



Tony Evers

Office of the Governor | State of Wisconsin

The Honorable Xavier Becerra
Secretary
Department of Health and Human Services (HHS)
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Becerra,

The State of Wisconsin is submitting for your review and consideration a Section 1332 State Innovation Waiver (1332 waiver) extension application. The Office of the Commissioner of Insurance (OCI) is seeking to extend our 1332 waiver for an additional five-year period beginning January 1, 2024 and ending December 31, 2028.

Our current 1332 waiver has enabled the implementation of an innovative program, the Wisconsin Healthcare Stability Plan (WIHSP). My administration operationalized this program in early 2019 and continues to successfully manage the WIHSP program thanks to this waiver.

WIHSP has supported a strong health insurance marketplace in its first few years of operation. Wisconsin has one of the most competitive health insurance marketplaces in the country, ranking second nationwide in number of participating insurers. Ensuring Wisconsin has a successful, stable marketplace has helped more state residents access affordable health insurance coverage. The enclosed estimate demonstrates that the waiver resulted in a 13.2% reduction in the average premium paid by Wisconsinites.

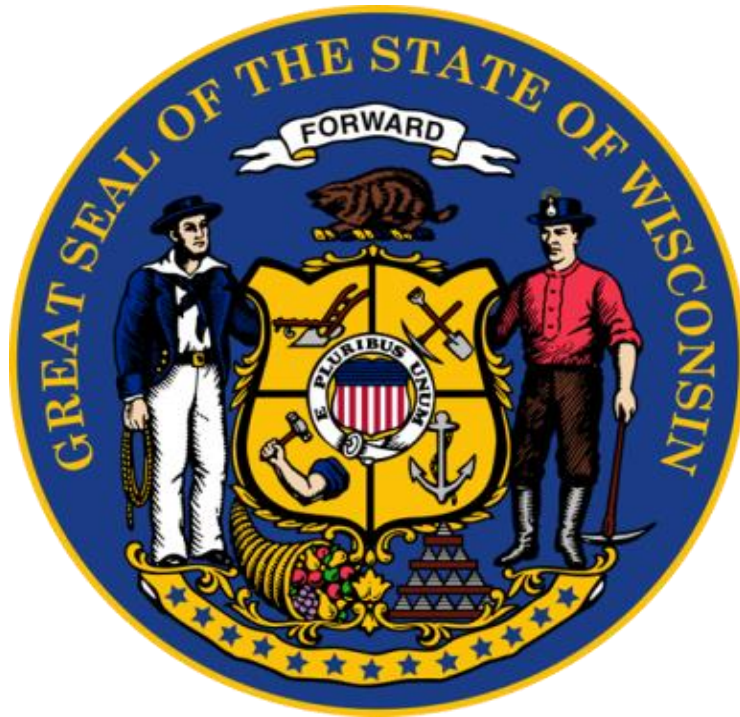
The WIHSP impact is felt across the state. In my 2021-23 state budget, we increased funding for the program to ensure that WIHSP may continue to hold down rates and contribute to affordable health care coverage options in Wisconsin.

We appreciate your consideration of our extension application so that we may continue the success of the WIHSP program.

Sincerely,

A handwritten signature in black ink that reads "Tony Evers".

Governor Tony Evers



**Wisconsin 1332 State Innovation Waiver
Five-Year Extension Application
2024-2028**

**Wisconsin Healthcare Stability Plan
(State Reinsurance Program)**

*Submitted by the Wisconsin Office of the
Commissioner of Insurance*

August 5, 2022

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Attachments

Attachment I: Reporting template for data on common conditions, prescription drugs, and care management strategies

Attachment II: Wakely Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis

Attachment III: OCI Presentation, "1332 Waiver Extension Application, Tribal Consultation"

Attachment IV: OCI Presentation, "2022 Wisconsin Healthcare Stability Plan Annual Forum & 1332 Waiver Extension Application Public Hearing"

Attachment V: Alliance of Health Insurers Comment Letter

Attachment VI: Wisconsin Association of Health Plans Comment Letter

Attachment VII: Congressional Delegation Letter of Support

Attachment VIII: Federal Questions and Wisconsin Responses on the Extension Application

Section 1: Extension Request

A detailed description of the extension request, including the desired time period for the extension. The state must confirm there are no changes to the current waiver plan for the new waiver period that are otherwise not allowable under the state's STCs, or that could impact any of the section 1332 statutory guardrails or program design.

Waiver Request and Timeframe

The State of Wisconsin, through the Office of the Commissioner of Insurance (OCI), submits this 1332 State Innovation Waiver (1332 waiver) extension request to the Centers for Medicare & Medicaid Services (CMS) in the United States Department of Health and Human Services (HHS), and the Department of Treasury (DOT). Currently, Section 1312(c)(1) of the Affordable Care Act (ACA) is waived for years 2019 through 2023 to allow the state to implement a state-based reinsurance program: Wisconsin Healthcare Stability Plan (WIHSP). To allow for the continued operation of WIHSP, this 1332 waiver extension request is for an additional five-year period beginning January 1, 2024 and ending December 31, 2028.

In accordance with Wis. Stat. § 601.83 (1) (a), OCI requests the 1332 waiver extension without substantive change. The extended timeframe is the only change to the existing 1332 waiver. Additionally, the waiver extension will continue to abide by the Specific Terms and Conditions set forth by CMS, adhere to the guardrails established by Section 1332, as well as principles laid out in guidance from CMS, and will not affect other provisions of the ACA.

Wisconsin Healthcare Stability Plan Overview

Background

On February 27, 2018, bipartisan legislation was signed into law establishing WIHSP. The new law, 2017 Wisconsin Act 138 ("Act 138"), set forth the operational structure for WIHSP, contingent upon an approved 1332 waiver. In July 2018, Wisconsin received 1332 waiver approval, effective January 1, 2019.

WIHSP is funded with both federal pass-through dollars and state general purpose revenue (GPR). The state appropriation is sum sufficient, meaning the state pays the difference between the federal pass-through amount and total WIHSP claims for a given year. As enacted, Act 138 limited total WIHSP funding to \$200 million, unless the Legislature's Joint Finance Committee approved a higher

amount. The 2021-23 state budget, signed by Governor Evers in July 2021, increased that amount to \$230 million beginning in 2022. This bipartisan effort to increase funding for the program demonstrates the state's commitment to ensuring WIHSP continues to hold down rates and contribute to affordable health care coverage options in Wisconsin.

Beginning in May 2022, OCI began collecting additional claims data from insurers to better understand the claim costs that the program is offsetting. The data reflects claims experience in the following areas:

- The most common and most costly medical conditions.
- The most common and most costly prescription drugs.
- The care management programs insurers have in place to manage health care costs and utilization.

The template used to collect this data is included as Attachment I to this application.

WIHSP Administration

OCI implements WIHSP within its operating budget. Full-time, permanent staff working at OCI prior to WIHSP were leveraged to implement the program. The WIHSP Administrator is responsible for insurer communications, claims management, audit functions, and federal reporting. OCI's accounting staff disburses payments to insurers. An actuarial firm is engaged for assistance in setting payment parameters, completing pass-through reports, and informing the annual report. Direct OCI support of WIHSP operations allows all federal pass-through dollars, along with state general purpose revenue, to directly fund WIHSP claims and positively impact the market.

Key dates involved in the operation of WIHSP:

- Payment parameters must be established no later than May 15 of the year before the applicable benefit year.
- Final WIHSP claim reports, reflecting EDGE server data, are due to OCI no later than May 15 of the year following the applicable benefit year (payments are made based on these reports).
- WIHSP payment to insurers must occur no later than August 15 following the applicable benefit year.

Payment parameters for plan years 2019 through 2021 were established assuming a \$200 million program, however, WIHSP claims for each of the first two years totaled under \$200 million. To further drive down premium rates for consumers, payment parameters were adjusted from 2019 to 2020 to incorporate lower cost claims and better target the \$200 million funding limit. However, the COVID-19 pandemic resulted in fewer medical procedures and lower than expected claim volume in 2020. WIHSP payment parameters for 2019 through 2023 are indicated below. The 2022 and 2023

payment parameters support a \$230 million program. Total WIHSP claims for years available at the time of application are also included.

Year	Payment Parameters	Total WIHSP Claims Paid	WIHSP Maximum
2019	Attachment Point: \$50,000 Coinsurance Rate: 50% Reinsurance Cap: \$250,000	\$174,254,353.91	\$200 Million
2020	Attachment Point: \$40,000 Coinsurance Rate: 50% Reinsurance Cap: \$175,000	\$183,483,625.85	\$200 Million
2021	Attachment Point: \$40,000 Coinsurance Rate: 48% Reinsurance Cap: \$175,000	\$202,811,341.37	\$200 Million ¹
2022	Attachment Point: \$40,000 Coinsurance Rate: 50% Reinsurance Cap: \$175,000	Not available until July 2023	\$230 Million
2023 ²	<i>Assumes American Rescue Plan Act (ARPA) subsidies are not extended into 2023</i> Attachment Point: \$40,000 Coinsurance Rate: 44.81% Reinsurance Cap: 175,000 <i>Assumes ARPA subsidies continue through 2023</i> Attachment Point: \$45,000 Coinsurance Rate: 50% Reinsurance Cap: \$141,685	Not available until July 2024	\$230 Million

Section 2: Program Outcomes

Preliminary evaluation data and analysis of observable outcomes from the existing waiver program, which includes quantitative or qualitative information on why the state believes the program did or did

¹ Section 601.83(h), Wis. Stats. allows, upon OCI's request, the Legislative Joint Committee on Finance to approve an increase above the statutory limit of \$200 million all funds under s. 13.10, Wis. Stats. The committee approved OCI's request to fully fund plan year 2021 WIHSP claims on May 31, 2022.

² Given the uncertainty around an ARPA extension, OCI is requiring insurers to submit two uniform rate review templates; one assuming ARPA expires at the end of 2022 and the other assuming subsidies continue through 2023. A set of payment parameters was established for each scenario and will be used by insurers when establishing their plan year 2023 rates.

not meet the statutory guardrails. For example, the state may provide information comparing the originally projected premium reductions or expected claims reimbursements to the actual values of the outcomes observed.

