



KIM REYNOLDS  
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG  
LT GOVERNOR

August 21, 2017

The Honorable Steven Mnuchin  
Secretary  
U.S. Department of Treasury  
1500 Pennsylvania Ave, NW  
Washington, D.C. 20220

The Honorable Thomas E. Price, MD  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Ave, SW  
Washington, D.C. 20201

Dear Secretary Mnuchin and Secretary Price,

We write to ask you for a timely approval of the Iowa Stopgap Measure. As you know, the Obamacare individual health insurance marketplace is collapsing, leaving 72,000 Iowans with no options and skyrocketing costs. Long-term, the federal government must replace Obamacare with true market-driven health reform that is affordable for everyday Iowans and empowers consumers. We appreciate the efforts the Trump Administration has taken to provide immediate and long-term relief from the damage done by Obamacare. In Iowa, though, we face an immediate collapsing market that could leave thousands without health insurance and the rest with 56% or higher premium rate increases. Iowans deserve a healthcare system that better serves their needs.

In May, we directed the Iowa Insurance Commissioner to come up with a short-term solution, called the Iowa Stopgap Measure, in partnership with our local health plans. Iowa's Stopgap Measure stops the immediate collapse created by Obamacare and provides a short-term health insurance solution for thousands of Iowa farmers, entrepreneurs, and retirees. Iowa's Stopgap Measure is the only solution that will provide more affordable and accessible health insurance coverage at the same comprehensive levels as Obamacare mandates and without increasing the federal deficit. The Stopgap Measure provides consumers with age- and income-based premium subsidies while utilizing a reinsurance mechanism to keep premium costs down for all consumers.

Iowans from all 99 counties have advocated in support of the Stopgap Measure. We are pleased to report the Stopgap Measure has broad support from the Speaker of the Iowa House, Iowa Senate Majority Leader, Iowa Farm Bureau, healthcare providers, and economic development organizations. With the approval of the Stopgap Measure, more Iowans will be able to access and afford health insurance in 2018. A recent independent actuarial study found 18,000 - 22,000 Iowans would lose health insurance if the Stopgap Measure is not approved. The Stopgap Measure will keep our uninsured rate lower and provide comfort to Iowa families they will have health insurance in 2018.

We appreciate your leadership and partnership at the Department of Treasury and Department of Health and Human Services in providing states more flexibility in administering their healthcare system. The current system is unaffordable, unworkable, and unsustainable. We look forward to working with you towards the timely approval of the Iowa Stopgap Measure, ensuring short-term relief for Iowans.

Sincerely,

Kim Reynolds  
Governor of Iowa

Adam Gregg  
Lt. Governor of Iowa

# Congress of the United States

Washington, DC 20515

August 18, 2017

The Honorable Thomas E. Price, M.D.  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Ave, SW  
Washington, DC 20201

The Honorable Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
200 Independence Ave, SW  
Washington, DC 20201

RE: IOWA STOP GAP MEASURE FOR CY18

Dear Secretary Price and Administrator Verma:

We write to ask you for timely consideration of the Iowa Stopgap Measure.

Iowans are facing an unaffordable and unstable individual health insurance market. Over 72,000 Iowans rely on purchasing health insurance through the federal marketplace. If nothing is done, Iowans in all 99 counties will have one option to purchase individual health insurance for 2018, with premiums rising more than 40 percent. Iowa's farmers and small business owners cannot afford this.

Iowa Governor Kim Reynolds has led to find a solution for Iowans in the short term. At the Governor's directive, the Iowa Insurance Commissioner and local health plans came up with a short-term solution, the Iowa Stopgap Measure, so 72,000 Iowans can purchase and afford health insurance in 2018. The Stopgap Measure provides age- and income-based premium support while using a reinsurance mechanism for costly medical claims.

While Congress works on a long-term solution to health care, we urge you to give Iowa's Stopgap Measure all due consideration.

Sincerely,



Charles E. Grassley  
United States Senator



Joni K. Ernst  
United States Senator



Rod L. Blum  
Member of Congress



Steve King  
Member of Congress



David Young  
Member of Congress



# STATE OF IOWA

KIM REYNOLDS  
GOVERNOR

DOUG OMMEN  
COMMISSIONER OF INSURANCE

ADAM GREGG  
LT. GOVERNOR

August 21, 2017

The Honorable Steven Mnuchin  
Secretary  
U.S. Department of Treasury  
1500 Pennsylvania Ave, NW  
Washington, D.C. 20220

The Honorable Thomas E. Price, MD  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Ave, SW  
Washington, D.C. 20201

Dear Secretary Mnuchin and Secretary Price,

The Iowa Insurance Division, on behalf of the State of Iowa, submits a 1332 Waiver Application under the Affordable Care Act to the U.S. Department of Treasury and U.S. Department of Health and Human Services.

The Iowa Insurance Division is the lead state government agency for this application. The Iowa Insurance Division has the authority to submit this waiver under Iowa Code Section 505.8(19) and Iowa Administrative Code 191.82.

This application has the support of Iowa Governor Kim Reynolds and Lt. Governor Adam Gregg and both leaders of the Iowa General Assembly, Speaker of the Iowa House Linda Upmeyer and Iowa Senate Majority Leader Bill Dix.

We look forward to continue working with you for a timely consideration and approval.

Sincerely,

A handwritten signature in blue ink, appearing to read "Doug Ommen".

Doug Ommen  
Iowa Insurance Commissioner

cc: Kim Reynolds, Governor of Iowa  
Seema Verma, Administrator, Centers for Medicare & Medicaid Services

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**iowa  
insurance  
division**

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# Iowa Stopgap Measure

August 21, 2017

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# Iowa Stopgap Measure

## Executive Overview

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The Iowa Stopgap Measure will provide temporary stability to Iowa's collapsing commercial individual health insurance market by restructuring federally funded subsidies and developing a crucial reinsurance program. The Iowa Stopgap Measure is not intended to be a permanent solution. Given the collapse of the Affordable Care Act (ACA) individual health insurance market resulting from years of skyrocketing premiums and market segmentation, it will take federal legislation to fully repair and restore Iowa's individual health insurance market.

However, Iowa respectfully submits this Section 1332 Waiver application to prevent as many as 22,000 Iowans from leaving the market in 2018 and leaving Iowa's commercial health insurance market in further collapse in 2019.<sup>1</sup> Not only will the departure of these Iowans have a significant negative impact on the commercial individual health insurance market, the resulting negative impact on Iowa's economy will be widespread and substantial. While subsidized Iowans are insulated from these ever-increasing rates, middle-class Iowans are faced with hard choices and will likely be forced to go uninsured.

Since the implementation of the ACA, Iowans purchasing ACA-compliant plans have seen dramatic premium increases between 70 and 100 percent. Many of the newly insured individuals in Iowa's ACA market were much sicker, older, and more costly than originally estimated. Additionally, while 150,000 Iowans gained coverage through Iowa's Medicaid expansion (the Iowa Health and Wellness Plan), the departure of these mostly young and healthy individuals impacted the stability of the individual health insurance market.

The departure of healthy individuals, coupled with meager uptake by the younger population has led to skyrocketing insurance premiums and mass carrier departure. Starting in December 2014 with the liquidation of CoOpportunity Health, Inc., a total of 9 carriers have left Iowa's ACA market. Medica filed rates for the ACA 2018 on-Exchange market for all of Iowa's 99 counties and without the waiver will be the only carrier offering coverage under the ACA.<sup>2</sup> The filed rates have an average increase for the standard silver premium plans of 56 percent over Medica's 2017 ACA rates.

However, as 58,317 consumers currently on the 2017 ACA market in Iowa utilize other carriers, the majority of Iowans in the ACA market may see actual rate increases of much more, some even up to 100 percent in 2018. These premium rates under the ACA will price out nearly all individuals currently on the individual health insurance market except for those who are fully federally subsidized or those who must incur these steep costs to ensure health insurance coverage for their serious illnesses or medical conditions. Iowa's actuarial review estimates that

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<sup>1</sup> Appendix A, Actuarial Review of Medica Insurance Company Proposed 2018 Individual Health Insurance Rates and Analysis of Effect of the Iowa Stopgap Measure, performed by NovaRest, Inc.; pg. 15.

<sup>2</sup> Medica's announcement that it was offering rates in all 99 counties under the ACA for 2018 came after Iowa originally submitted its proposal to the Centers for Medicaid and Medicare Services on June 7, 2017.

18,000 – 22,000 Iowans without subsidies will leave the market.<sup>3</sup> When these rates likely increase again under the ACA in 2019, another 28,000 to 30,000 Iowans currently in transitional plans are at risk to become uninsured.<sup>4</sup> All of the consumers anticipated to leave the ACA market and become uninsured are those who do not receive federal subsidies.<sup>5</sup>

As designed, the ACA provides subsidies to consumers based solely on their income. The premium amount that subsidized consumers are responsible for is capped at a percentage of their income, and remains capped at this federally established level regardless of how high the premiums increase. As premiums have skyrocketed, these individuals have seen no increase in their monthly premiums. The federal taxpayers have picked up the balance between the income capped premium payment and the ever increasing premium costs.

Critically, individuals and families outside of the subsidized market bear the brunt of these skyrocketing rates and they have reached the breaking point. The premium costs for coverage under the ACA market have increased to the point of no return, and unsubsidized consumers are going to have to make very difficult choices, resulting in many who will choose to go uninsured or leave Iowa entirely.

Consider the couple whose family has spent generations farming, building the backbone of Iowa's economy. This couple, both aged 55 making a total of \$67,000 and earning enough to be ineligible for subsidies, could see their premium costs under the 2018 ACA market at approximately \$32,700.

Consider the elderly couple who are nearing or at retirement but not quite eligible for Medicare. This couple, both 63 have an income of \$67,000 and are not eligible for subsidies under the ACA. Under the 2018 ACA market, this couple could see rates of \$39,000. This couple who have spent their life building Iowa's economy and saving for retirement, will now be forced to consider the option of leaving Iowa.

Consider the young entrepreneur, who graduated college and is in Iowa starting a business and a family. This young family of 28 year old parents with 4 year old twins, working hard to support their own small business and making approximately \$101,000 per year, could see premium rates for their family totaling approximately \$27,000. This family may consider restructuring their income to become eligible for subsidies or giving up on their dream to own their own business.

The loss of these consumers further drives the market into collapse as then only fully subsidized individuals or consumers experiencing severe medical conditions remain. This will cause premium rates to increase again in 2019, and result in a market comprised only of subsidized individuals. Iowa is trying to break this cycle of collapse by implementing the Iowa Stopgap Measure for 2018. Iowa is proposing an innovative solution to reinsure the most vulnerable individuals, which in turn helps control premium costs and stabilizes the long-term viability of Iowa's individual health insurance market. The Iowa Stopgap Measure, however, cannot fully

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<sup>3</sup> Appendix A, pg. 15.

<sup>4</sup> Appendix A, pg. 15.

<sup>5</sup> Appendix A, pg. 15-16.

and does not fix the many flaws of the ACA. Even with the reinsurance program and flat per-member per-month premium credits, Iowa anticipates that 4,000 – 6,000 Iowans may still be uninsured under the Iowa Stopgap Measure.<sup>6</sup> While this is not an insignificant number, it must be compared to the 18,000 – 22,000 currently unsubsidized Iowans that are likely to become uninsured under the ACA in 2018.

Iowa is requesting that the Centers for Medicare and Medicaid Services (CMS), the United States Department of Health and Human Services (DHHS), and the United States Department of Treasury expedite approval of this Section 1332 Waiver application to allow Iowa to implement the Iowa Stopgap Measure.<sup>7</sup> While the only real solution can come from federal legislation, the Iowa Stopgap Measure is an imperfect program that will decrease the number of Iowans that go uninsured in 2018 and attempts to move forward towards a sustainable solution.

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<sup>6</sup> Appendix A, pg. 17.

<sup>7</sup> Iowa requests that the federal government exercise its authority under the ACA and that granted by President Trump's Executive Order Minimizing the Economic Burden of the Patient Protection and Affordable Care Act Pending Repeal

## Federal Authority

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CMS has the authority to grant a state innovation waiver under Section 1332 of the ACA to allow the state to pursue innovative strategies to provide the residents with access to high quality, affordable health coverage.<sup>8</sup> These waivers allow states to implement innovative ways to provide access to quality health care that: 1) is at least as comprehensive and affordable as would be provided absent the waiver, 2) provides coverage to a comparable number of residents of the state as would be provided coverage absent a waiver, and 3) does not increase the federal deficit.<sup>9</sup>

President Trump issued an executive order instructing the Secretary of the DHHS and the heads of all other executive departments and agencies with authorities and responsibilities under the ACA to “exercise all authority and discretion available to them to provide greater flexibility to States and cooperate with them in implementing health care programs.”<sup>10</sup> A copy of Executive Order 13765 (the “Order”) is attached to this proposal as Appendix B.

President Trump made clear in the Order that he expects his Administration to “take all actions consistent with law to minimize the unwarranted economic and regulatory burdens of the Act, and prepare to afford States more flexibility and control to create a more free and open health care market.”<sup>11</sup> Further, the Order grants the Secretary of DHHS the authority and responsibility to “waive, defer, grant exemptions from, or delay the implementation of any provision or requirement of the Act that would impose a fiscal burden on any State or a cost, fee, tax, penalty, or regulatory burden on individuals, families, health care providers, health insurers, patients, recipients of health care services, purchasers of health insurance, or makers of medical devices, products, or medications.”<sup>12</sup>

CMS previously displayed its ability to be flexible in its adherence to the provisions of the ACA in its continued extensions of the transitional relief program requested by former President Barack Obama as related to grandmothers plans. CMS created a ‘transitional policy’ allowing for health insurance carriers to continue to offer certain non-compliant ACA policies to existing consumers. This continued policy position demonstrates that CMS does have authority to be accommodating and adaptable in its interpretation and implementation of the ACA.

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<sup>8</sup> 42 U.S. C. §18052.

<sup>9</sup> <[https://www.cms.gov/ccio/programs-and-initiatives/state-innovation-waivers/section\\_1332\\_state\\_innovation\\_waivers-.html](https://www.cms.gov/ccio/programs-and-initiatives/state-innovation-waivers/section_1332_state_innovation_waivers-.html)>.

<sup>10</sup> Executive Order 13765, Section 3.

<sup>11</sup> Executive Order 13765, Section 1.

<sup>12</sup> Executive Order 13765, Section 2.

## Description of Iowa's Stopgap Measure

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Iowa requests CMS' support in its development and implementation of the Iowa Stopgap Measure, which would be available to all eligible Iowa consumers for the 2018 plan year. Iowa proposes to provide the following:

- 1) A single, standard plan available to every eligible Iowa consumer from each participating carrier,
- 2) Flat, per-member per-month premium credits based on age and income, and
- 3) A reinsurance program to support high-cost claimants.

According to a recent estimate published by Milliman, Iowans will receive approximately \$194 million in Advanced Premium Tax Credits (APTC) and \$48 million in Cost Sharing Reduction (CSR) payments in 2017. As premiums increase each year, the required funding for APTCs correspondingly increases significantly. According to DHHS' own study, premium rates have risen 105 percent between 2013 – 2017.<sup>13</sup> For consumers receiving APTCs, their share of the increases are dampened each year as their premium amounts are capped as a percentage of their income. The remaining costs are funded by the federal taxpayers, causing APTC funding to increase at a rate even higher than premiums increase. In 2018, Medica is now the sole remaining carrier who has filed rates for Iowa's ACA Market. The rates filed by Medica for the standard silver premium plan rates increased significantly from the 2017 rates. As filed, the premium rates for 2018 show average increases of 43 to 56 percent over Medica's 2017 premium rates. That increase will be dramatically higher for many Iowans – especially those individuals that had the lower cost Aetna plans. Former Aetna customers could see rate increases above 100 percent. Given this increase in premiums, Iowa estimates that the APTC funding for the 2018 ACA market will be approximately \$421 million.<sup>14</sup> This funding is more than double that required in the 2017 ACA market evidencing the dramatic increase in premium costs.

