



Wisconsin Office of the  
**COMMISSIONER**  
**OF INSURANCE**

**2022 Wisconsin Healthcare Stability Plan Annual Forum &  
1332 Waiver Extension Application Public Hearing**

July 6, 2022

# Agenda

1. 1332 State Innovation Waiver
2. Wisconsin Healthcare Stability Plan (WIHSP)
  - WIHSP: State Reinsurance Program
  - WIHSP: Plan Year 2021
  - WIHSP: Payment to Insurers
  - WIHSP: Individual Market Impact
3. 1332 Waiver Extension Application
4. Questions



# 1332 State Innovation Waiver (1332 Waiver)

- Section 1332 of the Affordable Care Act (ACA) allows states to apply for exceptions from certain ACA provisions
- The Wisconsin Healthcare Stability Plan (WIHSP) is operational under a 1332 Waiver and 2017 WI Act 138
- OCI received approval for a five-year 1332 Waiver
  - January 1, 2019 through December 31, 2023
- 16 states, including WI, have received a 1332 waiver to implement a reinsurance program



# Wisconsin Healthcare Stability Plan (WIHSP): State Reinsurance Program

**Goal:** create a stable individual insurance market where individuals have a choice of health plans with affordable premiums

**How:** WIHSP reimburses insurers for a portion of the high cost claims they paid for individuals in a given plan year

- Payment parameters are established to define the portion of costs that are reimbursed
- Payment parameters can change from year to year and are established by May 15<sup>th</sup> before the applicable plan year

**Funding:** federal pass-through funds and state General Purpose Revenue (GPR)

- Pass-through funds represent the estimated federal savings available from reduced premiums
- Reduced premiums means the federal government pays less in premium tax credits
- WIHSP is limited to \$230 million (*state & federal funds*); previously limited to \$200 million through plan year 2021



# WIHSP: Plan Year 2021

## **PY 2021 by the Numbers:**

\$40,000 attachment point (minimum claims)

48% coinsurance (program share)

\$175,000 cap (maximum claims)

Approximately \$203 million in WIHSP claims filed

- Claims exceeded \$200 million spending cap
- OCI received Legislative Joint Finance Committee approval to fully fund claims
- Sufficient federal pass-through funds available to fully fund claims

PY 2021 payments will be made to insurers following an initial audit of the claim filings, but no later than August 15, 2022



# WIHSP: Payment to Insurers

Plan Year	Total WIHSP Claims (millions)	Federal Funding (millions)	State Funding (millions)
2019	\$174.0	\$127.0	\$47.0
2020	\$183.0	\$142.0	\$42.0
2021	\$203.0	\$229.0 <small>(\$26 million will be carried over to help pay for plan year 2022 claims)</small>	\$0

- ❖ Federal Funding for PY 2022 is almost \$182.0 million  
*(does not include any unspent 2021 funds)*



# WIHSP: Individual Market Impact

## Member Premium Changes with and without Reinsurance<sup>1</sup>

	2019	2020	2021	2022
Member Premium Change <i>with</i> Reinsurance	-3.3%	-3.2%	-3.4%	-0.3%
Member Premium Change <i>without</i> Reinsurance	7.8%	9.3%	10.4%	14.8%
Impact of Reinsurance	-10.3%	-11.4%	-12.5%	-13.2%

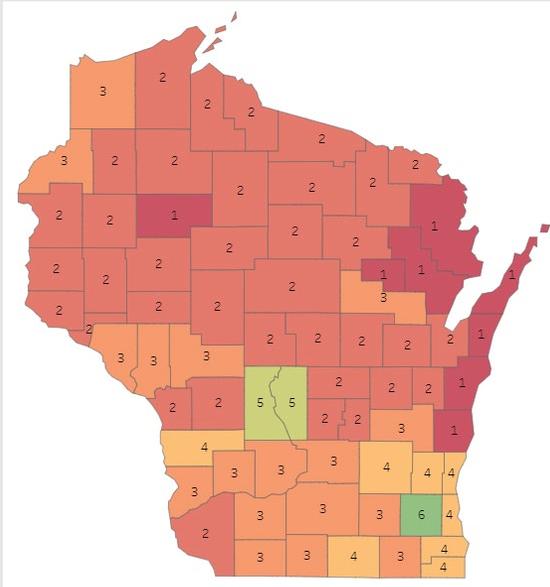
<sup>1</sup> Wakely Consulting Group, LLC, (2022) "Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis"



