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COMMON GROUND HEALTH CARE COOPERATIVE WINS LAWSUIT OVER FEDERAL PAYMENTS

Brookfield-based Insurer is the Lead Plaintiff on a Class Action Lawsuit Joined by Insurers Nationwide

Last week, the United States Court of Federal Claims ruled in favor of Common Ground Healthcare Cooperative and approximately 100 other health insurers that joined its class action lawsuit over cost sharing reduction (CSR) plans that lower deductibles, copays and out-of-pocket health care costs for lower income Americans.

The lawsuit stemmed from the Trump Administration action to suddenly stop making payments to insurers in October of 2017 to offset the cost of offering more generous benefit plans to qualifying individuals as part of the Affordable Care Act (ACA). The requirement that insurers offer these plans, and the payments that insurers would receive for doing so, were both passed into law to lower the cost of health care for people at lower-income levels.

While Trump abruptly stopped the payments, insurers are still required by law to offer the more generous plans, and it meant the loss of millions of dollars for insurers in 2017 who had set their prices for the plan year months earlier. Some insurers left the market in 2018 when they faced financial losses while others were forced to increase health insurance premiums.

Ironically, the premium increases hit higher-income health insurance consumers the hardest.

“The end of cost sharing reduction payments caused insurers to increase silver premiums, which raised the amount of tax credits people making less than 400 percent of the Federal Poverty Level received,” explained Cathy Mahaffey, CEO of Common Ground Healthcare Cooperative. “But people with incomes over 400 percent, who are not eligible for the tax credits, have to pay the full amount of the higher premiums to get comprehensive coverage.”

Mahaffey is concerned about the long-term impact on individuals that purchase insurance for themselves in the individual market, and it is something that Congress and the President needs to address. “When premiums go up, people drop coverage or turn to bare-bones coverage that does not include numerous consumer protections that are now part of the law such as pre-existing condition coverage and prescription drug coverage,” she said. “People who enroll in these plans will find themselves underinsured when something goes wrong with their health.”

“Everyone should be able to afford health insurance that covers them when they get sick,” Mahaffey said. “This is what lawmakers, health care providers and insurers should be focused on.”

Mahaffey said she was determined to go to battle over the decision on behalf of the cooperative’s members. “Common Ground Healthcare is a non-profit cooperative that is run by and for our members. We knew we had to stay in the market and fight for the people we insure. This is their money; they deserve to get it back and we hope that health insurance consumers across the country will benefit once the appeals are exhausted.”