



February 25, 2015

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Upton:

We write in response to your recent letters to Secretaries Burwell and Lew regarding the implementation of the Affordable Care Act. Congress enacted the Affordable Care Act to increase the number of Americans covered by health insurance and decrease the cost of health care. The Affordable Care Act is achieving its goal of making health insurance affordable for millions of Americans.

In order to help individuals with the affordability of health insurance obtained from newly-created Health Insurance Marketplaces, Congress enacted a system of premium tax credits, cost-sharing reduction payments, and advance payments of these subsidies. The Act establishes federal premium tax credits to assist eligible individuals with household incomes from 100 percent to 400 percent of the federal poverty level to purchase insurance through the new Marketplaces. For eligible individuals with household income from 100 percent to 250 percent of the federal poverty level, the Act also reduces the cost of cost-sharing expenses (such as co-payments or deductibles) for insurance obtained through the Marketplace and requires payments to insurers to cover these reduced cost-sharing expenses. Cost-sharing reduction payments continue to be made to insurers on behalf of consumers and the cumulative amount of these payments for 2014 is \$2.997 billion.

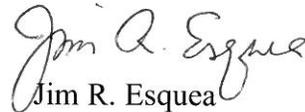
As you know, the House of Representatives has filed a lawsuit against the Department of the Treasury and the Department of Health and Human Services asking the court to end these cost-sharing reduction payments. Your letters relate to matters that are the subject of the House lawsuit. The Department of Justice, which represents both defendants, filed a brief in the case on January 26, 2015. For matters raised in this litigation, we refer you to the Department of Justice.

Thank you for your letter. We are firmly committed to working with you and your staff.

Sincerely,



Randall DeValk  
Acting Assistant Secretary  
for Legislative Affairs



Jim R. Esquea  
Assistant Secretary  
for Legislation

Identical letter sent to:

The Honorable Fred Upton

cc: The Honorable Frank Pallone Jr.  
The Honorable Sander Levin