October 18, 2017

Submitted electronically via StateInnovationWaivers@cms.hhs.gov

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Re: Iowa Section 1332 Waiver Comments

Dear Secretary Mnuchin and Administrator Verma:

The American Cancer Society Cancer Action Network (ACS CAN) appreciates the opportunity to comment on the Iowa Insurance Division's (IID's) 1332 waiver application, also known as the "Iowa Stopgap Measure," submitted to the Centers for Medicare and Medicaid Services (CMS) August 21, 2017, and preliminarily deemed complete September 19, 2017. ACS CAN, the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society, supports evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. As the nation's leading advocate for public policies that are helping to defeat cancer, ACS CAN ensures that cancer patients, survivors, and their families have a voice in public policy matters at all levels of government.

ACS CAN supports a robust marketplace from which consumers can choose a health plan that best meets their needs. Access to health care is paramount for persons with cancer and survivors. In the United States, there are more than 1.7 million Americans who will be diagnosed with cancer this year.[1] An additional 15.5 million Americans living today have a history of cancer.[2] In Iowa alone, an estimated 17,230 Iowans are expected to be diagnosed with cancer this year and an estimated 172,030 Iowans are cancer survivors.[3] For these Americans access to affordable health insurance is a matter of life or death. Research from the American Cancer Society has shown that uninsured Americans are less likely to get screened for cancer and thus are more likely to have their cancer diagnosed at an advanced stage when survival is less likely and the cost of care more expensive.[4]

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[1] American Cancer Society, Cancer Facts & Figures 2017, available at https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2017/cancer-facts-and-figures-2017.pdf.

[2] Id.

[3] Id.

[4] E Ward et al, "Association of Insurance with Cancer Care Utilization and Outcomes, *CA: A Cancer Journal for Clinicians* 58:1 (Jan./Feb. 2008), http://www.cancer.org/cancer/news/report-links-health-insurance-status-with-cancer-care.

ACS CAN is concerned that many of the proposals put forth in the 1332 waiver request fail to meet the guardrails established under statute and thus cannot be waived by federal administrators. We are particularly concerned that the waiver's provisions to eliminate additional cost-sharing subsidies for those who qualify actually violates the statutory requirement to ensure that any waiver provides coverage at least as affordable as exists under current law.[5]

Therefore, we strongly urge the Departments to reject Parts A and B of this 1332 waiver request and consider working with the IID to implement Part C, allowing Iowa to create a reinsurance program. We note that earlier this year Alaska successfully completed a 1332 waiver to implement a reinsurance program and rates will be 26.5 percent lower compared to last year.[6]

We have strongly urged the IID to withdraw the current waiver application, continue to meet with stakeholders to begin more extensive discussions regarding what policy changes should be considered and a reasonable implementation timeframe for such changes. We believe the current waiver application cannot be implemented in time to avoid massive disruption in the individual market. We submit the following comments regarding procedure and implementation of the proposal:

Iowa Stopgap Measure Supplements

The transparency of the waiver process is critical to its overall success. Unfortunately, transparency has not been the practice with Iowa's waiver. On September 20th, one day after CMS certified the completion of the Iowa waiver application, the state filed a supplement to its waiver application. On October 5th, the state issued a second supplement superseding the first.[7] It is unclear the extent to which this supplement changes CMS' actuarial analysis of the waiver. IID does not give assurance that the rest of the application remains unchanged in light of the supplement. Further, it is not clear whether CMS has taken the supplemental changes into account as it considers final approval of the application.

Setting aside the merits of the supplement – which are discussed in more detail below – we strongly urge HHS to refrain from considering additional supplements to Iowa's 1332 application. We also urge HHS to clarify the process for accepting (or not accepting) supplements after submission of a 1332 waiver application, and to clearly indicate on its website whether supplements have been accepted for completion.

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[5] Affordable Care Act section 1332(b)(1).

[6] Thiessen, Mark. Alaska Sees 26 Percent Drop in Health Insurance Rates. U.S. News & World Report. Sept. 17, 2017. Available at https://www.usnews.com/news/best-states/alaska/articles/2017-09-19/alaska-sees-26-percent-drop-in-health-insurance-rates.

[7] Iowa Stopgap Supplemental 2 (filed Oct. 5, 2017). Available at https://iid.iowa.gov/documents/supplement-2.