Evaluation and Data Analysis & Adherence to the Statutory Guardrails

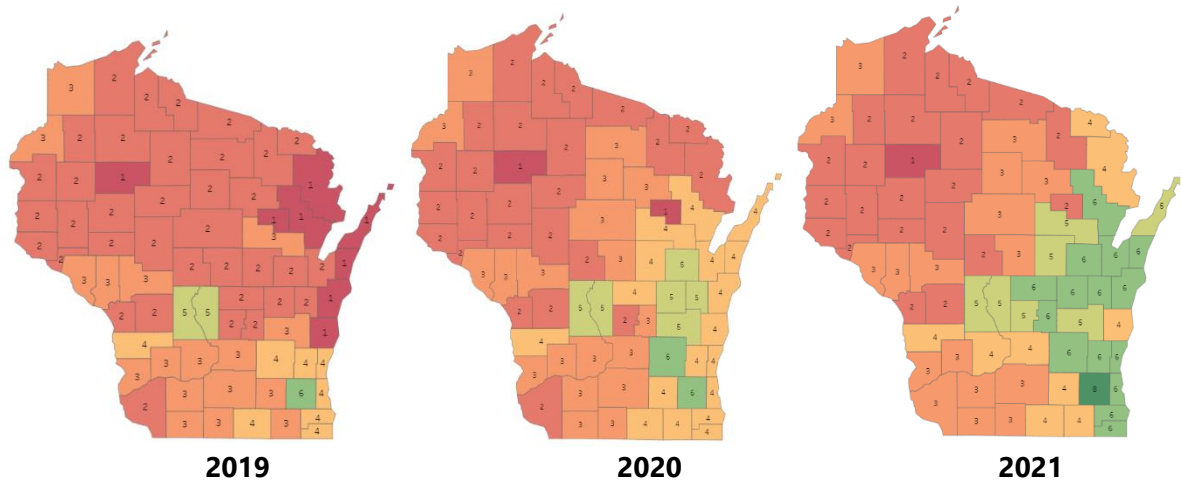
Refer to Attachment II: Wakely Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis

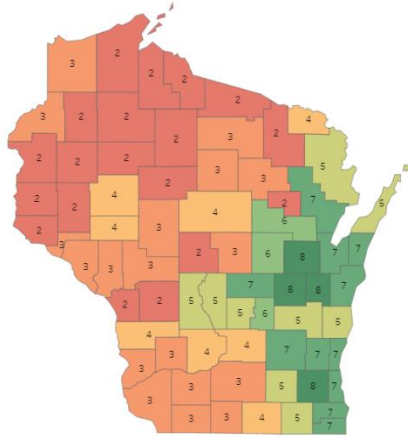
The actuarial and economic analysis details how premiums in the individual market have stabilized under WIHSP and projections for the term of the waiver extension.

Increased Competition and Consumer Choice

In addition to premium stability (discussed in Attachment II), insurers have re-entered the market and expanded service areas. This has created additional competition and increased consumer choice across the state. In 2022, fifteen insurers are participating in the individual market, with fourteen of those offering coverage on the Federally Facilitated Marketplace (FFM).

Maps reflecting plan years 2019, 2020, 2021, and 2022 are displayed below to demonstrate the increase in the number of insurer options across counties since WIHSP was implemented.





2022

Section 3: Updated Economic or Actuarial Analysis for Extension Period

Updated economic or actuarial analyses for the extension period, if the state is aware of changes in state law, the state insurance market, or to the waiver program that are allowable under the STCs and impact waiver assumptions and projections, and that the state has not previously shared with the Departments via its reporting requirements.

Economic and Actuarial Analysis

Refer to Attachment II: Wakely Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis

Section 4: Evidence of Sufficient Authority under State Law

Evidence of sufficient authority under state law(s) in order to meet the PPACA section 1332(b)(2)(A) requirement for purposes of pursuing the requested extension.

Statutory Authority

As referenced under Section 1, on February 27, 2018, bipartisan legislation was signed into law establishing WIHSP. The new law, 2017 Wisconsin Act 138 set forth the operational structure for WIHSP, contingent upon an approved 1332 waiver. In July 2018, Wisconsin received 1332 waiver approval, effective January 1, 2019.

The statutory language below, [Wis. Stat. § 601.83 \(1\) \(a\)](#), specifically addresses the ability for OCI to pursue an extension.

(a) The commissioner shall administer a state-based reinsurance program known as the healthcare stability plan in accordance with the specific terms and conditions approved by the federal

department of health and human services dated July 29, 2018. Before December 31, 2023, the commissioner may not request from the federal department of health and human services a modification, suspension, withdrawal, or termination of the waiver under [42 USC 18052](#) under which the healthcare stability plan under this subchapter operates unless legislation has been enacted specifically directing the modification, suspension, withdrawal, or termination. **Before December 31, 2023, the commissioner may request renewal, without substantive change, of the waiver under [42 USC 18052](#) under which the health care stability plan operates in accordance with s. [20.940 \(4\)](#) unless legislation has been enacted that is contrary to such a renewal request. The commissioner shall comply with applicable timing in and requirements of s. [20.940](#).**

[Wis. Stat. § 20.940 \(4\)](#) requires OCI to submit the extension application to the Legislative Joint Finance Committee (JFC) for a 14-day passive review prior to submitting it to the federal government. OCI submitted the draft application to JFC on May 31, 2022 and their review period ended June 20, 2022, without objection. Therefore, the application was approved to move forward.

[Wis. Stat. § 601.83 \(1\) \(h\)](#), initially capped WIHSP at \$200 million all funds, unless the JFC increased the amount upon the Commissioner's request. In 2021, the statute was amended to add [Wis. Stat. § 601.83 \(1\) \(hm\)](#), to increase the WIHSP funding limit to \$230 million from all funding sources, starting in 2022.

Statutory references related to WIHSP are noted and linked below.

- Healthcare stability plan administration, [Wis. Stat. § 601.83](#)
- Accounting, reports, and audits, [Wis. Stat. § 601.85](#)
- Legislative authorization and oversight of requests to federal government, [Wis. Stat. § 20.940 \(4\)](#)
- Administrative rule governing WIHSP, [Chapter INS 19, Wis. Admin. Code](#).

Section 5: Public Input and Tribal Consultation

An explanation and evidence of the process to ensure meaningful public input on the extension request, which must include:

1. *For a state with one or more Federally-recognized Indian tribes within its borders, providing a separate process for meaningful consultation with such tribes, and providing written evidence of the state's compliance with this requirement;*
2. *Publicly posting the submitted LOI on the state's website to ensure that the public is aware that the state is contemplating a waiver extension request; and*
3. *Publicly posting the waiver extension application on the state's website upon its submission of the waiver extension application to the Departments.*

The state does not have to meet all of the public notice requirements specified for new waiver applications in 31 C.F.R. § 33.112 and 45 C.F.R. § 155.1312 (e.g., holding two public hearings and providing a 30-day comment period) to fulfill paragraph (5) above. However, the state must ensure and demonstrate there was an opportunity for meaningful public input on the extension request. For example, the state may choose to hold one public hearing or provide an amended or shorter comment period, or some combination of both. If the state holds one public hearing, it can use its annual public forum for the dual purposes of gathering input on the existing waiver as well as the extension application request.

1332 Waiver Extension Hearing and Public Comment Period

As required, the Letter of Intent is posted on the OCI website:

https://oci.wi.gov/Documents/AboutOCI/WIHSP_LOI_1332WaiverExtension_6.1.21.pdf

The draft waiver extension application was posted to the OCI website on May 26, 2022. A public notice for a joint hearing on the extension application and the WIHSP annual forum, as well as a 42-day comment period on the application, was posted to the OCI website on May 26, 2022. The notice was also distributed to anyone who is signed up to receive OCI meeting notifications via email and was physically posted to the OCI official open meetings bulletin board located in the lobby of the office building, as well as to the Wisconsin Public Meetings, Notices, & Minutes website <https://publicmeetings.wi.gov/>. The following language is included on all OCI meeting notices: "If you need special accommodations due to a disability, please call the OCI contact person on this notice. For the hearing impaired, call 711 and give them the OCI contact person's number as listed in this notice."

Links to the draft application and the public hearing/comment period notice:

[WIHSP_DraftApplicationCombinedFile.pdf](#)

[WIHSP_PublicHearingNotice_5.26.22.pdf](#)

The public hearing was held virtually on July 6, 2022. OCI presented a power point presentation, available on the OCI website and included as Attachment IV:

https://oci.wi.gov/Documents/AboutOCI/WIHSP_AnnualPublicForum2022.pdf

WisconsinEye Public Affairs Network, a 501c3 nonprofit organization and independent non-government funded State Capitol broadcast organization, live streamed the presentation. It is unknown who viewed the presentation through WisconsinEye, however, the individuals using the OCI Zoom link are listed in the table below.

No.	Name	Affiliation
1	Sarah Smith	OCI
2	Jennifer Stegall	OCI
3	Rebecca Rebholz	OCI
4	Julie Walsh	OCI
6	Rachel Carboni	OCI
7	Madison Tse	OCI
8	Brian Brown	OCI
9	Sue Ezalarab	Public Member
10	Kelsey Avery	Wisconsin Association of Health Plans
11	Abby Carter	Anthem Blue Cross and Blue Shield
12	PJ Mitchell	Medica
13	Rebecca Hogan	Alliance of Health Insurers
14	Doug Saunders	Anthem Blue Cross and Blue Shield
15	Johnathan Moody	Quartz

There were no questions or substantive comments following the presentation.

The public comment period ended on July 8, 2022. Two organizations, the Alliance of Health Insurers and the Wisconsin Association of Health Plans submitted written comments. Those are attached to this application as Attachment V and Attachment VI, respectively. The Wisconsin Congressional Delegation also submitted a letter of support included as Attachment VII.

Tribal Consultation

OCI worked with the state Department of Administration (DOA) to invite the eleven federally recognized tribes to a consultation related to the 1332 waiver extension application. An email invitation was sent to tribal representatives, as well as reminders from DOA when they had interactions with the tribes. While lightly attended, the input from those in attendance was positive and helpful. A list of the attendees is reflected below.

Name/Title	Affiliation
Rachel Cissne Carabell, Deputy Commissioner	OCI
Jennifer Stegall, Executive Senior Policy Advisor	OCI
Timothy Cornelius, Attorney	OCI
Jill Kelly, Executive Staff Assistant	OCI
Dawn Vick, Administrator, Division of Intergovernmental Relations	DOA
David Poupart	Lac du Flambeau

Name/Title	Affiliation
Chris McGeshick, Compliance Manager	Bad River
David Larsen, Continuance Care Director	Oneida Nation
Tana Aguirre	Oneida Nation
Forbes McIntosh, Lobbyist	Oneida Nation
Natalyn Gardner	Forrest County Potawatomi

Rachel Cissne Carabell, Deputy Commissioner, opened the meeting with introductions and delivered a power point presentation which provided background on the individual market, special Affordable Care Act (ACA) benefits available to members of federally recognized tribes, WIHSP, and the extension application. The power point is included as Attachment III.

Following the OCI presentation, tribal representatives offered comments, summarized below.

An Oneida representative indicated support for WIHSP and believes it is a good thing for the state. Oneida has quite a few members who do not have employer sponsored coverage, but their income is too high for Medicaid. It was mentioned that a number of tribal members could not afford ACA coverage without WIHSP in place.

DOA has heard from some tribes who are wondering if there is a way to enable more people to take advantage of the program. OCI responded indicating WIHSP is capped at \$230 million, and that amount helps to bring down rates for those purchasing individual health insurance coverage. OCI questioned whether the level of awareness amongst tribal members related to coverage available through Healthcare.gov may be an issue contributing to the level of participation. The group discussed increasing awareness and possibly having the state prepare messaging that tribes could include in their newspapers and social media content to increase awareness. It was also suggested that OCI possibly attend a regional Tribal Health Directors meeting (these are organized by the state Department of Health Services). It was also acknowledged that the annual OCI tribal consultation is an option for continuing the discussion.

DOA noted that there seems to be fewer health care provider options in the northern areas of the state. OCI acknowledged that there are fewer health insurers doing business in the northern areas of the state but also pointed out that there are at least two in every county and the number of insurers expanding their regions has increased since WIHSP has been in place.

