

Gov. Walker: Lowering the cost of health care: Individual market premiums expected to drop 3.5% on average next year thanks to Governor Walker's Health Care Stability Plan

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Consumers saw 44 percent increase in premiums on average last year

GREEN BAY – Governor Scott Walker today announced his Health Care Stability Plan was approved by the federal government and is expected to lower 2019 premium rates in Wisconsin's individual health insurance market on a weighted average by 3.5 percent from 2018 rates and by an estimated 11 percent as compared to without the waiver, based on initial rate filings received by the Wisconsin Office of Commissioner of Insurance (OCI). While not every consumer will see their rates decrease, this is a significant change from the 44 percent rate increase the average Wisconsin consumer saw last year.

“People in the individual market saw their premiums go up by 44 percent on average last year, and some saw much larger increases – that’s unsustainable and unacceptable,” Governor Walker said. “Thankfully, the federal government is giving us the flexibility to implement a Wisconsin-based solution to help stabilize premiums. Our Health Care Stability Plan is simple and it lowers costs. In fact, it’s expected to actually lower premiums by 3.5 percent on average in 2019. Thanks to

the Wisconsin Legislature for all of its work and support on this monumental reform.”

On April 19, 2018, Governor Walker, through OCI, submitted the Wisconsin Health Care Stability Plan, also known as the 1332 Waiver for State Innovation Application under the Affordable Care Act (ACA), for federal approval. 2017 Wisconsin Act 138 allows Wisconsin to leverage federal funding for the operation of a state-based reinsurance plan; the Health Care Stability Plan. The U.S. Department of Health and Human Services and the U.S. Department of the Treasury approved Wisconsin’s 1332 Waiver application on [July 29, 2018](#).

Governor Walker made the federal approval official today at HSHS St. Mary’s Hospital in Green Bay by signing the waiver into effect and was joined by people who stand to benefit from the Health Care Stability Plan, including Kristine from Brown County who saw her 2018 premiums go up nearly \$2,000 – a 120 percent increase.

While Washington D.C. failed to repeal and replace the ACA, Wisconsin’s Health Care Stability Plan creates a reinsurance program to cover costs in Wisconsin’s individual market. The program will provide \$200 million in reinsurance funding. Initial estimates presented to the Wisconsin Legislature last February anticipated Wisconsin to pay \$50 million for reinsurance 2019 and the federal government to pay the remaining \$150 million. Based on the [actuarial report completed by Wakely](#), under the program, Wisconsin estimates it will pay \$34 million for reinsurance in 2019; the federal government will pay the remaining \$166 million in “pass through” funds representing federal savings from the program. The program will provide coverage for claims between \$50,000 and \$250,000. The Wisconsin Health Care Stability Plan will pay 50 percent of those costs up to \$200 million.

“With the 1332 Waiver approved by the federal government and signed into effect by Governor Walker, we not only begin the work of implementing the law but we are working on other approaches to help lower costs,” said Wisconsin Commissioner of Insurance Ted Nickel. “If Congress continues to avoid action, states will need to continue to take the lead to protect our citizens from the negative consequences of the ACA. We hope we can find other approaches to lower costs and more competition in the Wisconsin health insurance market.”

A 1332 Waiver under the ACA permits states to pursue innovative strategies to ensure residents have access to affordable health insurance options. The waiver

requires federal approval and must: keep coverage as comprehensive and affordable as it was without a waiver; keep coverage available to at least a comparable number of state residents as would be provided absent the waiver; and be budget neutral to the federal government.

2017 Wisconsin Act 138 also requires OCI to submit to the Governor, by December 31, 2018, recommendations on implementing additional 1332 waivers under the ACA, taking into account certain issues relating to stabilizing Wisconsin's individual health insurance market.

For more information on the Wisconsin Health Care Stability Plan, visit oci.wi.gov and the [Center for Consumer Information and Oversight FAQ](#) .