DECLARATION OF SABRINA CORLETTE

I, Sabrina Corlette, declare:

1. I am a Research Professor at Georgetown University's Center on Health Insurance Reforms, based within the McCourt School for Public Policy. As such, I study health insurance and health insurance markets. I have over 20 years of experience in health care policy and the interplay of state and federal laws as they relate to health coverage.

2. The Patient Protection and Affordable Care Act (ACA) was enacted to expand access to health insurance and make insurance more affordable. To achieve these goals, the ACA included multiple reforms, including the creation of an Exchange in each State. Exchanges are marketplaces where people can go to compare and purchase insurance plans. Some Exchanges are run by the States, while others are run by the federal government.

3. To make health insurance more affordable for low- and moderate-income Americans, the ACA provides billions of dollars in federal funding. The Act provides tax credits that reduce monthly insurance premiums for individuals who earn between 100% and 400% of the federal poverty level—in 2017, between $24,600 and $98,400 for a family of four—and who satisfy additional criteria. The vast majority of individuals – on average, 85 percent - who buy insurance through the Exchanges rely on premium tax credits to lower the cost of insurance. The Act also requires insurers to cover at least some portion of cost-sharing expenses for individuals who are eligible to receive tax credits and whose household income is less than 250% of the federal poverty level—in 2017, less than $61,500 for a family of four. On average, close to 60 percent of Exchange enrollees are enrolled in cost-sharing reduced plans. Cost-sharing reduction subsidies (CSRs) totaled about $9 billion in 2017, and are expected to rise to $16 billion by 2026.

4. Both subsidies are paid directly to insurers, which then pass those savings on to eligible consumers, in the form of lower premiums and reduced cost-sharing.

5. Insurers agreed to participate in the ACA's Exchanges on the expectation that the federal government will reimburse them for these costs. Insurers are required by the ACA to provide CSR plans to eligible consumers, even if the federal government does not reimburse them for those payments. Fundamentally, the Exchanges are a public-private partnership. If insurers do not have confidence that the government will make promised reimbursements for costs insurers are required to incur under law, they will understandably be unwilling to continue with the partnership.

6. On October 12, 2017, the federal government announced that it would stop making CSR payments, based on its conclusion that it lacks the authority to make them absent further specific appropriations. Based on my knowledge and experience, I believe that the Administration's decision to stop making CSR payments could lead some insurers to withdraw from the Exchanges for the 2018 plan year, with many more withdrawing for the 2019 plan year. Within just 24 hours of this decision, Wall Street analysist predicted a "rapid exit of plans" from the Exchanges and at least one insurer announced its potential departure from its state's Exchange.

7. This is true even though insurers have signed contracts agreeing to participate in the Exchanges during 2018. In those States in which the federal government runs the Exchange, the contracts included a specific provision allowing insurers to terminate the contract in the event that the federal government stops payment of CSRs during the 2018 plan year.

8. Insurer withdrawals would be extremely damaging to the Exchanges. That is especially true in those counties that would be left "bare"—that is, where no insurer intends to

offer a plan through an Exchange. In those counties, qualified residents will be unable to buy health insurance through the Exchanges. They will therefore be unable to take advantage of either premium tax credits or CSRs, because residents can only receive those subsidies if they buy plans offered through the Exchanges.

9. The risk that the federal government's decision to stop making CSR payments will lead to "bare" counties is very high. Currently, there are 1,472 counties across the country slated to have only one insurer in 2018. If those insurers withdraw from the Exchanges, it will lead to "bare" counties and leave those qualified residents unable to access health insurance through the ACA.

10. Moreover, those residents are unlikely to be able to afford high quality health insurance through other means.

11. Even in counties that are not left "bare," the federal government's decision to stop making CSR payments will have a significant impact on consumers. Insurer withdrawals reduce consumer choice, which means that residents may be selecting plans based on what is available to them, instead of the one that best meets their needs.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that this declaration was executed on October 16, 2017, in Washington, DC.

Dated: October 16, 2017

Sabrina Corlette, JD