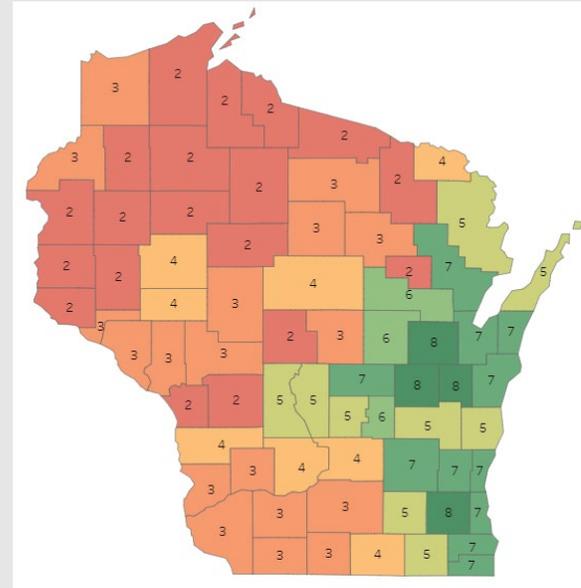
# WIHSP: Individual Market Impact

## Service Area Expansion

2019



2022



# 1332 Waiver Extension Application

- OCI notified the federal government of our intention to apply for an extension in June 2021
- OCI will apply to extend the 1332 waiver for an additional 5 years
  - January 1, 2024 through December 31, 2028
- Legislative Joint Finance Committee Review Required
  - Completed and approved
- Public comment period ends July 8, 2022
  - Send to: [OCIWIHSP@wisconsin.gov](mailto:OCIWIHSP@wisconsin.gov)
- Application submission scheduled for middle of July 2022

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Tony Evers, Governor of Wisconsin  
Mark Afable, Commissioner of Insurance

The Honorable Janet Yellen The Honorable Xavier Becerra  
Secretary of the Treasury Secretary of Health and Human Services Department of the Treasury Department  
of Health and Human Services  
1500 Pennsylvania Avenue, NW 200 Independence Avenue, SW  
Washington, D.C. 20220 Washington, D.C. 20201

June 1, 2021

Dear Secretary Yellen and Secretary Becerra,

The State of Wisconsin is pleased to submit this Letter of Intent to apply for a five-year extension of our Section 1332 State Innovation Waiver. On July 29, 2018, the Department of Health and Human Services and Department of Treasury approved Wisconsin's waiver from the Patient Protection and Affordable Care Act requirement for a single risk pool to implement a state-based reinsurance program. The current waiver expires on December 31, 2023. This extension request is for a five-year period beginning January 1, 2024 and ending December 31, 2028. In accordance with s. 601.83 (a), Wis. Stat., the Office of the Commissioner of Insurance (OCI) requests the extension without substantive change.

With approval of the state's original 1332 waiver application and enactment of bipartisan enabling legislation, OCI operationalized the Wisconsin Healthcare Stability Plan (WIHSP), the state-based reinsurance program, beginning January 1, 2019. Since its inception, WIHSP has been a key factor in stabilizing the individual health insurance market, resulting in average rate reductions each year of the program. The table below includes rate increases the market would have incurred without WIHSP, alongside the corresponding rate decreases experienced with the program in place.

Year	Average Rate Change w/out WIHSP <sup>1</sup>	Average Rate Change with WIHSP <sup>1</sup>
2019	6.8%	-4.2%
2020	9%	-3.2%
2021	10%	-3.4%

<sup>1</sup>Rate changes are calculated using a weighted average across individual market insurers and reflect the change (or expected change) in rates from the prior year.