The Iowa Stopgap Measure would redistribute the estimated APTC funding allocated to Iowa in 2018 between a reinsurance program and per-member per-month premium credits adjusted based on age and income. In doing so, Iowa will be able to provide an accessible, affordable, and comprehensive health insurance program that is budget neutral to the federal government and will improve market stability.

It is unlikely any federal legislative changes to the ACA will be enacted in time to alleviate the collapse of Iowa's individual commercial health insurance market and provide relief to the impacted Iowa consumers for 2018. The rates filed under the ACA by Medica for 2018 are unsustainable for Iowans, and will drive 18,000 – 22,000 Iowans out of the commercial individual health insurance market.<sup>15</sup>

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<sup>13</sup> <<https://aspe.hhs.gov/system/files/pdf/256751/IndividualMarketPremiumChanges.pdf>>

<sup>14</sup> Appendix A, pg. 26

<sup>15</sup> Appendix A, pg. 15.

The program described herein would become effective immediately upon CMS approval to allow insurance carriers to decide whether to offer the standard plan under the Iowa Stopgap Measure for the 2018 calendar year and for all parties to begin implementation. Any carrier who wishes to participate in the commercial individual health insurance market, including any that may have filed rates under the ACA for 2018, would only be able to sell the standard plan developed as part of the Iowa Stopgap Measure. These plans will be available for purchase directly from the carrier, as there will be no plans offered via the ACA Marketplace Exchange. Iowa requests that this proposal be granted as soon as possible and be effective for an initial period of one year to allow for coverage through December 31, 2018. In line with our previous conversations with CMS, Iowa requests authority to have the option to request renewal of the program for calendar year 2019 if necessary.

## Implementation of the Iowa Stopgap Measure under Iowa’s Existing Regulatory Framework

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Existing Iowa law and regulations provide authority and flexibility to implement the requested waiver.

First, and most broadly, Iowa Code section 505.8(19) provides Iowa’s Insurance Commissioner with the authority to “propose and promulgate administrative rules to effectuate the insurance provisions of the federal Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, and any amendments thereto, or other applicable federal law.” Utilizing that authority, the Iowa Insurance Commissioner promulgated administrative rules authorizing the creation of the Iowa Stopgap Measure. Attached as Appendix C are the rules enacted on August 4, 2017 regarding the submission of the waiver process. These rules were unanimously approved by Iowa’s bipartisan legislative rules committee.

Second, and more specifically, Iowa law contains an existing mechanism to design and administer the Iowa Stopgap Measure. In 1996, Iowa developed the individual health benefit reinsurance association (IIHBRA).<sup>16</sup> IIHBRA was established as part of the Individual Health Insurance Market Reform Act, which was enacted to “promote the availability of health insurance coverage to individuals regardless of their health status or claims experience.”<sup>17</sup> The IIHBRA is a non-profit organization whose work is managed by the board of directors established by the Iowa Comprehensive Health Association (the “Association.”) The Association also facilitates the Health Insurance Program of Iowa (“HIPIOWA”), a state-wide high risk pool.

The board of directors of the Association (the “Board”), with the approval of the Commissioner, is authorized to adopt the form and level of coverage of the standard health benefit plan for the individual market, which is required to provide benefits substantially similar to the current state of the individual market.<sup>18</sup> For calendar year 2018, Iowa has developed a standard plan which will provide benefits substantially similar to those currently offered in the individual health insurance market. The standard plan is modeled after coverage offered to Iowa consumers in 2017, and the Commissioner will recommend that the Board adopt the standard for 2018. The Commissioner will promulgate rules to set forth eligibility, benefits and other requirements.<sup>19</sup> The Iowa Insurance Division is filing rules on August 25, 2017 regarding the operation of the Iowa Stopgap Measure, including defining eligibility and plan parameters as described herein. These rules are eligible to be enacted on September 12, 2017. These operational rules are attached as Appendix D.

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<sup>16</sup> Iowa Code § 513C.10 - <<https://www.legis.iowa.gov/docs/code/513C.10.pdf>>.

<sup>17</sup> Iowa Code §§513C.1 and 513C.2 - <<https://www.legis.iowa.gov/docs/code/2015/513C.1.pdf>>; <<https://www.legis.iowa.gov/docs/code/2015/513C.2.pdf>>.

<sup>18</sup> Iowa Code §513C.8 - <<https://www.legis.iowa.gov/docs/code/513C.8.pdf>>.

<sup>19</sup> Iowa Code §513C.12 - <<https://www.legis.iowa.gov/docs/code/513C.12.pdf>>.

For 2018, the IHBRA and Association will redistribute Iowa's share of federal APTC payments to supplement an existing reinsurance program and establish a monthly premium credit program for individuals who purchase the standard plan. This redistribution will utilize federal funds as a mechanism to lower premium costs and support a reinsurance program for high claim individuals who purchase the standard plan. While the reinsurance mechanisms for IHBRA typically involve spreading costs among a number of carriers providing health insurance coverage for individuals, here, the reinsurance will take the form of a program funded by the federal government and carried out by agreement with Iowa to be run through IHBRA and funded by CMS.

Iowa received a commitment from Wellmark that Wellmark Health Plan of Iowa, in conjunction with its joint ventures, will participate in the Iowa Stopgap Measure in all of Iowa's 99 counties.<sup>20</sup> Iowa is hopeful that other carriers will agree to participate as well, and all carriers will price the standard plan based on the individual's age. Iowa will utilize the systems already in place at the Iowa Department of Revenue (IDR) and the Iowa Department of Human Services (DHS) to verify income and other eligibility criteria. Premium credit payments will be paid to the carriers in a similar manner as APTCs are currently paid to carriers by the federal government.

No state funds will be used to fund the per-member per-month premium credits, the reinsurance program, or the administration of the Iowa Stopgap Measure. However, as discussed below, additional state departments and resources will be involved in the income and eligibility verification required under the Iowa Stopgap Measure. If CMS does not approve the Iowa Stopgap Measure and thus does not authorize the requested pass-through funding, Iowa will not move forward with the Iowa Stopgap Measure.

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<sup>20</sup> August 18, 2017 Letter from John Forsyth to Commissioner Doug Ommen, included herein as part of Appendix M.

## Summary of Application and Iowa's Stopgap Measure

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### *Goal of Stopgap Measure*

The Iowa Insurance Division developed the Iowa Stopgap Measure to provide temporary stability to the individual health insurance market in Iowa for 2018. Critically, Iowans without federal subsidies need a pathway to access insurance as the rates have increased so dramatically that many will be forced to leave the market.

### *Federal Regulations Requested to be Waived*

As an initial matter, and in light of President Trump's Order, Iowa is requesting emergency relief from strict compliance with the Section 1332 Waiver requirements. The requirements of Section 1332 present a significant challenge given Iowa's market collapse; the timing requirements alone prohibit any meaningful relief and are ill-suited to deal with this emergency.

As originally contemplated, Section 1332 is intended to allow states to develop an innovative solution to improve its existing individual health insurance market. The breadth of requirements prohibit it from being fully applicable as a crisis management mechanism, which Iowa now requires to stabilize its individual health insurance market from collapse. However, CMS has the authority granted to it by President Trump's Order to provide flexibility in its execution of the Section 1332 Waiver process. Iowa requests that CMS waive several requirements of Section 1332 in order to allow Iowa to timely implement the program proposed below. Attached as Appendix E is an annotated version of the checklist provided to Iowa by CMS with further explanation and detail regarding Iowa's inability to fully complete the requirements in time to stabilize its collapsed market for 2018.

Specifically, Iowa seeks emergency relief from 42 U.S.C. §18052(d) giving the Secretary 180 days to make a determination as to whether or not to grant Iowa's application. Open enrollment begins on November 1, 2017, and consumers need to have an understanding of what their option will be for 2018. Iowa has engaged in weekly conversations with CMS following its initial submittal on June 7, 2017 to develop this application in partnership with CMS and to ensure that the application meets CMS requirements. Given the timing of the submission relative to the upcoming open enrollment date, an expedited review process is necessary. Iowa is confident that there are carriers who will offer the Iowa Stopgap Measure plan for benefit year 2018 in all 99 counties in Iowa, but an extended period of time before a decision is made by CMS will hinder carrier efforts to participate.

In addition to the strict requirements of Section 1332, Iowa is requesting relief from the provisions of the ACA described below.

Iowa requests a waiver of 26 U.S.C. § 36B (26 I.R.C. § 36B) to allow Iowa to reallocate the described federal funding into the development of per-member per-month premium credits to lower the monthly premiums for all Iowans who would purchase the standard plan. A portion of these funds would also be allocated to the reinsurance program to offset the high cost claimants and provide an overall reduction in premium costs which will provide Iowa's individual market

with much needed stability. An additional portion of these funds will be allocated for the administrative costs of the Iowa Stopgap Measure.

Iowa requests a waiver of 42 U.S.C. §18022(d) to require carriers to only offer a single, standard plan, similar to that of the current silver tier. The plan would be required to have between 68 percent to 72 percent actuarial value, which is in line with the ACA's silver-tier plans. Iowa does not seek a waiver of any essential benefit requirement under this section. The waiver is intended only to allow carriers to offer a single plan at the silver tier level. Waiver of this section will allow for the creation of a single, standard plan that will be available off-Exchange. Under the Iowa Stopgap Measure, there will be no plans available on the ACA's Exchange for Iowa consumers.

Iowa requests a waiver of 42 U.S.C. §18071 to eliminate the use of cost sharing reductions. As the standard plan under the Iowa Stopgap Measure will be available only off-Exchange, the carriers are not required to offer any of the cost-sharing plan levels as set forth in 42 U.S.C. §18071. While this provision is thus moot given the waiver of the metal tier requirements and lack of any qualified health plans on the ACA's Exchange under the Iowa Stopgap Measure, if deemed necessary by CMS this application seeks a formal waiver of that requirement.

As it currently stands, CSR payments are unconstitutional<sup>21</sup> and there is significant uncertainty as to whether they will continue to be paid in contradiction of the Court decision. However, the current administration continues to make the CSR payments, with the decisions seemingly occurring on a monthly basis. As the recent House and Senate bills were in conflict on CSR payments, the Iowa Stopgap Measure was developed to provide significant assistance to consumers based on a market wherein CSR subsidies are not utilized. However, if CSR payments are going to be formally appropriated or approved by the federal government to be paid to consumers throughout the entire benefit year of 2018, Iowa respectfully asks for a waiver of 42 U.S.C. §18071 to allow those funds to be utilized to further support the per-member, per-month premium credit program and reinsurance program described herein.

While additional provisions of the ACA may be affected by the implementation of the Iowa Stopgap Measure, at this juncture Iowa does not anticipate any negative impact on the non-waived provisions.

### *Background on Iowa's Individual Health Insurance Market*

Prior to the ACA, Iowa had a stable individual market with some of the lowest premium levels in the nation and many health insurance options to choose from. Iowa has a population of just over

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<sup>21</sup> The ACA authorized CSR payments, but no appropriation for the funding was made in the statute. Upon a challenge by the House of Representatives, the United States District Court for the District of Columbia held that paying out these reimbursements without any appropriation violated the Constitution. See United States House of Representatives v. Burwell, 185 F. Supp. 3d 165, 174–75 (D.D.C.), appeal held in abeyance, 676 F. App'x 1 (D.C. Cir. 2016). This decision was appealed by the Obama administration, and recently the Trump administration asked for the case to remain stayed for an additional three months while the legislative process played out.

3 million people, and nearly 66 percent of Iowans had access to employer-sponsored insurance.<sup>22</sup> Prior to the implementation of the ACA, Iowa had one of the highest health insurance coverage rates in the nation with less than 9.7 percent of its residents being uninsured.<sup>23</sup>

It must be said that while under the ACA, the number of uninsured individuals in Iowa has decreased, the number of Iowans actually purchasing policies in the individual market has also decreased.<sup>24</sup> This is, in large part, due to the bipartisan, tailored version of the Medicaid expansion implemented by Iowa. The program, known as the Iowa Health and Wellness Plan, providing coverage to nearly 150,000 low-income, childless adults, many of whom were previously uninsured.<sup>25</sup> However, when the ACA was implemented, many Iowans chose to take advantage of the grandfathered plans that were allowed as part of the ACA and transitional plans which were allowed in response to recommendations from the Center for Consumer Information and Insurance Oversight (CCIIO) and President Obama saying that “if you like your health plan you can keep it.”<sup>26</sup> With the strong market pre-ACA, over 85,000 individuals, year after year, have chosen not to enter the Marketplace and remain on their pre-ACA plans.<sup>27</sup>

Those individuals who did enroll in the ACA-compliant individual market tended to have a high utilization rate resulting in a more concentrated risk for carriers. This caused significant rate increases in the individual risk pool. For calendar years 2016 and 2017, Wellmark received rate increases of 26.5 and 42.6 percent respectively for its ACA compliant, off Marketplace plans.<sup>28</sup> Aetna (formerly Coventry Health Care of Iowa, Inc.) received rate increases of 19.8 and 22.58 percent for the years 2016 and 2017 for its ACA compliant plans on and off the Marketplace.<sup>29</sup> The carriers suffered substantial losses even with the continued rise in premium rates.

The liquidation of CoOpportunity Health was the first indication of the instability of the Iowa individual ACA-compliant market. The effects of that liquidation are still impacting the stability of the market in Iowa today and continue to compound the problems. Prior to its liquidation, CoOpportunity Health developed the programs pursuant to the federally mandated guidelines under the ACA and entered into loan agreements with the federal government to fund those programs. Despite assurances to the Iowa Insurance Commissioner, DHHS and CMS specifically did not fully fund the risk corridors program for the calendar year 2014, resulting in a debt to CoOpportunity Health of approximately \$130 million, contributing to the failure of

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<sup>22</sup> This percentage of health insurance coverage is based on the health insurance market in 2010-2011, available at: <http://www.epi.org/publication/bp353-employer-sponsored-health-insurance-coverage>.

<sup>23</sup> Iowa Insurance Division 2013 calculation.

<sup>24</sup> See page 1 of Commissioner Gerhart’s testimony before the U.S. Senate Committee on Homeland Security and Government Affairs Committee at <http://www.hsgac.senate.gov/download/gerhart-testimony>.

<sup>25</sup> Iowa Department of Human Services, Improve Iowan’s Health Status, p. 3-28 available at: [http://dhs.iowa.gov/sites/default/files/15-6\\_Improve\\_Health\\_Status.pdf](http://dhs.iowa.gov/sites/default/files/15-6_Improve_Health_Status.pdf).

<sup>26</sup> <https://iid.iowa.gov/documents/cciiio-transitional-plans-letter>.

<sup>27</sup> Iowa Insurance Division numbers through December 31, 2016.

<sup>28</sup> Available at: <https://iid.iowa.gov/press-releases/2016-wellmark-iowa-rate-proposal-review-decision> and <https://iid.iowa.gov/press-releases/2017-wellmark-inc-rate-proposal-review-decision>.

