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# NEWS RELEASE

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## **Actuaries: SCOTUS Decision Upholding Subsidies Averts Significant Health Insurance Market Disruptions**

**WASHINGTON**—The American Academy of Actuaries today said that the Supreme Court’s ruling upholding federal premium subsidies in states participating in the federally facilitated marketplace (FFM) preserved an integral component of the Affordable Care Act and averted significant disruptions to the individual health insurance market.

“The ACA’s premium subsidies work together with the individual mandate as incentives for even individuals in good health to obtain coverage,” said Academy Senior Health Fellow Cori Uccello. “Had the court’s majority decided differently, the federal-marketplace states would be facing significant disenrollment of those who cannot afford insurance without the subsidies, and the consequences of that could have threatened the viability of those markets. In the loss-of-subsidy scenario, adverse selection would have been a serious concern, as relatively higher-cost individuals would have retained coverage, increasing average costs and premiums.”

The Academy’s Health Practice Council (HPC) outlined possible consequences of a court decision eliminating the subsidies in FFM states in a May 2015 issue brief, [\*Implications of Proposed Changes to the ACA in Response to King v. Burwell\*](#). It not only analyzed the implications of some of the approaches that had been offered in anticipation of the court striking down the subsidies, but also offered principles that apply to viable health insurance markets generally:

- For insurance markets to be viable, they must attract a broad cross section of risks.
- Market competition requires a level playing field.
- For long-term sustainability, health spending growth must be reduced.

“While the legal challenge to subsidies has been decided, the Academy urges policymakers to assess any proposals that may be offered to modify or replace the ACA against these important market reform principles,” said Uccello.

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The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

**Media Only:** *To set up an interview with Senior Health Fellow Cori Uccello, contact Director of Communications David J. Nolan at [nolan@actuary.org](mailto:nolan@actuary.org) or 202.785.7889.*