

May 17, 2017

Mick Mulvaney
Director
Office of Management and Budget
301 G Street, S.W.
Washington, D.C. 20024

Dear Director Mulvaney:

On behalf of the nation's state insurance commissioners, the primary regulators of U.S. insurance markets, we write today to urge the Administration to continue full funding for the cost-sharing reduction payments for 2017 and make a commitment that such payments will continue, unless the law is changed. Your action is critical to the viability and stability of the individual health insurance markets in a significant number of states across the country.

State regulators have had numerous discussions with health insurance carriers in their states about rates and participation in the individual market in 2018. As you know, there is increasing concern that more carriers will pull out of this market and rates will continue to rise, leaving consumers with fewer and more expensive options, if they have any options at all. This is not a theoretical argument – carriers have already left the individual market in several states, and too many counties have only one carrier remaining. The one concern carriers consistently raise as they consider whether to participate and how much to charge in 2018 is the uncertainty surrounding the federal cost-sharing reduction payments.

As long as the court case, *House v. Price*, remains unresolved and federal funding is not assured, carriers will be forced to think twice about participating on the Exchanges. Even if they do decide to participate, state regulators have been informed that the uncertainty of this funding could add a 15-20% load to the rates, or even more.

The time to act is now. Carriers are currently developing their rates for 2018 and making the decision whether to participate on the Exchanges, or even off the Exchanges, in 2018. Assurances from the Administration that the cost-sharing reduction payments will continue under current law will go a long way toward stabilizing the individual markets in our states while legislative replacement and reform options are debated in Congress.

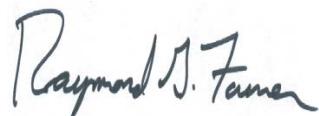
Sincerely,

Theodore K. Nickel
NAIC President
Commissioner
Wisconsin Office of the
Commissioner of Insurance

Julie Mix McPeak
NAIC President-Elect
Commissioner
Tennessee Department of
Commerce & Insurance



Eric A. Cioppa
NAIC Vice President
Superintendent
Maine Bureau of Insurance



Raymond G. Farmer
NAIC Secretary-Treasurer
Director
South Carolina Department of Insurance