Development and Implementation Timeline

ACS CAN further urges CMS to reject Iowa's 1332 waiver because the timeline outlined in the request is unattainable before the commencement of plan year 2018. Under the process outlined in the waiver, assuming the waiver was immediately granted by HHS, between October 21st (the day after the close of the federal comment period) and November 1st (the beginning of the open enrollment period), the IID has ten days in which to design and implement the Iowa Stopgap plan, which is a fundamental change in Iowa's individual market. Insurance carriers in Iowa would also have far too little time to implement new rules and policies, create compliant plans, and enroll consumers in these plans.

Even assuming the unlikely scenario that IID accomplishes its work according to the necessary timeline, such a dramatic shift in Iowa's marketplace will result in significant consumer confusion. Large education and outreach efforts will be needed to educate consumers about their plan choices and how the Iowa Stopgap measure differs – in many cases significantly so – from coverage that is offered via healthcare.gov.

Public Education and Outreach

The 1332 waiver states that IID and the Association, through the Iowa Comprehensive Health Association (HIPIOWA), will provide information directly to consumers regarding the carriers that are participating in the marketplace. While we very much appreciate this education and outreach to consumers, we are concerned that the significant changes to the marketplace provided under this proposed waiver will require extensive education and outreach within the state to inform individuals about the new system, how it differs from the plans provided under the exchange in the past, and how the enrollment process has changed. We note that for years many consumers have enrolled in coverage through the healthcare.gov platform and eliminating this as an option for consumers to enroll would cause unnecessary consumer confusion.

We are particularly concerned that such education and outreach activities would be hampered by the fact that the proposal differs from current law. For example, the 26,848 Iowans[8] who had been eligible for CSRs would no longer be provided these benefits in the same way. Some Iowans who currently receive CSRs would no longer be eligible for additional assistance and will need additional information about how this changes their plan options and potential affordability of using their coverage. This education and outreach would also be crucial because consumers will not be automatically re-enrolled in a plan if they were enrolled in a 2017 marketplace plan. Auto re-enrollment is a process to which some consumers have become accustomed.

Education of enrollees and potential enrollees would be challenging and would also require Iowa to undergo extensive coordination with the federal government. For example, material

[8] Information ascertained from CMS 2017 OEP state-level public use file, available at https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/Plan_Selection_ZIP.html.

HHS and other federal agencies make available to consumers – through healthcare.gov and other efforts – would have to provide notice to individuals in Iowa of the differences in plan offerings and benefits. In addition, given the significant change in Iowa's marketplace, additional, tailored education and outreach activities particularly to markets/areas that border other states – would need to be undertaken by both CMS as well as Departments of Insurance for bordering states to minimize confusion as Iowa's proposal calls for significant changes to the Iowa insurance market.

We submit the following comments regarding the substance of the proposal, assuming the information in the October 5th supplement is included in the waiver submission:

A. Implementation of a Standard Plan

i. Standard Plan Benefits

Under the proposed 1332 waiver, only one plan – a silver level plan with an actuarial value requirement between 68 to 72 percent – would be available in the market. According to the proposed 1332 waiver, this plan would cover all essential health benefits (EHBs) as well as Iowa state mandates.

While we are pleased that the proposal would ensure that silver level coverage is available, we are concerned about what specific products and services will be offered by the plan. Cancer patients' treatment generally involves several different types of specialists, including medical oncologists, radiation oncologists, surgeons, palliative care specialists, and specialties related to tumor sites and we urge the Department to ensure that the plan provides coverage for the full range of products and services needed by cancer patients.

Deductibles: Under the proposed waiver, carriers will only be permitted to offer a single, silver tier plan, with the deductible set at $7,350 for an individual and $14,700 for a family. While the supplement to the waiver provides some additional assistance for persons between 133-200 percent of the federal poverty level (FPL), we are gravely concerned that the proposed deductibles for individuals above 200 percent FPL would render their coverage unaffordable. Nationally, the average silver-level deductible in 2017, was $3,703 -- $3,647 less than the proposed deductible included in the waiver.[9]

Research is well established that higher deductibles result in a decrease in utilization of health insurance.[10] While some preventive services and cancer screenings are required to be exempt from deductibles, some consumers with high deductibles still assume they will be charged in full for their preventive services and are discouraged from seeking care. One study showed that switching to a high deductible health plan (HDHP) was associated with a

[9] Pearson CF, Carpenter E, and Sloan C. Consumer Costs Continue to Increase in 2017 Exchanges. Avalere Health. Jan 18, 2017. Available at http://avalere.com/expertise/life-sciences/insights/consumer-costs-continue-to-increase-in-2017-exchanges.