<sup>29</sup> Available at: <https://iid.iowa.gov/press-releases/2016-coventry-health-care-of-iowa-rate-proposal-review-decision> and <https://iid.iowa.gov/press-releases/2017-aetna-health-of-iowa-rate-proposal-review-decision>.

CoOpportunity. As of the date of this application, these funds have not yet been paid by the federal government and Insurance Commissioner Ommen, as liquidator for CoOpportunity Health, has been forced to pursue a claim against the federal government in federal claims court.

Iowa's individual ACA-compliant market has seen continued instability. On April 25, 2016, UnitedHealthcare notified the Iowa Insurance Division that they would not offer individual ACA-compliant plans in 2017.<sup>30</sup>

Then, on March 30, 2017, Wellmark, Inc. and Wellmark Health Plan of Iowa, Inc. notified the Iowa Insurance Division that they would not offer individual ACA-compliant plans in 2018.<sup>31</sup> On April 6, 2017, Aetna, Inc. notified the Iowa Insurance Division that it would not offer individual ACA-compliant plans in 2018.<sup>32</sup> Finally, before Iowa's rate filing deadline, June 19, 2017, Wellmark Value Health Plan, Inc., Wellmark Synergy Health, Inc., and Gundersen Health Plan, Inc. informed the Iowa Insurance Division that they will not offer individual ACA-compliant plans in 2018.

The indecisiveness in the federal legislative process has further debilitated the Iowa individual health insurance market. This uncertainty also prevented Iowa state legislators from enacting legislation during its session that might have supplemented any solutions from the federal level on this issue.

At this critical juncture, given the stalled federal legislation and the market conditions discussed above, Iowa's individual commercial health insurance market is in collapse. For 2018, the Iowa Insurance Division received a single filing from a health insurance carrier for ACA-compliant plans. Medica filed its intent to offer coverage in all 99 counties, with an average rate increase of 43 percent. Medica later filed an amendment to the rate filing with rates that take into account the defunding of CSR payments. These rates included an approximately 12 percent additional increase, resulting in an overall average rate increase of 56 percent.

This increase will likely be too expensive for those who are not fully federally subsidized thus driving out 18,000 – 22,000 individuals, many of whom are healthy and whose involvement is critical to stabilizing the commercial market. It will leave only those subsidized individuals, as well as consumers who will be forced to incur these costs to ensure they have coverage for serious illnesses or medical conditions.

Iowa developed the Iowa Stopgap Measure to provide temporary stability to the individual health insurance market. The Iowa Stopgap Measure would include a reinsurance program, per-member per-month premium credit mechanism, and a standard health benefits plan to be offered to all eligible consumers for the plan year 2018.

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<sup>30</sup> <<https://iid.iowa.gov/press-releases/unitedhealthcare-to-leave-certain-iowa-health-insurance-markets-in-2017>>

<sup>31</sup> <<https://iid.iowa.gov/press-releases/wellmark-to-leave-iowa%E2%80%99s-aca-health-insurance-market-in-2018>>

<sup>32</sup> <<https://iid.iowa.gov/press-releases/commissioner-ommen-statement-regarding-aetna-leaving-iowas-individual-market-in-2018>>

## *Waiver Proposal*

### *A. Implementation of a Standard Plan*

Iowa will require each carrier, as a condition of receiving reinsurance funding through the Iowa Stopgap Measure, to offer the single, standard health benefits plan. The Iowa Insurance Division has engaged in detailed conversations about the Iowa Stopgap Measure with several insurance carriers, including Wellmark who has committed to offering the standard plan under the Iowa Stopgap Measure in all of Iowa's 99 counties. The Iowa Insurance Division is hopeful that other carriers will also participate.

#### *i. Standard Plan Benefits*

Iowa requests relief to allow insurance carriers in the state to sell a single, standard health benefits plan to consumers under the Iowa Stopgap Measure. The standard benefits plan meets the silver tier requirement of having an actuarial value between 68 percent to 72 percent. The single, standard plan includes the essential health benefits required by the ACA as well as all applicable state mandated benefits.<sup>33</sup>

The out-of-pocket costs associated with the standard plan will be the same for each carrier participating in the Iowa Stopgap Measure and for each consumer who purchases the plan. The cost sharing obligations for the standard plan are designed to encourage consumers to utilize primary care physicians for their regular treatment and avoid the costlier treatment at an emergency room. Most services that require out-of-pocket costs will be in the form of fixed dollar copayments, with very few services having co-insurance costs; this transparency in pricing will help consumers budget for out-of-pockets costs. The deductibles are set at \$7,350 for an individual and \$14,700 for a family. These deductible amounts also represent the maximum out-of-pocket costs for the plan.

Each carrier who participates in the Iowa Stopgap Measure will utilize their own prescription drug formulary that will be compliant with the essential health benefits requirements for prescription drugs. However, each carrier will be required to utilize the copayment structure included on Appendix F.

Given the standard plan as part of the Iowa Stopgap Measure will be in compliance with essential health benefits and the silver tier actuarial value requirements, the federal risk adjustment program can be utilized to facilitate risk adjustment and high-cost risk pooling between carriers. In the event that multiple carriers join the Iowa Stopgap Measure in 2018, participating carriers will be required to comply with the federal risk adjustment program as directed through the Federal Notice of Benefit and Payment Parameters.

Once the Iowa Stopgap Measure is approved by CMS, with the exception of the grandfathered and transitional plans, the standard plan as part of the Iowa Stopgap Measure will be the only health benefits plan available for carriers and consumers in the 2018 Iowa individual health insurance market. This program would supersede any filings that have been made for carriers to

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<sup>33</sup> 45 C.F.R. §156.110 and Iowa Code §514C.

offer individual coverage in 2018 and thus no medical benefit plans will be available via the ACA's Exchange.

*ii. Eligibility Requirements and Verification*

Any Iowa resident who is eligible may purchase the standard health benefits plan under the Iowa Stopgap Measure. For 2018, the standard plan will be offered on a guaranteed issue basis and will not have any annual or lifetime limits. Individuals who wish to purchase the plan must complete the eligibility application during the open enrollment period of November 1, 2017 to December 15, 2017. There will be no auto-enrollment for any consumer who is currently covered by a plan that they purchased for 2017.

Each individual wishing to purchase individual health insurance via the Iowa Stopgap Measure must first complete the eligibility application located at [stopgap.iowa.gov](http://stopgap.iowa.gov).<sup>34</sup> After being determined eligible by the state, consumers will complete enrollment with the participating carrier of their choice. The eligibility portal will be available on November 1, 2017 at the start of the open enrollment period. Attached as Appendix G is a document outlining the eligibility process for the Iowa Stopgap Measure.

Through the eligibility application, the consumer will provide information sufficient to establish the consumer's age, as well as the following:

- That the individual is an Iowa resident;
- That the individual is a citizen or national of the United States, or is considered an alien lawfully present;
- That the individual is not enrolled in Medicare, Medicaid, or Children's Health Insurance Program (CHIP);
- That the individual does not receive minimal essential coverage, including affordable employer sponsored coverage; and
- That the individual for whom insurance is being sought is not currently incarcerated.

The eligibility application will seek the total projected 2017 household income for the applicant and all individuals in the applicant's household for whom insurance is being sought. The consumer will also be required to provide an attestation that the information submitted is correct and accurate subject to penalty of perjury. The eligibility application will also contain disclosures to the consumer about which specific state agencies and third-party entities may be accessing and reviewing the information provided during the eligibility process.

The Iowa Stopgap Measure Administrator ("ISM Administrator") will determine each consumer's eligibility by reviewing and verifying the information provided.<sup>35</sup> The ISM

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<sup>34</sup> This eligibility application will be available starting November 1, 2017.

<sup>35</sup> This verification requires use of data available from the Social Security Administration, access to which has been requested by the Iowa Insurance Division and Iowa DHS through CMS. Iowa continues to await an answer from CMS as to whether it will have access to that data source.

Administrator will also verify the consumer's attested 2017 household income with IDR in order to calculate each individual's premium credit amount.

Each consumer will receive an eligibility notice via U.S. Mail to inform them of their eligibility determination and premium credit allocation. If the consumer is determined eligible, they will receive a unique **eligibility code** which the individual can then use to purchase health insurance coverage directly from the carrier of their choice by applying via the carrier's website or with a licensed insurance agent. Use of the eligibility code will allow the carrier to promptly verify that the individual is eligible for the Iowa Stopgap Measure, and confirm their premium credit amount. This ensures that the consumer, once signed up with the carrier, will be serviced and ready for coverage to begin on January 1, 2018.

Consumers who receive an adverse eligibility decision may appeal the determination directly with the ISM Administrator. The notices provided to consumers will provide detailed information about the individual's appeal rights, and the processes for appealing both the eligibility determination and the premium credit calculation.

There will be no retroactive accounting to the insurance carriers for premium credits or reinsurance allocations for individuals terminated based on ineligibility for the program. Any change in a consumer's premium credit allocation will occur prospectively, including when a consumer successfully appeals the premium credit allocation determination. Consumers are encouraged to complete the eligibility application at the beginning of open enrollment to ensure that any eligibility determination issues are resolved prior to the coverage effective date of January 1, 2018.

A consumer will be able to purchase from any carrier selling the Iowa Stopgap Measure standard plan in their county of residence, and can contact the carrier directly to receive information on the monthly premium costs, prescription coverage, and provider network. Consumers may also be able, depending on the carrier, to work with a licensed local agent or broker to help purchase the plan. The Iowa Insurance Division will provide information to consumers regarding which carriers are selling a standard health benefits plan through the Iowa Stopgap Measure and in which counties. The Iowa Stopgap Measure webpage is already live, <https://iid.iowa.gov/iowa-stopgap-measure>, and will be updated with carrier specific information after rates have been filed and approved.



This webpage provides consumers with information on the eligibility process and provide contact information for consumers with questions on the Iowa Stopgap Measure. This landing page will also have information regarding the premium credits, including a chart outlining the amount of premium credit by age and income level.

Once a consumer has purchased coverage from their chosen carrier, the carrier will handle any casework or other case management service required by the consumer. It is anticipated that once a consumer has purchased their desired coverage, they will have no additional contact with the ISM Administrator unless an appeal is necessary.

### *iii. Special Enrollment Period Eligibility*

The carriers who sell the standard health benefits plan under the Iowa Stopgap Measure will have special enrollment periods available for the following qualifying life events:

1. Loss of qualifying health coverage as defined in 45 C.F.R. §155.420(d)(1) and 45 C.F.R. §155.420(d)(6)(iii).
2. Change in household size as defined in 45 C.F.R. §155.420 (d)(2).
3. Become newly eligible for coverage due to gaining status as a citizen, national, or lawfully present individual or being released from incarceration. 45 C.F.R. §155.420

- (d)(3).
4. *Change in primary place of living as defined in 45 C.F.R. §155.420(d)(7).*
  5. *Gaining membership in a federally recognized tribe or status as an Alaskan Native Claims Settlement Act Corporate shareholder as defined in 45 C.F.R. §155.420(d)(8).*
  6. *Loss of eligibility for Medicaid or the Children's Health Insurance Program as defined in 45 C.F.R. §155.420(d)(11).*
  7. *Experience a plan contract violation as defined in 45 C.F.R. §155.420(d)(5).*
  8. *Related to domestic abuse or spousal abandonment as defined in 45 C.F.R. §155.420(d)(10).*
  9. *Experience an exceptional circumstances as defined in 45 C.F.R. §155.420(d)(9).*

Consumers who seek a special enrollment period for the italicized qualifying events listed above (numbers 4, 6, 7, 8, and 9) will need to demonstrate that he or she has not been without minimum essential coverage for more than 60 days in the immediately preceding 12 months. Individuals seeking a special enrollment through the remaining qualifying events do not need to meet the continuous coverage requirement. The continuous coverage requirement is intended to strengthen and support the existing individual mandate. Significantly, supplementing the existing individual mandate with a continuous coverage requirement creates additional motivation for consumers to enter the market at open enrollment and ensure a large risk pool. It pushes forward the intent of the individual mandate by working to ensure that not only do people enter the market during open enrollment, they stay for the entirety of the benefit year.

As with the open enrollment period, individuals who seek to enroll via a special enrollment period will first complete the eligibility application via [stopgap.iowa.gov](http://stopgap.iowa.gov). As part of the application, the consumer will be required to establish the qualifying event which triggers the special enrollment period. Review of the potential qualifying event will be done by the ISM Administrator and follow the guidance set forth by CMS in the April 13, 2017 Market Stabilization Rule. When appropriate, the ISM Administrator will coordinate with the individual to ascertain whether the individual has the requisite continuous coverage. This step is not required for individuals qualifying for a special enrollment period under one of the qualifying events exempted from the continuous coverage requirement. Once this process is completed and the consumer is determined to be eligible for the Iowa Stopgap Measure, they will receive correspondence from the ISM Administrator informing them of the eligibility decision and premium credit allocation. The consumer can then purchase coverage directly from a participating carrier using their eligibility code similar to the process for open enrollment.

#### *B. Age and Income-based Premium Credits*

Iowa requests to use part of its share of the proposed federal funding to provide age and income based premium credits to eligible Iowa consumers who purchase the standard plan. Iowa proposes to use approximately \$305 million of the federal funds allocated for APTCs to establish per-member per-month flat premium credits to each eligible consumer. Under the Iowa Stopgap Measure, this will support participation of 68,000 Iowans in contrast to only the approximately

53,000 Iowans that are anticipated to purchase coverage on the 2018 ACA Market.<sup>36</sup> These funds are being spread throughout both the currently subsidized and unsubsidized populations in order to encourage individuals in both areas of the market to participate. However, the total amount of funding necessary to fund the Iowa Stopgap Measure necessarily depends on the number of individuals who enroll. This correlation is similar to that currently utilized at the federal level under the ACA – the greater the number of individuals who enroll in ACA result in increased funds being paid out to consumers. The ACA does not set a limit on the number of consumers who can purchase plans on the Exchange, and thus Iowa will not set a limit on the number of consumers who can enroll in the Iowa Stopgap Measure.

Iowa is proposing an innovative solution in providing subsidies to all individuals who want to purchase health insurance on the individual commercial market. By redirecting APTC funds into per-member, per-month flat premium credits to all consumers, it provides incentive for individuals at all income levels, including young and healthy individuals, to enter and participate in the market. Funding for this proposal will require the federal government to pass-through federal funding in an amount commensurate with the number of individuals who enroll in the Iowa Stopgap Measure in a per-member per-month manner, just as the federal government would pay credits to each eligible consumer who would purchase coverage under the ACA in 2018. While Iowa can provide an estimate of what such funds would be, the request is flexible in nature as Iowa cannot definitely identify the number of consumers who will purchase coverage under the 2018 ACA market.

The Iowa Stopgap Measure is intended to grow and expand Iowa’s current, collapsed individual commercial health insurance market, a goal shared and championed as the underlying premise of the ACA. As discussed throughout, a number of challenges arose under the ACA which impacted the law’s ability to grow and sustain its objectives, which were the development of a stable, affordable health insurance market for all Americans. Should the Iowa Stopgap Measure succeed, and be innovative enough to bring individuals and carriers back into the market, such a program should not be limited by the federal government. Enrollment of more individuals, many of whom are healthy, yet priced out of the currently collapsed ACA market, thus increasing the program’s cost, should not be discouraged by the federal government. If the Iowa Stopgap Measure brings in more individuals than currently anticipated, the federal government should support the endeavor as increased enrollment is not only a good thing, but the underlying goal of the ACA. Iowa is asking for the federal government to fully fund the proposed per-member per-month subsidies to all eligible Iowa consumers who enroll in the Iowa Stopgap Measure.

