

# United States Senate

WASHINGTON, DC 20510

June 27, 2017

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

Dear Leader McConnell,

As you work with the committees of jurisdiction and Republican Senators to improve and revise the Better Care Reconciliation Act of 2017, I would like to provide you with some policy priorities that I feel would improve the health care system and insurance markets.

1. *Association Health Plans* – While I appreciate the inclusion of Small Business Health Plans in the BCRA, I believe improvements could be made to expand upon this provision to allow for greater freedom for individuals and small businesses to pool together for the purpose of obtaining health insurance coverage.
  - a. The bill currently allows for self-employed individuals to participate in small business health plans. However, I would suggest that the language be changed to allow any individual, including self-employed individuals, to form associations for the purpose of purchasing group health insurance.
  - b. Furthermore, I would suggest that small business plans or association health plans be allowed to self-insure like other large employer groups are able to do under ERISA. Self-insurance provides significant flexibilities to create innovative plan designs free from many mandates.
  - c. Finally, I believe we have an opportunity to completely free the group market from unnecessary ACA regulations, and restore HIPAA and ERISA regulation over the entire group market, including for association health plans.
2. *Insurance Company Bailouts* – For years, conservatives have been concerned with Obamacare's bailout of the insurance companies through various programs designed to backfill losses the insurers take in the Obamacare exchanges, while they make huge profits in the group markets. In fact, insurance company profits were \$8 billion per year in 2008, and have risen to \$15 billion in 2015. The BCRA's payment of Obamacare's cost-sharing reductions, as well as its stability funds, would provide another \$136 billion in funding to pay insurance companies to participate in these markets. I urge you to reconsider this insurance company bailout.
3. *Premium Tax Credits* – In 2015, Senate Republicans voted to eliminate the Obamacare premium tax credits. Now, the BCRA simply proposes to modify and extend them to new populations. I urge you to reconsider the advanced, refundable nature of this entitlement.

4. *Continuous Coverage Requirement* – The continuous coverage requirement of the BCRA which imposes a mandatory 6 month waiting period for individuals with a lapse of 63 days or more in coverage, simply appears to be a Republican version of the individual mandate. This continues the top-down approach that has led to increased premiums and has not changed behavior of the young and healthy who are priced out of the market, and those who game the system to purchase insurance after they become sick. I urge you to remove the mandate and simply allow insurance companies to impose a waiting period.

I hope that this outline aids your understanding of my current position on the Senate health reform bill, and changes that might be made to the language to make good on Republicans' promise to stop Obamacare and provide true health reform.

Sincerely,



Sen. Rand Paul

CC: President Donald J. Trump  
Chairman Orrin Hatch  
Chairman Michael Enzi  
Chairman Lamar Alexander