



April 9, 2018

Wisconsin Office of the Commissioner on Insurance

Re: Proposed 1332 waiver

To Whom It May Concern:

Thank you for the opportunity to comment on Wisconsin's proposed Affordable Care Act (ACA) 1332 waiver. The Wisconsin Board for People with Developmental Disabilities (BPDD) finds that the proposed waiver is unlikely to result in meaningful and lasting financial relief for consumers, does not address health care cost drivers, and may result in disproportionately higher out of pocket costs for consumers with disabilities and consumers with family members with disabilities.

Consumers with disabilities, pre-existing conditions, chronic health care conditions, and those with family members with disabilities are Wisconsin ACA marketplace consumers. These populations of people tend to use health care services and spend more on health care because of their conditions.

Out of Wisconsin's 225,000 marketplace plans purchased in 2018, only 36,000 (16%) fit the criteria of the population targeted by Wisconsin's \$200M reinsurance proposal¹. Of those 36,000 higher income consumers, those who utilize health care the least will benefit the most. 84% of Wisconsin ACA marketplace consumers already qualify for subsidies.

At its best estimate the \$200M reinsurance program may reduce overall marketplace premiums for all consumers by 10%. When estimates of premium reductions are considered over a ten-year period, the savings estimate is reduced to 6%. The Center for Medicaid and Medicare Services (CMS) projects national health spending to grow at an average rate of 5.5 percent per year for 2017-26². Any reductions in premiums are likely to be negated by rising health care costs. Even if premiums are marginally lower, consumers will pay more; reinsurance does not address rising health care costs as a whole or consumer costs associated with deductibles, co-insurance, co-pays or other mechanisms which pass part of the total costs of covered benefits to consumers.

Consumers with disabilities, pre-existing conditions, and chronic health conditions who do not qualify for subsidies and who need to utilize health care services will be disproportionately affected, as these populations are likely to reach their out of pocket deductible faster and will continue to incur co-insurance and co-pay costs after their deductible has been met. The affordability of health insurance and health care will continue to rapidly decline for all consumers who use health services, and especially for those who need to access more services. Wisconsin's proposed 1332 waiver does nothing to address these issues.

¹ The target population of the reinsurance program are Wisconsin marketplace consumers who have incomes that exceed the level that qualifies for government subsidies under the Affordable Care Act (those with incomes of more than \$98,000 per year who do not have employer sponsored insurance).

² <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>

Moreover, the repeal of the requirement for people to have health insurance (individual mandate) as well as recent changes and proposed changes to federal administrative rules are projected to weaken the overall marketplace risk pool. Younger, healthier people are more likely to forgo purchasing health insurance entirely, thereby removing themselves from the risk pool. The allowance of Association Health Plans (AHPs) and Short-Term Health Plans—which do not have to comply with ACA standards, required essential health benefit coverage, and consumer protection requirements—may syphon younger, healthier individuals away from ACA compliant marketplace plans leading to exponentially increasing costs for people with disabilities and chronic conditions who must remain in ACA regulated markets³ to obtain the care they need. When people leave ACA compliant marketplace plans for cheaper lower coverage plans or choose to go uninsured, ACA marketplace premiums will increase, negating and reversing the small impact Wisconsin’s reinsurance plans will have on consumer premiums⁴.

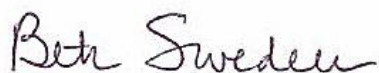
Even small changes to the overall risk pool call into question the deficit neutrality of the 1332 waiver proposal and will certainly result in higher out of pocket costs for ACA marketplace consumers, especially consumers with disabilities and chronic health conditions. Wisconsin’s 1332 waiver program would be of diminishing return as premiums, health care costs, and out of pocket expenses required of consumers continue to rise.

It is unclear—if the 1332 waiver is approved—what the funding source will be for the \$30M per year cost to operate the program over the next ten years. BPDD understands that the current proposed funding source is General Purpose Revenue (GPR), however it is uncertain whether revenue projections will be sufficient to cover \$60M in reinsurance funding over the next biennium (much less the next four biennium state budgets. A surplus or lapse in one year does not translate to the same amount being available in future years.

BPDD is charged under the federal Developmental Disabilities Assistance and Bill of Rights Act with advocacy, capacity building, and systems change to improve self-determination, independence, productivity, and integration and inclusion in all facets of community life for people with developmental disabilities.

Our role is to seek continuous improvement across all systems—education, transportation, health care, employment, etc.—that touch the lives of people with disabilities. Our work requires us to have a long-term vision of public policy that not only sees current systems as they are, but how these systems could be made better for current and future generations of people with disabilities.

Thank you for your consideration,



³ Both AHPs and Short-Term plans can reject people with pre-existing medical conditions or charge higher prices for people with pre-existing conditions, and neither are required to cover the ten essential health benefits required under the ACA.

⁴ A February 2018 Avalere study projected that changes to regulation of AHPs would prompt 4.3 million people to leave ACA compliant marketplace plans for cheaper and lower coverage AHPs over the next five years, resulting in a 4% premium increase for individuals in marketplace plans, with an additional 140,000 estimated to lose health care coverage altogether. A March 2018 Urban Institute analysis found that short-term health plans are projected to remove 4.3 million people from the ACA compliant marketplace; the same study projected an additional 6.4 million people would choose to go uninsured by 2019. The combined impact of the increasing uninsured population and people moving to just the short-term insurance market is projected to result an 18.3% increase in ACA compliance insurance premiums in 2019.

Beth Swedeen, Executive Director
Wisconsin Board for People with Developmental Disabilities