OCI asked if anyone in attendance could speak to the intersect between Indian Health Services (IHS) and insurance coverage for their members. Oneida took the lead in explaining the following:

- There are no Indian Health Service facilities in WI.
- IHS contracts with the tribes and provides funding for all eleven tribes.

- The amount averages 43% of the level of needed funding to operate clinics. It was noted that for some tribes, the amount is closer to 30% of what is needed.
- Tribes rely on IHS funding as well as funding sources such as insurance coverage or tribal dollars to fund health care coverage.
- Most tribes, not all, but most, have been in a position of having to deny care because the IHS and third-party funding sources are not enough.
- Tribes have health benefit specialists that work with individuals to understand what they may be eligible for, including coverage available on Healthcare.gov

Section 6: Federal Questions on the Extension Application

The federal Centers for Consumer Information and Insurance Oversight (CCIIO) asked OCI several questions related to the 1332 waiver extension application. CCIIO's questions and OCI's responses can be found in Attachment VIII to this application.

Attachment I: Reporting Template for Data on Common Conditions, Prescription Drugs, and Care Management Strategies

Wisconsin Health Care Stability Plan
Most Common and Most Costly Conditions



Reporting Reflects 2021 Benefit Year

P.O. Box 7873
 Madison, WI 53707-7873
 (OCI 46-011)

Company Name

Table 1a. Ten Most Common ICD-10 Primary Diagnosis Categories Among Enrollees with Claims Reimbursed by WIHSP*

Rank	Diagnosis Category**	Description of Category***	Total Number of Enrollees****	Total Paid Claims*****
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
Total			0	\$0.00

Table 1b. Ten Highest Cost ICD-10 Primary Diagnosis Categories Among Enrollees with Claims Reimbursed by WIHSP (i.e. highest spend for a particular diagnosis category across all WIHSP enrollees)

Rank	Diagnosis Category**	Description of Category***	Total Number of Enrollees****	Total Paid Claims*****
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
Total			0	\$0.00

* "Most Common" refers to claims occurring most often across enrollees

** A diagnosis category refers to the first three characters of the primary diagnosis (e.g., diagnosis of E11.3 and E11.4 would be grouped together as E11)

Do not include preventative services required to be covered under the Affordable Care Act. <https://www.federalregister.gov/documents/2015/07/14/2015-17076/coverage-of-certain-preventive-services-under-the-affordable-care-act>

*** Example: If the diagnosis category is E11, the description would be "Type 2 Diabetes"

**** Include WIHSP eligible enrollees with at least one paid claim included in the referenced diagnostic categories. An enrollee may be included in multiple diagnostic categories.

***** Total paid claims reflect insurer payments for the identified category for the enrollees included in column D

Attachment I: Reporting Template for Data on Common Conditions, Prescription Drugs, and Care Management Strategies

**Wisconsin Health Care Stability Plan
Care Management Strategies Report**



Reporting Reflects 2021 Benefit Year

P.O. Box 7873
Madison, WI 53707-7873
(OCI 46-011)

Company Name

Care Management Strategies for Top Five Diagnosis Categories in Table 1a. under the "Conditions" tab

Rank	Diagnosis Category	Description of Category	Care Management Strategy (Brief Summary)*	Number of WIHSP Eligible Enrollees Participating**
1				
2				
3				
4				
5				

Care Management Strategies for Top Five Diagnosis Categories in Table 1b. under the "Conditions" tab.

Rank	Diagnosis Category	Description of Category	Care Management Strategy (Brief Summary)*	Number of WIHSP Eligible Enrollees Participating**
1				
2				
3				
4				
5				

*Include a description of each initiative or program the insurer undertook to manage the costs and utilization of WIHSP eligible enrollees with claims falling within the listed ICD-10 Diagnosis Categories.

If the same initiative or program applies to more than one diagnosis category, insurers may provide one summary and refer back to it under the other diagnosis categories it applies to.

The description should include how the target population is identified, goals and outcomes of the initiative, and activities undertaken to evaluate the effectiveness of the initiative.

Insurers may include an explanation as to why participation in a care management program is high or low. Where no care management strategy is offered, insurers should indicate "No strategy in place" along with a brief explanation as to why that is.

**Number of enrollees (covered lives) with claims eligible for WIHSP payment who are participating in the care management strategy.

**Wisconsin Health Care Stability Plan
Prescription Drug Report**



Wisconsin Office of the
**COMMISSIONER
OF INSURANCE**

Reporting Reflects 2021 Benefit Year

P.O. Box 7873
Madison, WI 53707-7873
(OCI 46-011)

Company Name

Table 2a. Ten Most Common Prescription Drugs Among Enrollees with Claims Reimbursed by WIHSP*

Rank	Prescription Drug**	Marketing Name (if applicable)	Total Number of Enrollees***	Total Paid Claims****
Example	Adalimumab	Humira		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
Total			0	\$0.00

Table 2b. Ten Highest Cost Prescription Drugs Among Enrollees with Claims Reimbursed by WIHSP (i.e. highest spend for a particular Rx drug across all WIHSP enrollees)

Rank	Prescription Drug**	Marketing Name (if applicable)	Total Number of Enrollees***	Total Paid Claims****
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
Total			0	\$0.00

*"Most common" refers to claims occurring most often across enrollees.

** Prescription drugs may be aggregated at the National Drug Code (NDC) level.

***Include enrollees with at least one claim for the referenced prescription drug. An enrollee may be included in the count for multiple prescription drugs listed in the top 10.

****Total paid claims reflects insurer payments for the identified category for the enrollees included in column D.



State of Wisconsin

Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis

April 27, 2022

Prepared by:
Wakely Consulting Group, LLC

Julie Peper, ASA, MAAA
Principal

Michael Cohen, PhD
Director

Matt Cornish
Senior Actuarial Analyst



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Introduction

The individual health insurance market in the state of Wisconsin (“Wisconsin”) has shown signs of improving since the approval and introduction of its reinsurance based 1332 waiver. In the four years preceding the introduction of the reinsurance program, Wisconsin’s benchmark plan premium increased nearly 20% per year. In the four years since the introduction of the reinsurance program, the benchmark premiums has decreased 7% on average.¹

In order to mitigate further potential destabilization, Wisconsin submitted a Section 1332 State Innovation Waiver (“1332 waiver” or “waiver”) effective for the 2019 benefit year. The Affordable Care Act (ACA) permits states to waive certain provisions of the ACA in order to increase access to affordable coverage. This waiver was approved by both of the Secretaries of Health and Human Services (HHS) and Treasury. Since the waiver went into effect, Wisconsin’s rates have been significantly lower than they otherwise would have been. To maintain the gains Wisconsin’s 1332 waiver achieved, it is applying for a five-year extension to its waiver. This document is the actuarial and economic analysis for the extension application.

Pursuant to 45 CFR 155.1308(f)(4)(i)-(iii), in order for Wisconsin’s 1332 waiver to be approved, the state must demonstrate that the waiver satisfies the four “guardrails”. The four guardrails are: coverage, affordability, comprehensiveness, and deficit neutrality.

The waiver, as proposed, would continue to reduce premiums through the continuation of a state-based reinsurance program that started in 2019. The reinsurance program would operate in the same fashion as the current 1332 waiver operates in that it would reimburse insurers for a proportion (coinsurance amount) of high-cost enrollee claims between a lower bound (attachment point) and an upper bound (cap). The reinsurance program will be funded, contingent on approval of the 1332 waiver, through a sum sufficient state appropriation and federal pass-through funds, not to exceed \$230 million all funds per plan year for the 2024 to 2028 plan years.

The program will continue to waive the single risk pool provision under the current reinsurance program. The goal of the waiver is lower premiums and increased access and coverage to underserved and under-subsidized populations, which would incentivize enrollees to join or remain in the market. Reducing premiums for those purchasing insurance coverage in the individual market will also reduce the amount of Premium Tax Credits (PTCs) Wisconsinites receive over the next five years. PTCs are subsidies for eligible enrollees that can be used to reduce the cost of premiums for plans purchased through the Exchange. The amount of PTCs available for eligible consumers are benchmarked to the second lowest cost silver plan (SLCSP) available on the Exchange. If premiums are reduced (including the SLCSP), then the amount the Federal Government will be required to pay in PTCs will also be reduced.

¹ <https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/?currentTimeframe=0&sortModel=%7B%22collId%22:%22Location%22,%22sort%22:%22asc%22%7D>



This report estimates the savings on aggregate PTC amounts. The waiver requests that Wisconsin receive the amount of federal savings from PTCs, net of other costs, alongside savings attributable to the current approved 1332 waiver. By reducing premiums and also by using pass-through funding to support affordability, the waiver seeks to continue the access to affordable and comprehensive coverage that the current waiver affords the state.

The State of Wisconsin's Office of the Commissioner of Insurance ("OCI") retained Wakely Consulting Group, LLC ("Wakely") to analyze the potential effects of the proposed 1332 waiver extension. This document has been prepared for the sole use of Wisconsin. Wakely understands that the report will be made public and used in the 1332 waiver extension process. This document contains the results, data, assumptions, and methods used in our analyses and satisfies the Actuarial Standard of Practice (ASOP) 41 reporting requirements. Using the information in this report for other purposes may not be appropriate.

This actuarial report is a supplement to Wisconsin's 1332 waiver extension application. It addresses the requirements of 45 CFR 155.1308(f)(4)(i)-(iii) for applying for a 1332 waiver, including actuarial analyses and actuarial certifications, economic analyses, and data and assumptions. Other sections of the waiver contain the non-actuarial portions of the 1332 waiver requirement. Reliance on this report should include a review of the full report by individuals with appropriate qualifications.

Background

Given that the proposed 1332 waiver extension would continue to operate in a similar manner as the current 1332 waiver program, it is relevant to review the extent to which the current waiver has met the four guardrails. In order for a 1332 waiver application to be approved by HHS, it must meet four ACA section 1332 "guardrails." These guardrails specify that the waiver must provide for coverage that is at least as comprehensive as the coverage currently offered on the state's exchange; the protections against excessive out-of-pocket spending by members (such as cost-sharing) in the waiver must result in plans that are at least as affordable as plans currently offered on the state's exchange; the waiver must provide coverage to at least a similar number of residents as current plans; and, the waiver must not result in an increase to the federal deficit.

Comprehensiveness

The current 1332 waiver in effect for Wisconsin did not mandate any changes to Essential Health Benefits ("EHBs").² Issuers offering plans in the state were and are still required to offer all mandated EHBs in order to be Exchange-compliant. Similarly, the extension of this waiver will not affect the current EHB mandate or other types of coverage in the state (such as Medicaid or Children's Health Insurance Program) and therefore the waiver extension will allow for plans that are as comprehensive as current plans in Wisconsin.

²<https://oci.wi.gov/Documents/Regulation/WI%201332%20Waiver%20Application%20and%20All%20Attachments.pdf>

Affordability

As part of an analysis for the Wisconsin reinsurance program that is the subject of this 1332 waiver extension, Wakely examined the effect of the waiver on 2022 average premiums for non-group plans. Overall, Wakely estimated that the average premium paid by Wisconsinites was reduced by approximately 13.2% due to the effect of the waiver.³ Furthermore, a study commissioned by HHS concluded that the waiver reduced premiums (compared to if the waiver was not in place) by 9.9%, 11.0%, and 13.0% in 2019, 2020, and 2021 respectively.⁴ The extension of the waiver is expected to have a similar impact to the premiums paid by Wisconsinites, and therefore the extension will provide for plan options that meet the affordability guardrail.

