



July 30, 2020

Deputy Commissioner of Insurance Nathan Houdek  
Office of the Commissioner of Insurance  
125 South Weber Street  
Madison, WI 53707

Re: Wisconsin Healthcare Stability Plan

Dear Deputy Commissioner Houdek:

Thank you for the opportunity to provide feedback on the progress and value of the Wisconsin Healthcare Stability Plan (WIHSP). Quartz Health Benefit Plans Corporation (Quartz) appreciates Governor Evers and his administration's support of Wisconsin's Innovation Waiver under section 1332 of the Patient Protection and Affordable Care Act (PPACA). Quartz is a strong supporter of WIHSP and credits the program for mitigating impact of high-cost claims, putting significant downward pressure on premiums and having a stabilizing effect on Wisconsin's individual market.

To illustrate how WIHSP has had a positive impact on Quartz and the broader individual market, consider the example of a Quartz member who incurred more than \$1 million in WIHSP-eligible claims in 2019. Under the 2019 WIHSP parameters, the reinsurance program covered 50% of this member's medical claims between the \$50,000 attachment point and the \$250,000 annual per-member reinsurance cap. The same member has incurred over \$300,000 in WIHSP-eligible claims between January and March of 2020. Under the 2020 WIHSP parameters, the reinsurance program will cover 50% of this member's medical claims between the \$40,000 attachment point and the \$175,000 annual per-member reinsurance cap.

In the above example, Quartz will receive the maximum \$167,500 in reinsurance cap payments according to the WIHSP parameters between 2019-2020. This amount represents approximately 12% of total WIHSP-eligible claims for this member between 2019 and 2020, to date. This demonstrates how the WIHSP reinsurance program effectively mitigates the impact of high-cost claims without relieving health plans of the obligation to cover the medical and pharmacy expenses of members or bear a reasonable level of risk for participating in the health insurance marketplace.

While fewer than 5% of Quartz members have incurred claims that qualify for reinsurance payments under WIHSP, the positive cumulative impact of the reinsurance program multiplied across our membership benefits all members enrolled in our individual market product - every dollar invested in WIHSP is passed directly to members in the form of lower premiums.

In 2019, the first year WIHSP was in place, Quartz was able to offer premiums that were approximately 9.5% lower, across all metal levels, than they would have been without WIHSP. In 2020, Quartz premiums were approximately 8% lower. The positive impacts of WIHSP extended to all 13 insurers offering plans in the Wisconsin exchange for 2020, nine of which were able to offer premiums that were lower than the previous year. Without WIHSP, rates in the individual market were expected to increase by 9% in 2020.

We are confident the positive impact of WIHSP on premiums across the individual market will continue in 2021. Mitigation of high-cost claims under WIHSP has helped Quartz avoid material premium increases.

Quartz is proud to be a community-based health plan offering access to high-quality, affordable health insurance to our members in Wisconsin's individual market since the inception of PPACA. Our experience validates the strong stabilizing effect WIHSP has had in what has been a historically volatile market. We urge the continued operation and full funding of the WIHSP in Governor Evers's 2021-2023 biennial budget and through the term of the 1332 reinsurance waiver.

The current coronavirus pandemic makes affordable healthcare coverage more important than ever, and market stability and predictability help keep premiums low. Please let us know if we can provide additional details to demonstrate the importance and positive impact of the WIHSP program.

Should you have any questions, please don't hesitate to contact Jonathan Moody, Director of Government Affairs, at [Jonathan.Moody@QuartzBenefits.com](mailto:Jonathan.Moody@QuartzBenefits.com) or Angela McKeighan, Director of Marketplace Products, at [Angela.McKeighan@QuartzBenefits.com](mailto:Angela.McKeighan@QuartzBenefits.com).

Sincerely,

A handwritten signature in black ink that reads "Terry R Bolz". The signature is written in a cursive, slightly slanted style.

Terry R. Bolz  
President and CEO