

THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<http://www.wsj.com/articles/insurers-step-up-lobbying-with-an-eye-to-health-law-changes-1481472000>

POLITICS | HEALTH POLICY

Insurers Step Up Lobbying With an Eye to Health-Law Changes

Industry groups warn that a quick repeal of the Affordable Care Act would damage their market



Insurers are largely locked in for their 2017 health plans, though under certain circumstances they could withdraw from ACA exchanges partway through a plan year, legal experts said. *PHOTO: ASSOCIATED PRESS*

By **ANNA WILDE MATHEWS** and **LOUISE RADNOFSKY**

Updated Dec. 12, 2016 7:11 a.m. ET

Health insurers are bracing for rapid changes to the Affordable Care Act, preparing contingency plans for their business and readying a full-court lobbying press as Congress looks to overturn swaths of the law as soon as January.

Republican leaders in the House and Senate have promised quick action on the health law. They have said that much of the dismantling—and replacement—could take effect after a transition period of as long as a few years. However, certain moves could affect the ACA’s health-plan marketplaces far sooner, including any early decision to scrap enforcement of the individual mandate, which requires most Americans to have health insurance.

That has set off a frantic lobbying effort by insurers and other health-industry groups to warn that if Congress and the Trump administration aren’t careful, they risk shredding the individual insurance market as soon as 2018. The ACA health-insurance marketplaces were already unstable in many places, with some insurers pulling out amid financial losses and others threatening to do so in 2018 even before the Republicans won the White House.

If the wrong steps are taken, “we could see a situation where no carrier would want to offer insurance” in the individual market, said Mario Molina, chief executive of Molina Healthcare Inc., which offers ACA exchange plans in nine states as well as Medicaid coverage.

Part of the challenge is the nature of the health-insurance industry, which is built around advance planning and detailed projections of risk. Insurers must make filings this spring if they intend to offer ACA plans in 2018. They are already largely locked in for 2017 plans, though under certain circumstances they could withdraw from ACA exchanges partway through a plan year, legal experts said.

“We need to know what the ground rules are so we can make decisions” for 2018, said Alan Murray, chief executive of CareConnect, the insurance unit of New York’s Northwell Health.

Jeff Smedsrud, co-founder of the online insurance brokerage HealthCare.com, said he has told legislators and their staff to consider changes in early 2017 including creating a new compensation mechanism for insurers with especially large claims from individual enrollees. He said this could help prevent a meltdown in 2017 and 2018. He is also calling for tax filers to be allowed to deduct all health-insurance premiums and out-of-pocket medical expenses in excess of \$1,000 from their federal returns, a move that could boost the individual market, and also his site.

Absent clearer signposts for now, insurers are preparing for a range of possibilities. “We’re doing some scenario-planning,” said Joan Budden, chief executive of Priority Health, an insurer in Michigan.

Among the possibilities that most concern insurers are an abrupt removal of the penalties for not having insurance coverage, or a halt to the federal subsidies that help lower-income Americans buy plans. Without other moves that would compensate for those changes, insurers fear losing healthy customers who balance out the sicker people, who are more likely to keep coverage even without a mandate.

“We’d have a difficult time staying in the marketplace with the elimination of subsidies or the elimination of the individual mandate,” said Kirk Zimmer, executive vice president at Sanford Health Plan, which sells ACA policies in North and South Dakota. Sanford would also be affected if the ACA’s Medicaid expansion were dialed back.

Insurers are also closely watching the fate of a legal case originally filed by the Republican leaders of the House. A judge found that the Obama administration overstepped in helping to pay the health costs of some low-income ACA enrollees. If that ruling took effect, health insurers could lose this cost-sharing funding. For now, that case is on hold at the request of congressional Republicans. But once it takes office, the Trump administration could drop the Obama administration’s appeal of the ruling.

America’s Health Insurance Plans, an industry group representing a variety of carriers, has said it advocates maintaining funding for programs designed to mitigate insurers’ losses from high-cost enrollees, and opposes immediate axing of the health-cost subsidies. The group has also said it wants to see the health law shored up for the duration of its existence through tighter restrictions on who can sign up outside of the normal enrollment period, and curbs on programs that help pay ACA-plan premiums for sick people eligible for government health programs—two factors that insurers have cited as reasons they have incurred large claims.

Write to Anna Wilde Mathews at anna.mathews@wsj.com and Louise Radnofsky at louise.radnofsky@wsj.com

Copyright 2014 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.