Table 1. Member Premium Changes with and without Reinsurance⁵

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

Coverage

Wakely also analyzed the effect of the waiver on membership and found that the waiver caused an increase in enrollment of 0.9%.⁶ In addition, the HHS study notes that the number of carriers offering plans on the Exchange steadily increased from 2019 to 2021. These factors indicate that the waiver extension is likely to continue to improve access for Wisconsinites to health care.

Deficit Neutrality

The reinsurance program under the current 1332 waiver is funded by federal pass-through funds and Wisconsin state general purpose revenue, which is comprised of taxes and receipts collected by the state and does not include federal funds. Furthermore, the reduction of premiums paid by members as well as the improved morbidity as a result of greater access to healthcare results in fewer federal funds spent on Advance Premium Tax Credits (APTC) in the state. These results serve to reduce the federal money spent and have a positive effect on the federal deficit. The

³ <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/1332-Data-Brief-Aug2021.pdf>

⁴ Ibid

⁵ The Premium Change with Reinsurance and the Impact of Reinsurance were calculated based on issuer rate filings and weighted by historical enrollment. The Premium Change without Reinsurance was calculated from these two numbers. The Impact of Reinsurance may vary from the CMS reported impact due to different weightings used in the calculations.

⁶ Ibid

extension of the 1332 waiver is expected to continue this trend and therefore no increase to the federal deficit is anticipated.

Analysis Results - Extension

As described previously, the four guardrails for approval of a 1332 waiver application are requirements for: 1) Coverage; 2) Affordability; 3) Comprehensiveness; and 4) Deficit Neutrality.

Wakely's analysis estimated that the waiver extension will meet each of the four guardrails in each of the five years of the waiver. The high-level guardrail results are shown in the table below. Detailed results for all five years of the waiver are included in Appendix B. Our analysis shows that the positive guardrail effects will continue with the waiver extension.

Throughout this report, the estimates reflect the current law and thus assume that provisions of the American Rescue Plan (ARP), particularly the enhanced premium subsidies for individuals purchasing health coverage on the Exchange, are not in effect in 2023 and beyond unless otherwise noted. Similarly, as the family glitch regulation has not been finalized the impact is not included, unless otherwise noted. Below and in Appendix A, we discuss the results of alternative scenarios to provide a range of possible outcomes due to the uncertainty of the assumptions included in this report, including three scenarios in which the enhanced premium subsidies available under ARP continue for the waiver period.

Table 2: High-Level Guardrail Results

Guardrail	Effect of Waiver
Coverage	Increases enrollment by 0.8% to 1.0%
Affordability	Reduces premiums by 9.5% to 11.4%
Comprehensiveness	No Impact
Deficit Neutrality (5-year)	\$901 million savings

Coverage, Affordability, and Comprehensiveness

The waiver is expected to decrease premiums in the individual market. The reduction in premiums is expected to increase overall coverage. Research from the Congressional Budget Office (CBO)⁷ and the Council of Economic Advisors (CEA)⁸ has noted that premium decreases result in enrollment increases. As the waiver results in decreased premiums it is also expected to improve affordability for consumers. Finally, the increase in premium and cost-sharing subsidies would also increase coverage and improve affordability. The waiver would have no effect on the

⁷ <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/87xx/doc8712/10-31-healthinsurmodel.pdf>

⁸ https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf

comprehensiveness of coverage (beyond increasing the number of people with comprehensive coverage). EHB requirements will not be affected by the waiver. Coverage in the individual market would provide the same benefits under the waiver as they would without it.

Deficit Impact

The following table displays the impact of the waiver extension's individual market elements, relative to the baseline, for each of the 5 years of the program. Based on the best estimate assumptions, the waiver will reduce premiums and increase individual enrollment, and have no negative effect on the federal deficit. Additional details regarding the 5-year estimates are shown in Appendix C.

Table 3: Impact of Waiver Extension on Premium, Enrollment, and Federal Deficit

	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

Over the 5-year window, the extension's individual market elements provide savings to the Federal Government due to PTC savings net of other federal revenues. The details of the federal savings over the 5-year window are shown in Appendix B.

The best estimate assumptions resulted in a reduction in premiums of 11.4% due to the reinsurance program and resulting improvement in morbidity.

Scenario Testing

Wakely performed scenario testing, which primarily involved changing enrollment, premiums, and whether provisions under the ARP continued beyond 2022. These assumptions were chosen for scenario testing, as they are significant drivers of the results of the analysis. Scenario 1 is the best estimate scenario described above. Scenario 2 (low) assumed enrollment is far lower than the best estimate. There is considerable uncertainty as to timing of the PHE ending, ARPA subsidies, state of economy/uninsured rate and combined effects that could have on enrollment. Given the substantial uncertainty, Wakely used Wisconsin's average enrollment in 2020 to illustrate the effects of lower enrollment on premiums and federal savings. Wakely also provided estimates that aligned with high enrollment. In this scenario Wakely assumed the ARPA subsidy levels continue into 2024. It also assumes the Department of the Treasury finalizes proposed changes to the family glitch which results in higher enrollment due to greater uninsured taking up coverage as well as a shift from unsubsidized to subsidized to account for the change in APTC eligibility. The end of PHE was assumed to align with best estimate or July 2022. Finally, premium trends are assumed to be higher than those estimated for the best. Further details regarding the



scenario testing can be found in Appendix A and Appendix B. The high-level results of the scenario testing are shown in the table below. Although a variety of alternative scenarios were tested, the basic conclusions did not alter significantly from the best estimate scenarios.

Table 4: 2024 High-Level Results of Scenario Testing

Scenario	1	2	3
Description	No ARP - Best	No ARP - Lower Enrollment	ARP - Higher Enrollment
Total Change in Premiums relative to Baseline	-11.4%	-11.9%	-9.9%
Estimated Net Federal Savings (millions)	\$180	\$174	\$179

Appendix A – Data and Methodology

2024 Baseline Enrollment and Premium Estimates

Wakely analyzed the 2021 and 2022 individual market data, including average enrollment, premium, and claims data. Then Wakely estimated the 2024 market. To do this, Wakely completed the following steps:

1. Wisconsin's insurers submitted 2021 and emerging 2022 enrollment, claims (2021 only), premium, and APTC information. Minor adjustments were made to obtain the estimated average enrollment and premium estimates for 2022. Adjustments accounted for attrition in enrollment throughout the year.
2. 2023 premium amounts were estimated from the 2021 and 2022 base data. 2023 premium increases were based on issuer data trended to 2023, and an estimate of target loss ratio based on 2022 URRT data. Similar adjustments were made to gross premiums for APTC members. Net premiums were adjusted both for inflation increases, and for scenarios where ARP is expiring (including the best estimate), adjustments to account for market changes.
3. Given the regulatory uncertainty around the American Rescue Plan (ARP) and the timing of the end of the public health emergency (PHE), we assumed that for the best scenario the ARP would expire at the end of 2022 and the PHE (and subsequent Medicaid redetermination) would end in July 2022. It should be noted that similar level of COVID claims are assumed in 2023 compared to 2021, keeping the claims trends close to 2019 to 2021 average trend. This scenario aligns with current law/expectations.
4. To estimate the 2024 baseline, Wakely estimated continued enrollment attrition due to the ending of ARP as well as attrition of enrollees that gained individual market coverage due to Medicaid redetermination. Wakely also increased premiums by a reasonable trend amount (6%) and net premiums for APTC members were increased by 3%.

Waiver Effects

1. To estimate pass-through amounts and impact of the waiver, Wakely developed a 2024 baseline market without reinsurance for both premiums and enrollment. Using these assumptions and the various total funding amounts, the pass-through was estimated, with the resulting funding being the state amount. One key assumption in this calculation was the impact to premiums due to reinsurance. Wakely made several assumptions:

- a. Wakely assumed that the premium impact would be reduced by the amount of reinsurance funding, variable non-benefit expense loads, and modest morbidity improvements.
- b. The impact to the SLCS plan, on which the APTCs and pass-through are based, was assumed to be the same as the overall impact to the market. If the premium impact to the SLCSPs is more than the market (as it was in 2021), the pass-through could be higher. If the premium impact to the SLCSPs is lower than the market (as it was in 2020), the pass-through could be lower. In the first few years of the waiver, the impact to the SLCS plan has been similar to the market average.
- c. A PTC adjustment was assumed to reduce the APTC savings to PTC savings. For the ARP ends scenarios, a PTC adjustment similar to pre-ARP years was used. For the ARP continues scenario, an adjustment similar to 2021 was used.
- d. Finally, the difference in Federally-facilitated Exchange User Fees was subtracted from the Federal savings to determine the estimated pass-through. This aligns with the Federal methodology for calculating pass-through amounts, which calculates the amount of Federal savings from lower APTCs but then reduces those savings with the amount of user fee revenue lost due to lower premiums via reinsurance. For purposes of the analysis, it was assumed that the user fees would be 2.75% in 2024 and future years. A lower user fee would increase the amount of Federal pass-through, all things equal, since it would increase lost Federal revenue.

The following table shows the historical and estimated enrollment and premiums with the reinsurance waiver.

Table 5: 2021 to 2023 Average Enrollment and Premium Data Best Estimates with Waiver

	2021 Actual	2022 Estimated	2023 Estimated
Average Annual Enrollment			
Total Individual Market	198,488	215,600	208,287
Exchange	180,427	198,149	191,014
APTC	154,494	175,039	164,169
Non-APTC Exchange	25,933	23,110	26,845
Off-Exchange	18,061	17,452	17,273
Total Non-APTC	43,994	40,561	44,117
Premiums PMPM			
Total Individual Premium	\$622.58	\$628.42	\$733.80
Gross Premiums for APTC Members	\$650.62	\$653.08	\$753.54
Net Premiums for APTC Members	\$108.17	\$128.54	\$143.24

	2021 Actual	2022 Estimated	2023 Estimated
APTC	\$542.45	\$524.54	\$610.30
Total Annual Dollars⁹			
Total Individual Premiums (millions)	\$1,483	\$1,626	\$1,834
Total APTCs (millions)	\$1,006	\$1,102	\$1,202

Beyond 2024

For years beyond 2024, Wakely made the following assumptions specific to the best estimate, where ARP does not extend past 2022:

1. Baseline premiums (both total individual and on-Exchange) as well as Gross Premium Amounts for individuals with APTC were trended by the Office of the Actuaries National Health Expenditure spending for each year of the 5-year window, starting in 2025.¹⁰
2. APTC Net Premiums were increased 3.0% annually after 2023 to account for indexing.
3. Enrollment was assumed constant. That is, the impact of ARP and the end of the PHE are assumed to be complete as of 2024.
4. The impact of reinsurance was assumed to reduce claims by \$230 million in each year.

Alternative Scenarios

Wakely estimated two additional 2024 scenarios to analyze the robustness of the initial findings. Instead of analyzing various scenarios, Wakely focused on analyzing a “low” and a “high” scenario where many of the assumptions would result in lower/higher APTC savings. These scenarios are intended to be end points for a reasonable range of scenarios.

