



August 3, 2018

Honorable Alex Azar  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC

Honorable Steven Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

**Re: Maryland Section 1332 State Innovation Waiver Application**

Dear Secretary Azar and Secretary Mnuchin:

Thank you for the opportunity to submit comments on Maryland's Section 1332 State Innovation Waiver Application.

The undersigned organizations represent millions of individuals facing serious, acute and chronic health conditions across the country. Our organizations have a unique perspective on what patients need to prevent disease, cure illness and manage chronic health conditions. The diversity of our groups and the patients and consumers we represent enables us to draw upon a wealth of knowledge and expertise and serve as an invaluable resource regarding any decisions affecting state health insurance marketplaces and the patients that they serve. We urge the Departments to make the best use of the recommendations, knowledge and experience our organizations offer here.

Our organizations are committed to ensuring that any changes to the healthcare system achieve coverage that is adequate, affordable and accessible for patients. A strong, robust marketplace is essential for people with serious, acute and chronic health conditions to access comprehensive coverage that includes all of the treatments and services that they need to stay healthy at an affordable cost. Our

organizations support Maryland's efforts to strengthen its marketplace by submitting this 1332 State Innovation Waiver to implement a reinsurance program, and we urge the Departments to approve the application.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.<sup>i</sup> In Minnesota, a state already implementing a reinsurance program through a 1332 waiver approved last year, insurers recently filed proposed rates for 2019 that were between 3 and 12.4 percent below 2018 premiums.<sup>ii</sup>

Maryland's proposal will create a reinsurance program starting for the 2019 plan year and subsequently continuing for five years. The state estimates that the program will reduce premiums by approximately 30 percent and increase the number of individuals obtaining health insurance through the individual market by an estimated 5.8 percent in 2019. A reinsurance program would therefore help patients with pre-existing conditions obtain affordable, comprehensive coverage.

As states consider different ways to stabilize their marketplaces, our organizations are pleased that Maryland has submitted an application that is projected to improve coverage and affordability without compromising access to essential health benefits or jeopardizing other important protections that our patients rely on. Our organizations believe that this Section 1332 State Innovation Waiver will help stabilize the individual market in Maryland and help patients and consumers, and we urge the Departments to quickly approve the application. Thank you for the opportunity to provide comments.

Sincerely,

American Diabetes Association  
American Heart Association  
American Lung Association  
Arthritis Foundation  
Cystic Fibrosis Foundation  
Epilepsy Foundation  
Hemophilia Federation of America  
Leukemia & Lymphoma Society  
Lutheran Services in America  
National Multiple Sclerosis Society  
National Organization for Rare Disorders  
National Psoriasis Foundation  
March of Dimes

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<sup>i</sup> American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from [https://www.actuary.org/files/publications/Acad\\_eval\\_indiv\\_mkt\\_011817.pdf](https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf).

<sup>ii</sup> Minnesota Department of Commerce. *Insurers' 2019 Proposed Health Insurance Rates*. Retrieved from <https://mn.gov/commerce/consumers/your-insurance/health-insurance/rates/rate-filings/2019/>.