Congress of the United States
Washington, DC 20515

July 23, 2026

Honorable Robert F. Kennedy Jr.
Secretary of Health and Human Services
Department of Health and Human Services
200 Independence Avenue SW Washington,
DC 20201

Doctor Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard Baltimore,
Maryland, 21244

Dear Secretary Kennedy and Administrator Oz:

We write to express serious concern about the Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), "HHS Notice of Benefit and Payment Parameters for 2027" final rule that encourages issuers of catastrophic health plans to provide enrollees with loans to cover their deductibles and other cost-sharing obligations.

We find this to be a profound conflict of interest when an insurer acts simultaneously as a health plan and as a creditor to that same plan's enrollees. At a time when 36 percent of households in the United States are saddled with medical debt, this provision in the final rule raises fundamental questions about the purpose of adequate healthcare coverage and consumer protection.[1]

Since this Administration allowed the Affordable Care Act (ACA) enhanced tax credits to expire at the end of last year, there has been a 58% average increase in out-of-pocket premiums in 2026 per person.[2] This trend is expected to continue as rates are set for 2027, with a recent analysis indicating a median proposed premium increase of an additional 14%.[3] This cost increase, adding to an already intense affordability crisis, has resulted in 1.2 million Americans losing health coverage all together.[4]

Since the expiration of enhanced premium tax credits, the Administration has pursued a deliberate policy of steering Americans away from comprehensive coverage and toward high-

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[1] https://pmc.ncbi.nlm.nih.gov/articles/PMC12394938/

[2] https://www.kff.org/affordable-care-act/in-preliminary-rate-filings-aca-marketplace-insurers-largely-propose-double-digit-premium-increase-for-2027-following-a-steep-climb-this-year/

[3] https://www.healthsystemtracker.org/brief/how-much-and-why-aca-marketplace-premiums-are-going-up-in-2027/

[4] https://www.healthcaredive.com/news/affordable-care-act-enrollment-2026-cms-snapshot-23-million/810790/

deductible catastrophic plans. The annual deductible for covered services in a catastrophic plan is an astronomical $10,600 for an individual or $21,200 for a family[5], over five times the average deductible for job-based coverage.

Against this backdrop, CMS states in the final rule: *"issuers of catastrophic plans could consider financing the deductible by providing enrollees a loan. To the extent permitted by applicable Federal and State law, this could be especially helpful for enrollees who, before reaching their deductible, incur a large amount of medical costs within a short period of time."*

When an insurer acts simultaneously as a health plan and as a creditor to that same plan's enrollees, a profound structural conflict of interest arises. The insurer's interest in maximizing loan repayment, including interest income, is directly at odds with its obligation to provide affordable, timely coverage. This policy will result in enrollees being caught between delayed care and mounting debt, with the same entity on both sides of that equation. Considering more than one-third of American households already carry medical debt, adding an insurer-issued loan product to that burden risks conflating a coverage gap into a debt trap.

The ACA was built on the principle that insurance should provide genuine financial protection, not merely nominal coverage. A plan that requires a family to pay $21,000 before benefits are triggered is not insurance in any meaningful sense, it is a mechanism for transferring risk from the insurer to the patient while collecting premiums in return. In addition to the lack of adequate coverage, the Administration has created a pathway for the same industry intended to provide healthcare coverage to now operate as a bad faith lender to “assist” families to pay off the medical debt manufactured by bad faith policy.

Ultimately, this Administration has deliberately constructed plans with deductibles that most enrollees cannot afford to pay and is allowing the same insurer who sold the unaffordable plan to offer the enrollee a loan to cover the gap, presumably with interest, and under terms established entirely by the issuer. Health insurance was designed to help families during their darkest moments, not profit off denying Americans care and perpetuating prolonged illness. This policy incentivizes health plans to profit off their own enrollees’ medical debt, not provide Americans adequate health coverage.

In light of these concerns, we respectfully request that HHS, through CMS, provide written answers by July 31, 2026:

1. Clarify in sub-regulatory guidance whether and how insurer-issued deductible financing products will be subject to the same state medical debt consumer protection standards that apply to other medical debt holders (e.g., health systems and third-party debt collectors) in a given state, including:

[5] https://www.kff.org/faqs/faqs-health-insurance-marketplace-and-the-aca/marketplace-health-plans-and-premiums/what-is-a-catastrophic-health-plan/

a) interest rate caps;
b) disclosure requirements;
c) prohibitions on mandatory arbitration clauses; and
d) what consumer protection standards, if any, CMS intends to establish at the federal level given that no such standards currently exist for this product type.

