

Wisconsin Association of Health Plans

The Voice of Wisconsin's Community-Based Health Plans

TO: Members, Joint Committee on Finance

FROM: Wisconsin Association of Health Plans

RE: 2019-2021 Biennial Budget Paper #440 and Paper #442

Wisconsin Healthcare Stability Plan (Paper #440)

Wisconsin's community-based health plans strongly recommend Joint Committee on Finance members adopt Alternative 1, which fully funds the Wisconsin Healthcare Stability Plan (WIHSP) in 2019 and maintains Wisconsin's current commitment to funding its share of the \$200 million program in 2020 and beyond.

In February 2018, Wisconsin lawmakers made a bipartisan commitment to stabilizing the individual market by establishing WIHSP, a state-based reinsurance program. Wisconsin became the fourth state to stand up a reinsurance program, joining Alaska, Minnesota, and Oregon. At least five other states—Colorado, Maine, Maryland, New Jersey, and North Dakota—have since worked to establish their own programs.

WIHSP lowers average gross individual market premiums for all consumers by partially offsetting the costs of patients with high health care needs. In 2019, WIHSP uses \$200 million in state and federal funds to offset half the cost of an individual's total medical claims that fall between \$50,000 and \$250,000. **Lower average premiums especially benefit individuals who do not receive federal tax credits to help them afford coverage.**

WIHSP is a high-value state investment that had an immediate impact. Eight months after WIHSP authorizing legislation was passed, consumers shopping during Open Enrollment found gross premiums that were 10 percent lower than they would have been without WIHSP. Even after accounting for factors that usually lead premiums to increase year-over-year, such as higher health care prices, 2019 gross premiums were 4.2 percent lower on average than 2018 premiums.

WIHSP also contributed toward increased choices for consumers. For example, in 2019 three additional counties have two or more health plans offering coverage through the Exchange. **Increased choice and competition provide a clear benefit to all consumers.**

WIHSP was established to support a stable individual market with lower premiums and more choice. **This goal is achieved by providing a sum-sufficient state appropriation that ensures WIHSP will reach its current funding level of \$200 million all funds—and therefore achieve the highest possible impact on premiums.**

Eliminating funding for WIHSP in 2020 (Alternative 2) would erase the progress made under the program in 2019. Limiting state funding for WIHSP beginning in 2020 (Alternative 3) would decrease the impact of the program. Alternative 2 and Alternative 3 demonstrate a reduced state commitment to lower premiums, market stability, and consumer choice.

Health plans' 2020 individual market premiums will be set during summer 2019. **For the sake of stability, individual market consumers and health plans need a clear commitment regarding WIHSP funding for 2020.**

Wisconsin's community-based health plans strongly recommend fully funding WIHSP in 2019 and maintaining the state's commitment to its share of the \$200 million all funds program in 2020 and beyond (Alternative 1).

Healthcare Outreach Positions (Paper #442)

Wisconsin's community-based health plans are committed to ensuring individuals have access to and are enrolled in quality, affordable health care coverage. Consumer outreach and education efforts are imperative to achieving the goal of lowering Wisconsin's uninsured rate. **Wisconsin's community-based health plans strongly encourage Joint Committee on Finance members to approve, at a minimum, the Governor's proposed funding amount for health insurance education and outreach activities.**