



OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE • BOSTON, MA 02133
(617) 725-4000

CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

October 19, 2017

The Honorable Elizabeth Warren, US Senator
The Honorable Ed Markey, US Senator
The Honorable Mike Capuano, US Representative
The Honorable Katherine Clark, US Representative
The Honorable William Keating, US Representative
The Honorable Joseph Kennedy III, US Representative

The Honorable Stephen Lynch, US Representative
The Honorable Seth Moulton, US Representative
The Honorable Richard Neal, US Representative
The Honorable Jim McGovern, US Representative
The Honorable Niki Tsongas, US Representative

United States Senate
US Capitol
Washington, DC 20510

United States House of Representatives
US Capitol
Washington, DC 20515

Dear Members of the Massachusetts Congressional Delegation,

I am writing to provide you with current information regarding our Massachusetts health care marketplace, known as the Connector, and insurance coverage rates for plan year 2018. The Connector had delayed implementing its rates in hopes of congressional action to stabilize the insurance markets by authorizing continued funding of the cost sharing reductions (CSRs).

Earlier this week, I was encouraged by the bipartisan efforts of Senators Alexander and Murray in crafting a bill that would stabilize the insurance market in order to provide low income residents with affordable health care coverage and to provide states with greater flexibility in providing health care. As you know, more than 257,000 individuals in Massachusetts receive health care coverage through the Connector, with 190,000 receiving federal and state subsidies.

However, the lack of affirmative congressional action requires the Connector to load into its system adjusted rates for open enrollment that take into account increased premiums to cover the loss of CSRs. Today, the Connector will be loading these adjusted 2018 premiums, which are higher than 2017 rates by an average 18 percent above the expected 8 percent increase, into its system.

Some members will be protected from these increases because they will receive offsetting premium tax credits. As you know, this means the failure to fund the CSRs will actually cost the federal government more because of the increase in spending on premium tax credit subsidies. However, up to 80,000 members are not eligible for premium tax credits and will face the full impact of these premium increases.

Additionally, the immediate cessation of CSRs creates an unfunded liability of approximately \$28 million for the remainder of the calendar year for carriers. In the near term, my administration is committed to taking whatever steps are necessary to protect the stability of the health insurance market for 2017. However, immediate, affirmative and bipartisan congressional action is needed in order for Massachusetts to be able to provide affordable coverage in 2018 and beyond.

I continue to urge you to work with your colleagues and with states to make health care reforms that will preserve and expand gains in coverage, while controlling costs for consumers. I look forward to continuing to work with you to protect health care coverage for the people of Massachusetts and improve the American health care system.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles Baker", with a stylized flourish at the end.

Charles D. Baker
Governor