All individuals who purchase the standard plan will be allotted a flat monthly premium credit that will be paid directly to the carrier to lower the individual’s monthly premium costs. The premium credit will be a defined flat dollar credit based on projected 2017 household income, as a percentage of FPL, and the individual’s age. Premium credits will be based on the age of the consumer as of January 1, 2018, the start of the benefit year. There will be no adjustment to the

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<sup>36</sup> Appendix A, pg. 40.

premium credit for a change in age during the benefit year. See Appendix G for further information on the processing of premium credits.

While the flat monthly credit will be the same for each carrier participating in the Iowa Stopgap Measure, the amount of monthly premium rates may vary by carrier but the individual’s age will be the only rating factor used. Included herein are the estimated premium credits for the Iowa Stopgap Measure, which are located on pgs. 43 – 44 of Appendix A.<sup>37</sup>

	ISM Subsidy					
	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	>400%
0-14	\$272	\$269	\$257	\$244	\$229	\$56
15	\$296	\$293	\$280	\$265	\$249	\$61
16	\$306	\$302	\$289	\$274	\$257	\$63
17	\$315	\$311	\$297	\$282	\$265	\$65
18	\$325	\$321	\$307	\$291	\$273	\$67
19	\$335	\$330	\$316	\$300	\$282	\$69
20	\$345	\$341	\$326	\$309	\$290	\$71
21	\$356	\$351	\$336	\$319	\$299	\$73
22	\$356	\$351	\$336	\$319	\$299	\$73
23	\$356	\$351	\$336	\$319	\$299	\$73
24	\$356	\$351	\$336	\$319	\$299	\$73
25	\$357	\$353	\$337	\$320	\$301	\$74
26	\$364	\$360	\$344	\$326	\$307	\$75
27	\$373	\$368	\$352	\$334	\$314	\$77
28	\$387	\$382	\$365	\$346	\$325	\$80
29	\$398	\$393	\$376	\$357	\$335	\$82
30	\$404	\$399	\$381	\$362	\$340	\$83
31	\$412	\$407	\$389	\$369	\$347	\$85
32	\$421	\$415	\$397	\$377	\$354	\$87
33	\$426	\$421	\$403	\$382	\$359	\$88
34	\$432	\$426	\$408	\$387	\$364	\$89
35	\$435	\$429	\$411	\$389	\$366	\$90
36	\$438	\$432	\$413	\$392	\$368	\$90
37	\$441	\$435	\$416	\$395	\$371	\$91
38	\$443	\$438	\$419	\$397	\$373	\$91
39	\$449	\$443	\$424	\$402	\$378	\$93
40	\$455	\$449	\$429	\$407	\$383	\$94

<sup>37</sup> These are based on the estimated Iowa Stopgap Measure premiums and may change if actual rates deviate significantly. For example, if a carrier files lower rates than those estimated, premium credits may be adjusted to prevent any negative premium amounts.

	ISM Subsidy					
	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	>400%
41	\$463	\$457	\$437	\$415	\$390	\$95
42	\$471	\$465	\$445	\$422	\$397	\$97
43	\$483	\$477	\$456	\$432	\$406	\$100
44	\$497	\$491	\$469	\$445	\$418	\$102
45	\$514	\$507	\$485	\$460	\$432	\$106
46	\$534	\$527	\$504	\$478	\$449	\$110
47	\$556	\$549	\$525	\$498	\$468	\$115
48	\$582	\$574	\$549	\$521	\$490	\$120
49	\$607	\$599	\$573	\$544	\$511	\$125
50	\$635	\$627	\$600	\$569	\$535	\$131
51	\$664	\$655	\$627	\$594	\$558	\$137
52	\$695	\$686	\$656	\$622	\$584	\$143
53	\$726	\$716	\$685	\$650	\$611	\$150
54	\$760	\$750	\$717	\$680	\$639	\$157
55	\$793	\$783	\$749	\$711	\$668	\$164
56	\$830	\$819	\$784	\$744	\$699	\$171
57	\$867	\$856	\$819	\$777	\$730	\$179
58	\$907	\$895	\$856	\$812	\$763	\$187
59	\$926	\$914	\$875	\$830	\$779	\$191
60	\$966	\$953	\$912	\$865	\$813	\$199
61	\$1,000	\$987	\$944	\$896	\$841	\$206
62	\$1,022	\$1,009	\$965	\$916	\$860	\$211
63	\$1,050	\$1,037	\$992	\$941	\$884	\$216
64 and Older	\$1,067	\$1,054	\$1,008	\$956	\$898	\$220

The premium credit for each individual will be determined by the ISM Administrator and consumers will be notified of their allocated amount once the ISM Administrator verifies the consumer's eligibility. The consumer will purchase the coverage directly from the carrier, and the carrier will confirm the premium credit amount for the consumer via the consumer's eligibility code which was provided to the consumer by the ISM Administrator.

Carriers will then bill the consumer for the adjusted monthly premium cost after applying the flat monthly credit to the consumer. No federal funds will be paid directly to the consumer. Payments will be made directly to the carriers, which will help limit any fraud, waste, or abuse.

The ISM Administrator will obtain monthly reports from the carriers detailing the consumers who have paid their premiums and should receive premium credits. This information will be verified by the ISM Administrator, who will generate reports to HIPIOWA setting forth the amounts that are owed to each participating carrier. HIPIOWA and the Association will draw down the needed funds from the federal government and make the payments directly to the carriers each month.

### *C. Reinsurance*

Iowa proposes to utilize a portion of its share of federal funding to supplement its existing reinsurance program. Iowa's proposed reinsurance program will reimburse the carriers for high cost individuals who incur claims greater than \$100,000 on an annual basis; an attachment point set to control the costs of premiums for all consumers.

The program will provide 85 percent coinsurance protection for claims between \$100,000 and \$3,000,000. By having a \$100,000 initial attachment point, carriers are forced to be actively engaged in successful care management to drive down costs. And, as part of this reinsurance program, carriers will be required to agree to care management protocols.

Additionally, this program will operate in conjunction with the Federal High-Cost Risk Pooling Program, which provides federal reinsurance at an attachment point of \$1,000,000 with coinsurance payments of 60 percent. Accordingly, for individuals with annual claim expenses between \$1,000,000 and \$3,000,000, the Iowa Stopgap Measure will provide coinsurance of 25 percent, which when combined with the Federal High-Cost Risk Pooling Program will total 85 percent total coinsurance protection. Once an individual's aggregate claims reach \$3,000,000, the Iowa Stopgap Measure will provide the carrier 100 percent coinsurance protection. We anticipate that the Iowa Stopgap Measure will coordinate reinsurance reimbursement with the Federal High-Cost Risk Pooling Program (FHCRP), to the extent adequate funding for the FHCRP exists, with 60 percent from the FHCRP, and 40 percent coinsurance from the Iowa Stopgap Measure. In the event sufficient funding for the FHCRP does not exist to contribute the 60 percent share, any shortfall shall be paid to the carriers from funding for the Iowa Stopgap Measure.

In developing the cost of reinsurance, Iowa conducted a claim distribution cost study for 6 carriers with ACA Market experience in Iowa. The Iowa Insurance Division received individual claims (from each carrier) for \$50,000 and above, and aggregated claims below \$50,000.<sup>38</sup> To determine the impact of proposed reinsurance parameters, each carrier's claim distribution was trended forward for 2 years at 9 percent to arrive at 2018 claims. With the trended claims available, the final reinsurance parameters were carefully chosen to generate a decrease in claims by 15 to 17 percent. The estimated total cost of reinsurance was coordinated with the existing FHCRP, and saw that claims were reduced by 15 to 17 percent.

This level of reinsurance above \$3,000,000 in annual claims is necessary to protect individual health insurance consumers from having to subsidize the costs of catastrophic claims. By providing reinsurance at this level, carriers are able to keep consumers in Iowa's individual health insurance market from paying increased premiums due to catastrophic claimants.

Iowa will engage with a third-party vendor to facilitate the reinsurance program. It is anticipated that a third-party vendor will annually review the claims information from the carriers. Claims information will be submitted to the vendor for purposes of this review consistent with Edge Server submission requirements currently in place for ACA risk adjustment determinations and

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<sup>38</sup> The experience period utilized for the review was 2016.

implementing guidance released by HHS. The vendor will verify the reinsurance amounts to be paid to the carriers once the designated attachment points are reached. These payments would be made annually consistent with the existing federal reinsurance verification and payment process as provided in the ACA and its enabling regulations.

Iowa estimates that funding the reinsurance program at these levels will require approximately \$80 million in total funding, with approximately \$10 million of that being payable under the Federal High-Cost Risk Pooling Program. However, the amount of funding needed will depend on the actual enrollment count and experience of the population enrolled. With the guarantee of reimbursement at these levels, premium rate increases will be substantially lower than without this guaranteed reimbursement.

## The Iowa Stopgap Measure Meets the Scope of Coverage Comparability Requirements of Section 1332(b)(1)(A)

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The Iowa Stopgap Measure provides coverage for all of the essential health benefits as defined in 45 C.F.R. § 156.110. It also provides coverage for all of the state mandated benefits found in Iowa Code §514C. Further, the standard plan under the Iowa Stopgap Measure is designed to meet the current silver tier requirement of between 68 percent to 72 percent actuarial value.

The Iowa Stopgap Measure does not impact essential health benefits for the commercial markets, and therefore the comprehensiveness of coverage is expected to remain unchanged across the market.<sup>39</sup>

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<sup>39</sup> Appendix A, pg. 21.

## The Iowa Stopgap Measure Meets the Scope of Affordability Requirements of Section 1332(b)(1)(B)

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Section 1332(b)(1)(B) requires that the proposed plan provide “coverage and cost sharing protections against excessive out-of-pocket spending that are at least as affordable as the protections of this title would provide.” Under the Iowa Stopgap Measure, the consumer would receive a flat, monthly premium credit based on their age and, if applicable, income. These premium credits will be paid directly to the insurance carrier to lower the monthly premium costs that the Iowa consumer must pay. The reinsurance program is designed to not only offer support for high cost claimants, but lower the overall premium costs to all consumers.

### a. Affordability – 2018 ACA Market

There is a single carrier who filed rates to offer plans under the 2018 ACA Market. Medica initially filed premium rates which reflected an average increase of over 43 percent above their 2017 rates. Given this increase and the increase attributable to Aetna’s departure as Iowa’s lowest cost carrier in 2017, premium rates may double for many consumers who wish to purchase individual health insurance on the ACA Marketplace for 2018.

Medica then submitted an amendment to its rate filing to provide new premium rates to take into account the defunding of CSRs in 2018. These rates show an additional increase of 12 percent for an average increase of 56 percent above their 2017 rates for all Silver plans.

Given the existing subsidy structure of the ACA, the affordability of premiums in the 2018 Medica market will not differ for those individuals who are currently eligible for APTCs.<sup>40</sup>

When considering affordability for individuals whose income is greater than 400% FPL, premiums for all metal levels except Catastrophic were judged to be unaffordable for individuals over twenty (20) years of age.<sup>41</sup> As seen in Appendix A, these rates show a substantial increase over 2017 rates:

Average Rates by Metal Tier All Areas Combined					
	Medica 2018	Aetna 2017	Medica 2017	Wellmark 2017	Average 2017
Catastrophic	\$338.44	\$210.22	\$235.12	Not offered	\$222.67
Bronze	\$472.56	\$245.61	\$322.46	\$304.05	\$290.70
Silver	\$502.08	\$310.34	\$363.75	\$384.95	\$353.01
Gold	\$593.59	\$392.29	\$425.22	\$459.21	\$425.57

<sup>40</sup> Appendix A, pg. 18.

<sup>41</sup> Appendix A, pg. 18. The analysis contains explanation of the methodologies used by NovaRest in determining affordability.

Even for those who wish to purchase a Catastrophic plan, while Medica’s premium rates varied by area, these rates generally became unaffordable for individuals aged thirty-three (33) and older.<sup>42</sup>

These rate increases also vary by rating area. For example, a 25-year-old making \$30,000 and living in Des Moines will see monthly premiums of \$515.37 (before any subsidy amount applied) while a similar consumer living in Council Bluffs would pay \$550.26 (before any subsidy amount applied).<sup>43</sup> A 60-year-old making \$36,000 living in Des Moines would pay \$1,393.12 (before subsidy applied) while that 60 year old living in Council Bluffs would pay \$1,487.45 (before subsidy applied).<sup>44</sup>

It is likely that unsubsidized Iowans currently in the individual health insurance market will not purchase coverage in 2018 but instead seek care through emergency rooms. Although Iowa does not have estimates on the costs of uncompensated care, there will be a negative impact on the health care sector and a general reduction in the economic conditions for consumers, through increased premiums, and for business, through less consumer spending.

These increasing rates are likely to result in 18,000 – 22,000 Iowans leaving the ACA Market in 2018. These rates cannot be sustained and will further drive Iowa’s market into collapse.

b. Affordability – Iowa Stopgap Measure

The movement to a flat, per-member per-month premium credit is intended to provide for more affordability for all consumers.

As seen in Appendix A, the average individual premium rate under the Iowa Stopgap Measure is markedly lower for consumers whose income is lower than 400 percent of FPL. Take, for example, the consumer seen below who is 50 years old and whose income is between 150 and 200 percent of FPL. Under the ACA, the maximum monthly premium payment for that individual would be \$92 per month, while under the Iowa Stopgap Measure that monthly premium payment will be \$25 per month.<sup>45</sup> A full listing of estimated premium rates under the Iowa Stopgap Measure are found in Appendix A.<sup>46</sup> Included below is a chart outlining a few examples<sup>47</sup>:

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<sup>42</sup> Appendix A, pg. 18.

<sup>43</sup> Information included in Medica’s August 16, 2017 Press Release.

<sup>44</sup> Medica’s August 16, 2017 Press Release.

<sup>45</sup> Appendix A, pg. 20. The chart included here is also from Appendix A.

<sup>46</sup> Final premium rates will vary by carrier. Rates for the Iowa Stopgap Measure are to be filed by September 8, 2017.

<sup>47</sup> The reference to “PSM before subsidy” in the chart below should read “ISM before subsidy,” as it refers to the projected premium costs under the Iowa Stopgap Measure, which was previously titled “Proposed Stopgap Measure” in prior drafts.

