

Congress of the United States

Washington, DC 20510

July 22, 2013

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
330 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

We are writing to request additional information about insurance premium increases consumers can expect in 2014 as the Patient Protection and Affordable Care Act (PPACA) is implemented. We believe it is essential that the U.S. Department of Health and Human Services (HHS) provide transparent pricing as soon as possible for the millions of Americans who will be impacted by this law.

The Wall Street Journal recently reported that HHS has collected insurance premium filings for 34 federal and federal-state partnership exchanges but does not intend to release this information to the public until September.¹ Rather than release this premium information to the public, you stated in a press briefing that “negotiations are underway and we will be negotiating rates across the country.”² According to an administration source, insurers are being informed whether their rates are similar to other insurers.³ These negotiations have been conducted behind closed doors, without assurances that a fair process has been observed or that the negotiations will result in better insurance products for consumers. *The Wall Street Journal* described this process as “running ObamaCare as a black-ops mission.”

Open enrollment on the exchanges will begin October 1, 2013. Delaying the release of premium information until September will only serve to limit the amount of time individuals and families have to budget for the substantially higher insurance costs many will face. As previously noted in a congressional report, rates in the individual market are expected to increase as much as 30 to 40 percent on average in 2014.⁴ A separate congressional report on the internal analyses of America’s largest insurance companies showed that insurers were planning for average premium increases for new customers in the individual market of 96 percent, with spikes as high as 400 percent.⁵

¹ “Obamacare Trail of Tears,” *The Wall Street Journal*, June 19, 2013.

² Phil Galewitz, “Sebelius: Administration is Negotiating Rates in Federal Exchanges,” *The Washington Post*, June 24, 2013, available at: http://articles.washingtonpost.com/2013-06-24/national/40162846_1_insurers-sabrina-corlette-hhs

³ *Id.*

⁴ <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/analysis/20130305PremiumReport.pdf>

⁵ <http://energycommerce.house.gov/press-release/obamacare-rate-shocker-committee-surveys-leading-insurance-companies%E2%80%9494obamacare-cause>

We are equally concerned about the potential impact of premium increases on small businesses. A recent poll of small businesses found that 41 percent have frozen hiring because of the health care law while 19 percent said they had reduced their number of employees because of the law.⁶ Another 38 percent of businesses said they have pulled back from plans to expand. For small businesses trying to offer insurance to employees, premium increases could mean further job cuts and lost growth. Publicizing insurance rates as soon as possible will give America's job creators time to plan.

Please provide the following information by August 5, 2013:

1. All filings, including rate information, received by HHS from insurers applying for qualified health plan status on the federal and partnership exchanges.
2. Describe the methodology that HHS uses to determine when to negotiate with insurers regarding their exchange proposal and how HHS determines whether an insurer's rate conforms with another insurer's rate.
3. Describe what information HHS shares with insurers including information that may be offered to one insurer but not another (and the reason why). Also describe whether insurers who did not submit initial proposals for the exchanges are given any information.
4. Describe what, if any, incentives of any kind HHS uses to motivate insurers to change their rates.
5. Please provide a list of all insurers HHS has contacted to negotiate rates and a written explanation of the circumstances and result.

We also request a staff briefing on these issues. Please contact Stacy Cline with the Senate Committee on Health, Education, Labor, & Pensions at (202) 224-6770 and Sean Hayes with the House Committee on Energy and Commerce at (202) 225-2927. Thank you for your prompt attention to this matter.

Sincerely,



Lamar Alexander
Ranking Member
Health, Education, Labor and Pensions Committee

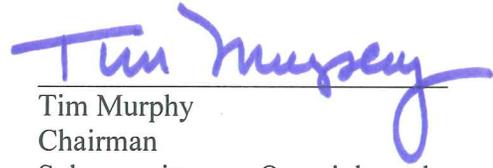


Fred Upton
Chairman
Energy & Commerce Committee

⁶ Dan Mangan, "Will Obamacare Hurt Jobs? It's Already Happening, Poll Finds," *cncb.com*, June 19, 2013, available at <http://www.cncb.com/id/100825782>



Michael B. Enzi
Ranking Member
Subcommittee on Children and Families



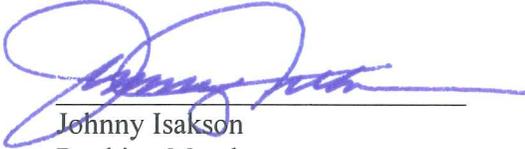
Tim Murphy
Chairman
Subcommittee on Oversight and
Investigations



Richard Burr
Ranking Member
Subcommittee on Primary Health
and Aging



Joseph R. Pitts
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Johnny Isakson
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