



November 24, 2015

Speaker Paul Ryan  
H-232, The Capitol  
Washington, D.C. 20515

Majority Leader Mitch McConnell  
S-230, The Capitol  
Washington, D.C. 20510

Dear Speaker Ryan and Majority Leader McConnell,

As you begin negotiations over legislation to continue government funding past December 11, 2015, we the undersigned individuals and organizations urge you to continue the policy contained in recent appropriations bills restricting the use of Obamacare's "Risk Corridor" program.

Many of us signed on to a letter last year<sup>1</sup> describing the Risk Corridor program (Sec. 1342 of the Patient Protection and Affordable Care Act, better known as "Obamacare") in detail and outlining why we believed it was important to restrict its ability to serve as a "taxpayer bailout" for Obamacare-participating insurance companies. Fortunately, Congress was able to insert such language into the last omnibus appropriations act (specifically Division G, Title II, Sec. 227 of P.L. 113-235)<sup>2</sup>.

In last year's letter, we pointed out that the experience of insurers in the new exchanges would likely lead to them demanding much more in returns from the program than they were putting into it. That prediction has turned out to be true. On October 1, the Department of Health and Human Services (HHS) announced<sup>3</sup> that they would only be able to pay out \$362 million of the requested \$2.9 billion, or just 12.6%, of funds that Obamacare-participating insurers had requested. Absent the Sec. 227 language mentioned above, HHS may very well have simply filtered the difference of \$2.538 billion from hardworking taxpayers to bailout insurers for their poor business decisions.

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<sup>1</sup> Coalition letter calls on Congress to prevent insurance company bailouts, signed by nearly 40 major conservative organizations and individuals <http://heritageaction.com/press-releases/heritage-action-calls-congress-prevent-insurance-company-bailouts/>

<sup>2</sup> Consolidated and Further Continuing Appropriations Act, 2015, P.L. 113-235 <https://www.congress.gov/113/plaws/publ235/PLAW-113publ235.pdf>

<sup>3</sup> CMS, October 1, 2015: Risk Corridor Payment Proration Rate for 2014 <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RiskCorridorsPaymentProrationRatefor2014.pdf>

Among other things, Obamacare is about hiding costs and shifting costs, not about lowering them. The Risk Corridor program represents a microcosm of the law, and one of its most insidious provisions, as it attempts to hide the true costs of Obamacare from insurance companies and beneficiaries, and instead spread it out among hardworking taxpayers. Eliminating the Risk Corridor program's ability to do this represents a major blow to the law and a step towards increased transparency in Obamacare's exchanges.

As Obamacare's exchanges continue to struggle, we know the Administration is looking for any and all avenues to try to mask and hide those failures, both for political reasons of public perception and for practical reasons of trying to help a doomed program limp along.

We also know insurance companies and their lobbyists are pressuring the Administration and Congress<sup>4</sup> to release the common-sense restriction placed on the Risk Corridor program by the Sec. 227 language. However, taxpayers should not be on the hook for any more of Obamacare's failures, and so we urge you to ensure that their voices prevail by continuing to include language preventing Risk Corridors from becoming a taxpayer bailout in any future appropriations bill. Failure to continue this policy would represent a devastating roll back of this important conservative victory.

In addition, we urge you to eliminate or limit a related provision: Obamacare's "reinsurance program" (Sec. 1341 of PPACA). Similar to the risk corridor program, Obamacare's reinsurance program is not a traditional reinsurance program, but rather is structured in a way that artificially props up Obamacare-participating insurance companies. In brief, rather than transferring money within a pool of insurers or insurance products, Obamacare's reinsurance program taxes people with non-Obamacare group health plans to transfer funds to insurers participating in Obamacare's exchanges. Putting a stop to this program would further reduce the Administration's ability to hide the true costs of Obamacare.

Thank you for your consideration.

Sincerely,

Michael A. Needham, CEO, Heritage Action for America

Grover Norquist, President, Americans for Tax Reform

Phil Kerpen, President, American Commitment

Heather Higgins, President and CEO, Independent Women's Voice

Sabrina Schaeffer, Executive Director, Independent Women's Forum

David McIntosh, President, Club for Growth

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<sup>4</sup> POLITICO Pro: Insurers decry shortfall in risk corridor payments, by Paul Demko, October 2, 2015 (\$)<https://www.politicopro.com/health-care/story/2015/10/insurers-decry-shortfall-in-risk-corridor-payments-056364>

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