



*Katie Smith Sloan, Chair*

March 20, 2017

The Honorable Greg Walden  
Chairman  
U.S House Committee on Energy & Commerce

The Honorable Frank Pallone  
Ranking Member  
U.S. House Committee on Energy & Commerce

The Honorable Michael Burgess  
Chairman, Subcommittee on Health  
U.S. House Committee on Energy & Commerce  
Washington, DC 20515

The Honorable Gene Green  
Ranking Member, Subcommittee on Health  
U.S. House Committee on Energy & Commerce  
Washington, DC 20515

Dear Chairman Walden, Ranking Member Pallone, Chairman Burgess, and Ranking Member Green,

The Leadership Council of Aging Organizations (LCAO) is a coalition of national, nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policy-making arena. The Affordable Care Act (ACA) prohibits insurers from charging older adults more than three times as much as younger enrollees for health insurance premiums in the individual market, and provides help in paying for insurance based on both age and income. This 3:1 limit on age rating, and subsidies that increase with the cost of the plan, are essential consumer protections that ensure older adults who are not yet eligible for Medicare can afford coverage. The undersigned organizations oppose the *State Age Rating Flexibility Act of 2017* (H.R. 708), the American Health Care Act (AHCA) of 2017, and any similar legislative efforts to loosen or eliminate existing age rating limits and reduce tax credits for older Americans.

Weakening or eliminating the 3:1 age rating limit would dramatically increase the financial burden of older Americans, making coverage significantly less affordable. According to estimates, upping the age rating limit to 5:1 would increase yearly premiums for a 64 year-old by an average of \$3,200 to \$17,900 per year.<sup>1</sup> It is important to note that older adults already spend up to three times more than younger adults on health care, and they do not necessarily earn any more than younger adults.<sup>2</sup>

Meanwhile, such a change would provide only slightly lower premiums for younger adults and, importantly, it would not achieve its stated purpose of significantly expanding enrollment of younger adults. The same report showed that health insurance premiums for adults ages 20 to 29 would decrease by only \$700, from about \$4,700 to \$4,000. Further, enrollment in the individual health insurance market would only increase marginally by 2% (or 367,000 enrollees).<sup>3</sup>

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<sup>1</sup> Sung, J. and O. Dean, "Impact of Changing the Age Rating Limit for Health Insurance Premiums," (AARP Public Policy Institute: February 2017), available at: [http://www.aarp.org/content/dam/aarp/ppi/2017-01/Final\\_Spotlight\\_Age\\_Rating\\_Feb7.pdf](http://www.aarp.org/content/dam/aarp/ppi/2017-01/Final_Spotlight_Age_Rating_Feb7.pdf)

<sup>2</sup> <http://www.aarp.org/content/dam/aarp/ppi/2017-01/Age%20Rating%20Infographic.pdf> Older adults do not earn more than younger adults when comparing median personal income among adults with individual market coverage or no insurance. AARP Public Policy Institute analysis of 2016 Current Population Survey (CPS).

<sup>3</sup> Ibid.

Proposals to increase the age rating band to 5:1 -- and grant states flexibility to increase the band, or eliminate age rating limits altogether -- would significantly increase costs for older Americans. Compounding the large premium increases, the AHCA would also dramatically reduce tax credits available for older Americans, likely causing many to go without coverage and necessary care. According to Table 4 of the Congressional Budget Office analysis of the AHCA ("Illustrative Example of Subsidies for Nongroup Health Insurance Under Current Law and the AHCA, 2026"), a 64-year old single individual with annual income of \$26,500 would pay a \$1,700 net premium under current law, and a \$14,600 net premium under the AHCA. The smaller flat credits under the AHCA reduce benefits primarily on those who are older and have lower incomes.

When we examine the provisions in AHCA which not only would increase age rating for older Americans, but are **combined with** changes in tax credits and the elimination of cost-sharing reductions for low to moderate-income older people, there is no doubt that this will put health care coverage out of reach for many 50 to 64 year olds. In fact, estimates of the combined impact of these changes on a 64 year old with an income of \$25,000 a year show a \$7,000 annual increase over current law.<sup>4</sup> The perversity of these combined changes is that the older you are, and the poorer you are, the more your health insurance costs would increase.<sup>5</sup>

These adverse consequences, coupled with the fact that these proposals would only marginally achieve their intended goal to boost overall enrollment in the individual health insurance market, demonstrate why advocates for older people are highly alarmed. For these reasons, LCAO opposes AHCA, H.R. 708, and other legislative efforts to loosen or eliminate the age rating limit and dramatically increase costs for older Americans.

Sincerely,

AARP  
AFSCME Retirees  
Aging Life Care Association  
Alliance for Aging Research  
Alliance for Retired Americans  
American Federation of Government Employees (AFGE)  
American Federation of Teachers  
American Society on Aging  
Association for Gerontology and Human Development in Historically Black Colleges and Universities  
American Federation of Government Employees (AFGE)  
B'nai B'rith International  
Center for Elder Care and Advanced Illness, Altarum Institute  
Center for Medicare Advocacy  
Community Catalyst  
Gerontological Society of America  
Justice in Aging  
LeadingAge  
Medicare Rights Center  
National Adult Day Services Association (NADSA)  
National Association for Home Care and Hospice

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<sup>4</sup> Sung, J., Walker, L. and Dean, O., "Adequate Premium Tax Credits are Vital to Maintain Access to Affordable Health Coverage for Older Adults." (AARP Public Policy Institute: March 2017), available at: <http://www.aarp.org/content/dam/aarp/ppi/2017-01/adequate-premium-tax-credits-are-vital-to-maintain-access-to-affordable-health-coverage-for-older-adults.pdf>

<sup>5</sup> Ibid.

Chairmen Walden and Burgess, Ranking Members Pallone and Green

March 20, 2017

Page 3

National Association of Area Agencies on Aging (n4a)

National Association of Nutrition and Aging Services Programs (NANASP)

National Association of Social Workers (NASW)

National Association of State Long-Term Care Ombudsman Programs (NASOP)

National Caucus and Center on Black Aged

National Consumer Voice for Quality Long-Term Care

National Committee to Preserve Social Security and Medicare

National Council on Aging (NCOA)

National Hispanic Council on Aging (NHCOA)

Service Employees International Union (SEIU)

Social Security Works

Visiting Nurse Associations of America (VNAA)

Women's Institute for a Secure Retirement (WISER)