Dr. Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, SW
Washington, DC 20201

Submitted via www.regulations.gov

Re: Patient Protection and Affordable Care Act, HHS Notice of Benefit and Payment Parameters for 2027; and Basic Health Program

Dear Administrator Oz:

The Alliance of Community Health Plans (ACHP) represents regional nonprofit health plans that have participated in the Marketplace since its inception. Our members have consistently offered comprehensive and affordable coverage, including in markets where other issuers have exited. We share the Administration's commitment to lowering health care costs, promoting innovation and strengthening program integrity. A strong and stable Marketplace remains essential for the more than 23 million Americans who rely on this coverage.

ACHP is the only national organization advancing a unique payer-provider aligned model of health care that fosters true competition, delivering both high-quality coverage and care. As local insurers, ACHP member companies provide affordable coverage options to tens of millions of Americans nationwide, including nearly 3 million Marketplace consumers. Regional health plans play a central role in sustaining consumer choice and competitive local markets. Regulatory predictability, plan design flexibility and clear consumer protections are essential to maintaining this competitive foundation.

The Administration's proposed notice includes important deregulatory reforms designed to expand plan flexibility, strengthen program integrity and reinforce affordability safeguards. At the same time, certain provisions raise questions about market stability and consumer protections. ACHP's member companies remain committed to offering robust, accessible and affordable coverage. We highlight the following priority recommendations for CMS' consideration:

- **Promoting Deregulatory Reforms:** ACHP supports deregulatory reforms that expand plan design flexibility and restore appropriate state authority over network adequacy.

- **Safeguarding Market Stability Amid Structural Innovation:** ACHP recognizes the Administration's efforts to expand plan innovation but cautions that certain structural proposals could materially alter market dynamics and weaken consumer protections. We recommend that CMS defer certifying non-network plans pending further evaluation of market impacts. We also recommend that CMS carefully assess potential risk segmentation and Marketplace instability before expanding catastrophic plan access or modifying risk adjustment.

- **Strengthening Affordability Through Defrayal Guardrails:** ACHP supports enhanced essential health benefit defrayal standards. We also recommend that CMS require greater transparency and oversight of state defrayal determinations to prevent cost shifting and protect affordability.

- **Ensuring Transparency Without Undermining Affordability:** ACHP values transparency in cost sharing reduction (CSR) loading. However, expanding reporting requirements absent CSR funding would create unnecessary administrative costs and premium pressure. We recommend that CMS does not implement additional reporting requirements unless Congress appropriates CSR payments.

- **Preserving Market Stability and Competition:** ACHP urges CMS to maintain the existing medical loss ratio framework. Changes to this retrospective pricing mechanism could introduce uncertainty and reduce issuer participation. We also encourage CMS to ensure that any expansion of federal issuer oversight aligns with the Administration's broader deregulatory goals of avoiding duplicative oversight and unnecessary costs.

- **Advancing Program Integrity and Coverage Continuity:** ACHP values robust Marketplace subsidy oversight. As CMS implements the eligibility and verification provisions required under H.R. 1, we encourage including adequate transition timelines and operational clarity to prevent avoidable disenrollment and market disruption.

Deregulation

ACHP supports eliminating standardized plan option requirements. Repealing the requirement that Marketplace issuers offer standardized plan options restores flexibility and allows issuers to design products that better reflect local market needs and consumer preferences. This is consistent with the Administration's focus on competition and choice and will encourage innovation in benefit design and expand consumer choice.

We also support restoring state authority over network adequacy standards. Allowing federal exchange states to conduct their own network adequacy reviews and permit State-Based Exchanges to adopt their own network adequacy standards – rather than requiring alignment with federal time and distance metrics – appropriately recognizes state expertise and local market variation while maintaining consumer protections.

Plan Design

ACHP urges caution on proposed expanded catastrophic plan access and cost-sharing changes. Broadening hardship eligibility and allowing catastrophic plans to begin covering services at 130 percent of the maximum out of pocket would expand enrollment in high cost-sharing products and alter risk distribution. Catastrophic coverage is designed as a limited-benefit option with significant upfront cost exposure. Expanding eligibility would likely increase risk segmentation across metal tiers while failing to deliver improved affordability, as consumers often face substantial out-of-pocket cost exposure before coverage begins. CMS should assess market impacts to ensure these changes do not destabilize metal tier balance or shift costs onto consumers enrolled in more comprehensive coverage options.

ACHP recommends CMS carefully evaluate multi-year catastrophic plan certification. While longer certification may reduce administrative burden, CMS has not clarified how multi-year catastrophic products would operate in practice, how issuers would manage pricing across years or how Exchanges would account for enrollee movement between products.

