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NEWS RELEASE

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Actuaries Outline Implications of Policy Proposals to Address Possible Post-King v. Burwell Disruptions

WASHINGTON – The American Academy of Actuaries today released an [issue brief](#) examining possible changes to the Affordable Care Act should the Supreme Court hand down a decision in the King v. Burwell case prohibiting premium subsidies in states with federally facilitated marketplaces (FFMs). The Academy is providing an objective assessment of the implications of those proposals for the sustainability of the health care system in the wake of such a potential prohibition.

“Eliminating subsidies in FFM states would have enormous consequences for insurance enrollment, premiums, and the viability of health insurance markets,” said Catherine Murphy-Barron, vice president of the Academy’s Health Practice Council (HPC). “Policymakers should understand the implications of any policy proposal intending to address the disruption caused by the potential loss of subsidies. Of central concern, a viable health insurance system must attract a broad cross section of risks and operate as a level playing field.”

The new issue brief from the HPC, [Implications of Proposed Changes to the ACA in Response to King v. Burwell](#), urges policymakers to follow market reform principles for ensuring a sustainable health care system and examines how various policy proposals could play out under a post-King v. Burwell scenario in which federal premium subsidies have been eliminated:

- A temporary extension of premium subsidies likely would only delay, not prevent, disruptions to the health care system.
- Weakening or eliminating the individual mandate could threaten the viability of the health insurance market, absent equally strong incentives for low-risk individuals to obtain coverage.
- Allowing for insurance to be sold across state lines could result in adverse selection — but it could also increase competition.
- Allowing for association health plans could also raise adverse selection concerns.

“As policymakers consider making changes to the ACA, either as transitional approaches if the Supreme Court rules that premium subsidies are not available in FFM states or as more general approaches to replacing the ACA, [the market reform principles outlined by the HPC] need to be followed. Otherwise, the viability of the health insurance market could be threatened, potentially resulting in higher numbers of uninsured, higher premiums, and insurer insolvencies,” the issue brief concludes.

The publication of the issue brief follows the Academy’s February 2015 [letter](#) to Health and Human Services Secretary Sylvia Mathews Burwell urging HHS to consider providing flexibility in health insurance rate filings in FFM states, and noting that elimination of subsidies in those states could precipitate major disruptions in the individual market.

(MORE)

Read the issue brief and learn more about the Academy's work on health reform issues by visiting the [health section](#) of our website.

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The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

Media only: To arrange an interview with Catherine Murphy-Barron, contact David Mendes, assistant director of communications, public affairs, at 202.384.2075.