



## POLICY & ACTION FROM CONSUMER REPORTS

U.S. Senate  
Washington, D.C. 20510

November 30, 2017

Dear Senator:

On behalf of Consumers Union, the policy arm of nonprofit Consumer Reports, we write to express our strong opposition to the repeal of the individual health coverage mandate through the Tax Cuts and Jobs Act. As an organization whose founding principles include ensuring access to quality, affordable health coverage and care for all, we believe the repeal of the individual mandate would jeopardize both the health and financial security of American families.

In its most recent analysis of the impact of repealing the individual mandate, the nonpartisan Congressional Budget Office (CBO) projected that 13 million consumers would be added to the number of uninsured over the next ten years.<sup>1</sup> The repeal of the mandate will also further destabilize the insurance markets and cause year-after-year premium spikes of 10% compared current law.<sup>2</sup> Furthermore, CBO's analysis finds that the negative impacts of these spikes and insurance losses will disproportionately harm those with lower incomes; Americans earning less than \$30,000 per year will be worse off under the Senate bill by 2021 and Americans earning less than \$40,000 per year will be worse off by 2027.<sup>3</sup>

This measure is widely opposed by insurers, hospitals, physicians<sup>4</sup>, actuaries<sup>5</sup>, patient and consumers groups<sup>6</sup>, and will likely cause large exits from the insurance marketplace, leading to less competition and fewer choices. The crucial nature of this mandate was highlighted by the current Senate majority in an amici curiae filed in 2012, stating: "without the mandate both the number of uninsured and the price of premiums would skyrocket."<sup>7</sup>

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<sup>1</sup> Congressional Budget Office, Repealing the Individual Health Insurance Mandate: An Updated Estimate, November 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>

<sup>2</sup> Ibid.

<sup>3</sup> Congressional Budget Office, Reconciliation Recommendation of the Senate Committee on Finance, November 26, 2017, p. 10, <https://www.cbo.gov/publication/53348>

<sup>4</sup> Letter from America's Health Insurance Plan, Blue Cross Blue Shield Association, American Academy of Family Physicians, American Medical Association, Federation of American Hospitals, American Hospital Association, in support of individual mandate; <https://www.ahip.org/joint-letter-regarding-the-individual-mandate/>.

<sup>5</sup> Letter from the American Academy of Actuaries highlighting concerns regarding individual mandate repeal, [http://www.actuary.org/files/publications/Letter\\_to\\_Senate\\_Tax\\_Reform\\_Individual\\_Mandate\\_11.21.17.pdf](http://www.actuary.org/files/publications/Letter_to_Senate_Tax_Reform_Individual_Mandate_11.21.17.pdf)

<sup>6</sup> Letter from sixteen patient and consumer groups in support of the mandate, <http://consumersunion.org/wp-content/uploads/2017/11/Coalition-statement-CBO-individual-mandate-score-final.pdf>

<sup>7</sup> Amici Curiae filed on behalf of United States Senate Republican Leader Mitch McConnell, Senator Orrin Hatch, Senator Kelly Ayotte, Senator John Barrasso, Senator Roy Blunt, Senator John Boozman, Senator Richard Burr, Senator Saxby Chambliss, Senator Daniel Coats, Senator Tom Coburn, Senator Thad Cochran, Senator Susan Collins, Senator John Cornyn, Senator Mike Crapo, Senator Michael Enzi, Senator Chuck Grassley, Senator Dean Heller, Senator John Hoeven, Senator Kay Bailey Hutchison, Senator James Inhofe, Senator Johnny Isakson, Senator Mike Johanns, Senator Ron Johnson, Senator Jon Kyl, Senator Mike Lee, Senator Richard Lugar, Senator John McCain, Senator Lisa Murkowski, Senator Rand Paul, Senator James Risch, Senator Pat Roberts, Senator Marco Rubio, Senator Richard Shelby, Senator Olympia Snowe, Senator John Thune, and Senator Patrick Toomey, (January 6, 2012). Available at

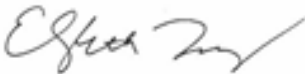
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A recent analysis by *The Los Angeles Times* shows that consumers in rural states are likely to bear the greatest burden. States like Alaska, Iowa, Missouri, Nebraska, Nevada and Wyoming and others with large rural areas where competition and choice are already lacking will see this situation get worse.<sup>8</sup> This means consumers will have fewer choices for coverage, if any in certain areas, and almost certainly will pay more for premiums. While much attention has been focused on the impact of mandate repeal on the sickest and most vulnerable, small business owners and those who buy their insurance through marketplace exchanges, especially small business owners in rural areas, will see the most harm through reduced choice and increased premiums.

Consumers Union supports the Alexander-Murray legislation as a bipartisan compromise to stabilize the individual market as it currently is. However, that bill will not mitigate the serious consumer harm mandate repeal will cause. Likewise, the Collins-Nelson reinsurance proposal will not address market instability or rising premiums, and comes in billions of dollars short of what would be necessary to make up for the coverage losses and premium increases due to a repeal. Neither approach, nor a combination of the two, will incentivize a healthier, more stable risk pool; they will not prevent millions from joining the ranks of the uninsured and will not be able to sufficiently address spiking premiums.

Our healthcare system is complex and requires careful considering of how its many parts work together. Disrupting one piece of it will have ripple effects throughout the system. We do not believe a tax bill is the appropriate place to address a crucial component of the Affordable Care Act. We strongly urge the Senate to take the individual mandate and other health-related matters out of the tax bill.

Sincerely,



Elizabeth Imholz  
Special Projects Director



Victoria Burack  
Health Policy Analyst

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[https://www.americanbar.org/content/dam/aba/publications/supreme\\_court\\_preview/briefs/11-393\\_petitioneramcuussenatembrs.authcheckdam.pdf](https://www.americanbar.org/content/dam/aba/publications/supreme_court_preview/briefs/11-393_petitioneramcuussenatembrs.authcheckdam.pdf)

<sup>8</sup> <http://www.latimes.com/politics/la-na-pol-insurance-mandate-repeal-20171127-story.html>