We urge CMS to delay implementation and conduct additional analysis and stakeholder engagement to determine whether and how a multi-year certification framework could operate without disrupting risk pools or creating unintended market consequences. If CMS proceeds with a multi-year certification framework, CMS should apply the option consistently across all metal tiers to preserve competitive balance within the Marketplace and avoid creating structural advantages for one product type.

ACHP recommends CMS carefully evaluate risk adjustment treatment for catastrophic plans. Catastrophic plans serve a distinct population and have different cost-sharing structures, utilization patterns and enrollment dynamics than traditional metal tiers. Integrating these plans into the broader risk adjustment pool could alter transfer amounts and affect premium stability across products. Any modifications should preserve actuarial fairness, maintain predictable transfers and avoid destabilizing existing metal tier balance.

We request that CMS ensure cost-sharing flexibility for bronze plans preserves Marketplace stability. While plan design flexibility may assist issuers in preserving bronze offerings amid actuarial constraints, higher maximum out-of-pocket cost thresholds will increase unaffordability and shift risk dynamics across metal tiers. CMS should carefully assess the impact on consumer affordability, plan selection behavior and risk distribution to ensure this flexibility strengthens rather than weakens overall market stability.

ACHP opposes certification of non-network QHPs absent stronger consumer protections. Plans without provider contracts shift significant responsibility onto consumers to identify participating providers, navigate reimbursement rules and manage prior authorization. They may also expose enrollees to balance billing or unexpected financial liability. Unlike network-based plans, these arrangements lack enforceable provider contracts, resulting in inconsistent oversight of authorization, billing and care coordination standards.

CMS has not clarified labeling or marketing standards to clearly distinguish these products within the Marketplace or ensure consumers understand the navigation demands and financial risks involved in non-network coverage. Without defined disclosure requirements and transparent consumer-facing standards, consumers may enroll based primarily on premium price without fully considering the coverage and cost tradeoffs.

Expansion of non-network QHPs will likely also alter risk distribution across metal tiers. Non-network products generally attract healthier, more price-sensitive consumers, while consumers with greater health needs remain in comprehensive network-based plans. This segmentation would concentrate higher-cost enrollees in traditional products, increase costs and place upward pressure on premiums across the market.

Certifying non-network plans also contradicts broader Administration efforts to improve provider directory accuracy, strengthen network accountability and enhance consumer transparency. While CMS has prioritized clearer information and stronger oversight in network-based plans, this proposal would introduce products that operate outside traditional network structures altogether. **ACHP recommends that CMS defer certification of non-network plans until establishing a clearer framework for consumer protections and completing a comprehensive market impact analysis.**

Affordability and Premium Cost Containment

ACHP strongly supports enhanced essential health benefit defrayal guardrails. Converting state required benefits as "in addition to essential health benefits" and requiring states to defray associated costs reinforces state fiscal responsibility and protects affordability by preventing mandates from driving higher premiums.

ACHP appreciates efforts to restore clearer standards and reduce opportunities for states to cost shift onto issuers, consumers and the federal government. However, because states retain primary responsibility for identifying and implementing defrayal obligations, additional transparency and oversight would further strengthen the proposal. We recommend CMS require public disclosure of state defrayal analyses and provide issuers an opportunity to review and comment on determinations prior to finalization. Enhanced federal oversight and standardized reporting requirements would further reduce the risk of inconsistent application and cost shifting through benchmark design.

Finally, CMS should clarify how the revised policy will apply to mandates previously embedded in benchmark plans under prior guidance and evaluate whether additional safeguards are needed to address any prior cost exposure resulting from those policies.

ACHP values transparency in cost sharing reduction (CSR) loading and requests practical flexibility in implementation. Financial transparency promotes program integrity and informs broader policy discussions regarding CSR funding. However, while CSR payments remain unfunded, the proposed reporting framework does not promote payment reconciliation or oversight of federal disbursements. Instead, the proposal would impose significant new administrative costs that do not directly improve consumer affordability. Vendor-based reporting systems required to comply with CMS' proposed changes will undoubtedly cost issuers millions of administrative dollars annually. Additionally, issuers would have limited time to operationalize these changes before submitting plan year 2027 rate filings, resulting in operational disruption and avoidable costs.

ACHP recommends that CMS defer implementation of expanded CSR reporting requirements unless and until Congress appropriates funding. If funding is restored, CMS should provide at least a one-year safe harbor and allow simplified reporting methodologies during the transition period before moving to a standardized or double-adjudication framework. This approach preserves transparency objectives while avoiding unnecessary administrative burden and premium pressure absent CSR appropriation.

