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Gov. Walker: Submits health care stability plan for federal approval

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MADISON—Governor Scott Walker today, through the Office of the Commissioner of Insurance (OCI), submitted 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. **Upon federal approval, Wisconsin estimates premiums will be reduced by 10.6 percent from levels that otherwise would have occurred, resulting in a 5 percent decrease in 2019 premiums, compared to 2018.**

“Premiums in Obamacare’s individual market went up by 44 percent on average this year (2018). Some saw much larger increases. That is unsustainable and unacceptable,” said Governor Walker. “We are taking action to address the challenges created by Obamacare and bring stability to the individual market. Our Health Care Stability Plan provides a Wisconsin-based solution to help stabilize rising premiums in order to make health care more affordable for those purchasing in the individual market. With Washington D.C. failing to fix our nation’s health care system, Wisconsin must lead.”

Under the ACA, Wisconsin consumers continue to lose coverage choices as insurers leave the individual market or shrink service areas. As a result, over 75,000 Wisconsinites had to change insurers for their 2018 coverage and many of them had one or two insurers to choose from. In the last three years, insurers have lost over $400 million in Wisconsin’s individual market. Insurance rates have skyrocketed – rate increases averaged 44 percent across the state and in some areas were as high as 105 percent.

Absent federal action, 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. 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 is estimated to pay 50 percent of those costs up to $200 million.

Upon federal approval of the 1332 waiver, Wisconsin estimates premiums will be reduced by 10.6 percent from levels that otherwise would have occurred, resulting in a 5 percent decrease in 2019 premiums, compared to 2018.

"Without Governor Walker's leadership on this important issue, Wisconsinites would be facing a more unstable market," said Wisconsin Commissioner of Insurance Ted Nickel. "Wisconsin has worked diligently to shield consumers from the negative impact of the ACA. The Wisconsin Health Care Stability Plan is needed to offset some of the high cost claims driving up health insurance rates. It is a step towards improving access to affordable health insurance coverage across the state while using the tools and working within the parameters imposed from the federal government."

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.

For more information on Wisconsin's 1332 Waiver Application, visit oci.wi.gov.