



Peter Adler  
President  
Molina Healthcare of Washington, Inc.  
Direct: 425-398-2642  
Peter.Adler@MolinaHealthcare.com

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Mike Kreidler  
Insurance Commissioner, State of Washington  
Office of the Insurance Commissioner  
Insurance Building  
302 Sid Snyder Ave SW, Suite 200  
PO Box 40258  
Olympia, WA 98504

Dear Commissioner Kreidler,

For over 37 years, Molina Healthcare has fulfilled its mission by serving vulnerable populations, with a focus on low income individuals and families. Nationally, Molina serves over 3.6 million Medicaid and Medicare members. Our deep commitment to lower income Americans is further reflected in our 2014 decision to enter and make a major commitment to the ACA Marketplaces. Today, that decision has manifested in an additional one million Marketplace members across 9 states, bringing Molina's total national membership to over 4.6 million. In Washington State, in addition to being the largest Medicaid Managed Care Organization with over 730,000 Medicaid members, Molina is honored to also be the State's largest Marketplace carrier, with nearly 50,000 members.

Molina's strategic decision to actively participate on the Washington Health Benefit Exchange was based on our Mission and 22 year history in the state's Medicaid market, and was made knowing that there were higher actuarial risks and volatility in the anticipated Exchange population due to the uncertainty of their healthcare needs and trends of a previously uninsured population. Those risks and the volatility associated with the newly insured Marketplace population were openly acknowledged in the ACA and by the Washington Health Benefit Exchange. To attract carriers to take those risks, and to attract eligible, low income individuals to seek and retain coverage on the Exchange, certain explicit commitments were provided in the ACA to participating carriers to mitigate some of those risks. Specifically, Molina offered multiple insurance products on the Washington Health Benefit Exchange based on the explicit commitment provided in the ACA by the Federal Government to fund the ACA-defined Cost Savings Reduction (CSR) payments to health plans for eligible members. Without the CSR mechanism and payments, the ACA Marketplaces would have posed too much financial volatility and uncertainty, and Molina would not have entered or participated on any Exchange in any state, including Washington.

The CSR mechanism is the means by which eligible individuals receive reductions in their out-of-pocket costs (copays, deductibles, co-insurance, etc.) so as to make Exchange-based health plans more affordable. Greater affordability is required not only to make health insurance more accessible for eligible individuals, but also to reduce insurance volatility and to maintain actuarial stability in the Exchange insurance risk pools. Reduced volatility and greater predictability in the insurance world translates into lower premiums and increased ability for carriers to price products appropriately. Hence, the very stability of Marketplace offerings on the Exchange for both members and carriers depend on the existence and continuation of the CSRs.

As you know, Congress and the new Administration in Washington DC are threatening to cease and/or reduce CSR funding – a reneging on a fundamental commitment upon which carriers and members entered the Exchanges. The uncertainty generated by these threats has already caused a number of carriers to withdraw from the Exchanges, including in Washington State. Molina does not want to withdraw from the Exchange in Washington State; however, if the Federal government’s full CSR funding commitments are in jeopardy, we believe that the viability of the Exchange market is in immediate jeopardy of failing. That risk, if not remedied by Congress or the Administration in advance of June 7 (the Washington State 2018 filing deadline), will present a major challenge for Molina to financially sustain the costs or risks associated with the ensuing instability of the Exchange Marketplaces. This uncertainty, coupled with any further undermining of the individual mandate, which ensures that insurance pools continue to include younger and healthier people along with those with high healthcare needs, places the Washington Exchange market in general - and Molina’s participation in specific - in serious jeopardy.

To date, Molina’s commitment to offering insurance coverage on the Washington Health Benefit Exchange has been unwavering. We expanded, not contracted, the number of counties we served in 2017, and offered some of the lowest average cost increases to consumers in comparison to other carriers in both 2016 and 2017. We wish to continue our commitment to Washingtonians who select the Exchange for their health coverage. However, to do so, we need the Federal Government to keep its commitment to continue and fully fund the promised CSR payments from May 1 through December 31, 2017, and we need an equally firm commitment that the CSRs will be fully funded throughout the entirety of calendar year 2018. Without those commitments, Molina will have to very seriously consider its ability to remain on the Exchange. We continue to intend to make good on our commitments as long as the Federal Government makes good on theirs. We appreciate your ongoing leadership and support in seeing that Washington State Health Benefit Exchange and the individual insurance market remain stable, viable and accessible to the hundreds of thousands of Washingtonians who now look to the Washington Health Benefit Exchange for their healthcare coverage.

Please do not hesitate to contact me if you desire additional information or wish to discuss further.

Sincerely,



Peter Adler  
President, Molina Healthcare of Washington

CC: Joseph White, Interim CEO, Molina Healthcare, Inc.