April 18, 2018

The Honorable Alex Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Secretary Azar:

The so-called Affordable Care Act (ACA) has created massive health insurance rate increases for consumers and reduced competition in Wisconsin's individual health insurance market.

Insurer losses totaled approximately $400 million over the past three years and consumers are now left with unaffordable and dwindling plan options. During the 2018 open enrollment period, approximately 75,000 enrollees were forced to choose new insurers and thousands had just one or two insurer options in counties previously offering three or more.

Individual premiums increased by an average of 44 percent this year. Some are seeing much larger increases. For example, one consumer in Brown County saw her premiums increase by almost $2,000 per month. This amounted to a 120 percent increase. This is unsustainable and unacceptable.

We are taking action to address the challenges created by the ACA and bring stability to the individual market. At the 2018 State of the State Address, we announced our plan to create a state-based reinsurance program, the Wisconsin Health Care Stability Plan. In February, I signed Senate Bill 770, now Wisconsin Act 138, which created a $200 million reinsurance plan, contingent upon your approval of a 1332 Waiver. Therefore, the State of Wisconsin, through its Office of the Commissioner of Insurance (OCI), is submitting for your review and consideration a Section 1332 State Innovation Waiver application.

Key Benefits of a State-Based Reinsurance Plan for Wisconsin

Action	Benefit
Assist insurers in managing high-risk enrollees and create a broader pool of people to absorb all other risk	Prevent more insurer exits and improve consumer access
Lower rates to keep consumers in the market and attract new entrants	Provide financial relief for those not eligible for subsidies and a step toward a healthier risk pool
Retain federal subsidies for individuals with incomes between 100% and 400% of the federal poverty level (FPL)	Ensure those with access to affordable coverage due to federal subsidies can keep it

We request Section 1312(c)(l) under Section 1332 of the ACA be waived for a period of five years beginning in the 2019 plan year to develop a state reinsurance plan. This waiver will not affect any other provision of the ACA. It will result in a lower market wide index rate and will reduce premiums and federal payments of advance premium tax credits (APTC). In order to partially fund the Wisconsin Health Care Stability Plan, Wisconsin seeks federal pass-through funds, provided by APTC savings, estimated to be approximately $166 million per year.

As a result of our plan, we estimate individual premiums, including premiums for the second lowest-cost silver plans, will drop by 10.6 percent from levels that otherwise would have occurred. This results in a 5 percent decrease in 2019 premiums, compared to 2018. These cost reductions would be a welcomed relief for thousands of hardworking Wisconsinites seeking stability and peace of mind when it comes to health care.

We share the Administration's goal of passing a bill to repeal Obamacare and replace it with something that works. I was honored to work with members of your team, officials on the White House staff and key lawmakers as we attempted to get an acceptable bill through the United States Senate. Until that happens, we need to act at the state level to help our citizens avoid the pitfalls of Obamacare.

Thank you for your consideration of our waiver request. If there are any questions we can answer or more information we can provide during the review of Wisconsin's application, please contact me or J.P. Wieske, Deputy Commissioner of Insurance, at JP.Wieske@Wisconsin.gov or 608-266-2493.

Sincerely,

Scott Walker
Governor, State of Wisconsin