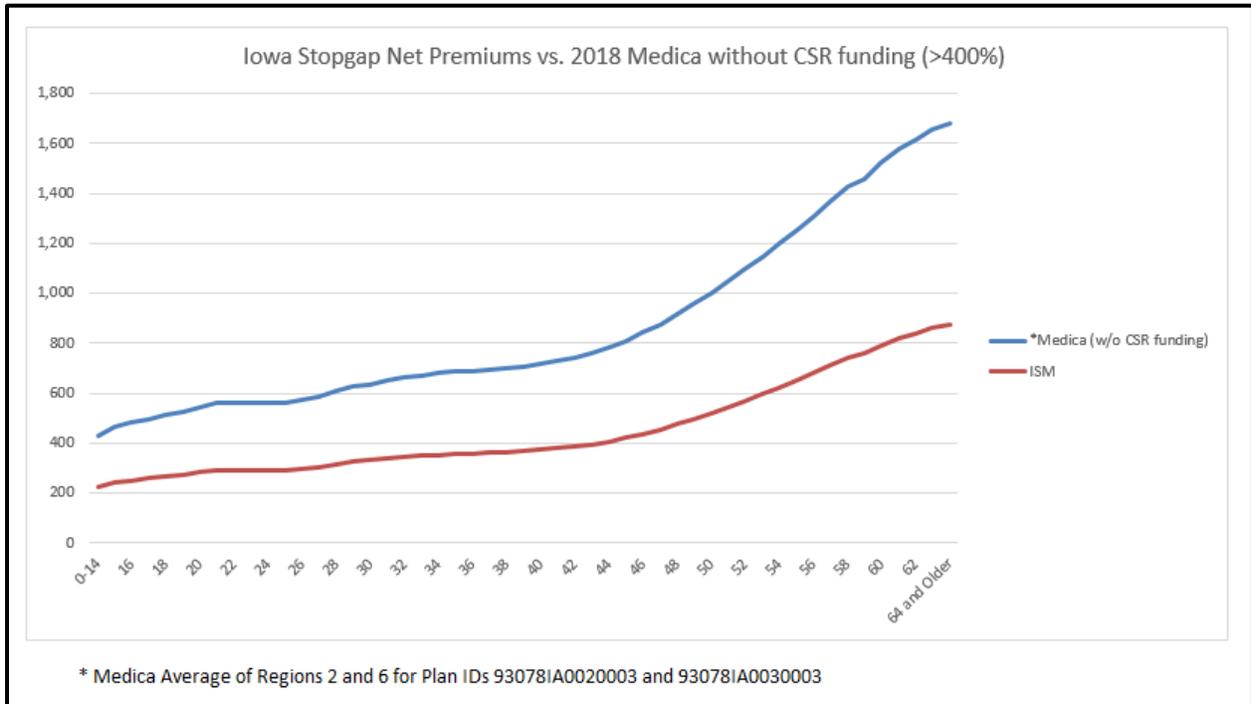
ISM Average Area Individual Premium Rate						
Single Age 29	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	405%
	%	%	%	%	%	
ACA max PMPM	\$51	\$92	\$166	\$247	\$341	
PSM before subsidy	\$408	\$408	\$408	\$408	\$408	\$408
ISM Subsidy	\$398	\$393	\$376	\$357	\$335	\$82
ISM Net premium	\$10	\$15	\$32	\$52	\$73	\$326
Monthly Income	\$1,422	\$1,759	\$2,261	\$2,764	\$3,518	\$4,070
% of FPL	0.72%	0.88%	1.44%	1.87%	2.09%	8.02%
Single Age 40	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	405%
	%	%	%	%	%	
ACA max PMPM	\$51	\$92	\$166	\$247	\$341	
PSM before subsidy	\$466	\$466	\$466	\$466	\$466	\$466
ISM Subsidy	\$455	\$449	\$429	\$407	\$383	\$94
ISM Net premium	\$12	\$18	\$37	\$59	\$84	\$373
Monthly Income	\$1,422	\$1,759	\$2,261	\$2,764	\$3,518	\$4,070
% of FPL	0.82%	1.00%	1.64%	2.14%	2.38%	9.16%
	3.57%	5.26%	7.32%	8.95%	9.69%	
Single Age 50	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	405%
	%	%	%	%	%	
ACA max PMPM	\$51	\$92	\$166	\$247	\$341	
PSM before subsidy	\$652	\$652	\$652	\$652	\$652	\$652
ISM Subsidy	\$635	\$627	\$600	\$569	\$535	\$131
ISM Net premium	\$16	\$25	\$52	\$83	\$117	\$521
Monthly Income	\$1,422	\$1,759	\$2,261	\$2,764	\$3,518	\$4,070
% of FPL	1.15%	1.40%	2.29%	2.99%	3.33%	12.80%

The critical impact of the 2018 ACA market is to the thousands of Iowans who purchased an ACA-compliant policy and receive no federal subsidies. These unsubsidized individuals will be dramatically impacted by the rate increase, and will likely be driven from the market with a disproportionate departure of additional healthy and young individuals. Some of these individuals may try to become eligible for subsidies by managing their income down, leaving their current employment, or using a structured divorce. All of these options will not only have a direct negative impact on these individual's financial condition and autonomy, but would negatively impact Iowa's economy in a severe manner.

As part of its process for preparing a rate filing for the Iowa Stopgap Measure, Wellmark has performed its own actuarial analysis and concluded that the Iowa Stopgap Measure will significantly reduce premium costs. Wellmark has informed the Iowa Insurance Division that if

the waiver is approved, it will file rates no higher than those set forth in the actuarial analysis attached.<sup>48</sup>

For individuals whose income levels are greater than 400% FPL, the Iowa Stopgap Measure premiums are much more affordable than those of the 2018 ACA market, but may still be expensive for older individuals, couples, and families.<sup>49</sup> As seen in the below, while costs for individuals with incomes above 400% FPL have risen under both scenarios for 2018, the rates under the Iowa Stopgap Measure are dramatically more affordable:



<sup>48</sup> Letter from Wellmark CEO John Forsyth, included within Appendix M.

<sup>49</sup> Appendix A, pg. 19.

Just a simple review of premium costs in the 2018 ACA Market as compared to the 2018 Iowa Stopgap Measure market show a difference in costs to the consumer:<sup>50</sup>

Iowa City - ACA (Two 55-year olds) Note: Assumes CSR defunding which increases 2018 ACA premiums								
			Region 6__2018 (Iowa City)					
Age	Income	% FPL	2nd Low Silver	Max % Inc. ACA	Max Monthly Payment	Max Annual Payment	Annual APTC	% of Income
55	32,317.60	199%	2,724.08	6.38%	171.82	2,061.86	30,627.10	6.38%
55	64,797.60	399%	2,724.08	9.69%	523.24	6,278.89	26,410.07	9.69%
55	66,746.40	411%	2,724.08	NA	2,724.08	32,688.96	0.00	48.97%
Iowa City - Iowa Stopgap (Two 55-year olds) Stopgap premiums are pure estimates								
			Region 6__2018 (Iowa City)	Monthly			Annual	
Age	Income	% FPL	2018 Est. Monthly Premium	Stopgap credit	Net monthly premium	Annual premium	Stopgap credit	% of Income
55	32,317.60	199%	1,627.90	1,566.00	61.90	742.80	18,792.00	2.30%
55	64,797.60	399%	1,627.90	1,336.00	291.90	3,502.80	16,032.00	5.41%
55	66,746.40	411%	1,627.90	328.00	1,299.90	15,598.80	3,936.00	23.37%
Iowa City - ACA (Two 28-year old parents with twins age 4) Note: Assumes CSR defunding which increases 2018 ACA premiums								
			Region 6__2018 (Iowa City)					
Age	Income	% FPL	2nd Low Silver	Max % Inc. ACA	Max Monthly Payment	Max Annual Payment	Annual APTC	% of Income
28	48,954.00	199%	2,262.33	6.38%	260.27	3,123.27	24,024.69	6.38%
28	98,154.00	399%	2,262.33	9.69%	792.59	9,511.12	17,636.84	9.69%
28	101,106.00	411%	2,262.33	NA	2,262.33	27,147.96	0.00	26.85%
Iowa City - Iowa Stopgap (Two 28-year old parents with twins age 4) Stopgap premiums are pure estimates								
			Region 6__2018 (Iowa City)	Monthly			Annual	
Age	Income	% FPL	2018 Est. Monthly Premium	Stopgap credit	Net monthly premium	Annual premium	Stopgap credit	% of Income
28	48,954.00	199%	1,351.98	1,302.00	49.98	599.76	15,624.00	1.23%
28	98,154.00	399%	1,351.98	1,108.00	243.98	2,927.76	13,296.00	2.98%
28	101,106.00	411%	1,351.98	272.00	1,079.98	12,959.76	3,264.00	12.82%

c. Impact of Elimination of Cost Sharing Reductions on Affordability

Under the 2018 ACA market, Medica will be required to provide individuals with incomes at FPL of between 133% FPL and 250% FPL with the option to purchase a plan with an actuarial values ranging from 73 percent to 94 percent.<sup>51</sup> Under the Iowa Stopgap Measure, one single, standard silver plan with an actuarial value of between 68 and 72 percent is available to consumers, regardless of their income level.

As discussed above, Iowa has endeavored to significantly decrease premium costs for individuals at lower income levels. The premium credit structure cannot provide for any additional premium credits at the lower income levels without resulting in a negative amount of premium. As the Iowa Stopgap Measure is working to build a stable, individual commercial health insurance market, these products cannot be provided to consumers for free.

It is difficult to calculate the impact of eliminating cost sharing reduction plans entirely as it is impossible to adequately model the out-of-pocket costs actually experienced by consumers. Each consumer who purchases health insurance is uniquely situated as to what their health care

<sup>50</sup> Chart Prepared by Iowa Insurance Division Actuarial Staff.

<sup>51</sup> See 42 U.S.C. § 18071.

costs may be during the year, which has a direct impact on their out-of-pocket costs. Individuals may also make different choices as to what a significant out-of-pocket cost amount would be such that they are inclined to not purchase coverage at all. This determination will be different for each family, and it is impossible to fully evaluate all of the potential variances in consumer behavior.

As demonstrated in the chart below, consumers at the lower income levels will be responsible for more out-of-pocket expenses under the Iowa Stopgap Measure than in the 2018 ACA Market.<sup>52</sup>

			Estimated Monthly CSR Impact to ISM consumer		
			133-150% FPL (94% AV Plan)	150-200% FPL (87% AV Plan)	200-250% FPL (73% AV Plan)
	Age	Medica Silver Premium			
Single	29	\$660	\$115	\$79	\$8
Single	40	\$754	\$131	\$90	\$9
Single	50	\$1,054	\$183	\$126	\$12
Couple	60	\$3,203	\$557	\$384	\$37

The charts below illustrate the cost sharing impact above relative to the monthly premiums of the 2018 ACA Market and the Iowa Stopgap Measure.

<sup>52</sup> These charts were prepared by Iowa Insurance Division staff. Staff used a 2018 Medical Silver Premium of \$590.15, which was an average of all second lowest silver plans for all regions. The 2018 Medical Silver Premium AV of 71.5% was used, with a 2018 Medica Target Loss Ratio of 85%. The morbidity adjustment of 0.65 was used to reflect the difference between the morbidity of the market and the morbidity of the people on CSR plans.

Single 29		133%- 150%	150%- 200%	200%- 250%	
		ACA max PMPM	\$51	\$92	\$166
		ISM Net Premium	\$10	\$15	\$32
		Cost Share Impact	\$115	\$79	\$8
		ISM Premium + CSR	\$125	\$94	\$40
		Monthly Income	\$1,422	\$1,759	\$2,261
		ISM vs. ACA Monthly difference	\$74	\$2	-\$126

Single 40		133%- 150%	150%- 200%	200%- 250%	
		ACA max PMPM	\$51	\$92	\$166
		ISM Net Premium	\$12	\$18	\$37
		Cost Share Impact	\$131	\$90	\$9
		ISM Premium + CSR	\$143	\$108	\$46
		Monthly Income	\$1,422	\$1,759	\$2,261
		ISM vs. ACA Monthly difference	\$92	\$16	-\$120

Single 50		133%- 150%	150%- 200%	200%- 250%	
		ACA max PMPM	\$51	\$92	\$166
		ISM Net Premium	\$16	\$25	\$52
		Cost Share Impact	\$183	\$126	\$12
		ISM Premium + CSR	\$199	\$151	\$64
		Monthly Income	\$1,422	\$1,759	\$2,261
		ISM vs. ACA Monthly difference	\$148	\$59	-\$102

Couple 60		133%- 150%	150%- 200%	200%- 250%	
		ACA max PMPM	\$68	\$124	\$223
		ISM Net Premium	\$50	\$75	\$157
		Cost Share Impact	\$557	\$384	\$37
		ISM Premium + CSR	\$607	\$459	\$194
		Monthly Income	\$1,915	\$2,368	\$3,045
		ISM vs. ACA Monthly difference	\$539	\$335	-\$29

The Iowa Stopgap Measure was designed to, and does, dramatically lower premium costs for Iowa consumers as compared to the 2018 ACA Market. When considering the increase in potential out-of-pocket expenses, it is important to consider that the cost sharing impact numbers above are averages and each individual consumer will have a different experience. Not all consumers engage in the health care system in the same manner. Some consumers will only require preventative care and others may require coverage for catastrophic conditions. So, some consumers will have no out-of-pocket costs throughout the benefit year, and some will reach the full out-of-pocket maximum. Additionally, the standard plan was designed to have a co-payment structure to encourage consumers to utilize their primary care providers and make smart choices about their health care.

While the numbers provided above would reflect the average out-of-pocket cost difference between the Iowa Stopgap Measure and the 2018 ACA market, it is still clear that the underlying premium costs are markedly different between the two scenarios. Significantly, even in light of these potential out-of-pocket increases, the actuarial analysis has shown that there is likely no decline in individuals enrolling for coverage under the Iowa Stopgap Measure at the income levels modeled in the charts above.<sup>53</sup> Thus, while some consumers may find out-of-pocket costs less affordable under the Iowa Stopgap Measure, the lower cost of the premiums will ensure that these consumers remain insured and at a lower rate than under the 2018 ACA Market. Affordable access to health care is one of the pillars on which the ACA was developed, and the Iowa Stopgap Measure supports that goal by creating low premium costs which will allow consumers access to coverage. How that coverage is ultimately utilized will vary by person, but ensuring access is something that the program was designed for and the Iowa Stopgap Measure is designed to do.

Understanding that there will be an increase in out-of-pocket costs for some individuals, it is important to consider that public health safety net services are available in Iowa through a network of health care providers. For example, community health centers are non-profit organizations which, in Iowa, sponsor 74 separate delivery site locations serving underserved Iowans for their health care needs. According to the Iowa Primary Care Association, these federally qualified health centers (FQHC's) in 2016 supported in excess of 680,000 clinic visits, for nearly 190,000 Iowans, for medical, dental, behavioral and related health needs.<sup>54</sup>

Iowa's rural health clinics (RHC's) supported in excess of 10,000 patient visits in 2016 at 29 member clinics supporting residents living in 95 of 99 counties in the state.<sup>55</sup> Similarly, the specialty health care program, supported by the Polk County Medical Society, supports the provision of specialty care for underserved Iowans. While both of these programs have recently received reductions in funding from the state of Iowa, they represent impactful investments of resources toward extending care to Iowans statewide who do not receive other health care services.

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<sup>53</sup> Appendix A, pg. 17

<sup>54</sup> <<http://c.ymcdn.com/sites/www.iowapca.org/resource/resmgr/advocacy/Infographic.pdf>>.

<sup>55</sup> <<http://www.freeclinicsofiowa.org/sites/default/files/u16/2016%20Final%20Annual%20Print%20Piece.pdf>>.

The structure of the premium credits used in the Iowa Stopgap Measure provide for this program under the waiver to be more affordable than that under the 2018 ACA Market for the vast majority of Iowans.

## The Iowa Stopgap Measure Meets the Availability Requirement of Section 1332(b)(1)(C)

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The Iowa Stopgap Measure will cause substantially fewer Iowans to go uninsured than under the 2018 ACA market. Lowering the uninsured rate was a primary goal of the ACA. Although this primary goal of the ACA has not been realized due to its structure, the Iowa Stopgap Measure's innovative structure will help realize this goal.