2. Confirm whether CMS consulted with the Consumer Financial Protection Bureau (CFBP) in developing this provision. Specifically, disclose any comments provided by the CFBP or justify reasoning for not consulting the CFBP;
3. Provide any actuarial or economic analysis CMS conducted regarding the likely impact of this provision on enrollees' total out-of-pocket costs, including loan repayment obligations;
4. Provide a detailed description of what recourse is available to enrollees who are offered loan terms they cannot meet, and which agencies at both the federal and state level have the responsibility of overseeing an insurer-issued loans.
5. Clarify that issuers cannot condition plan enrollment or renewal on acceptance of a financing arrangement or failure to repay a deductible financing loan.
6. Provide a detailed description of what recourse is available to enrollees who are offered loan terms they cannot meet and whether issuers plan to condition plan enrollment or renewal on acceptance of a financing arrangement denoting consequences against enrollees who are unable to repay a deductible financing loan, including:
    a) Structuring loans as secured debt requiring collateral,
    b) Pursuing civil judgments against enrollees and subsequently attaching judgment liens to real property, including a primary residence,
    c) Pursuing wage garnishments,
    d) Referring unpaid loans to third-party debt collectors or reporting debt to consumer credit bureaus.

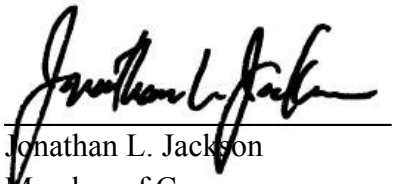
American families across this country deserve health insurance that provides genuine protection, not plans that shift catastrophic financial risk onto patients and then offer debt as the reward. We urge the HHS to withdraw this ill-conceived provision. We appreciate your prompt attention to this issue.

Sincerely,

Bradley Scott Schneider
Member of Congress

Terri A. Sewell
Member of Congress

Alexandria Ocasio-Cortez
Member of Congress



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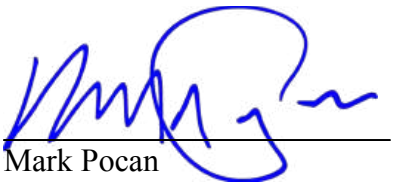

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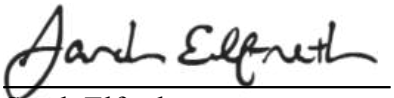

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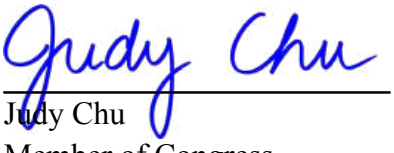

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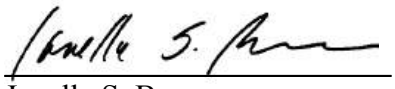

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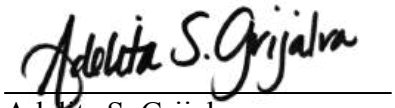

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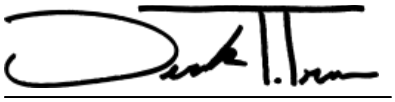

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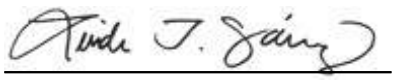

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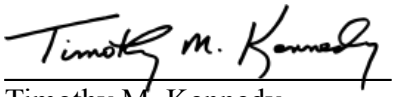

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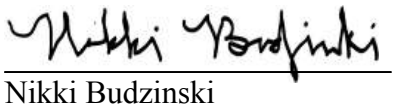

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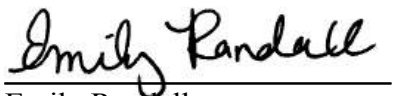

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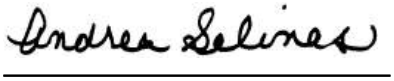

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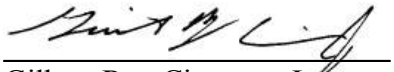

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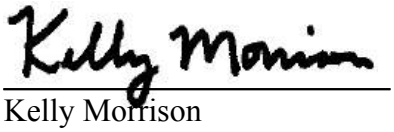

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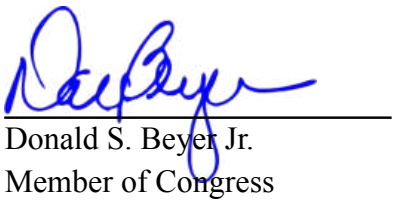

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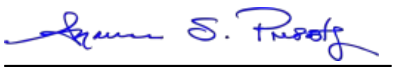

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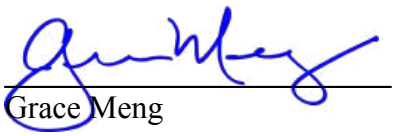

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