

United States Senate

April 21, 2016

The Honorable Sylvia Matthews Burwell
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Burwell:

I write regarding UnitedHealth Group's decision to exit all but a "handful" of the Affordable Care Act (ACA) established health insurance exchanges in 2017, and in particular, how such a decision will impact the estimated 45,000 Arizonans who are insured by UnitedHealth.

As you well know, in Arizona, UnitedHealth's presence is felt in all of Arizona's 15 counties, insuring an estimated 45,586 individuals. Consequently, the decision to exit the Arizona marketplace—the news of which should come as no surprise given the ACA losses of \$475 million in 2015, and increased projected ACA losses in 2016 from \$525 million to \$650—will be devastating to consumers across the country in the form of decreased competition and significantly higher premiums.

Recent analysis by the Kaiser Family Foundation underscores the severity of the situation in which they found that Arizonans will be hit particularly hard since one of the two lowest-cost silver plans is provided by UnitedHealth in over two-thirds of Arizona counties. Worse still, over half of Arizona counties will be left with a single insurer, and another 33 percent will be left with just two. The report also predicts that the average benchmark plan will jump 22 percent, but over half of Arizona counties will see increases of 33 percent. Premium increases in the coming year are all but inevitable.

Equally troubling is the difficulty Blue Cross Blue Shield of Arizona (BCBSAZ) has encountered in the individual marketplace as a result of this unworkable law. Just last year, BCBSAZ increased premiums by 27 percent merely to recover the \$185 million lost in the marketplace in 2014 and 2015. Not surprisingly, BCBSAZ has noted that continuing to incur losses in the marketplace is "unsustainable", and either significant premium increases or exiting the market altogether are on the table for 2017.

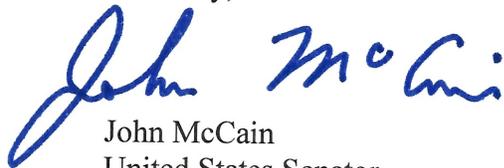
Given UnitedHealth's exit and BCBSAZ indicating serious concerns about their future viability in the individual marketplace, it is essential that any and all efforts to assist the affected insureds be carefully considered. Towards that end, it would be helpful to know:

- 1) What, in your view, are the direct and indirect consequences of UnitedHealth's exit from the state of Arizona?

- 2) Can the 45,000 Arizonans who are now forced to find new coverage expect similar offerings, both coverage wise and cost wise, with another provider? What can these insureds expect relative to changes in their monthly premium as a consequence of UnitedHealth's departure?
- 3) Eight counties in Arizona are home to only two insurance providers. As to the insureds in those respective counties, what contingency plans will HHS put in place to ensure continuity in coverage should their coverage be terminated and no other recourse exists?
- 4) What is CMS's obligation to assist those effected individuals in finding a new health plan?

I appreciate your prompt attention to this matter and look forward to your response.

Sincerely,

A handwritten signature in blue ink that reads "John McCain". The signature is fluid and cursive, with the first name "John" and the last name "McCain" clearly legible.

John McCain
United States Senator