The first alternative scenario, the “low” scenario, assumes lower enrollment than the best scenario. Enrollment could be lower based on the exact timing of the ending of the PHE, the exact economic conditions at the time of redetermination ending, as well as the ability for Exchanges to attract newly eligible enrollees. Given the uncertainty, Wakely set enrollment for this scenario equal to 2019 enrollment. Additionally, Wakely adjusted premiums to increase at a lower rate than in the best estimate. Further, net premiums were estimated to be higher (and thus, APTCs lower) to account for the potential for higher attrition among low income enrollees.

⁹ Note total premiums and APTCs are rounded.

¹⁰ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/> Table 17. Premiums were trended by spending per enrollee for direct purchase.



The second alternative scenario, the “high” scenarios, assumes the enhanced premium subsidy provisions under ARP are extended beyond 2022. We reflected an increase in enrollment as a result. We also increased enrollment to account for the potential for the family glitch regulation, which would allow dependents to be eligible for subsidies. Premiums were assumed to be higher and net premiums lower (and thus, APTCs higher) than the best estimate.

Each scenario produced a decrease in the state average premiums PMPM in 2024 between 9.9% and 11.4%. In both alternative scenarios, the lower premiums resulted in more enrollees in the individual market. Finally, in both alternative scenarios, the combined lower premiums (including decreased APTC PMPMs) resulted in fewer Federal dollars being spent in 2024 as a result of the reinsurance program and waiver extension elements relative to the baseline.

Scenario 1 is the best estimate scenario. This scenario was used for the 5-year economic analysis.

**Table 6: Summary of Alternative Scenario Results for 2024**

Scenario Description	1 No ARP - Best	2 No ARP- Low	3 ARP- High
Baseline			
Total Individual Enrollment	196,800	193,200	207,800
Exchange Enrollment	179,800	175,700	190,000
APTC Enrollment	158,800	150,300	169,800
Total Individual Premium PMPM	\$875.24	\$850.47	\$945.95
Exchange Premium PMPM	\$886.73	\$861.64	\$919.12
APTC PMPM	\$751.25	\$718.44	\$812.46
Total Individual Premiums (millions)	\$2,067	\$1,972	\$2,359
Total APTCs (millions)	\$1,432	\$1,296	\$1,655
With Reinsurance Waiver			
Reduction in Premiums	-11.4%	-11.9%	-9.9%
Total Individual Premium PMPM	\$775.82	\$749.08	\$851.95
Exchange Premium PMPM	\$786.00	\$758.92	\$827.79
APTC PMPM	\$649.15	\$614.32	\$719.89
Percent Change in Total Enrollment	1.0%	1.1%	0.8%
Total Individual Enrollment	198,700	195,400	209,400
Exchange Enrollment	180,900	177,000	190,900
APTC Enrollment	158,800	150,300	169,800
Total Individual Premiums (millions)	\$1,850	\$1,756	\$2,141
Total APTCs (millions)	\$1,237	\$1,108	\$1,467
Total Waiver Savings			
Estimated APTC Savings (millions)	\$195	\$188	\$189
Estimated PTC Adjustment	95.6%	95.6%	97.9%
Adjustment for User Fees	(\$6)	(\$6)	(\$6)
Estimated Federal Savings (millions)	\$180	\$174	\$179

**Table 7: Baseline Data and Detailed Results after Reinsurance and Waiver Extension, by Year¹¹**

Description	2024	2025	2026	2027	2028
Baseline					
Total Individual Enrollment	196,800	196,800	196,800	196,800	196,800
Exchange Enrollment	179,800	179,800	179,800	179,800	179,800
APTC Enrollment	158,800	158,800	158,800	158,800	158,800
Total Individual Premium PMPM	\$875.24	\$913.75	\$954.87	\$997.84	\$1,042.74
Exchange Premium PMPM	\$886.73	\$925.75	\$967.41	\$1,010.94	\$1,056.43
APTC PMPM	\$751.25	\$786.37	\$824.04	\$863.47	\$904.74
Total Individual Premiums (millions)	\$2,067	\$2,158	\$2,255	\$2,357	\$2,463
Total APTCs (millions)	\$1,432	\$1,499	\$1,570	\$1,645	\$1,724
With Reinsurance Waiver					
Reduction in Premiums	-11.4%	-10.9%	-10.4%	-10.0%	-9.5%
Total Individual Premium PMPM	\$775.82	\$814.47	\$855.61	\$898.49	\$943.42
Exchange Premium PMPM	\$786.00	\$825.17	\$866.84	\$910.28	\$955.81
APTC PMPM	\$649.15	\$684.42	\$722.11	\$761.44	\$802.75
Percent Change in Total Enrollment	1.0%	0.9%	0.8%	0.8%	0.8%
Total Individual Enrollment	198,700	198,500	198,400	198,400	198,300
Exchange Enrollment	180,900	180,700	180,700	180,700	180,600
APTC Enrollment	158,800	158,800	158,800	158,800	158,800
Total Individual Premiums (millions)	\$1,850	\$1,940	\$2,037	\$2,139	\$2,245
Total APTCs (millions)	\$1,237	\$1,304	\$1,376	\$1,451	\$1,530
Total Waiver Savings					
Estimated APTC Savings (millions)	\$195	\$194	\$194	\$194	\$194
Estimated PTC Adjustment	95.6%	95.6%	95.6%	95.6%	95.6%
Adjustment for User Fees	(\$6)	(\$6)	(\$6)	(\$6)	(\$6)
Estimated Federal Savings (millions)	\$180	\$180	\$180	\$180	\$180

¹¹ Please Appendix B for total federal savings net of federal losses under the reinsurance program.

Appendix B – Guardrail Requirements

Guardrail Impact for the Reinsurance Waiver

Scope of Coverage Requirement

In order for a 1332 waiver to be accepted, the waiver must demonstrate that the changes will provide coverage to at least a comparable number of residents as would have been provided coverage without the waiver. Our analysis estimates that the waiver would provide for at least a comparable number of enrollees (and most likely a greater number of individuals covered). This is due both to premium reductions and to making more individuals eligible for subsidies.

Affordability Requirement

In order for a 1332 waiver to be accepted, the waiver must demonstrate that the changes will provide coverage, premiums, and cost-sharing protections that keep care at least as affordable as would be provided absent the waiver and provide coverage to at least a comparable number of residents as would have been provided absent the waiver. Generally, we expect premiums to be lower than they otherwise would have been each year of the waiver. Cost sharing for plans will remain similar. Our analysis estimates that the waiver would provide for at least as affordable coverage for residents (and most likely greater affordability for residents).

Comprehensiveness of Coverage Requirement

In order for a 1332 waiver to be accepted, the waiver must demonstrate that it will provide coverage that is at least as comprehensive as would be provided absent the waiver. This waiver will not result in any changes to the EHB benchmark or actuarial value requirements and, as such, will not have any impact on the comprehensiveness of coverage for residents. To the extent that additional individuals gain coverage, that will increase the number with comprehensive coverage.

Deficit Neutrality Requirement

PTCS

Since PTCs are benchmarked to the SLCSP, the decrease in premiums (specifically the SLCSP) will result in lower per person PTC amounts in 2023. Since enrollees who have PTCs are generally unaffected by changes in gross premiums, due to the subsidies shielding them from premium increases, the introduction of reinsurance is not expected to decrease the number of enrollees with PTCs. Due to the combination of a non-decreasing number of enrollees with APTCs and a decrease in premiums, which is connected to PTC amounts, Wakely's analysis estimates that the

overall aggregate amount of PTCs will be lower each year over the 5-year window, as shown in the prior Table 7.

Additionally, as can be seen in the following table, each year of the waiver would result in a lower second-lowest cost silver premium and consequently lower premium tax credits.

Table 8: Second Lowest Cost Silver Plan Premium PMPM, with and without Reinsurance and Waiver Extension, by Year

	2024	2025	2026	2027	2028
Baseline					
State Average	\$588.17	\$613.88	\$641.42	\$670.28	\$700.35
With Waiver					
State Average	\$521.35	\$547.18	\$574.74	\$603.54	\$633.64

Offsets to PTC Savings

EXCHANGE USER FEE

Since the Exchange in Wisconsin is operated by HHS, there is additional loss of Federal revenue (via Exchange user fee). These costs are included in the calculations as an offset to the PTC savings.

OTHER FEDERAL IMPACTS

Wakely did not directly estimate the impact of the proposed waiver on the collections related to, small business tax credit or income taxes. It is unlikely that any of these would have a significant impact on the overall savings.¹²

GROUP MARKET

A detailed analysis of the group market was not completed. It is not expected that the waiver will have an impact on the large group, federal employee health benefits program, and other health programs in the state. In particular, we do not expect enrollment migration from the group market to the individual market as a result of the waiver. Prior research on the effects of the ACA showed no impact on Employer Sponsored Insurance.¹³

¹² <http://mn.gov/commerce-stat/pdfs/mn-1332-actuarial-analysis.pdf>

¹³ <https://dash.harvard.edu/bitstream/handle/1/28547756/Frean%20Gruber%20Sommer%20NEJM%20ACA%20Perspective%202016.pdf?sequence=1>

Appendix C - Reliances

The following is a list of the data Wakely relied on for the analysis:

1. Issuer submitted premium and enrollment information for 2021 and emerging 2022 data through June, including APTC information
2. Issuer submitted paid claim continuance tables for 2021
3. 2021 Final Marketplace Special Enrollment Period Report released by CMS¹⁴
4. National Health Expenditure Data from CMS¹⁵
5. CMS' Section 1332 Tentative Pass-Through Payments for 2021¹⁶
6. Method for Calculation of Section 1332 Waiver 2021 Premium Tax Credit Pass-through Key Amounts¹⁷
7. CBO Modeling of the impact of ARP¹⁸
8. CBO's Price Sensitivity of Demand for Nongroup Health Insurance¹⁹
9. CEA's Understanding Recent Developments In The Individual Health Insurance Market²⁰
10. Health Insurance Demand and the Generosity of Benefits: Fixed Effects Estimates of the Price Elasticity²¹
11. Buettgens, Matthew and Jessica Banthin. 2021. "Changing the Family Glitch" Would Make Health Coverage More Affordable for Many Families". Urban Institute
12. Wakely made some assumptions in working with the available data. These assumptions may impact the results of the analyses and were reviewed by Wisconsin for reasonability.

