



April 10, 2020

Honorable Alex Azar
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

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

Re: Pennsylvania's 1332 Waiver Application

Dear Secretary Azar and Secretary Mnuchin:

Thank you for the opportunity to submit comments on Pennsylvania's 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 Pennsylvania's efforts to strengthen its marketplace by submitting this application 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.¹ A recent analysis by Avalere of seven states that have already created their own reinsurance programs through Section 1332 waivers found that these states reduced individual market premiums by an average of 19.9 percent in their first year.²

Stabilizing health insurance marketplaces is particularly important given the outbreak of COVID-19. The projected costs related to testing and treatment for COVID-19 in the commercial market alone may increase by as much as \$250 billion over the course of one year.³ Insurers will likely face higher than expected costs and will likely set higher rates for premiums in 2021. By establishing a reinsurance program starting in 2021, Pennsylvania may help offset some of the projected premium increases in 2021, making health insurance more affordable and accessible for Pennsylvanians.

Pennsylvania's proposal will create a reinsurance program starting for the 2021 plan year and would last for five years. Based on the initial analysis commissioned by the state, this program is projected to significantly reduce premiums and increase the number of individuals obtaining health insurance through the individual market. This would help patients with pre-existing conditions obtain affordable, comprehensive coverage.

Our organizations believe this 1332 Waiver will help stabilize the individual market in Pennsylvania and protect patients and consumers. Thank you for the opportunity to provide comments.

Sincerely,

American Heart Association
American Liver Foundation
American Lung Association
Arthritis Foundation
Cancer Support Community
Crohn's & Colitis Foundation
Cystic Fibrosis Foundation
Epilepsy Foundation
Hemophilia Federation of America
Leukemia & Lymphoma Society
Mended Hearts & Mended Little Hearts
National Alliance on Mental Illness
National Multiple Sclerosis Society
National Organization for Rare Disorders
National Psoriasis Foundation

Susan G. Komen

¹ 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.

² Avalere. *State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average*. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.

³ Covered California, *The Potential National Health Cost Impacts to Consumers, Employers and Insurers Due to eh Coronavirus (COVID-19)*. March 22, 2020. Retrieved from: <https://www.law360.com/articles/1256170/attachments/0>