

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number

145 INS Ch. 19 – SS 027-19

3. Subject

The Wisconsin Healthcare Stability Plan

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

s. 20.145 (5), Stats.

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses (if checked, complete Attachment A)

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

The rule implements s. 601.83, Stats., that has a stated purpose of maintaining and enhancing the stability, affordability and accessibility of health care for individuals in the State.

10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

The request for comment on the proposed rule was sent to over 50 organizations that are primarily related to the health care or health insurance fields and individuals who indicated to the office that they would like to receive notice of any information related to life or health insurance. Additionally, the Office of the Commissioner of Insurance (OCI), posted the Request for Comment on its public website.

The OCI received one comment from Quartz Health Benefit Plans Corporation, ("Quartz"). Quartz indicated that it has one health insurance company offering individual health insurance on the federal exchange and off the exchange to Wisconsin consumers. The corporation identified that the Wisconsin Healthcare Stability Plan and the current payment parameters allowed the carrier to decrease insurance premiums by approximately 9.5% across all levels, to more than 22,000 members throughout the state. Importantly, the comment noted that those individuals not eligible for federal assistance whose incomes exceeds 400% of the poverty level experienced meaningful savings. Quartz further commented that the WIHSP programs has provided stability to a vulnerable market and adds protection against adverse selection.

The rule has had a positive effect on licensed insurers offering individual health insurance based on the 2019 benefit year payment parameters established under the statute and emergency rule. Individual health insurance offered is required to meet the requirements of the Patient Protection and Affordable Care Act of 2010, as amended. Additionally, the emergency rule and the WIHSP reinsurance program have, to date, positively affected Wisconsin consumers purchasing individual health insurance either off the exchange or through the federal exchange. The proposed permanent rule codifies the emergency rule with a few requested clarifications. It is anticipated that the proposed rule will have a continuing positive impact for insurers and Wisconsin consumers.

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11. Identify the local governmental units that participated in the development of this EIA.

None

12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

There are no costs expected to be incurred by businesses, public utilities, or local units of government as the rule pertains to individual health insurance coverage. The statute and rule will continue to lower costs for insurers offering individual health insurance and for individuals purchasing health insurance coverage either through the federal exchange or the individual marketplace. There may be a benefit to the State's economy when consumers are able to better afford health insurance through fewer lost work hours and the potential for individuals to have increased discretionary spending capabilities.

13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The statute and emergency rule are credited for increased stability in the individual market, reducing premiums costs and attracting insurers to return to the individual marketplace both on and off the federal exchange. The proposed permanent rule mirrors the emergency rule with a few requested clarifications and is anticipated to continue positively impacting the individual marketplace in Wisconsin. The statute, proposed permanent rule and 1332 waiver, access federal funds that previously were available to insurers providing coverage through the federal exchange. They also allow the State to establish parameters for high-cost claims to be partially reimbursed by the WIHSP, which is funded primarily with federal funds and backed up by State general purpose funds through a sum-sufficient appropriation. The alternative occurred prior to Wisconsin being granted the 1332 waiver, uncompensated, high costs born by insurers that were part of a state and a national upward trend in premium costs. This upward trend was making the cost of health insurance unaffordable particularly for those without access to cost sharing reductions or advanced premium tax credits due to their income level and required selection of a federal exchange insurance plan.

14. Long Range Implications of Implementing the Rule

The statute contemplates the WIHSP to be in place for five years through a waiver with the federal government. The goal is to provide affordable access to comprehensive individual health insurance, increase stability in the individual health insurance market, and increase consumer options within the individual market. Assuming continued funding under the waiver, the proposed rule complies with the statutory requirement to maximize federal funding that will minimize the portion of funds needed from the state GPR fund.

15. Compare With Approaches Being Used by Federal Government

The proposed rule utilizes the federal reporting format, the EDGE server, that previously provided reinsurance for eligible claims. The waiver Wisconsin received provides continued reinsurance with a majority of funds provided by the federal government since the federal government no longer provides reinsurance to federal exchange participating insurers. Additionally, the WIHSP extends reinsurance not only to those insurers participating on the federal exchange, but also to eligible insurers offering compliant individual insurance products off the exchange.

16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Wisconsin's Healthcare Stability Plan is modeled after the Minnesota Premium Security Plan. Illinois, Iowa, and Michigan do not have a similar approach.

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