¹⁴ <https://www.hhs.gov/sites/default/files/2021-sep-final-enrollment-report.pdf>

¹⁵ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>

¹⁶ <https://www.cms.gov/files/document/key-components1332-pass-througharp-update.xlsx>

¹⁷ <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/1332-OTA-Methodology-Pass-through-Amounts-ARP-Sept-2021.pdf>

¹⁸ <https://www.cbo.gov/system/files/2021-02/hwaysandmeansreconciliation.pdf>

¹⁹ <https://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/66xx/doc6620/08-24-healthinsurance.pdf>

²⁰

https://obamawhitehouse.archives.gov/sites/default/files/page/files/201701_individual_health_insurance_market_cea_issue_brief.pdf

²¹ <https://ideas.repec.org/a/bpj/fhecpc/v12y2009i2n3.html>

The following are additional reliances and caveats that could have an impact on results:

1. **Data Limitations.** Wakely received data submissions for full year 2021 and emerging 2022 experience from insurers offering individual market ACA-compliant plans. Wakely relied on the data submitted from all insurers for significant portions of this analysis. We reviewed the data for reasonability, but we did not audit the data. To the extent that the data is not correct, the results of this analysis will be impacted.
2. **Political Uncertainty.** There is significant policy uncertainty. Future federal actions in regards to American Rescue Plan, silver-loading, prescription drugs or other material changes to the Affordable Care Act could significantly change premiums and enrollment in 2023 or future years. In particular, extension of the American Rescue Plan of passage or other changes to premium subsidies could impact pass-through, enrollment or premiums. State political reactions to changes in the individual market could alter the results.
3. **Enrollment Uncertainty.** Additionally, there is enrollment uncertainty. Beyond changes to potential rates and policy, individual enrollee responses to these changes also have uncertainty. All of these uncertainties result in limitations in providing point estimates on impacts of a 1332 waiver.
4. **Premium Uncertainty.** Given that several recent changes to statutory and regulatory rules of the individual market (e.g., American Rescue Plan) have not reached steady state in their effects on the individual market, there is uncertainty in how insurers may respond in their 2023 premiums.
5. **COVID and Public Health Emergency Related Uncertainty.** There remains significant uncertainty as to the effects the COVID pandemic will have on enrollment, premiums, health care utilization, the economy, and other factors. Additionally, the ending of the Public Health Emergency could result in a number of individuals transitioning from Medicaid to the individual market, and potentially ultimately to the group market.
6. **Pass-Through Uncertainty.** Ultimately, the Department of Health and Human Services and the Department of Treasury model the pass-through amounts. The extent to which the assumptions, methodology, or calculations differ from Wakely's could result in different amounts.

Appendix D – Disclosures and Limitations

Responsible Actuary. Julie Peper is the actuary responsible for this communication. They are both Members of the American Academy of Actuaries. Julie is a Fellow of the Society of Actuaries and Brittney is an Associate of the Society of Actuaries. They meet the Qualification Standards of the American Academy of Actuaries to issue this report. Michael Cohen and Matt Cornish contributed significantly to the analysis and contents of this report.

Intended Users. This information has been prepared for the sole use of the management of Wisconsin. Wakely understands that the report will be made public and used in the 1332 waiver process. Distribution to such parties should be made in its entirety and should be evaluated only by qualified users. The parties receiving this report should retain their own actuarial experts in interpreting results. This information is proprietary.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. The extent to which the enrollment experience for 2022 is different than expected results could be affected. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that Wisconsin will attain the estimated values included in the report. It is the responsibility of those receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible actuary is financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to the State of Wisconsin.

Data and Reliance. We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. The information included in the 'Data and Methodology' and 'Reliances and Caveats' sections identifies the key data and assumptions.

Subsequent Events. These analyses are based on the implicit assumption that the ACA will continue to be in effect in future years with no material change. Material changes in state or federal laws regarding health benefit plans or federal subsidy levels may have a material impact on the results included in this report. In addition, many of the assumptions are based on the initial 2022 experiences. Change in emerging 2022 enrollment and experience could impact the results.



Contents of Actuarial Report. This document (the report, including appendices) constitutes the entirety of actuarial report and supersede any previous communications on the project.

Deviations from ASOPs. Wakely completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses are in compliance with the appropriate ASOPs with no known deviations. A summary of ASOP compliance is listed below:

ASOP No. 23, Data Quality

ASOP No. 41, Actuarial Communication

ASOP No. 56, Modeling



Wisconsin Office of the
COMMISSIONER
OF INSURANCE

1332 Waiver Extension Application **Wisconsin Healthcare Stability Plan**

Tribal Consultation

June 7, 2022

Agenda

1. Individual Market

- Overview
- Federally Recognized Tribes

2. 1332 State Innovation Waiver

3. Wisconsin Healthcare Stability Plan (WIHSP)

- WIHSP: What is it?
- WIHSP Example: Plan Year 2021
- WIHSP: Payment to Insurers
- WIHSP: Individual Market Impact

4. 1332 Waiver Extension Application

5. Questions



5 Fast Facts Individual Market

1. According to the Kaiser Family Foundation, **Wisconsin has the 10th lowest uninsured rate** in the country
2. Most people do **not** have coverage purchased on the individual market
3. Most people have health coverage from **either their employer or a government-sponsored plan** (i.e. Medicare or Medicaid)
4. Approximately **200,000 people in Wisconsin** have health care coverage from a plan in the individual market
5. Individuals can purchase coverage directly from an insurer or through the federal marketplace, [HealthCare.gov](https://www.healthcare.gov)



Individual Market: Overview

Federal Exchange on Healthcare.gov

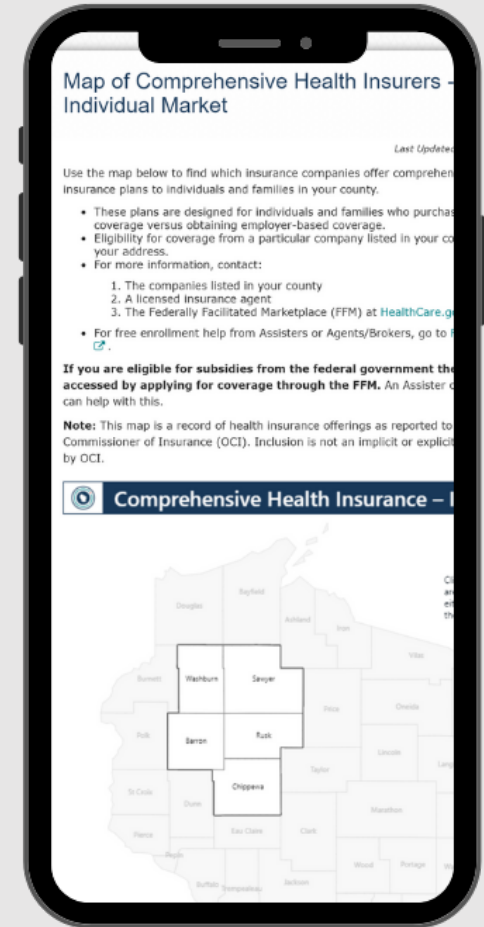
- Open Enrollment Period starts November 1st each year
- Special Enrollment Periods (SEPs) allow for the purchase of coverage outside of the open enrollment period
 - A SEP may be triggered on an individual basis or created out of special circumstances such as the COVID-19 pandemic
- Qualifying events that trigger a SEP include, but are not limited to:
 - loss of other coverage
 - getting married or having a baby
 - change in primary place of living
 - income changes
 - gaining membership in a federally recognized tribe



Individual Market: Overview

Premium tax credits and cost-sharing subsidies are available for those that purchase through [HealthCare.gov](https://www.healthcare.gov)

- Affordable Care Act (ACA) limits premium tax credits to those between 100% and 400% of the federal poverty level (FPL).
 - American Rescue Plan Act of 2021 removed the income cap through 2022
- Cost-sharing subsidy eligibility is available for those between 100% and 250% FPL



oci.wi.gov



Individual Market: Federally Recognized Tribes

- Federally recognized tribal members with income between 100% and 300% of the federal poverty level are eligible for zero cost-sharing plans.
 - No out-of-pocket costs (deductibles, copays, coinsurance)
 - Premiums still apply
- Once enrolled, a member of a federally recognized tribe may change plans once a month.
 - This is an enrollment opportunity not available to the general population
- During the 2022 Open Enrollment Period, .01% of WI residents auto-enrolling reported being American Indian or Alaska Native (AIAN)
 - No individuals attested to being AIAN who newly enrolled or actively re-enrolled, meaning they visited Healthcare.gov and chose a new plan.



1332 State Innovation Waiver (1332 Waiver)

- Section 1332 of the ACA allows states to apply for exceptions from certain ACA provisions
- Through a bipartisan effort, state legislation was enacted to create the Wisconsin Health Care Stability Plan (WIHSP), contingent upon federal 1332 Waiver approval
- OCI applied for a 1332 Waiver in April 2018 and received approval for a five-year waiver on July 29, 2018
- WIHSP became operational on January 1, 2019 and is currently approved through December 2023



Wisconsin Healthcare Stability Plan (WIHSP): What is it?

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 claims they paid for individuals with high claims costs

- The portion of costs that are reimbursed can change from year to year
- This portion is determined by May 15th each year for the following 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*).



WIHSP Example: 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

- Sufficient federal pass-through funds available to 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 (\$26 million will be carried over to help pay for plan year 2022 claims)	\$0



WIHSP: Individual Market Impact

Member Premium Changes with and without Reinsurance¹

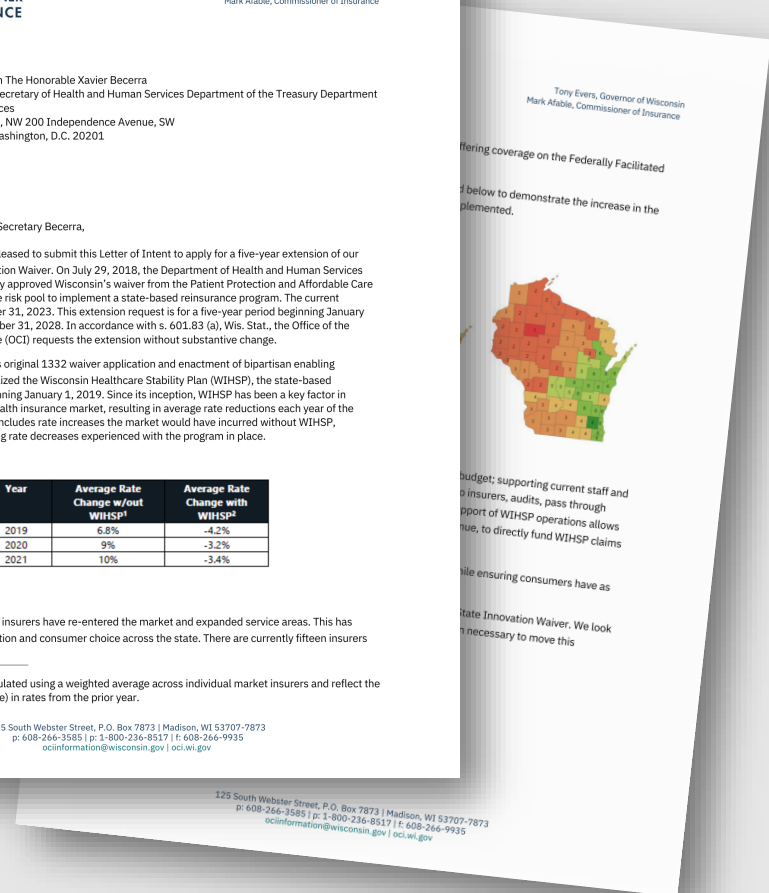
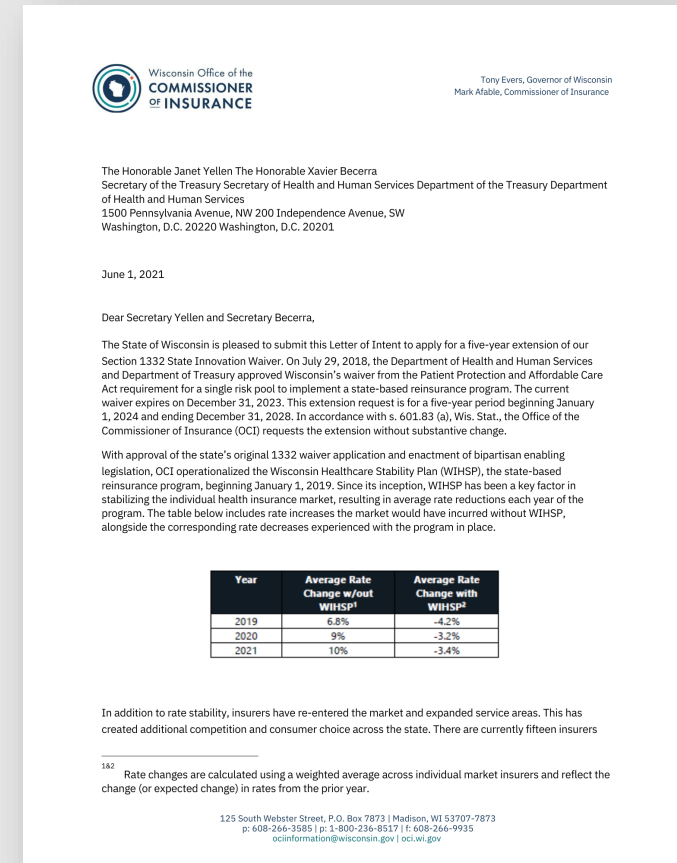
	2019	2020	2021	2022
Member Premium Change <i>with</i> Reinsurance	-3.3%	-3.2%	-3.4%	-0.3%
Member Premium Change <i>without</i> Reinsurance	7.8%	9.3%	10.4%	14.8%
Impact of Reinsurance	-10.3%	-11.4%	-12.5%	-13.2%