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[ociformation@wisconsin.gov](mailto:ociformation@wisconsin.gov) | [oci.wi.gov](http://oci.wi.gov)

Tony Evers, Governor of Wisconsin  
Mark Afable, Commissioner of Insurance

Offering coverage on the Federally Facilitated

below to demonstrate the increase in the implemented.



budget; supporting current staff and insurers, audits, pass through support of WIHSP operations allows true, to directly fund WIHSP claims

while ensuring consumers have as

rate Innovation Waiver. We look necessary to move this

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# 1332 Waiver Extension Application

Based on best estimate assumptions, extending the waiver will reduce premiums and increase individual enrollment while saving federal dollars.<sup>2</sup>

Impact of Waiver Extension on Premiums, Enrollment, and Federal Deficit<sup>3</sup>

	2024	2025	2026	2027	2028
Premium	-11.4%	-10.9%	-10.4%	-10.0%	-9.5%
Individual Enrollment	1.0%	0.9%	0.8%	0.8%	0.8%
Federal Savings (\$ millions)	\$180	\$180	\$180	\$180	\$180

<sup>2</sup> Wakely Consulting Group, LLC, (2022) "Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis"

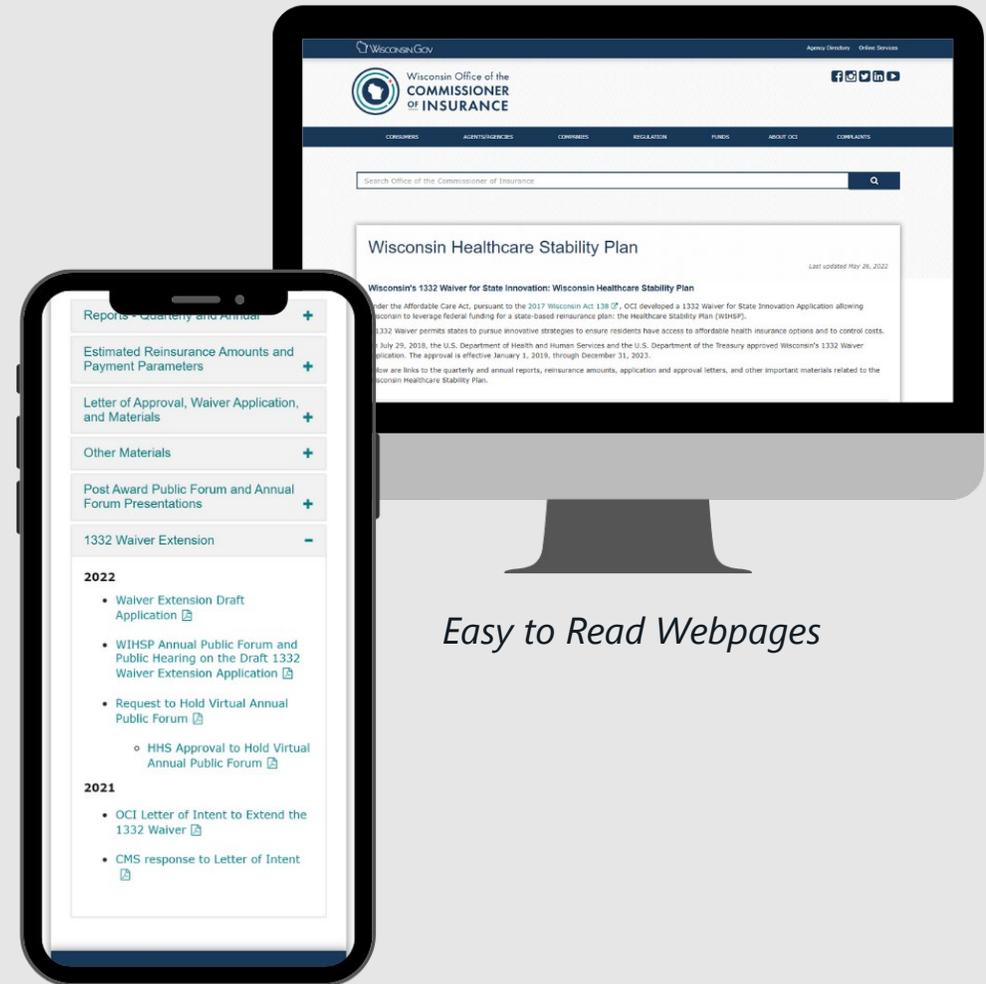
<sup>3</sup> Ibid



# Links & Resources

WIHSP information is available on the OCI website: [oci.wi.gov/WIHSP](https://oci.wi.gov/WIHSP)

Send comments or questions to:  
[OCIWIHSP@Wisconsin.gov](mailto:OCIWIHSP@Wisconsin.gov)



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**Thank you!**



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