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 15th 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

<table>
<thead>
<tr>
<th>Plan Year</th>
<th>Total WIHSP Claims (millions)</th>
<th>Federal Funding (millions)</th>
<th>State Funding (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$174.0</td>
<td>$127.0</td>
<td>$47.0</td>
</tr>
<tr>
<td>2020</td>
<td>$183.0</td>
<td>$142.0</td>
<td>$42.0</td>
</tr>
<tr>
<td>2021</td>
<td>$203.0</td>
<td>$229.0</td>
<td>$0</td>
</tr>
</tbody>
</table>

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

($26 million will be carried over to help pay for plan year 2022 claims)
## WIHSP: Individual Market Impact

### Member Premium Changes with and without Reinsurance

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

1 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
- Application submission scheduled for middle of July 2022
1332 Waiver Extension Application

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

Impact of Waiver Extension on Premiums, Enrollment, and Federal Deficit³

<table>
<thead>
<tr>
<th></th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>-11.4%</td>
<td>-10.9%</td>
<td>-10.4%</td>
<td>-10.0%</td>
<td>-9.5%</td>
</tr>
<tr>
<td>Individual Enrollment</td>
<td>1.0%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.8%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Federal Savings ($ millions)</td>
<td>$180</td>
<td>$180</td>
<td>$180</td>
<td>$180</td>
<td>$180</td>
</tr>
</tbody>
</table>

² Wakely Consulting Group, LLC, (2022) “Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis”
³ Ibid
Links & Resources

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

Send comments or questions to: [OCIWIHSP@Wisconsin.gov](OCIWIHSP@Wisconsin.gov)
Thank you!