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BULLETIN 18-01

To: All Health Insurers Writing in the State of Iowa
From: Doug Ommen, Iowa Insurance Commissioner
RE: CMS allows extension for transition policies through 2019
Date: April 19, 2018

The purpose of Bulletin 18-01 is to provide guidance regarding the extension of transitional policies in the State of Iowa. CMS announced on April 9, 2018 that health insurers will be allowed to continue transitional policies through calendar year 2019.¹

The Iowa Insurance Division appreciates CMS once again offering some state flexibility in this regard as has been done each year since 2014. If the Iowa Insurance Division does not continue these plans, the nearly 38,000 Iowans remaining in these transitional policies will be forced to seek shelter in Iowa's collapsed ACA market and face a massive rate increase. We anticipate the vast majority of individuals would receive rate increases between 100% - 400%.

While some of these individuals may seek shelter in the ACA Marketplace, it is very unlikely that many of these transitional policy holders would receive any federal subsidies and thus would likely be unable to afford the premiums. Iowans already facing the full brunt of paying these ACA increases know all too well that the extraordinarily high rates are simply unaffordable.

There are also approximately 59,000 Iowans in small group transitional plans who would also face rate increases. Though the rate shock may not be as substantial as those who would be forced to enter the individual market, such rates would still cause small business owners to make hard decisions about the future affordability of providing coverage for their employees.

The Iowa Insurance Division continues to call on Congress to fix this federal problem. However, until such a fix is implemented, transitional plans offer coverage for many Iowans. Thus, in light of the extraordinary rate increases these consumers would face if transitional plans are discontinued, the State of Iowa will allow for the continuance of transitional plans through 2019.

¹ <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Extension-Transitional-Policy-Through-CY2019.pdf>