



J. Mario Molina, MD
CEO and Chairman

April 27, 2017

The Honorable Paul Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Mr. Speaker, Majority Leader McConnell, Minority Leader Pelosi, and Minority Leader Schumer:

In 1980, Molina Healthcare, Inc. (“Molina”) was founded to provide quality health services to financially vulnerable families and individuals. We entered the Health Insurance Marketplaces in 2014 with the goal of seamlessly covering our members as changes in eligibility moved them between coverage programs. We remain committed to this goal and to providing access to quality, affordable coverage if Congress and the Administration take important steps to stabilize the Marketplace for 2017 and beyond.

Currently we serve 1,035,000 members through the Health Insurance Marketplaces in 2017, making Molina one of the largest participants in this program. About 9% of all persons enrolled in the Marketplace are members of Molina Healthcare.

Cost-sharing subsidies (CSR) have been essential for making coverage affordable for many members. Sixty-five percent of Molina Marketplace members are enrolled in plans with cost sharing subsidies. Removing them will make coverage unaffordable. We entered into these Marketplace contracts with the expectation that the cost sharing reductions would continue to be fully funded. If the CSR funding continues, we intend to maintain our participation in the Marketplace for 2018.

The CSR has been calculated into our premium rates. The CSRs are paid directly to the health plans. When eligible low-income members obtain services, based on their income-level, they pay reduced co-payments and deductibles. The CSR is used by the health plan to pay the provider and make up the difference between the actual co-pay or deductible and what the member actually pays. This money goes directly to providers from the health plan. Any of the CSR money that goes unused is returned to the Federal government. Thus, this is not a bail-out or windfall to the insurance company.

If the CSR is not funded, we will have no choice but to send a notice of default informing the government that we are dropping our contracts for their failure to pay premiums and seek to withdraw from the Marketplace immediately. That would result in about 650,000 to 700,000 people losing insurance coverage in 2017, and we would not participate in Marketplace in 2018 resulting in over 1 million Americans losing health insurance coverage.

We urge Congress and the Administration to act quickly to ensure CSRs are funded for the remainder of 2017 and also for 2018. We look forward to continuing to work with you to provide comprehensive, affordable Marketplace coverage to consumers.

Sincerely,

A handwritten signature in blue ink that reads "Joseph M. Molina, M.D.".

J. Mario Molina, M.D.
Chief Executive Officer