### a. Impact on Overall Market Availability

Under the 2018 ACA market, as many as 3,000 to 4,000 individuals will likely reduce their coverage level in 2018 based on the Medica rate filing.<sup>56</sup> Further, it is likely that between 18,000 to 22,000 individuals will drop coverage and become uninsured in 2018.<sup>57</sup> In this 2018 ACA market, the assumption is that all individuals who are eligible for APTC will continue coverage, therefore those reducing coverage or becoming uninsured will come from the population of individuals whose household income is greater than 400% FPL.<sup>58</sup>

Under the 2018 Iowa Stopgap Measure market, Iowa anticipates that between 4,000 to 6,000 individuals with household incomes at greater than 400% FPL will drop coverage and become uninsured.<sup>59</sup> For those individuals currently subsidized, the premium credits under the Iowa Stopgap Measure, in conjunction with the reduction in premium rates attributable to the reinsurance program, will provide sufficient premium relief to households so that they will not have an incentive to drop coverage and become uninsured.<sup>60</sup> As seen above, these premium credits are sufficiently lower than those under the 2018 ACA Market that individuals will be likely to continue to procure health coverage.

Both scenarios are likely to result in the majority of the individuals with income levels below 400% of FPL to retain coverage. However, the market for the individuals whose income is greater than 400% of FPL is dramatically better under the Iowa Stopgap Measure than it would be under the 2018 ACA. There are an estimated 18,000 – 22,000 individuals who would go uninsured if the waiver is not granted, compared to only 4,000 – 6,000 who may choose to drop coverage under the Iowa Stopgap Measure.

### b. Impact of Eligibility System on Availability

The Iowa Stopgap Measure will utilize a new eligibility portal for consumers to use to determine whether or not they are eligible for the Iowa Stopgap Measure. Without the waiver, the 2018 ACA Market will utilize existing enrollment processes, including healthcare.gov. Per CMS, the Iowa Stopgap Measure cannot use healthcare.gov to determine eligibility in 2018. Despite this roadblock, the Iowa Insurance Division has, with collaboration from interested carriers, developed an eligibility portal as described in detail above. The portal will collect information

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<sup>56</sup> Appendix A, pg. 15

<sup>57</sup> Appendix A, pg. 15.

<sup>58</sup> Appendix A, pg. 16.

<sup>59</sup> Appendix A, pg. 17.

<sup>60</sup> Appendix A, pg. 17.

sufficient to establish the consumer's eligibility for the Iowa Stopgap Measure. A consumer's citizenship status will be verified by DHS. DHS will also verify that the consumer is not enrolled in Medicaid and/or CHIP. IDR will verify the consumer's attested projected 2017 household income. The consumer must also attest, under penalty of perjury, that the consumer:

- Is a resident of Iowa;
- Is not enrolled in Medicare;
- Does not receive minimum essential coverage; and
- Is not incarcerated.

Residency. Iowa residency will be established both by attestation and a verification that the tax household provides a mailing address on the eligibility application. Eligibility applications will not be accepted for individuals who provide a P.O. Box. The potential for increased enrollment from the non-resident population is minimal.

Medicare Enrollment. A review of the eligibility application by the ISM Administrator will provide evidence of whether an individual may be enrolled in Medicare, specifically a review of the consumer's age. Consumers who are aged 65 or above will be provided with information directing them to apply for Medicare. It is unlikely that a consumer who is receiving Medicare will then choose to purchase the Iowa Stopgap Measure as this would result in an additional premium payment. The potential for increased enrollment of those who are Medicare eligible is minimal.

Minimum Essential Coverage. Consumer outreach and marketing will encourage consumers who have access to coverage with an employer to stay in coverage through that employer. Additionally, the eligibility application will ask consumers about their coverage options and require consumers to attest, under penalty of perjury, to the accuracy of their application responses. The potential for increased enrollment arising out of a different eligibility mechanism for this non-eligible population is minimal.

Incarceration. While the Iowa Stopgap Measure will not be verifying whether or not the consumer is incarcerated, it is unlikely that an individual who is currently incarcerated would utilize the Iowa Stopgap Measure to purchase a commercial health insurance plan for which they cannot access care. Additionally, the Iowa Department of Human Services, in partnership with the Iowa Department of Corrections, has developed a program to assist individuals exiting incarceration to enroll with the Medicaid program to receive coverage and benefits. The potential for increased enrollment for this non-eligible population is minimal.

The Iowa Stopgap Measure will utilize an eligibility system different than that used by the federal government and available at [healthcare.gov](http://healthcare.gov). Iowa was denied use of [healthcare.gov](http://healthcare.gov) for this program, and has endeavored to develop a streamlined eligibility and application process to allow for administrative simplicity. As discussed above, Iowa does not believe that the use of this system will impact the availability of the coverage negatively as compared to the 2018 ACA

market.

c. Appeals Process

The Iowa Stopgap Measure will include an appeals process that can be used for any adverse eligibility and premium credit determination. The consumer will be provided information outlining their appeal rights which include submitting documentation to support their appeal. For example, if a consumer, who recently moved to Iowa, enrolled using their old, out-of-state address and was denied eligibility for not having Iowa residency, the consumer could submit an appeal explaining the matter and provide proof of address with an electric bill to such address. The consumer will be advised to contact the ISM Administrator who will handle all appeals. Any appeal will be resolved within 30 days by the ISM Administrator.

d. Impact of Special Enrollment Periods on Availability

As described in detail above, the Iowa Stopgap Measure will allow a consumer to purchase the standard benefit plan outside of open enrollment if the consumer demonstrates experiencing one of the following qualifying events:

1. Loss of qualifying health coverage as defined in 45 C.F.R. §155.420(d)(1) and 45 C.F.R. §155.420(d)(6)(iii).
2. Change in household size as defined in 45 C.F.R. §155.420 (d)(2).
3. Become newly eligible for coverage due to gaining status as a citizen, national, or lawfully present individual or being released from incarceration. 45 C.F.R. §155.420 (d)(3).
4. *Change in primary place of living as defined in 45 C.F.R. §155.420(d)(7).*
5. Gaining membership in a federally recognized tribe or status as an Alaskan Native Claims Settlement Act Corporate shareholder as defined in 45 C.F.R. §155.420 (d)(8).
6. *Loss of eligibility for Medicaid or the Children's Health Insurance Program as defined in 45 C.F.R. §155.420(d)(11).*
7. *Experience a plan contract violation as defined in 45 C.F.R. §155.420(d)(5).*
8. *Related to domestic abuse or spousal abandonment as defined in 45 C.F.R. §155.420(d)(10).*
9. *Experience an exceptional circumstances as defined in 45 C.F.R. §155.420(d)(9).*

Consumers who seek a special enrollment period (“SEP”) for the italicized qualifying events above will need to demonstrate that he or she has not been without minimum essential coverage for more than 60 days in the immediately preceding 12 months. Although it is difficult to determine the impact that such continuous coverage requirements will have on enrollment, the goal is to incentivize consumers to purchase coverage during the open enrollment period and to keep their coverage year-round. Continuous coverage requirements work well in the employer-sponsored market because employees know that, excluding SEPs, they have only one time to enroll annually and must decide during that time-period whether or not to purchase insurance for the entire year. The ACA, by allowing consumers to enroll during SEPs without thoroughly verifying eligibility, has created a situation where consumers can choose to enroll when they

become sick, receive costly medical care and then dis-enroll. This is extremely disruptive to the market, is unsustainable, and has contributed to the skyrocketing costs of health care premiums. The Iowa Stopgap Measure's requirement for continuous coverage proposes a potential solution to this issue.

There are some additional SEP defined by CMS that will not be applicable to the Stopgap Measure and thus not available to consumers:

- Experience an error of the Exchange or the Issuer as defined in 45 C.F.R. §155.420(d)(4).
- Become newly eligible or ineligible for APTC, or experience a change in eligibility for CSR as defined in 45 C.F.R. §155.420(d)(6)(i-ii).
- Previously in the coverage gap and become newly eligible for APTC as defined in 45 C.F.R. §155.420(d)(6)(iv).
- Material plan or benefit display error as defined in 45 C.F.R. §155.420(d)(12).
- Cleared data matching issues as defined in 45 C.F.R. §155.420(d)(13).

As the Iowa Stopgap Measure is premised on the principle that Iowa's commercial market will be moving off of the ACA Exchange, these additional special enrollment periods are not applicable. For example, once a consumer has enrolled in the Iowa Stopgap Measure, they will not become "newly eligible or ineligible" for APTC, as they will have received a premium credit for each month.

It is difficult to assess the impact that requiring continuous coverage will have on the availability guardrail because information about consumer's reason for requesting an SEP is not available. However, and as discussed above, the number of potential uninsured consumers in the 2018 Iowa Stopgap Measure market (4,000 – 6,000) is dramatically less than the number of consumers who will likely go insured under the 2018 ACA market (18,000 – 22,000). While the Iowa Stopgap Measure uses an innovative and streamlined approach to eligibility, it does not anticipate a considerable impact to the total number of consumers participating in the market due to these changes. Thus, the Iowa Stopgap Measure meets the requirement of providing coverage to at least a comparable number of its residents as the 2018 ACA market would provide.

## The Iowa Stopgap Measure Meets the Deficit Neutrality Requirement of Section 1332(b)(1)(D)

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The Iowa Stopgap Measure is budget neutral as it reallocates federal funds that would be paid to Iowa consumers under the ACA into the per-member per-month premium credit and reinsurance program described herein. The administrative costs to facilitate the program will also be paid as part of the pass-through funding request.

As discussed in detail above, the calculation of the projected value of APTC for the 2018 ACA market for purposes of the waiver is a static calculation capturing the potential cost as of the date of the analysis and under those specific set of assumptions. It has been calculated that the cost to fund APTC payments for the 2018 ACA market to cover approximately 53,000 individuals may total \$421,906,599.<sup>61</sup>

In contrast, under the Iowa Stopgap Measure these funds will be used to attract 68,000 consumers. However, as participation under neither the ACA, nor Iowa Stopgap Measure is static, funding for this proposal will require the federal government to pass-through federal funding in an amount commensurate with the number of individuals who enroll in the Iowa Stopgap Measure, just as the federal government would pay credits to each eligible consumer who would purchase coverage under the ACA in 2018. While Iowa can provide an estimate of what such funds would be, the request is flexible in nature as we cannot definitely identify the number of consumers who will purchase coverage under the 2018 ACA market. The figures contained within Iowa's actuarial analysis are based upon avoiding the departure from the market of 18,000 – 22,000 Iowans and a stabilizing individual market of 68,000 Iowans.

Lowering the number of individuals who are uninsured was a primary goal of the ACA. With the increase in covered individuals under the Iowa Stopgap Measure as compared to the 2018 ACA market, there may be a decrease in the number of residents making the shared responsibility payment because those individuals have chosen to purchase coverage under the Iowa Stopgap Measure.<sup>62</sup> This increase in coverage may result in a negative change in the amount of the shared responsibility payment totaling \$6,916,817.<sup>63</sup> We note that, however, this number is difficult to analyze given the federal government's indecisiveness in its enforcement of the shared responsibility payment. There are indications that enforcement of the shared responsibility payment will be lax if it occurs at all. The impact, if any, of the reduction in shared responsibility payment must be considered in that context.

Under the Iowa Stopgap Measure, there is no revenue collected via the Exchange user fee, because there will be no health benefits coverage sold via the federal Exchange Marketplace. By not being charged the Exchange user fee, Iowans save the 3.5 percent of premium rates charged by the federal government for the use of healthcare.gov. Thus, Iowa does not view the \$18,750,382 "loss" in revenue to the government as something Iowans should be penalized for.

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<sup>61</sup> Appendix A, pg. 22-26.

<sup>62</sup> Appendix A, pg. 24-26.

<sup>63</sup> Appendix A, pg. 24-26.

As the Iowa Stopgap Measure moves the purchase of individual health insurance entirely off of the ACA Exchange, the federal government is not performing the underlying service for which such a fee would be required. Administrative costs of approximately \$15 million will also be funded with the pass-through amount Iowa is requesting.<sup>64</sup> Given that this amount is less than the funds allocated to the Exchange fee under the 2018 ACA Market, Iowa asks to allocate the Exchange fee funds for these administrative costs. These costs are not insignificant, but are necessary to establish the required enrollment and processing mechanisms required under the Iowa Stopgap Measure.

As noted above, enrollment in the Iowa Stopgap Measure will vary but if an estimate of 68,000 Iowans enroll, approximately \$305 million will be used for premium credits. With this same enrollment number, Iowa anticipates needing approximately \$80 million for the reinsurance portion of this waiver.<sup>65</sup>

So, if the estimated enrollment counts are accurate, the Iowa Stopgap Measure is well below the funding that the federal government will use to pay APTC's in the ACA marketplace in 2018. ***However, and to stress the point previously made, funding for this proposal will require the federal government to pass-through federal funding in an amount commensurate with the number of individuals who enroll in the Iowa Stopgap Measure, just as the federal government would pay credits to each eligible consumer who would purchase coverage under the ACA in 2018.***

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<sup>64</sup> Administrative costs will be incurred by the ISM Administrator and various state agencies, including technology costs related to the eligibility portal construction. As Iowa was denied use of healthcare.gov for the Iowa Stopgap Measure, significant costs are required to develop the required eligibility mechanisms.

<sup>65</sup> Approximately \$10 million of this will be payable under the Federal High-Cost Risk Pooling Program

## Description of Post-Stopgap Measure Marketplace

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### *Small and Large Employers*

The Iowa Stopgap Measure does not affect health insurance available to Iowa residents through their small and large employers.

### *Medicare and Medicaid*

The Iowa Stopgap Measure does not affect health insurance available under Medicare or Medicaid. Any individual enrolled in Medicare, Medicaid, or CHIP is not eligible to purchase the Stopgap Measure.

While the eligibility application for the Iowa Stopgap Measure will not determine whether a consumer is or is not Medicaid eligible, consumers will be provided information on the Iowa Insurance Division's Iowa Stopgap Measure website regarding the Medicaid eligibility process. The ISM Administrator will conduct monthly checks of those enrolled in the Iowa Stopgap Measure against those enrolled in Medicaid and CHIP to ensure that no consumers are enrolled in both programs. This will be done in conjunction with the data-matching performed by Iowa DHS during the eligibility application process.

### *Number of Employers Offering Coverage Pre/Post Waiver*

The Iowa Stopgap Measure will not affect the number of employers offering health insurance coverage in Iowa.

### *Impact on Individuals Needing Health Care Services Out-of-State*

The Iowa Stopgap Measure is intended to increase the number of carriers participating in the individual commercial health insurance market, which will allow consumers access to different networks based on the carrier they select for coverage. Carriers will provide consumers with details about cost-sharing requirements for in- and out-of-network providers. The Iowa Stopgap Measure itself contains no provisions or restrictions regarding out-of-state services.

## Administrative Burden

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Under the Iowa Stopgap Measure, Iowa anticipates that the participating health insurance companies will see an increase in their respective administrative burdens related to benefit year 2018. Initially, there are administrative requirements to set up the standard health benefits plan, including application development and systems implementation. The Iowa Insurance Division worked with interested carriers to develop a standard eligibility application for all consumers, and has developed the eligibility portal and application discussed herein. Use of this eligibility portal will allow carriers to be able to accept a consumer after the eligibility process and service the consumer as usual, which given the time frame is necessary to allow benefits and payment systems be set up for 2018.

The Iowa Insurance Division has engaged a third-party vendor to facilitate eligibility determinations, coordinate the premium credit payments, and to handle consumer appeals. The Iowa Insurance Division will also seek a third-party administrator to assist with the reinsurance program.

The Iowa Stopgap Measure should not increase the administrative burden for CMS and the federal government once the Iowa Stopgap Measure has been approved and implemented. In fact, the Iowa Stopgap Measure will eliminate the federal government's need to facilitate coverage procurement for Iowa consumers, as no coverage will be purchased utilizing [healthcare.gov](http://healthcare.gov).