[10] "Health Policy Brief: HighDeductible Health Plans," Health Affairs, February 4, 2016.

downward trend in overall colorectal cancer screening rates after two years.[11] Higher deductibles are even more concerning for cancer patients and survivors. Once a patient is suspected of having cancer, he or she undergoes many tests that are not considered preventive services and therefore are subject to the deductible. Costs continue after the patient is diagnosed and undergoes surgery, radiation and/or chemotherapy. These costs are high, and they come fast – many cancer patients face paying their whole deductible in the first month or two after diagnosis. Being required to pay for these high costs up-front can cause delays in treatment, especially for low-income patients. Research is starting to show the negative consequences of HDHPs to cancer treatment and outcomes. One study showed that HDHP enrollment was associated with a decrease in imaging tests[12] – the tests a patient needs if she has a positive screening test for suspected cancer.

Formularies*:* ACS CAN is pleased that the proposed prescription drug formulary (as outlined in Appendix F of the waiver application) includes drug tiers that are subject to copayments and not coinsurance. The use of copayment allows consumers to better estimate their expected out-of-pocket costs.

At the same time, while the proposed waiver notes that each carrier's prescription drug formulary will be compliant with the essential health benefit requirements, the waiver is silent on who is responsible for making this determination. New federal regulations issued this year defer to states in completing a prescription drug formulary outlier review. We are concerned that in light of the many other tasks envisioned under the Iowa Stopgap measure, Iowa may have insufficient time and resources in which to conduct a thorough review to ensure that Iowans have access to a robust formulary to meet their medical needs.

Network adequacy: We are concerned the proposed 1332 waiver is silent regarding requirements for determination of the adequacy of a standard plan's network. For example, it is unknown what standards, if any, an issuer would have to meet in order to be able to offer a standard plan benefit. If IID does intend to have such standards, it is unclear how they could be communicated, implemented and enforced in time for plan year 2018. Cancer treatments can be varied depending on the type of cancer and stage of diagnosis and thus individuals with cancer often require an array of specialists – such as oncologists, surgeons, radiologists, and palliative care specialists – to be able to treat their disease. We urge greater clarity regarding consumers' access to specialists – including not only physicians, but facilities in which these practitioners serve their patients as well.

[11] Wharam JF, Graves AJ, Landon BE, Zhang F, Soumerai SB, Ross-Degnan D. Two-year trends in colorectal cancer screening after switch to a high-deductible health plan. Med Care. 2011 Sep;49(9):865-71. doi: 10.1097/MLR.0b013e31821b35d8.

[12] Zheng, S; Ren, ZJ; Heineke, J; Geissler, KH. Reductions in Diagnostic Imaging with High Deductible Health Plans. Medical Care. February 2016 - Volume 54 - Issue 2 - p 110–117. doi: 10.1097/MLR.0000000000000472.

ii. Eligibility Requirements and Verification

Open enrollment period: Under the proposal, Iowans who wish to purchase the plan must do so during the open enrollment period of November 1, 2017 to December 15, 2017, and must do so directly with the participating insurance carrier.

While we are pleased the 1332 waiver includes an intention by the Department to develop a standard application, we are concerned that given the time constraints, such application may not be completed in time for the open enrollment period. It is also not clear what information will be required to be provided on the application and the extent to which the application will be designed to accommodate individuals with disabilities and those with limited English proficiency.

Eligibility determination process: Under the proposal, each individual wishing to purchase health insurance coverage must first complete an application on-line. The Iowa Stopgap Measure Administrator will determine each consumer's eligibility based on reviewing and verifying the information provided. The consumer will then receive an eligibility notice via U.S. mail informing them of their eligibility determination and premium credit allocation. Consumers will only be able to enroll in coverage once they receive this unique eligibility code.

The process envisioned under the waiver is administratively complex and we fear would depress enrollment. It appears as though any Iowan who wishes to enroll in coverage must provide projected 2017 household income for the applicant and all individuals for whom coverage is sought. This requirement appears to be imposed on all potential enrollees – regardless of whether their income is significantly above the threshold for premium assistance.

The Iowa proposal eliminates the ability of a consumer to directly enroll – or even directly apply for coverage – because of the lag time between completion of the on-line form and receipt of the unique verification code. This is problematic for a number of reasons. First, while the proposed waiver notes that the state will encourage individuals to enroll at the beginning of the open enrollment period, as stated previously, the proposed waiver represents such a significant change to the marketplace that consumers may not be aware of this requirement before enrolling.

