

JOHN McCAIN  
ARIZONA

CHAIRMAN, COMMITTEE ON  
ARMED SERVICES  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS  
COMMITTEE ON INDIAN AFFAIRS

## United States Senate

September 1, 2016

218 RUSSELL SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-0303  
(202) 224-2235

2201 EAST CAMELBACK ROAD  
SUITE 115  
PHOENIX, AZ 85016  
(602) 952-2410

122 NORTH CORTEZ STREET  
SUITE 108  
PRESCOTT, AZ 86301  
(928) 445-0833

407 WEST CONGRESS STREET  
SUITE 103  
TUCSON, AZ 85701  
(520) 670-6334

TELEPHONE FOR HEARING IMPAIRED  
(602) 952-0170

The Honorable Andy Slavitt  
Acting Administrator  
Centers for Medicare and Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

Dear Acting Administrator Slavitt:

I write to inquire about the recent announcement that Aetna will significantly scale back its participation in the Affordable Care Act (ACA) marketplace, and how this will specifically impact residents of Pinal County, Arizona.

As you are aware, citing the regulatory environment and unpredictability associated with the ACA, Aetna recently announced its intentions to exit Pinal County. With losses expected to top \$300 million, this came as no surprise to many Arizonans who have already seen their premium rates skyrocket. As a result, Pinal County is the only county in the nation to currently be without a single insurer offering a plan on the ACA-established marketplace in 2017.

This potential gap in coverage is especially concerning as nearly 10,000 citizens are enrolled in the ACA in Pinal County. As a predominantly rural county in which 18 percent of the population lives below the poverty line, the impact will be felt particularly hard since 88 percent of those enrollees are eligible for Premium Tax Credit (PTC) assistance, and over 50 percent are eligible for Cost Sharing Reduction subsidies. Since both of those discounts are only available to on-exchange plans and barring a shift in the health insurance landscape in Pinal County, thousands of Arizonans will be forced to pay for much more expensive coverage or pay a penalty and forego coverage altogether.

The American people have been told over and over again that the ACA would provide increased access to care at an affordable cost. In 2009, President Obama said, "This exchange will allow you to one-stop shop for a health-care plan, compare benefits and prices, and choose a plan that's best for you and your family." Sadly, many families in Arizona are seeing fewer options at a higher cost – a stark contrast to the President's commitment to Arizonans. In fact, Arizonans face an average proposed premium increase of over 65 percent when open enrollment begins on November 1<sup>st</sup> and it is estimated that 31 percent of counties across the country are likely to have just one insurer this fall.

Understanding the negative impact that this may have in Pinal County, I urge you to provide answers to the following questions by September 15, 2016:

- 1) What contingency plans does CMS have in place to ensure continuity in coverage for Pinal County residents who are enrolled in the ACA-established marketplace?
- 2) Can residents of Pinal County, Arizona be exempt from the individual shared responsibility payment (individual mandate) given that there will be no Qualified Health Plans (QHPs) sold for 2017?
- 3) Currently, 88 percent of ACA enrollees in Pinal County receive a federal subsidy averaging \$230 per month. Of that 88 percent, over 50 percent of the population receives additional financial assistance. Has CMS conducted an interagency discussion with the U.S. Department of the Treasury to determine if these individuals can continue to receive federal subsidies if they purchase an off-exchange plan?
- 4) Does the administration anticipate that this coverage gap will have a negative impact on the broader risk pool? Please provide any risk analyses that the administration has conducted concerning this coverage gap's impact on the marketplace risk pool.
- 5) Have any private insurance companies who offer QHPs in other regions of the country contacted CMS concerning 2017 coverage for Pinal County, Arizona?
- 6) According to a report released in 2013, the Congressional Budget Office (CBO) projected that 24 million people would be enrolled in ACA federal and state-operated exchanges by this year. However, just 11.1 million people signed up by the end of the last enrollment period. Can the market concentration and premium increases we are seeing throughout the country and experiencing in Arizona be directly attributed to the low enrollment numbers?

Thank you for your prompt attention to this matter, in strict accordance with all existing rules, regulations, and ethical guidelines, and I look forward to your timely reply.

Sincerely,

A handwritten signature in blue ink that reads "John McCain". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "McCain".

John McCain  
United States Senator