Wisconsin Healthcare Stability Plan

Public Forum
May 7, 2019
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2017 WI Act 138

- Creates the Wisconsin Healthcare Stability Plan (WIHSP), a reinsurance program, contingent upon federal 1332 Waiver approval

- Allows for a reinsurance program of up to $200 million

- Establishes an attachment point model
  - Claims between an attachment point and reinsurance cap will be reimbursed at a specific coinsurance rate

- Establishes reporting and payment dates

- Provides the commissioner with the authority to promulgate rules necessary to implement WIHSP
Following enactment of Act 138, OCI applied for a 1332 Waiver
- A 1332 Waiver was needed to implement WIHSP
- 1332 is in reference to a section of the Affordable Care Act (ACA) that allows states to apply for exceptions from certain ACA provisions
- Wisconsin requested a waiver of the ACA single risk pool requirement to allow insurers to adjust individual rates to account for reinsurance

The federal Department of Health and Human Services (HHS) approved Wisconsin’s 1332 Waiver application on July 29, 2018
WIHSP: What is it?

- Act 138 & 1332 Waiver Approval allows OCI to operate a 5-year, $200 million reinsurance program, effective January 1, 2019.

- Anticipated funding for plan year 2019:
  - $128.0 million federal
  - $72.0 million state (included in Gov. Evers’ budget)

- Insurers offering coverage in the individual market may participate
  - Excludes grandfathered and transitional plans
WIHSP: How Will it Work?

WIHSP will reimburse a portion of an insurer’s paid claims falling between established payment parameters

- 2019 Payment Parameters:
  - Attachment Point is $50,000
  - Cap is $250,000
  - Co-insurance is 50%

Example:
- Insurer pays $80,000 in claims for an enrollee
- $80,000–$50,000 = $30,000
- $30,000 × .50 = $15,000 (WIHSP payment to insurer)
WIHSP: Individual Market Impact

- Average 4.2% individual market premium rate decrease in 2019; compared to an estimated 10% increase without the program in place

- Molina resumed sales on the Exchange and expanded their off-Exchange service area

- Total of 12 insurers offering coverage on-Exchange and 3 off-Exchange only
WIHSP: Key Dates *(Near-Term)*

- **March 21, 2019 through present:** OCI working on permanent administrative rule
  - Emergency rule in effect since November 2018
    - Includes operational details of the program

- **April 30, 2019:** No later than this date, HHS confirms federal pass-through (contribution) amount
  - WI received confirmation on April 26

- **May 15, 2019:** OCI to establish payment parameters for the 2020 Plan Year (PY)
  - OCI released draft 2020 parameters for public comment on April 18, comments accepted through May 3
  - Public hearing held on April 29
WIHSP: Key Dates *(Near-Term)*

- **May 15, 2019:** Insurer 1st Quarter claims data due to OCI
  - Insurers are required to submit eligible claims data to OCI 45 days from the end of each financial quarter

- **May 31, 2019:** OCI 1st Quarter operational report due to HHS
  - Data will indicate aggregate claims reported for the quarter
  - Data will be posted to the OCI website and sent to participating insurers
WIHSP: Key Dates \textit{(Long-Term)}

- **September 15, 2019:** OCI “Pass-Through” report for PY 2020 due to HHS
  - OCI’s estimate of PY 2020 pass-through amount (federal contribution)

- **October 31, 2019:** HHS to provide OCI with estimated pass-through amount for PY 2020

- **May 15, 2020:** Final PY 2019 claims data due to OCI from Insurers
  - WIHSP payments will be based on data contained in these final reports
WIHSP: Key Dates (*Long-Term*)

- **June 30, 2020**: OCI provides insurers with preliminary estimate of reinsurance payments
- **August 15, 2020**: OCI disburses PY 2019 payments to insurers
Questions