, but ensure they have mandatory funding. CSR payments are an important part of helping households earning between 100% and 250% of the federal poverty level afford to participate in the individual market. Bringing CSR payments under the appropriations process ensures that Congress can provide proper oversight.
2. Create a dedicated stability fund that states can use to reduce premiums and limit losses for providing coverage—especially for those with pre-existing conditions.
3. Adjust the employer mandate by raising the threshold on the requirement for employers to provide insurance under the employer mandate to businesses of 500 employees or more. The current employer mandate places a regulatory burden on smaller employers and acts as a disincentive for many small businesses to grow past 50 employees. Additionally, the definition of “full time” under the employer mandate should indicate that a full-time work week is 40 hours.
4. Repeal the medical device tax. This tax adds a 2.3% sales tax on medical device supplies. The costs of the tax are passed on to consumers and it should be repealed.
5. Provide technical changes and clear guidelines for states that want to innovate on the exchange or enter into regional compacts to improve coverage and create more options for consumers.
 - Section 1332 of the ACA allows states to innovate and share in health savings while offering strong plans with all essential health benefits. Some states have begun to experiment in this regard, with great potential for success. However, some technical legislative changes and/or revised HHS guidance may improve attractiveness to additional states.
 - Similarly, Section 1333 of the ACA allows states to enter into Health Care Choice Compacts, which allow insurers to sell across state lines in participating states. However, HHS has not yet released regulations on Section 1333. HHS should issue clear guidelines and work with states to spur innovation and bring more choice and competition to the market while protecting consumers.

We must continue to explore additional ways to improve patient choice and responsibility, create positive incentives for providers to lower costs, and enhance state flexibility.

We believe that this proposal should be paid for. We stand ready to work to find agreeable offsets within federal health care spending. Potential offsets could be:

- Recapture premium tax credit overpayments
- Encourage use of generic drugs in Medicare Part D
- Speed up brand drug discounts in Part D as seniors approach the coverage gap, or “donut hole”
- Create a bundled payment system for post-acute care in Medicare
- Reduce Medicare payment for bad debt
- Accelerate competitive bidding in Medicare Advantage