

February 28, 2022

The Honorable Chiquita Brooks-LaSure
Administrator, Centers for Medicare & Medicaid Services, Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Dr. Ellen Montz, Director
Jeff Wu, Deputy Director for Policy
Jeff Grant, Deputy Director for Operations
Center for Consumer Information and Insurance Oversight, Department of Health and Human Services
7501 Wisconsin Ave, Bethesda, MD 20814

Dear Administrator Brooks-LaSure, Director Montz, and Deputy Directors Wu and Grant:

The undersigned organizations, which share the mission of ensuring that all consumers and patients obtain affordable, high-quality health coverage and care, write to express our deep concern around one proposal in the Draft 2023 Notice of Benefit and Payment Parameters (NBPP).

We applaud the Biden-Harris administration for the work you and your colleagues have done to improve health coverage in America. Each of our organizations values its partnership with the administration and strongly supports the vast majority of policies included in the NBPP. However, we are troubled by the proposal to increase risk adjustment payments for relatively healthy consumers, with offsetting payment reductions for chronically ill enrollees, pregnant people, and others with foreseeably high health-care costs. This change, labeled as a “two-stage weighted model specification,” will increase insurers’ incentives to avoid enrolling people with foreseeably high health care costs, and increase incentives to enroll only healthier consumers.

The NBPP suggests that risk-adjustment now pays too little for healthy consumers and too much for people with health problems. If that was true, insurers would be fighting to sign up people with chronic conditions. PPOs would dominate exchanges, networks would be broad, and benefits would be tailor-made for people with serious health problems. Instead, PPOs have declined steadily from 49% of exchange offerings in 2015 to just 16% in 2020,¹ and widespread narrow networks and common discriminatory plan designs are noted in the NBPP itself. We support the NBPP’s proposals to combat the latter problems, but if insurers retain powerful incentives to avoid serving people with preexisting conditions, many patients and consumers will continue to face growing difficulty finding coverage options that meet their medical and financial needs.

For the ACA to achieve its core objective of ending discrimination against people with preexisting conditions, the combination of community-rated premiums and risk adjustment payments must match costs that are foreseeable when consumers make health plan choices. Only then will our country eliminate insurers’ incentives to avoid some consumers while enrolling others. We fear that recent years have seen many carriers eroding the quality of coverage they provide members—including the chronically ill. We therefore urge the Department to reject the two-stage weighted model specification and more broadly refocus risk adjustment to eliminate carriers’ risk selection incentives.

¹ McKinsey & Company. Insights into the 2020 individual market—increased consumer choice and decreased premiums, Feb. 21, 2020, <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/insights-into-the-2020-individual-market#print>.

We appreciate the opportunity to share our perspective with you. If you would like to discuss this issue and its effects on the communities we represent, please contact Stan Dorn, Director of the National Center for Coverage Innovation at Families USA (sdorn@familiesusa.org).

Sincerely,

ALS Association
American Heart Association
American Lung Association
Arthritis Foundation
Cancer Support Community
CancerCare
Cystic Fibrosis Foundation
Epilepsy Foundation
Families USA
Hemophilia Federation of America
The Leukemia & Lymphoma Society
Lupus Foundation of America
Lutheran Services in America
March of Dimes
National Disability Rights Network (NDRN)
National Health Council
National Health Law Program
National Organization for Rare Disorders
National Patient Advocate Foundation
United Way Worldwide