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ABC for Health: Submits comments, concerns on Wisconsin's reinsurance plan to feds

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Interview: Brynne McBride (608) 261-6939 ext. 210 or Bobby Peterson: (608) 261-6939 ext. 201

Madison, WI – On June 8, ABC for Health, Inc. submitted comments and concerns to US Department of Health and Human Services Secretary Azar on Wisconsin's Section 1332 Innovation Waiver establishing a state reinsurance plan.

ABC for Health, Inc. Executive Director Bobby Peterson says, "Our comments reflect ABC for Health's perspective of nearly a quarter century of direct client services for people seeking access to health care and coverage." In its comments, ABC for Health recognizes reinsurance programs as a useful tool, especially in risky insurance markets, yet identifies how Wisconsin's proposed waiver request generates three major concerns: 1) lack of sufficient consumer protections; 2) troubling funding mechanisms; and 3) Previous state policy missteps and failures.

Peterson writes, "Wisconsin needs proactive steps to support enhanced consumer protections in the private insurance market, and promote increased growth of risk pools and plan enrollment. Wisconsin could expand and extend buy-in options to public-private partnership coverage programs like BadgerCare Plus, that promote large-scale pooling, spread risk, create financial leverage, and promote consumer protection and health plan accountability. Most fundamentally, Wisconsin's draft waiver (the language in Act 138) provides no guarantee that any reinsurance payment made to Wisconsin insurers will translate into reduced premiums for consumers."

Peterson questions the reinsurance plan funding mechanism, noting, “Wisconsin’s funding provisions may create a perverse incentive to create administrative barriers to services for eligible children and family members in order to pay for the state reinsurance plan. As Wisconsin develops an annual Medicaid budget, it can use procedural hurdles and red tape to generate larger and larger Medicaid lapse funds and GPR at the end of the fiscal year that can become a ‘goodie bag’ fund for the administration to dole out to special interests.” Peterson argues strongly against funding a reinsurance program on the backs of taking away Medicaid from people, saying it’s “an upward redistribution of income, regressive and wrong.”

Peterson urges that the reinsurance plan be looked at in the broader context of previous misguided state policies, “Any reduction in premiums Wisconsin hopes to achieve through reinsurance were undermined by previous Walker Administration decisions like the rejection of Medicaid Expansion funds. This reckless political decision dramatically reduced federal revenue opportunities and dramatically increased state budget outlays.”

Peterson concludes, “Under the right circumstances, reinsurance is an effective tool to help stabilize risk and jittery insurance marketplaces. The Wisconsin approach could be drastically improved to better serve the insurance consumers of our state. Unfortunately, too many myopic, political decisions impede effective, impactful implementation of a reinsurance program in our state.”