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September 29, 2022

The Honorable Gene Dodaro
U.S. Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

Ensuring that workers and their families have access to affordable, high quality health care is a key priority for me and for members of the Committee on Education and Labor. While I am mindful of increased health care costs, the large increase in costs across all manner of goods and services in our economy have made us even more concerned about the cost of health care. Rising costs continue to force both workers and employers to shoulder greater financial burdens. As lawmakers, my colleagues and I need a clear understanding of how private health insurance options are working for Americans. I request the Government Accountability Office (GAO) conduct a study on these plans.

As of 2022, 14.5 million Americans receive health coverage through health insurance plans purchased through exchanges established under the *Patient Protection and Affordable Care Act* (ACA) and expanded under the *American Rescue Plan Act* and the so-called *Inflation Reduction Act*.¹ Plans sold through ACA exchanges are offered at one of four levels of coverage or metal tiers—bronze, silver, gold, and platinum. The four tiers correspond to the plan's actuarial value—a measure of the relative generosity of a plan's benefits that is expressed as a percentage of the covered medical expenses expected to be paid by the insurer.

Most consumers who purchase health insurance through the exchanges are eligible for premium tax credits. The amount of this credit is based on the consumer's household income relative to the cost of premiums for the second-lowest-cost silver plan available to that consumer, even if the consumer chooses to enroll in a different plan.

¹ See U.S. DEP'T OF HEALTH & HUM. SERV., BIDEN-HARRIS ADMINISTRATION ANNOUNCES 14.5 MILLION AMERICANS SIGNED UP FOR AFFORDABLE HEALTH CARE DURING HISTORIC OPEN ENROLLMENT PERIOD (Jan. 27, 2022), <https://www.hhs.gov/about/news/2022/01/27/biden-harris-administration-announces-14-5-million-americans-signed-affordable-health-care-during-historic-open-enrollment-period.html>.

Health plans sold through ACA exchanges are also required to reduce cost-sharing burdens for some consumers. Since consumers who receive these reductions are generally enrolled in silver plans, insurance commissioners in most states instructed the insurance issuers in their states to increase premiums for plans in the silver tier. This has been referred to as “silver loading” and has resulted in substantial increases in exchange-based silver plan premiums. Additionally, because premium tax credits are calculated based on the premiums for silver-tier plans, silver loading has increased premium tax credits. Research suggests that silver loading may have impacts on the broader health insurance market.

The number of Americans using the ACA marketplace for health care coverage is dwarfed by the number of Americans receiving coverage through employer-sponsored benefits, which covers more than 10 times the individuals using the ACA marketplace. The Congressional Budget Office (CBO) has estimated that approximately 156 million individuals receive health coverage through employer-sponsored benefits.² While the federal government pays 71 percent of all premiums paid in the marketplace, federal law also provides tax exclusions to employers to assist them in offering health benefits to their employees.³

With the significant amount of federal spending on ACA marketplace plans and tax incentives available to employer-sponsored plans, and with these plans’ impacts on the lives of millions of Americans, I think it is important to have updated information. Specifically, I would like to understand how these plans compare with each other. I therefore request that GAO examine the following:

- The average costs per enrollee of ACA marketplace plans compared to that of employer-sponsored plans, including the costs to taxpayers for ACA subsidies and tax exclusions;
- How plans sold through ACA marketplaces compare to employer-sponsored plans in terms of plan benefits and out-of-pocket costs to consumers; and,
- How silver loading has affected the health insurance market.

Thank you for your attention to this matter.

Sincerely,



Virginia Foxx
Ranking Member

² CBO, FEDERAL SUBSIDIES FOR HEALTH INSURANCE COVERAGE FOR PEOPLE UNDER AGE 65: 2018 TO 2028, at 4 (May 2018), <https://www.cbo.gov/system/files/2018-06/53826-healthinsurancecoverage.pdf>.

³ JOINT COMM. ON TAXATION, REVENUE ESTIMATE (Aug. 9, 2022), [JCT-Share-of-Premiums-funded-by-gov-and-benes-080922_Redacted.pdf \(house.gov\)](#).