## Ensuring Compliance, Reducing Waste and Fraud

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The Iowa Insurance Division will ensure that all parties, including insurance carriers and the third-party vendor follow all reporting and other requirements. As the regulator for this industry, the Iowa Insurance Division has significant authority to confirm that all entities are abiding by the appropriate privacy and security standards. Consumers will be informed of the entities that will be reviewing their data for eligibility purposes, and will be required to acknowledge their consent of this disclosure in the eligibility application.

As discussed above, income and other eligibility criteria will be verified by IDR and DHS to ensure that the consumers enrolled in the Iowa Stopgap Measure meet the eligibility requirements and that the appropriate premium credit is apportioned for each consumer.

The Iowa Insurance Division and the ISM Administrator will be responsible for monitoring the various eligibility mechanisms in place once enrollment eligibility begins. Iowa has engaged in significant discussions surrounding the need for development of an eligibility enrollment system, after its ask for use of healthcare.gov was denied by CMS. Iowa recognizes the need for the eligibility system to be robustly tested, and is cognizant of the need for consumers to successfully utilize the system. Iowa, in conjunction with interested carriers, has expended significant resources to develop the eligibility system to be ready for open enrollment and will address any unforeseen obstacles as they arise. All of the parties working towards the implementation of the system are working to ensure that all consumers who to purchase coverage will be able to, and are working through scenarios to develop appropriate and adequate contingency plans.

The Iowa Insurance Division, along with IDR, is developing the audit program that will be utilized for the Iowa Stopgap Measure. As the Iowa Stopgap Measure is using a consumer's anticipated 2017 household income during the eligibility process, there will be an audit conducted in 2018 to evaluate the information provided by consumers, including household income and age. If a consumer provided false and incorrect information during eligibility, they may be liable to return funds received above and over what premium credit amount they should have received. The carrier to whom the incorrect premium credit amount was paid will not be liable for return of any funds.

The Iowa Insurance Division will also work with DHS to cross-check the Medicaid and CHIP enrollment files against the enrollment files of the Iowa Stopgap Measure. If a consumer is found to be enrolled in Medicaid or CHIP, they will be dis-enrolled from the Iowa Stopgap Measure.

Similarly, the ISM Administrator will perform auditing for those who become eligible for Medicare. Once a consumer turns 65 and eligible for Medicare, they will be dis-enrolled from the Iowa Stopgap Measure.

The Iowa Insurance Division may employ other auditing processes as implementation and program operations ensue and essential auditing functions are realized.

## Development and Implementation Timeline

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The Iowa Insurance Division was tasked by Iowa Governor Kim Reynolds to develop a solution to address the collapse of Iowa’s individual health insurance market. The Iowa Insurance Division, in conjunction with several insurance carriers, developed the Iowa Stopgap Measure. Iowa is seeking to implement the Iowa Stopgap Measure as soon as CMS gives approval. The Iowa Stopgap Measure can and needs to be implemented as soon as possible so that Iowa consumers will have coverage available starting January 1, 2018.

Included below is an overview of the development and implementation of the Iowa Stopgap Measure. Attached as Appendix H is a timeline of the proposed implementation for the Iowa Stopgap Measure.

<b>Date</b>	<b>Action</b>
June 7, 2017	Proposed Stopgap Measure presented to CMS by the Iowa Insurance Division.
June 12, 2017	Proposed Stopgap Measure publicly announced by the Iowa Insurance Division.
June 12, 2017	Iowa Insurance Division begins accepting written and verbal comments on the Proposed Stopgap Measure.
July 13, 2017	Formal Public Notice and Tribal Notice & Comment Period Begins. A copy of the Public Notice is attached as Appendix I. The Public Notice was posted on the Iowa Insurance Division’s web site and distributed to various news outlets.
July 13, 2017	Formal Tribal notice made. (Early Notice Provided July 7, 2017). Copies of the correspondence sent to the tribal groups is attached as Appendix J. The contact information for tribal members has been redacted.
July 19, 2017	Public Hearing held in Council Bluffs, Iowa. The public hearing was live-streamed via Periscope.
August 2, 2017	Public Hearing held in Des Moines, Iowa. The public hearing was live-streamed via Facebook Live.
August 10, 2017	Public Hearing held in Cedar Rapids, Iowa. The public hearing was live-streamed via Facebook Live.
August 10, 2017	Economic and Actuarial Analysis Publicly Released. A copy of the press release is attached as Appendix K. The Economic and Actuarial Analysis was posted on the Iowa Insurance Division’s web site.
August 14, 2017	Public Hearing held in Des Moines, Iowa. The public hearing was live-streamed via Periscope.
August 16, 2017	End of Public and Tribal Notice & Comment Period.
August 21, 2017	Iowa Insurance Division submits final §1332 Waiver proposal to CMS.
September 8, 2017	Carriers to submit rate and form filings.
By September 29, 2017	Iowa Insurance Division completes review of rate and form filing.
November 1, 2017 – December 15, 2017	Open Enrollment Period.

The Iowa Insurance Division will provide education on the Iowa Stopgap Measure and the coverage available under the standard plan. The participating carriers will provide their agents and brokers with education on the plan, its benefits, and the eligibility requirements. The Iowa Insurance Division has developed a website for the Iowa Stopgap Measure, which will be used to provide information regarding the plan benefits, availability, participating carriers, eligibility information, premium credit amounts, and provide consumer support contact information. The site can be accessed at: <https://iid.iowa.gov/iowa-stopgap-measure>.

A summary of the public comments that Iowa received is attached as Appendix L. Attached as Appendix M are support letters the Iowa Insurance Division has received in support of the Iowa Stopgap Measure. All of the comments received by the Iowa Insurance Division can be found at <https://iid.iowa.gov/proposedstopgapmeasurepubliccomments>.

## Reporting Responsibilities

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As required under 45 CFR 155.1308(f)(4), the Iowa Insurance Division will submit quarterly, annual, and cumulative targets for the scope of coverage requirement, the affordability requirement, the comprehensive requirement, and the federal deficit requirement.

The Iowa Insurance Division will submit to CMS an audit report following the 2018 plan year.

## Conclusion

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Given the collapse of the ACA individual health insurance market resulting from years of skyrocketing premiums and market segmentation, it will take federal legislation to fully repair and restore Iowa's individual health insurance market. While the long-term goal is, and should continue to be, a permanent solution to ensure market stability, in the short term there needs to be a realistic option for all Iowans to purchase affordable individual health insurance. To that end, Iowa developed the Iowa Stopgap Measure to temporarily stabilize the individual health insurance market for 2018.

The Iowa Stopgap Measure will provide temporary stability by restructuring federally funded subsidies and developing a crucial reinsurance program. The impact of the increasing rates is acutely, and almost entire, born by those who purchase health insurance without any federal subsidies. The cost of health insurance has risen to the breaking point, and 18,000 - 22,000 Iowans will likely become uninsured as a result which may lead to devastating consequences for those individuals and very real negative consequences for the State of Iowa. Consumers may see rates costing 40 percent of their annual income. The ACA is no longer commercial insurance in Iowa. The ACA is not sustainable in Iowa. The ACA is no longer an acceptable option for Iowa. Iowa needs real flexibility and real support from DHHS, Treasury, and CMS to implement the Iowa Stopgap Measure. Anything less leaves Iowa's market in a state of emergency.

To ensure that participating insurers are able to properly implement the Iowa Stopgap Measure, Iowa respectfully requests that CMS consider this proposal on a very expedited basis. This is an emergency and we need immediate relief. Iowa is prepared to engage with CMS on this proposal in any way necessary to ensure its prompt review and acceptance.

# **APPENDIX A**



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August 9, 2017

Commissioner Doug Ommen  
Iowa Insurance Division  
Two Ruan Center  
601 Locust Street, 4th Floor  
Des Moines, Iowa 50309-3738

Subject: Actuarial Review of Medica Insurance Company Proposed 2018 Individual Health Insurance Rates and Analysis of Effect of the Iowa Stopgap Measure

Dear Commissioner Ommen:

On behalf of NovaRest Actuarial Consulting, attached is our report that presents our analysis of the proposed 2018 individual health insurance rates, as filed by Medica Insurance Company (Medica Rate Filing), and the effect of Medica Insurance Company (Medica) operations on the Iowa Stopgap Measure (ISM), as filed with the Centers for Medicare and Medicaid Services.

Should you have any questions regarding our report, please do not hesitate to contact me at 520-908-7246 or Donna.Novak@novarest.com. Thank you very much for the opportunity to assist you.

Sincerely,

Donna C. Novak FCA, ASA, MAAA, MBA  
President and CEO of NovaRest, Inc.



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**REPORT OF FINDINGS**

**TO THE IOWA INSURANCE DIVISION**

**ACTUARIAL REVIEW OF MEDICA INSURANCE COMPANY  
PROPOSED 2018 INDIVIDUAL HEALTH INSURANCE RATES  
AND ANALYSIS OF THE IOWA STOPGAP MEASURE**

**NOVAREST, INC.**

**August 9, 2017**



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## ***I. INTRODUCTION***

We are providing this report solely to communicate our analysis of the proposed 2018 Iowa individual ACA-compliant health insurance rates, as filed by Medica Insurance Company (Medica Rate Filing) as filed on August 4, 2017 and the effect of the Iowa Stopgap Measure (ISM), as proposed to the Centers for Medicare and Medicaid Services. Distribution of this report to parties other than the Iowa Insurance Division by us or any other party does not constitute advice from or by us to those parties. The reliance of parties other than the Iowa Insurance Division on any aspect of our work is not authorized by us and is done at their own risk.

On June 12, 2017, the State of Iowa filed a proposed request with the Centers for Medicare and Medicaid Services (CMS) for emergency regulatory relief (Proposal) to allow for the creation of a viable health insurance market for 2018 by allowing Iowa to implement the ISM. The proposal provided for: 1) a single, standardized plan for every eligible consumer from each participating carrier; 2) premium subsidies based on age and income; and 3) a reinsurance program for all plans offered under the ISM.

In order to submit a proposal for regulatory relief, a state making such a request is required to include the following information set forth in Section 5 of Appendix B of Iowa's Stopgap Measure:

- actuarial analysis and actuarial certification to support the state's findings that the waiver complies with the coverage, comprehensiveness, and affordability requirements;
- economic analysis to support the state's finding that the waiver will not increase the federal deficit over specific time periods; and
- data and assumptions that the state relied upon.

Although Iowa requested in its proposal that the requirements set forth above be waived due to the short-term nature of the proposed solution, the proposal did reference certain information provided with respect to the effect of the ISM in 2018.

After the State of Iowa's filing of the proposal with CMS, Medica Insurance Company (Medica) made the decision to continue to offer coverage in the Iowa individual health insurance market. On June 19, 2017, Medica filed its proposed individual health insurance



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rates and rating methodology (Medica Rate Filing) with the Iowa Insurance Division (IID) and on August 4, 2017, it filed revised rates assuming that there will be no funding of cost sharing reductions (CSRs).

On June 23, 2017, the IID requested that NovaRest, Inc. (NovaRest) perform an actuarial review of the Medica Rate Filing. Further, on June 30, 2017, NovaRest presented its proposal to analyze the effect of the Medica Rate Filing on the Proposal and the ISM, as described in Section II, Scope of Services, below. On July 5, 2017, the IID accepted NovaRest's proposal and authorized NovaRest and its team to perform its review and analysis.



## ***II. SCOPE OF SERVICES***

In our analysis of the effect of the Medica Insurance Company's proposed 2018 individual health insurance rates on the Iowa proposal and the ISM and pursuant to the IID's direction, we analyzed the following matters:

### **A. Analysis of Medica's 2018 and 2019 Operations**

We were asked to analyze Medica's financial operations in 2018 and 2019 to assure that there would not be undue strain on Medica's financials by being the only carrier in the individual market in Iowa.

### **B. Analysis of the impact of Medica's 2018 Rates and of the Iowa Stopgap Measure**

As previously indicated, Section 5 of Appendix B of the Iowa Stopgap Measure proposal sets forth specific requirements for CMS approval of the proposal and the ISM. Pursuant to the IID's direction, we analyzed the following specific requirements:

#### ***1. Availability of Health Insurance Coverage***

We analyzed whether a comparable number of Iowa residents will have individual health insurance coverage under the following two scenarios:

- Coverage from Medica in 2018 and 2019 in accordance with the Medica Rate Filing; and
- Coverage under the ISM in 2018 and 2019 based on projected ISM premium costs.

We did not consider as part of our analysis projected coverage specifically for Iowa's Medicaid recipients or vulnerable populations under these two scenarios.

#### ***2. Affordability of Health Insurance Coverage***

We analyzed the affordability of individual health insurance coverage for Iowa residents under the following two scenarios:

- Affordability based on Medica's continued participation in the individual health insurance market in 2018 and 2019 assuming the IID approves the Medica Rate Filing; and
- Affordability under the ISM in 2018 and 2019 based on projected ISM premium costs.



### ***3. Comprehensiveness of Health Insurance Coverage***

We analyzed the comprehensiveness of available individual health insurance coverage for Iowa residents under the following two scenarios:

- Medica's continued participation in the individual health insurance market in 2018 and 2019; and
- Available coverage under the ISM in 2018 and 2019.

### ***4. Deficit Neutrality***

We analyzed the anticipated amount of federal spending net of federal revenues under the following two scenarios:

- 2018 and 2019 operations for the Iowa individual health insurance market based on the Medica Rate Filing; and
- 2018 and 2019 operations for the Iowa individual health insurance market in accordance with the ISM.

Pursuant to the IID's request, we analyzed the impact that advance premium tax credits (APTC) have on Iowa residents' individual health insurance purchasing decisions based on price sensitivity.

### ***5. Impact on the Market if Medica does not Offer Coverage***

We also considered the impact if Medica did not provide coverage.

### ***6. Impact on Provider Compensation of Medica's 2018 and 2019 Operations***

Finally, pursuant to the IID's direction, we analyzed the potential impact on provider compensation of Medica being the only carrier in the individual health insurance market.



### **III. EXECUTIVE SUMMARY**

#### **A. Approach**

Our findings and analysis with respect to the Medica Rate Filing will be provided in a separate report. It is important to note, however, that several assumptions that were made during our actuarial review of the Medica Rate Filing and results of our review are incorporated and referenced in our analysis of the Iowa Proposal and the ISM.

We based our projections on the CCIIO data as much as possible. We used CCIIO's membership for those under 100% of the Federal Poverty Level (FPL) for that population. Since the <400% FPL membership can decrease or increase from year to year, we assumed that the 2018 membership would be the same.

We also did a survey of carriers for data not available from CCIIO. Appendix A provides more information on the data used.

#### **B. Impact on Medica's financials**

First, we analyzed Medica's financial operations in 2018 and 2019 assuming that the IID approves Medica Rate Filing. Our analysis considered financial projections for Medica in 2018 and 2019 based on the requested rate increase, as proposed in Medica Rate Filing, and projections of Medica's insured populations in 2018 and 2019.

We tested scenarios where actual claims were 10%, 15%, and 20% more than projected. We did not include any income from 2017 or from other lines of business in 2018, both of which would improve Medica's financial situation at the end of 2018. In the 2018 projections, Medica's risk based capital (RBC) ratio stayed above 275% and for the 2019 projections it stayed above 200%.

We conclude that Medica's financial position will not be severely damaged by providing coverage in 2018 or 2019 under predictable financial outcomes.