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



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
 - Application submission scheduled for middle of July 2022
 - January 1, 2024 through December 31, 2028



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

	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

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

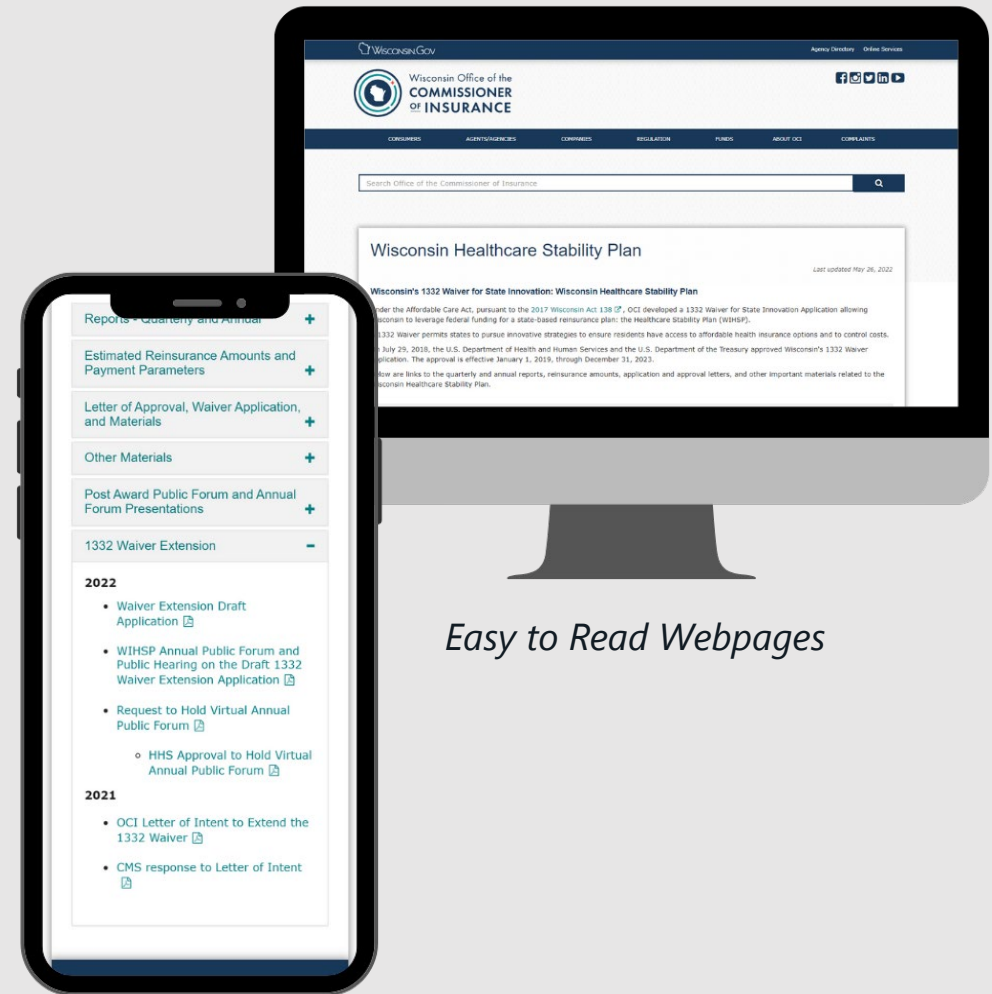
³ Ibid



Links & Resources

WIHSP information is available on the OCI website: oci.wi.gov/WIHSP

Send comments or questions to:
OCIWIHSP@Wisconsin.gov



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Thank you!



125 South Webster St.
Madison, WI 53703-3474



(608) 266-3585



OCIWIHSP@Wisconsin.gov



oci.wi.gov/WIHSP



Wisconsin Office of the
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**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

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 (\$26 million will be carried over to help pay for plan year 2022 claims)	\$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 Reinsurance¹

	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%

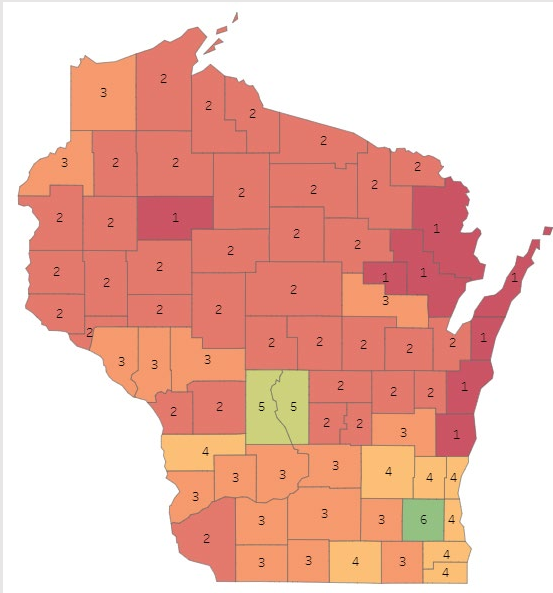
¹ Wakely Consulting Group, LLC, (2022) "Section 1332 State Innovation Waiver Extension Actuarial and Economic Analysis"



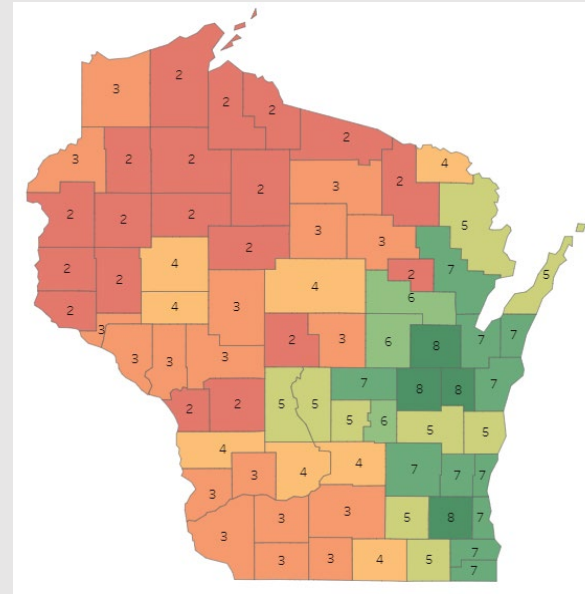
WIHSP: Individual Market Impact

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

 Wisconsin Office of the
COMMISSIONER
OF INSURANCE

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 ¹	Average Rate Change with WIHSP ²
2019	6.8%	-4.2%
2020	9%	-3.2%
2021	10%	-3.4%

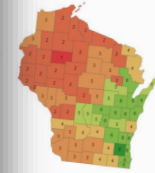
¹Rate changes are calculated using a weighted average across individual market insurers and reflect the change (or expected change) in rates from the prior year.

125 South Webster Street, P.O. Box 7873 | Madison, WI 53707-7873
p: 608-266-3585 | p: 1-800-236-8517 | f: 608-266-9935
ociformation@wisconsin.gov | 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

125 South Webster Street, P.O. Box 7873 | Madison, WI 53707-7873
p: 608-266-3585 | p: 1-800-236-8517 | f: 608-266-9935
ociformation@wisconsin.gov | oci.wi.gov

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

	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

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

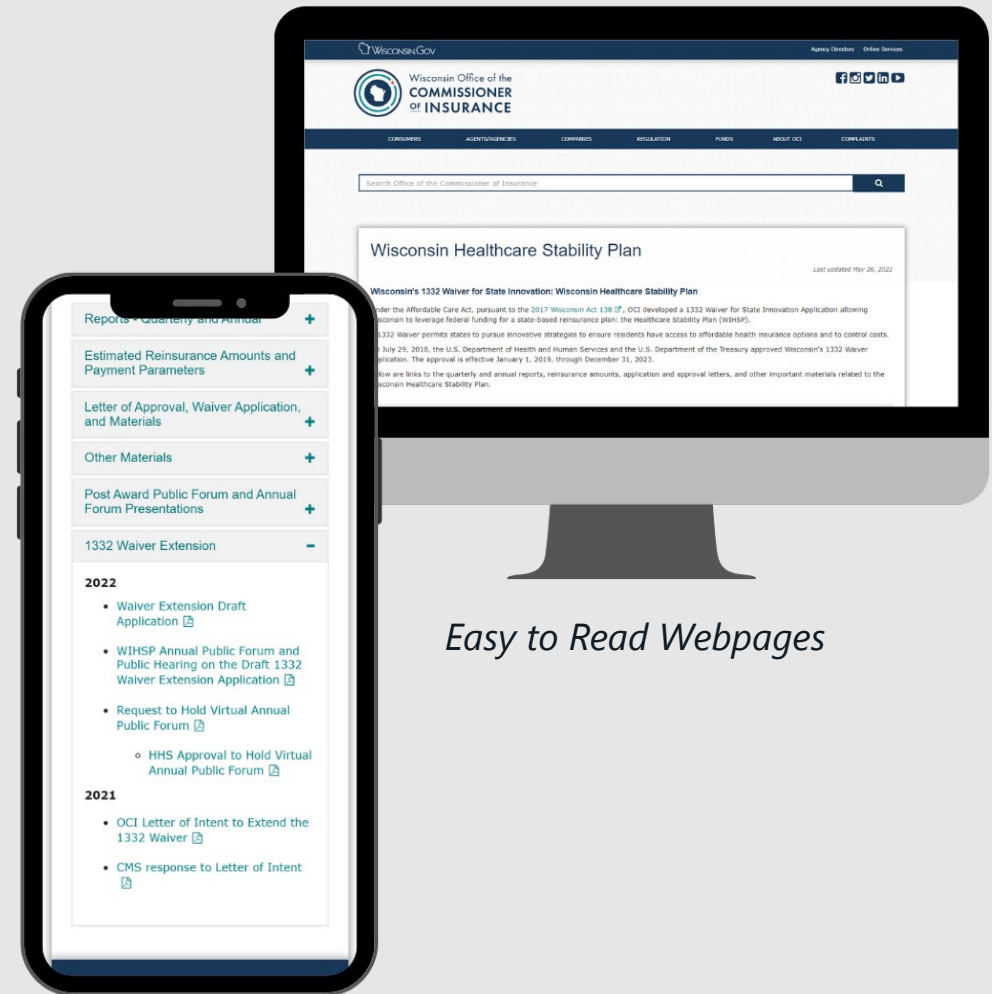
³ Ibid



Links & Resources

WIHSP information is available on the OCI website: oci.wi.gov/WIHSP

Send comments or questions to:
OCIWIHSP@Wisconsin.gov



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Thank you!