We are also concerned that the waiver assumes that all individuals who may be interested in enrolling during the open enrollment period have access to internet services and thus enrollment solely through an on-line portal may be challenging. This is a particular problem in rural Iowa, where an estimated 153,000 people do not have access to any wired internet providers.[13]

Moreover, it is not clear whether the December 15th end of the open enrollment period is the last day for an individual to complete the on-line verification form or whether the December 15th date is the last date of enrollment. We note that historically younger individuals tend to

[13] Broadband Now. "Internet Service in Iowa." Accessed October 18, 2017. https://broadbandnow.com/Iowa.

enroll at the end of the open enrollment period and imposing an onerous, multi-step process may discourage or simply prohibit enrollment by some younger enrollees.

We also note that the use of the U.S. mail system as a means to notify individuals of their eligibility adds an additional administrative hurdle and will delay an individual's ability to enroll. It remains unclear what would happen if an individual's eligibility notice were to be lost in the mail system. The proposed waiver makes clear that "[t]here will be no retroactive accounting to the insurance carriers for premium credits" and that any "change in a consumer's premium credit allocation will occur prospectively."[14] This seems to indicate that if an enrollee were otherwise entitled to enrollment – including eligibility for premium assistance – and failed to receive her enrollment verification code, the consumer would be prohibited from enrolling in coverage and/or would be denied premium assistance through no fault of her own.

It is also unclear how long the eligibility determination will take to process. As noted in the proposed waiver, it is unclear whether Iowa will have access to the data from the Social Security Administration in order to make an eligibility determination.[15] If Iowa is not granted access to this information prior to the start of the open enrollment period, one can surmise that the verification process may be significantly slower than anticipated.

If this waiver is approved, we urge IID to clarify that if an individual applies for eligibility, but is not able to enroll by December 15th, that individual be given a grace period in which to complete enrollment and still have coverage begin January 1, 2018. Otherwise, presumably that individual would have to apply again through a special enrollment period, which has additional requirements.

Direct submission to carriers*:* While we recognize that requiring applications to be submitted directly to the carriers provides a certain amount of administrative ease, we are concerned that this proposed policy has potential unintended consequences. It is unclear what, if any, mechanism would be implemented to mediate any issues that may arise regarding lost or incomplete applications. For example, if an individual were to submit an application to a carrier and that application were lost – whether intentionally or inadvertently – it is unclear whether the individual would be permitted a special enrollment period in order to file an application with another carrier (if applicable).

We note that specific information regarding data-sharing among agencies and carriers has not been finalized. We urge the Department to provide the opportunity for public review and comment regarding this proposal in order to determine that such data-sharing protects the privacy of information provided by the consumer in the application and also provides a mechanism for appeals in the event that there are discrepancies in the data-sharing arrangements.

[14] Iowa Waiver application at 17.
[15] Iowa Waiver application at 16, ftnt 35.

Lack of auto-enrollment: We are concerned that the proposed waiver would eliminate consumers' ability to be auto-enrolled into a health plan. Since 2015, individuals who have enrolled in a marketplace plan – regardless of their state – have been auto-enrolled in a plan if they fail to make an affirmative election during the open enrollment period. Indeed, both the consumer education information from healthcare.gov[16] and the National Association of Insurance Commissioners[17] -- as well as countless others – have informed consumers of this fact. In 2017, 9,693 Iowans were auto-enrolled in a marketplace plan.[18] Changing the auto-enrollment policy – particularly so close to the open enrollment period – could leave thousands of Iowans without health insurance coverage in 2018.

iii. Special Enrollment Period Eligibility

The proposed waiver would permit an Iowan to obtain a special enrollment period (SEP) only if the individual met one of nine specified requirements, which mirror the SEPs defined by CMS for federally facilitated marketplaces. SEPs allow individuals with qualifying life changes – like divorce, marriage, birth, a permanent move, or loss of employer-sponsored health insurance – to enroll in a plan that best meets their needs. These SEPs are vital for individuals with cancer who may often experience a job loss (and subsequent loss of employer-sponsored health insurance) if their cancer and/or cancer treatment leaves them unable to work. In addition, some individuals with cancer may have to move to a different location in order to be closer to family members who can provide necessary caregiving and/or to be closer to specialized treatment facilities to treat their specific form of cancer.

