



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

November 17, 2017

The Honorable Bill Cassidy, MD
Member
United States Senate
703 Hart SOB
Washington, DC 20510

Dear Senator Cassidy,

I am writing to urge your support for legislation to delay the return of the Affordable Care Act's Health Insurance Tax (HIT), which I call a federal insurance premium tax. As you know, Section 9010 of the Affordable Care Act levied an annual fee on health insurers. This tax is passed on to consumers, dollar-for-dollar, in the form of higher premiums. Louisiana's individual market faces an average rate increase of 18.5 percent next year, and the employer market faces an average increase of 7.5 percent. This is on top of the huge increases in both markets, year after year, since 2014.

Recognizing the harm of this new federal premium tax, you and your colleagues approved a bipartisan one-year moratorium for 2017. Without congressional action, the tax will return January 1, 2018. The actuarial firm Oliver Wyman estimates that the return of the tax would cost Louisiana \$377 million in higher premiums next year. Nationwide, the premium increase would total \$22 billion and affect nearly half of all Americans, as well as state governments because this federal premium tax is levied upon all health insurers, including plans that administer Medicare Advantage plans and state Medicaid plans.

Louisiana businesses and their employees would face premium increases of about \$500 for family coverage, and seniors enrolled in Medicare Advantage would see their premiums rise by \$576 per couple next year. Meanwhile, Healthy Louisiana, our state's Medicaid program, would face an additional cost of \$165 million in 2018, putting further strain on the state's resources.

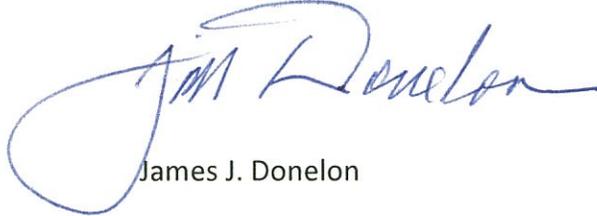
I'm urging you to support legislation to delay the return of this harmful tax. Senators Cory Gardner (R-CO) and Heidi Heitkamp (D-ND) have introduced proposals in the Senate to suspend the HIT, and there is growing bipartisan momentum in the House as well.

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I stand ready to work with you to ensure consumers receive direct financial benefit from another delay in this exorbitant tax that further drives up the cost of health insurance. I am confident that any delay or suspension of the HIT can be implemented for the majority of our fully-insured market so that most policyholders and enrollees can get immediate premium reductions for the 2018 plan year.

Your time and consideration of this recommendation is greatly appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jim Donelon". The signature is fluid and cursive, with a large initial "J" and "D".

James J. Donelon

JJD/kdh