

DIANE BLACK
6TH DISTRICT OF TENNESSEE

COMMITTEE ON
WAYS AND MEANS

SUBCOMMITTEE OVERSIGHT

COMMITTEE ON THE BUDGET



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

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March 18, 2014

The Honorable Kathleen Sebelius
Secretary, Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Sebelius:

I am writing to express my concern with the proposed rule change released on Friday, March 14th that would allow insurance companies to keep an additional two percent of premiums for purposes other than medical care. Insurance premiums are rising for Americans across the country, and in a March 12th, 2014 hearing before the House Ways and Means Committee, you confirmed that premiums will continue to rise in 2015. This is why it is of particular concern to me that your department is now proposing to increase the amount of money that insurance companies will be allowed to retain for profit.

In the proposed rules, you have indicated that this adjustment in the "medical loss ratio", or 80/20 rule, is due to the possibility of increased administrative costs in 2015. However, adjusting the percentage that insurance providers are required to spend on medical care by two percent would have the combined impact of reducing the amount that insurance providers will be required to pay for people's medical care while increasing the amount that insurance companies are allowed to retain for profit and for executive pay. This is deeply concerning, as it could result in higher out of pocket costs for consumers solely for the benefit of the insurance industry.

Due to this proposed rule change, I would ask that your office provide me with answers to the following questions:

- Have you calculated what effect this change would have on Americans' out of pocket costs for medical care?
- This 80/20 rule has previously been touted by this Administration as an important consumer protection within the Affordable Care Act – in your opinion, does rolling it back put consumers at greater risk of being taken advantage of by insurers?
- If this rule were to take effect for 2015, what reasonable expectation can consumers have that it would be reversed in 2016 or later years?
- At a time when public approval of the health care law is so low, do you believe that giving insurance companies a greater percentage of American consumers' money for their profits will negatively impact enrollment?
- Do you believe it is fair to force Americans through tax penalties to give insurance companies an even greater percentage of their premiums for costs not related to medical care?

As you can see, this proposed rule change concerns me greatly. Thank you for your attention to this matter and I look forward to reviewing your responses.

Sincerely,

A handwritten signature in blue ink that reads "Diane Black".

Diane Black
Member of Congress