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The Honorable Susan R. Donovan  
Of the House Health and Human Services Committee, Chair  
Rhode Island State House  
82 Smith St., Providence, RI 02903

**RE: AHIP Comments on H.5430, An Act Relating to Insurance – Accident and Sickness Insurance Policies – OPPOSE**

To Chair Donovan and Members of the House Health and Human Services Committee,

On behalf of AHIP, we respectfully offer the following comments in opposition to H.5430, which would prohibit cost-sharing requirements for any diagnostic or supplemental breast examinations.

AHIP is aligned with Rhode Island's commitment to increased access to high-quality, affordable health care. While capping or prohibiting cost-sharing (copays, coinsurance, deductibles, referred to as "copay caps") may seem like a consumer-friendly approach to hold costs down, these approaches shift costs to the entire risk pool, raising costs for all consumers.

H.5430 places an artificial and arbitrary cap on a consumer's cost-sharing amount but does not address or impact the underlying cost drivers associated with the prices for healthcare services, equipment, and drugs. Cost-sharing limitations will instead only exacerbate those cost drivers because they reduce health insurance providers' ability to negotiate with drug manufacturers and providers.

Prohibiting cost-sharing for benefits shift these costs to the entire risk pool, raising costs for all consumers. Though some consumers may be shielded from the immediate impact of health services, cost-sharing prohibitions will result in higher costs for other services and higher premiums for all consumers. It is important for policymakers to understand the larger market consequences before pursuing copay caps.

**Impact to AV Requirements:** Capped cost sharing for some services will have a "balloon squeeze" effect, causing copays for other services to rise. Actuarial value (AV) requirements for individual and small group markets require a set percentage of all enrollees' medical expenses to be covered by the health plan. Any time a copay is reduced for one service, it must be increased for another type of service to maintain the actuarial value for that plan. Thus, if an insurer covers more of the overall cost of prescription drugs, supplies, or equipment (by lowering consumers' cost share), they must cover less of the costs for other benefits included in the health plan to meet the AV. Simply put, enrollees will pay more for doctor visits and other benefits to offset these bills' capped copays.

Bronze plans will have an especially difficult time complying with AV standards if copay caps are adopted:

- A Milliman analysis confirms that certain caps on bronze plans would cause them to fall out of compliance with AV rules and force the plans to be redesigned, which would entail significant increases in cost-sharing for other services, such as a 35% increase in specialty copayments, 40% increase in primary care co-pays, and/or 60% increase in generic drug copayments.<sup>1</sup>

<sup>1</sup> *Pharmacy Cost Sharing Limits for Individual Exchange Benefit Plans: Actuarial Considerations*. Milliman, Inc., NY, commissioned by The Leukemia & Lymphoma Society. March 5, 2015. Available at

- When adopting its standard benefit designs, Covered California determined that a prescription drug copay cap for bronze plans had to be \$250 higher than the cap for other metal levels to meet AV requirements.<sup>2</sup>

**AHIP recommendations:** For all these reasons, **AHIP urges the Committee not to pass H.5430.** We remain supportive of efforts to reduce health care costs, but the aspects of the bill discussed above will not do so. AHIP stands ready to work together with Rhode Island policymakers to help ensure every patient has access to the high quality, affordable health care services that they need.

Sincerely,

America's Health Insurance Plans

*AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit [www.ahip.org](http://www.ahip.org) to learn how working together, we are Guiding Greater Health*

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<https://www.ils.org/sites/default/files/National/USA/Pdf/Milliman%20Report%20on%20Prescription%20Cost%20Sharing%20Limits%20for%20Exchange%20Plans.pdf>.

<sup>2</sup> Covered California Policy and Action Items. May 21, 2015. Available at <http://board.coveredca.com/meetings/2015/5-21/PPT%20-Covered%20California%20Policy%20and%20Action%20Items%20May%2021,%202015.pdf>