ACHP urges CMS to exercise extreme caution in considering potential changes to the medical loss ratio (MLR) framework given the risk of unintended consequences for Marketplace pricing and competition. MLR is a retrospective measure that interacts with issuer pricing, risk adjustment, benefit design and rebate obligations. Changes to the formula do not directly or predictably translate into lower premiums for consumers. Even modest revisions could introduce uncertainty into rate development and create disproportionate impacts for regional health plans that tend to have smaller risk pools and greater year-to-year claims volatility. Rather than improving affordability, adjustments to the MLR could reduce issuer participation and competition in the Marketplace, thereby limiting consumer choice and access to coverage. ACHP strongly cautions CMS against pursuing changes, absent clear evidence that revisions would improve affordability without undermining market stability.

Program Integrity, Accountability and Enforcement

ACHP applauds efforts to strengthen agent and broker transparency and accountability. Clear disclosure obligations and consistent conduct standards are critical to protecting consumers, preventing unauthorized enrollments and ensuring a competitive playing field. It is imperative that CMS clearly delineate compliance responsibilities among agents, brokers, Exchanges and issuers. Clear lines of accountability will reinforce consumer protections while providing regulatory certainty for Marketplace plans.

ACHP requests CMS take a measured approach to implementing subsidy provisions required under H.R. 1 to preserve coverage for eligible consumers. We encourage CMS to focus on preventing procedural disenrollment and minimizing administrative churn. To promote balanced implementation, we recommend CMS:

- Maximize use of existing electronic data sources before requiring additional documentation.
- Provide clear operational guidance and sufficient transition timelines for Exchanges and issuers.
- Ensure consumers receive timely, understandable notices and reasonable opportunities to resolve verification issues.

Abrupt enforcement timelines and narrower attestation pathways will increase midyear coverage losses among otherwise eligible consumers, particularly those with fluctuating incomes or complex tax filing obligations. Increased churn disrupts continuity of care, destabilizes risk pools and may reduce competition in markets with limited issuers. By providing clear operational guidance and adequate transition time, CMS strengthens accountability without undermining coverage continuity, market stability and consumer choice.

ACHP encourages CMS to align issuer enforcement proposals with the Administration's broader deregulation goals. Accountability and program integrity are essential. However, existing statutory safeguards, civil money penalty authority and state insurance oversight already provide multiple layers of enforcement. Adding duplicative federal audit processes or expanding review frequency without clear risk-based criteria will increase administrative burden, divert resources from consumer service and care management and ultimately raise costs without demonstrable improvements in compliance outcomes. We recommend that CMS reconsider the scope of these proposed enforcement expansions to ensure they align with the Administration's commitment to reducing unnecessary regulatory complexity.

ACHP also requests additional clarity regarding the proposed State Exchange Improper Payment Measurement (SEIPM) program. Accurate improper payment estimation is important, but CMS should provide detailed information regarding data specifications, reporting formats, submission frequency, system build expectations and overall implementation timelines. State-Based Exchanges and participating issuers will require adequate lead time to assess operational lift, modify systems and coordinate reporting. Absent clear technical guidance and phased implementation, SEIPM could impose significant new administrative requirements without commensurate program integrity gains. **CMS should ensure that any new enforcement or reporting structures avoid duplicative data collection and remain consistent with its commitment to regulatory efficiency and cost containment.**

ACHP supports a balanced approach to premium payment threshold flexibility. Allowing issuers to treat minor premium shortfalls as paid helps prevent disproportionate coverage loss due to small payment discrepancies. A narrowly tailored threshold protects consumers from avoidable disenrollment while

maintaining appropriate safeguards against nonpayment. ACHP recommends that CMS preserves this limited policy option.

We appreciate the Administration's efforts to advance deregulation, strengthen affordability and reinforce accountability in the Marketplace. We strongly support eliminating standardized plan option requirements, restoring state authority over network adequacy and strengthening essential health benefit defrayal guardrails. We also support enhanced broker transparency and balanced implementation of program integrity reforms that preserve coverage continuity.

At the same time, certain proposals warrant reconsideration to protect market stability and competitive balance. CMS should delay or reevaluate certification of non-network QHPs, carefully assess changes to catastrophic plan policy and risk adjustment and avoid modifications to the medical loss ratio framework that could introduce pricing volatility. Any expansion of federal enforcement authority should align with the Administration's broader deregulatory goals and avoid duplicative oversight that increases cost without clear benefit.

ACHP and its member companies remain committed to working with CMS to ensure the Marketplace remains competitive, affordable and stable for the millions of Americans who depend on it. We appreciate the opportunity to provide these comments and look forward to continued collaboration. Please contact Emma Liebman, Associate Director of Public Policy, ACHP (eliebman@achp.org) with any questions.

Regards,

Ceci Connolly

Ceci Connolly
President and CEO
ACHP