



State Health Exchange LEADERSHIP NETWORK



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January 30, 2018



The Honorable Lamar Alexander
The Honorable Patty Murray
The Honorable Susan Collins
The Honorable Bill Nelson
CC: *The Honorable Ryan Costello*

Dear Senators:

We applaud your continued commitment to enact bipartisan strategies to stabilize and strengthen states' individual health insurance markets. Timely congressional action will improve affordability and choice for the nearly 18 million individuals that will obtain coverage through the individual market in 2019, including the millions of unsubsidized consumers who would feel the direct impact of potential rate increases.

States served by state-based marketplaces represent 35 percent of Americans. Beyond the states we serve, however, we believe our perspectives can help consumers in states across the nation. In that spirit, we appreciate your continued efforts to provide federally funded reinsurance or invisible high risk pool options for states, which we regard as critical to strengthening individual insurance markets in states across the nation, protecting consumers from escalating premiums, and mitigating any potential negative effects of adverse selection resulting from the recent repeal of the individual responsibility requirement penalty, and other federal policy changes such as reduced marketing and outreach investments. Preliminary analysis from our states indicates the potential for significant premium reductions upon establishment of a reinsurance-type program. For example, an actuarial analysis conducted by California estimates that annual *net* federal funding of \$5 billion toward reinsurance or high-risk pools could reduce premiums by an average of 9 to 16 percent across states in 2019.¹

Proposals that rely solely on 1332 waivers to undertake reinsurance programs may not be viable options for all states. Waiver applications require time and resources that could prevent some states from timely implementation, particularly since 1332 waivers require enabling legislation and most state legislatures are in short sessions that will conclude in the spring. Other states may not have the administrative capacity and resources to develop a 1332 waiver or administer a reinsurance program. Since 2019 rates are already being developed, time is of the essence if reinsurance is to impact next year's rates.

¹ The Roller Coaster Continues – The Prospect for Individual Health Insurance Markets Nationally for 2019: Risk Factors, Uncertainty and Potential Benefits of Stabilizing Policies, January 18, 2018, http://board.coveredca.com/meetings/2018/01-18/CoveredCA-Roller_Coaster_Continues_1-18-18.pdf ,

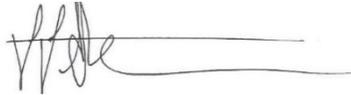
States that want to should have the option to pursue a 1332 waiver. Other states should be guaranteed automatic access to the same protections through an HHS-administered reinsurance structure which would assure all states can access reinsurance funds whether or not they pursue a 1332 waiver.

We would be pleased to provide you with any data or information that may be helpful to you. We look forward to additional opportunities to work with you to develop solutions that address our health care challenges and provide stability across all markets. Thank you.

Sincerely,



Chiqui Flowers
Administrator
Oregon Health Insurance
Marketplace



Louis Gutierrez
Executive Director
Massachusetts Health Connector



Mila Kofman
Executive Director
DC Health Benefit Exchange
Authority



Heather Korbolic
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Nevada Health Link



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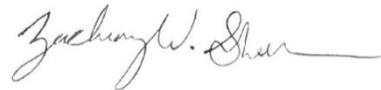
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