However, in addition to meeting the eligibility requirements of SEPs, Iowans under this proposal will also have to prove they have had continuous coverage for the last 12 months in order to qualify for five of the nine SEP categories. We are extremely concerned that this proposal is based on false assumptions that individuals are enrolling illegitimately via SEPs, and could make it harder for consumers to enroll in coverage through an SEP. There is limited credible evidence that enrollees are inappropriately using SEPs.

Making it harder for individuals to enroll via SEP can lead to gaps in insurance coverage, which can be detrimental to cancer patients.[19] Individuals in active cancer treatment need regular access to care and services and, when that access is disrupted, the effectiveness of the treatment could be jeopardized and the individual's chance of survival could be significantly reduced. Evidence-based protocols for chemotherapy and other cancer treatments often

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[16] See https://www.healthcare.gov/keep-or-change-plan/.

[17] National Association of Insurance Commissioners State Health Exchanges: What You Need to Know to (Re)Enroll. Oct. 2017. Available at http://www.naic.org/documents/consumer_alert_state_health_exchanges_what_you_need_to_know_to_reenroll.htm.

[18] Information ascertained from CMS 2017 OEP state-level public use file, available at https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/Plan_Selection_ZIP.html.

[19] See American Cancer Society Cancer Action Network. Gaps in Coverage Are Detrimental to Cancer Patients & Survivors. Fact Sheet. January 10, 2017. Available at https://www.acscan.org/policy-resources/gaps-coverage-are-detrimental-cancer-patients-survivors-0.

require treatment delivery on a prescribed timeline. Interruptions to this timeline because of coverage gaps can be detrimental. A gap in coverage can also cause a fatal delay in initiation of a treatment protocol. Recent research shows that delays in the initiation of chemotherapy for breast cancer patients result in adverse health outcomes.[20]

We are particularly concerned with the proposal that individuals who seek an SEP must apply directly to one of the insurance carriers offering coverage. It is unclear who makes the determination regarding whether an individual qualifies for an SEP. Such determination must rest solely with the IID and cannot be abdicated to the carrier, because the carrier has an incentive to deny coverage to individuals who are older, sicker, or who they think may be more expensive to insure. Allowing carriers to make this determination opens up the possibility for discrimination against individuals, as well as delays in coverage.

Continuous coverage requirement: ACS CAN also has serious concerns about the continuous coverage requirements in the proposal. Under the waiver application, any individual who qualifies for an SEP in the following circumstances – change in address; loss of eligibility for CHIP or Medicaid; experienced a plan contract violation; related domestic abuse or spousal abandonment; or experienced exceptional circumstances – must show proof that she has not been without minimum essential coverage (MEC) for more than 60 days in the immediately preceding 12 months. We are concerned this policy is overly punitive.

A one-size-fits-all approach that imposes penalties for any interruption in coverage fails to recognize the many legitimate reasons that patients have coverage gaps. Additionally, while individuals who move into the area would be permitted an SEP, an individual who may be coming from a state with a less stringent SEP policy may be unaware of the limited SEP options in Iowa. If the individual fails to enroll in coverage within 60 days, she would be locked out of enrolling until the next annual election period. This is particularly true if the move was due to job loss because under the proposed waiver the individual would have to contact her former employer to obtain evidence of coverage in order to qualify for an SEP.

In another example, even if an individual tried to enroll during this 60-day timeframe and was unable to successfully complete the process (because, for example, she failed to have the necessary paperwork from her former employer), absent clarification to the contrary, it appears as though the individual would be locked out of coverage and unable to enroll until the next annual enrollment period. There are many common reasons why a person may have an unexpected gap in coverage. Penalties imposed on people in these situations may adversely impact access to care, interrupt life-saving treatment and make insurance unaffordable when they attempt to regain coverage.

We are also concerned that the waiver application is silent regarding what standards of proof must be provided in determining proof of coverage, how those standards will be enforced on the carriers who are approving and implementing SEPs, or whether the carriers will have

[20] Chavez-MacGregor M, Clarke CA, Lichtensztajn DY, Giordano SH. Delayed Initiation of Adjuvant Chemotherapy Among Patients With Breast Cancer. *JAMA Oncol.* 2016;2(3):322-329. doi:10.1001/jamaoncol.2015.3856.

deadlines on how quickly they must decide on SEP applications. Restricting SEPs and requiring enrollees to document their eligibility prior to coverage will lead to gaps in coverage, which can be detrimental to an individual who needs access to cancer treatment immediately. If IID were to consider such rules, the policy should provide a review process by which an individual could obtain expedited coverage when medically necessary.