125 South Webster St.
Madison, WI 53703-3474



(608) 266-3585



OCIWIHSP@Wisconsin.gov



oci.wi.gov/WIHSP



Providing quality coverage to nearly 3 million Medicaid and private sector enrollees in Wisconsin.

To: Nathan Houdek, Commissioner of Insurance
From: R.J. Pirlot, Executive Director
Date: July 7, 2022
Re: Support for Wisconsin Section 1332 State Innovation Waiver Extension

On behalf of the Alliance of Health Insurers (AHI), a nonprofit state advocacy organization created to defend and preserve access to affordable health insurance in Wisconsin, I write to support your request for the Centers for Medicare & Medicaid Services (CMS) to approve Wisconsin's application to extend the Section 1332 State Innovation Waiver. Extension of this waiver is needed to allow Wisconsin to continue to implement and enjoy the benefits of the Wisconsin Healthcare Stability Plan (WIHSP). The current waiver expires on December 31, 2023. The extension, if CMS approves your request, would allow the program to operate until December 31, 2028.

In 2018, Wisconsin lawmakers on a bipartisan basis agreed to create the WIHSP, a state-based individual market reinsurance program for health plans in Wisconsin. The program has helped stabilize the individual health insurance market by reducing monthly insurance premiums, improving consumer participation in the individual market, and expanding consumers' choice of insurers. Thanks to the 1332 waiver, as noted in waiver extension application, the average premium paid by Wisconsin consumers was reduced by roughly 10.3%, 11.4%, 12.5%, and 13.2% in 2019, 2020, 2021, and 2022, respectively.

AHI respectfully urges CMS to approve your request to extend the Section 1332 State Innovation Waiver.



Wisconsin Healthcare Stability Plan Annual Public Forum & Public Hearing on the Draft 1332 Waiver Extension Application

Written Comments Submitted to the Office of the Commissioner of Insurance

July 6, 2022

The Wisconsin Association of Health Plans appreciates the opportunity to provide written comment at the 2022 Wisconsin Healthcare Stability Plan (WIHSP) Public Forum and public hearing on the draft 1332 Waiver extension application.

The Wisconsin Association of Health Plans is the voice of 13 community-based health plans that provide coverage to individuals, employers, and government programs across the state. Association members comprise nine of the 15 health plans that serve the individual market in 2022. Many Association members have continuously served customers through the Exchange since it first opened for business in 2014.

The Association agrees with the Office of the Commissioner of Insurance's (OCI) recent assessment that "WIHSP has been a key factor in stabilizing Wisconsin's individual health insurance market."¹ According to OCI's contracted actuary, WIHSP reduced average premiums paid by Wisconsin consumers by 10.3%, 11.4%, 12.5%, and 13.2% in 2019, 2020, 2021, and 2022, respectively. A recent Legislative Audit Bureau report said these premium reductions amounted to a monthly savings of \$110 in 2019 and \$103 in 2020.² WIHSP has also contributed to more choices for individual market consumers, as the number of counties with two or more health plans has increased since WIHSP became effective.

WIHSP was passed on a bipartisan basis in 2018 and has continued to enjoy bipartisan support. In the 2021-2023 State Biennial Budget, the Legislature and Governor agreed to increase total WIHSP funding to \$230 million, beginning in 2022, to further strengthen the program and sustain its impact. OCI's draft 1332 Waiver extension application also recently received approval from the legislative Joint Committee on Finance. The Wisconsin Association of Health Plans commends state policymakers for their continued bipartisan support for WIHSP and recognition of the importance of continuing the program for another five-year period.

WIHSP continues to achieve its goals of lending stability to the individual market and lowering the cost of health insurance for Wisconsin consumers. The Wisconsin Association of Health Plans looks forward to continuing our work with state policymakers in the years to come to maximize the impact of this important program.

¹ *Wisconsin Healthcare Stability Plan*. Legislative Audit Bureau. May 19, 2022. Available at: https://legis.wisconsin.gov/lab/media/3383/22-4full_950113.pdf.

² *Ibid.*

The Voice of Wisconsin's Community Based Health Plans

Attachment VII

The Honorable Xavier Becerra
Secretary
Department of Health and Human Services (HHS)
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Becerra,

We write to today in support of the application from the Wisconsin Office of the Commissioner of Insurance (OCI) to extend their 1332 State Innovation Waiver (1332 waiver) for an additional five-year period beginning January 1, 2024 and ending December 31, 2028. Wisconsin's 1332 waiver has enabled an innovative program that has supported a strong, competitive health insurance marketplace.

In 2018, bipartisan legislation was signed into law by Governor Scott Walker establishing the Wisconsin Healthcare Stability Plan (WIHSP) that operates under a 1332 waiver. Wisconsin's 1332 waiver went into effect in January 2019. Governor Tony Evers' administration implemented and continues to successfully operate the WIHSP program under this waiver.

Thanks in part to the WIHSP program, Wisconsin has one of the most competitive health insurance marketplaces in the country, [ranking second nationwide in number of participating insurers](#). Ensuring Wisconsin has a successful, competitive marketplace has helped more state residents access affordable health insurance coverage.

The WIHSP impact is felt across the state. In the 2021-23 state budget, the state legislature and Governor Evers increased funding for the program to ensure that WIHSP may continue to hold down rates and contribute to affordable health care coverage options in Wisconsin.

OCI has submitted an application to extend the state's 1332 waiver for an additional five-year period so that the WIHSP program can continue to strengthen the state's health insurance marketplace. We ask that you approve their request.

Sincerely,

Tammy Baldwin
United States Senator

Gwen Moore
United States Congresswoman

Mark Pocan
United States Congressman

Ron Kind
United States Congressman

Bryan Steil
United States Congressman

Tom Tiffany
United States Congressman

Mike Gallagher
United States Congressman

**Wisconsin Section 1332 Waiver Extension Application
Federal Questions and Wisconsin Responses**

Below are Wisconsin's responses to additional information as requested by the U.S. Department of Health and Human Services and the Department of the Treasury during the review of the waiver extension application.

- 1) **Federal Question:** Does the state anticipate changes to their reinsurance program in the waiver extension period including program size or parameters or what the state expects for pass-through funding in light of the Inflation Reduction Act? Could the state describe how the IRA is impacting (or is anticipated to impact) the state waiver plan's ability to meet the guardrails and the state reinsurance program.
 - a. As we noted in the Departments completeness determination letter on 9/2 the Departments may request updated analysis or information from the State in light of changes in federal law and in order to evaluate and reach a decision on the requested extension. Could the state update table 7 of the actuarial analysis to reflect the Inflation Reduction Act which was enacting on August 16, 2022.

State Response: Attached in Appendix A is an updated analysis that takes into account ARP-level subsidies continuing through 2025 and the PHE ending in January 2023.

- 2) **Federal Question:** In regards to the additional claims data that OCI collects, does it also collect the top claims that are denied and the reason for denial?

State Response: No, we do not collect data on denied claims.

- 3) **Federal Question:** Attachment 1 did not have fields filled out. Does the state collect this information?

State Response: Yes, OCI required all individual market insurers to complete the template in May of this year, reflecting 2021 data. We have not released that data to the public. We shared the template (attachment 1) to demonstrate the department's new effort to collect data about the claims reimbursed by WIHSP. We are currently in the process of creating a more streamlined way to collect this data that will allow for easier compilation of the data across carriers. Insurers will report 2022 data in May of 2023.

- 4) **Federal Question:** Thank you for the summary on the issue the tribes raised on awareness of Marketplace coverage. CMS is happy to engage with you further and provide what resources we have on outreach and education with tribal communities.

State Response: Thank you. We will reach out as we continue dialogue with the tribes and issues arise where additional information may be helpful. We have shared information from [healthcare.gov](https://www.healthcare.gov) and summarized some of the options available to tribes, such as, year-round enrollment and access to plans with no cost-sharing.

Appendix A**State of Wisconsin Updated 5-year Projections**

Best Estimate Scenario - Current Regulations with COVID-19 Public Health Emergency (PHE) ending in January 2023 and Inflation Reduction Act (IRA) enhanced Premium Tax Credit (PTC) subsidies ending in 2025

Table 7: Baseline Data and Detailed Results after Reinsurance and Waiver Extension, by Year

	2024	2025	2026	2027	2028
Baseline					
Total Non-Group Enrollment	223,563	212,607	205,129	195,213	195,213
Exchange Enrollment	208,083	197,128	187,681	177,765	177,765
APTC Enrollment	186,833	175,877	165,961	156,044	156,044
Total Individual Premium PMPM	\$807.59	\$843.12	\$904.51	\$945.21	\$987.75
Exchange Premium PMPM	\$815.70	\$851.59	\$913.60	\$954.71	\$997.67
APTC PMPM	\$668.17	\$699.63	\$757.08	\$793.50	\$831.62
Total Individual Premiums (millions)	\$2,167	\$2,151	\$2,226	\$2,214	\$2,314
Total APTCs (millions)	\$1,498	\$1,477	\$1,508	\$1,486	\$1,557
After Reinsurance					
Reduction in Premiums (Morbidity)	-10.8%	-10.9%	-10.5%	-10.6%	-10.1%
Total Non-Group Premium PMPM	\$720.42	\$751.39	\$809.26	\$845.03	\$887.56
Exchange Premium PMPM	\$727.66	\$758.94	\$817.39	\$853.52	\$896.47
APTC PMPM	\$580.13	\$606.98	\$660.87	\$692.30	\$730.42
Take Up Function	0.8%	0.8%	0.9%	0.9%	0.9%
Total Non-Group Enrollment	225,248	214,307	206,881	196,977	196,897
Exchange Enrollment	209,058	198,112	188,653	178,743	178,698
APTC Enrollment	186,833	175,877	165,961	156,044	156,044
Total Premiums	\$1,947	\$1,932	\$2,009	\$1,997	\$2,097
Total APTC	\$1,301	\$1,281	\$1,316	\$1,296	\$1,368
Savings due to Reinsurance					
Estimated APTC Savings (millions)	\$197	\$196	\$192	\$189	\$190
Estimated PTC Adjustment	97.9%	97.9%	95.6%	95.6%	95.6%
Adjustment for User Fees	-\$6	-\$6	-\$6	-\$6	-\$6
Estimated Federal Savings (millions)	\$188	\$186	\$178	\$176	\$176