B. Age and Income-based Premium Credits

The 1332 waiver application proposes to use its share of federal expenditures originally designated for advance premium tax credits (APTCs) and cost-sharing reduction subsidies (CSRs) to provide premium tax subsidies that would differ from those provided under the Affordable Care Act.

Additional assistance needed for low-income individuals: While we appreciate that the apparent goal of the proposal is to provide additional financial assistance to individuals above 400 percent of the FPL, we are concerned that the proposal would eliminate APTCs for individuals who qualify on the basis of income. The APTCs help to ensure that lower-income Americans can afford their premiums. ACS CAN is concerned that eliminating the APTCs – without providing comparable assistance for low- to moderate-income individuals – will result in these individuals being unable to afford health insurance coverage and thus become uninsured.

We strongly urge the Department to ensure that low- to moderate-income individuals at or under 400 percent FPL continue to have access to APTCs, either by redirecting funds in the proposal to ensure this financial support, or by simply allowing plans to be sold as they would have, absent this proposal. We note that ensuring affordability is a key requirement to be able to obtain a waiver under section 1332. Absent additional policies to ensure that low- to moderate-income individuals will have access to affordable coverage options, we fail to see how the proposed waiver will meet this key requirement.

Cost-sharing reduction credits: While the application as determined to be complete by CMS is silent on the issue of additional cost-sharing reduction subsidies, the supplemental material filed on October 5th indicates that Iowa's intention is to provide additional cost-sharing credits to individuals with incomes from 133-200 percent FPL. Under the plan, individuals with incomes between 133-150 percent FPL will receive a 94 percent Actuarial Value (AV) plan with a maximum out-of-pocket limit of $600 for individuals and $1,200 for families. Individuals between 150-200 percent FPL will receive an 83 percent AV plan with a $2,450 maximum out-of-pocket limit ($4,900 for family coverage).

While we are pleased that Iowa intends to impose similar AV requirements and maximum out-of-pocket limits for individuals between 133-200 percent FPL as if these individuals were enrolled in a cost-sharing reduction (CSR) plan, we are concerned that the proposal does not hold all individuals harmless. Under current federal law, CSR plans are also available to individuals between 100-133 FPL – which is important for those unable to enroll in Medicaid, or for those whose income fluctuates between Medicaid eligibility and not. CSR plans are also

offered to individuals between 200-250 FPL, while the IID proposal does not include any cost-sharing help for these income levels. Finally, we note that CSR plans offer an 87 percent AV for incomes 151-200 percent FPL, while the IID proposal reduces the generosity of the supplemented plan to 83 percent. In all of these ways, certain Iowa residents will lose benefits under this proposal and risk challenges affording coverage and healthcare.

C. Reinsurance

The waiver proposes to implement a reinsurance program that will reimburse carriers for high cost individuals whose claims exceed $100,000 on an annual basis. A well-designed reinsurance program can help to lower premiums and mitigate plans' risk associated with high-cost enrollees. As noted previously, Alaska's 1332 waiver is expected to result in significant premium decreases. A well-designed reinsurance program can also be relatively easy to implement, and could be implemented in time for the beginning of plan year 2018. We also note that a successful reinsurance program should reduce premiums for all enrollees – including those above the APTC threshold.

We are concerned that the proposed waiver seeks to fund the reinsurance program in part through expected CSR funding. We strongly urge the Department to remove CSRs as a funding mechanism for its reinsurance program. Any CSR funding should be dedicated to reducing cost-sharing specifically for low-income individuals (the subsidies for which are significantly reduced under this waiver compared to the subsidies provided under current law).

Conclusion

On behalf of the American Cancer Society Cancer Action Network we thank you for the opportunity to comment on the proposed section 1332 waiver. In light of the comments raised above, we believe the current waiver should be rejected – or at the very least, Parts A and B of the waiver should be rejected. We stand ready to work with you and other stakeholders to ensure that the Iowa 1332 waiver is designed in a manner that provides the long-term viability of the individual market. If you have any questions, please feel free to contact me or have your staff contact Anna Schwamlein Howard, Policy Principal, Access to and Quality of Care at Anna.Howard@cancer.org or 202-585-3261.

Sincerely,

Christopher W. Hansen
President,
American Cancer Society Cancer Action Network