#### **C. Analysis of the impact of Medica's 2018 Rates and of the Iowa Stopgap Measure**

We performed separate analysis of:

1. Availability of health insurance coverage;
2. Affordability of health insurance coverage;
3. Comprehensiveness of health insurance coverage;
4. Deficit neutrality of the ISM transfer amount;
5. Impact on the market if Medica does not offer coverage; and
6. Impact on provider compensation of Medica's 2018 and 2019 operations.



### ***1. Availability of Health Insurance Coverage***

Availability of coverage is tied very closely to affordability. For individuals and families less than four hundred (400) percent of the federal poverty level (FPL), ACA subsidizes premiums so that the resulting premium is between 2.04% and 9.69% of the family income. As family size increases the FPL increases, but by much less than an additional premium would be for the additional member. For a couple the FPL increases from \$12,060 to \$16,240, an increase of 35%.<sup>1</sup> For couples with incomes >400% FPL the premium doubles since they both have to pay the premium for their age.

ACA further subsidizes individuals with family income <250% by reducing the cost of health care that they are responsible to pay in deductibles, copays, and coinsurance.

#### ***a. Medica Providing Coverage***

If the ISM is not implemented and Medica is providing coverage at the 2018 rates filed with the Iowa Insurance Division, we are assuming that the ACA subsidies for individuals and families with incomes < 400% FPL will result in them retaining coverage.

For individuals and families with incomes > 400% FPL, we used our proprietary models to estimate the number of individuals reducing coverage to access the lower premiums or becoming uninsured. We repeated this exercise by projecting 2019 premiums into 2019 and again estimated the number of individuals reducing coverage or becoming uninsured. This result was that 2018 and 2019 were projected to have fewer individuals having coverage than in 2017.

Under the scenario of Medica offering coverage in 2018 and 2019 in accordance with the Medica rate filing and projecting 2019 premiums forward with a trend of 20%, we predict that between 3,000 and 4,000 individuals will reduce their coverage level in 2018 and between 300 and 400 in 2019 in order to purchase more affordable coverage. We also predict that between 18,000 and 22,000 individuals in 2018 and between 28,000 and 30,000 in 2019 will drop coverage and become uninsured. Of those becoming uninsured in 2019, most of the uninsured are from the Transitional market, which will experience large rate increases.

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<sup>1</sup> These are the federal poverty level that will be used for the 2018 coverage and will be updated every year. <https://thefinancebuff.com/federal-poverty-levels-for-obamacare.html>



***b. Iowa Stopgap Measure***

For the ISM, the ACA premium and health care cost subsidization will be replaced with a premium credit based on income level and age. Also, a reinsurance pool will be established to reduce overall premiums.

Since the ISM plan only offers is a Silver level plan, for individuals whose family income > 400% FPL, the individuals in the Catastrophic and Bronze metal level plans may see a premium increase, but those in the Silver and Gold metal levels will see a premium decrease. Those in Catastrophic and Bronze plans will also see an increase in benefits, where those in Gold plans will see a decrease in benefits.

We project that between 4,000 and 6,000 individuals with family incomes > 400% will drop coverage in 2018 and become uninsured. This is significantly less than the total of coverage reductions and uninsured under the Medica scenario, which is between 21,000 and 26,000.

Although the actual impact of the ISM is hard to predict because of the way families are subsidized under ACA (those with incomes < 400% of FPL), we believe that that the ISM subsidies and the reduced premium due to the ISM reinsurance will provide sufficient premium relief to families that they will not have an incentive to drop coverage and become uninsured.

For 2019, we assume that subsidies or premiums will be designed so that few, if any, of those purchasing coverage in 2018 would drop coverage in 2019.

Many transitional policies have very low premiums even compared to the subsidized ISM premiums and individuals may see high rate increases. The March carrier survey conducted by the Iowa Insurance Division showed approximately 41,000 individuals covered by transitional policies. Based on our elasticity model, there could be between 13,000 and 15,000 individuals dropping coverage, if the transitional policies are not allowed in 2019. It would also imply that up to 28,000 individuals could be entering the individual ACA market or the ISM market, whichever is active in 2019 in Iowa.

***2. Affordability of Health Insurance Coverage***

We considered any premium over 10% of income to be unaffordable.

If the ISM is not implemented and Medica is providing coverage at the 2018 rates filed with the Iowa Insurance Division, the premiums for individuals and families > 400% of FPL will have premiums that are unaffordable unless family income reaches the high-income levels. For an individual adult starting at age 20, their income would have to exceed



\$50,000 to afford the second lowest Silver plan and for an older adult, starting at age 48 the individual's income would have to exceed \$100,000 for the same plan.

To test unaffordability of the ISM, we estimated the ISM base premium and ISM premium net of subsidy. If the ISM is implemented, the carriers will set the base premiums, therefore, if premiums are set at more or less than our estimate, the results will change.

For income levels over 400%, the ISM premiums are much more affordable than Medica's.

For income levels where there is an APTC available, the net ISM premiums for individuals and families will be affordable.

All of the estimated 2018 base premiums, subsidies and net premiums can be found in Appendix D.

### ***3. Comprehensiveness of Health Insurance Coverage***

Since Medica must comply with ACA and since the ISM plan is ACA compliant, both scenarios have comprehensive coverage.

### ***4. Deficit Neutrality***

The pass-through amount is the projected 2018 premium tax credit (PTC)<sup>2</sup> and CSR adjusted for the change in the risk adjustment fee, shared responsibility revenue, and exchange user fee when going from Medica to the ISM. Currently Medica filed premium rates assuming that CSR will not be funded, therefore there is no impact from CSRs.

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<sup>2</sup> Note, the difference between the APTC and the PTC, is that the APTC is the estimate of the PTC that is done when the individual or family applies for coverage and the PTC is the actual credit calculated when the family files its income tax return.



<b>Pass-Through for Budget Neutrality</b>	
	<b>2018</b>
Premium Tax Credits	\$421,906,599
CSR	\$0
Pass Through	\$0
Federal Reinsurance Change	\$0
Risk Adjustment Fee Change	\$25,479
Shared Responsibility change	(\$6,916,817)
Exchange User Fee Change	<u>(\$18,750,382)</u>
<b>Total</b>	<b>\$396,264,879</b>

### ***5. Impact on the Market if Medica does not Offer Coverage***

If Medica does not offer coverage, individuals will need to be self-insured. This is particularly problematic since they will not have access to provider discounts and will have to pay undiscounted fees for services. Few can afford this cost, which will result in individuals not receiving necessary services and will increase provider uncompensated care.

### ***6. Impact on Provider Compensation of Medica's 2018 and 2019 Operations***

Currently, Medica enters into agreements with health care providers (i.e., managed care provider networks), under which providers agree to charge fees for their services that are lower than UCR charges. Enrollees in individual health insurance products benefit from these managed care provider network agreements by obtaining proportionately lower out of pocket costs.

Since Medica would be the only carrier in Iowa in the individual market, Medica would not have market competition so it might be a logical assumption that Medica would not have any incentive to control premium costs or provider compensation costs. Accordingly, Iowa residents might be subject to higher premiums and out of pocket costs, resulting in more residents deciding to terminate coverage



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We spoke to Medica and found that they are in negotiations with providers. From our conversations, we believe that resulting negotiated fees will in the range currently negotiated by other carriers. We do not believe that there should be a concern at this time that providers will be forced into lowering their rates so that they are not sustainable or that, on the other side, that Medica will not actively negotiate the best fees possible considering the situation.



## **IV. ANALYSIS OF EFFECT OF THE MEDICA RATE FILING AND IOWA STOPGAP MEASURE**

### **A. Impact on Medica Financials**

#### **1. Medica Financials 2018**

Using the average 2017 rates for on and off-exchange plans by area and metal level for all carriers, we determined the average rate increase for each area and metal level. We assumed that the individuals receiving advanced premium tax credits (APTC) would remain in the market and that there would be minimal rate increase after the application of the APTC. We developed a proprietary model to project the individuals that would buy down coverage to a lower metal level and those that would become uninsured in 2018.

We used Medica's 2016 financial statement to determine its risk-based capital level (RBC) level at the end of 2016. Since health insurance RBC is primarily driven by claims costs, we developed a formula to predict 2018 and 2019 RBC based on projected claims costs.

We used Medica's 2016 financials and assuming no profitability in 2017 and that other profit centers break even in 2018. We believe that this creates the worst case possible. If Medica is profitable in 2017 and the other profit centers are profitable in 2018, the resulting 2018 financials will be better.

We ran various scenarios on the impact on incurred claims from the buy downs or the lapses. For the low impact scenario, we used a 10% increase in claim cost, for the middle scenario we used 15% and for the high impact scenario we used a 20% increase in claim costs.

In all scenarios for excess claims we found that Medica's RBC ratio remained above 275% and that it would take our unlikely low profitability assumptions and a 35% increase in projected claims in 2018 to bring Medica's RBC ratio to 200%.

#### **2. Medica 2019 Financials**

For 2019 we assumed that the transitional policies would no longer be allowed and that individuals would have to move into the ACA market. Again, we used our proprietary model to project the non-APTC individual and the transitional individuals that would buy down coverage to a lower metal level and those that would become uninsured in 2018. Using the projected membership by area and metal level we projected Medica's total premium.

We ran various scenarios on the impact of incurred claims from the buy downs or the lapses. For the low impact scenario, we used a 10% increase in claim cost, for the middle



scenario we used 15% and for the high impact scenario we used a 20% increase in claim costs.

In all scenarios for excess claims we found that Medica's RBC ratio remained above 200% and that it would take our unlikely low profitability assumptions.

We conclude that Medica's financial position will not be severely damaged by providing coverage in 2018 or 2019 under predictable financial outcomes

## **B. Availability of Coverage**

Section 5 of Appendix D of the Iowa Stopgap Proposal requires evidence that a comparable number of state residents will have coverage under the ISM as would have coverage without the ISM. Accordingly, we projected the number of Iowa residents who would have coverage under the ISM and coverage by Medica in accordance with the Medica Rate Filing.

To perform our analysis, we projected Iowa residents obtaining insurance coverage under two scenarios:

- Coverage from Medica in 2018 and 2019 in accordance with the Medica Rate Filing for benefit structure and premium costs; and
- Coverage under the ISM in 2018 and 2019 based on projected ISM premium costs.

It is important to note that we did not analyze projected coverage specifically for Iowa's Medicaid recipients or vulnerable populations under these two scenarios.

### ***1. Availability of Medica Coverage Under Medica Rate Filing***

The availability of health insurance coverage is very closely tied to the affordability of the coverage. Although under either of the scenarios of Medica providing coverage or the implementation of the ISM, there will be coverage available for purchase the affordability differs under the two scenarios.

For 2018 and the scenario of Medica providing coverage, we performed a comparison of Medica's filed 2018 rates compared to four different premium rate levels:

- Medica's premium rates, as determined from its 2017 individual health rating filing based on an average of rates for each geographic area and for each metal level;



- Aetna’s premium rates, similarly determined from its 2017 individual health rating filing based on an average of rates for each geographic area and for each metal level; and
- Wellmark’s premium rates, similarly determined from its 2017 individual health rating filing based on an average of rates for each geographic area and for each metal level.
- An average of Aetna’s, Wellmark’s, and Medica’s 2017 premium rates based on an average of rates for each geographic area and for each metal level.

Based on our analysis, Medica’s 2018 average metal level premium rates by area were:

- Between 27% and 137% higher than Aetna’s 2017 premium rates;
- Between 22% and 69% higher than Wellmark’s 2017 premium rates;
- Between 37% and 48% higher than Medica’s 2017 premium rates; and
- Between 33% and 77% higher than the average of Aetna’s, Wellmark’s, and Medica’s average age 21 non-smoker rate by area and metal level.

Average Rates by Metal Tier All Areas Combined					
	Medica 2018	Aetna 2017	Medica 2017	Wellmark 2017	Average 2017
<b>Catastrophic</b>	\$338.44	\$210.22	\$235.12	Not offered	\$222.67
<b>Bronze</b>	\$472.56	\$245.61	\$322.46	\$304.05	\$290.70
<b>Silver</b>	\$502.08	\$310.34	\$363.75	\$384.95	\$353.01
<b>Gold</b>	\$593.59	\$392.29	\$425.22	\$459.21	\$425.57

Using our propriety elasticity model and the elasticity slopes presented at a Society of Actuaries meeting,<sup>3</sup> we determined the impact on coverage and therefore the increase in the uninsured.

Under the scenario of Medica offering coverage in 2018 and 2019 in accordance with the Medica rate filing and projecting 2019 premiums forward with a trend of 20%, we predict that between 3,000 and 4,000 individuals will reduce their coverage level in 2018 and between 300 and 400 in 2019 in order to purchase more affordable coverage. We also predict that between 18,000 and 22,000 individuals in 2018 and between 28,000 and 30,000 in 2019 will drop coverage and become uninsured. Of those becoming uninsured in 2019,

<sup>3</sup> <https://www.soa.org/pd/events/2017/health-meeting/pd-2017-06-health-session-076.pdf>



most of the uninsured are from the Transitional market, which will experience large rate increases.

These projections were developed by analyzing the rate increases from the 2017 premium rates and membership from the carriers participating in the on and off exchange markets. The assumption is that everyone eligible for APTC will continue coverage, therefore those reducing coverage or becoming uninsured will be from the population with >400% FPL.

## ***2. Availability of Coverage Under Iowa Stopgap Measure***

For 2018, we performed a comparison of the premium rates, as determined for an individual age 21 in each metal level plan under each of the following rating structures:

- Medica's premium rates, as determined from its 2017 individual health rating filing;
- Aetna's premium rates, as determined from its 2017 individual health rating filing;
- Wellmark's premium rates as determined for its 2017 individual health rate filing; and
- Premium rates, as determined for the ISM.

We first analyzed these premium rates for individuals with income over 400% FPL using our elasticity model.

Next, we made the same premium rate comparisons for individuals with income at or below 400% FPL. For these individuals and families, the change in premium cost equates to the difference between the maximum premium payable, as determined under specific IRS parameters for ACA coverage ("Maximum Family Premium")<sup>4</sup>, and the ISM premium. We compared individuals, couples and families separately.

Predicting what choices that families will make when faced with premium increases is extremely difficult. The ISM will heavily subsidize children in order to provide families

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<sup>4</sup> The Maximum Family (or Individual as family of size 1) Premium is determined in accordance with IRS guidelines that define the percentage of a family's income that results in the maximum premium a family is required to pay for coverage. These percentages of family income are based on a range of FPL. Under the IRS guidelines, the lowest percentage of family income for purposes of determining the Maximum Family Premium is 2.04% for family income between 100% and 133% of FPL. The highest percentage of family income for purposes of determining the Maximum Family Income is 9.69% for family income between 350% and 400% of FPL. Note that for purposes of determining the Maximum Family Premium, families of one or individuals are treated as a "family".



with affordable coverage. We compared two dimensions, the amount of the premium increase going from the ACA subsidized rates to the ISM subsidized rates and the ISM rate compared to family income.

We project that between 4,000 and 6,000 individuals with family incomes >400% will drop coverage in 2018 and become uninsured. This is significantly less than the total of coverage reductions and uninsured under the Medica scenario, which is between 21,000 and 26,000.

Although the actual impact of the ISM is hard to predict because of the way families are subsidized under ACA (those with income < 400% FPL), we believe that the ISM subsidies and the reduced premium due to the ISM reinsurance will provide sufficient premium relief to families that they will not have an incentive to drop coverage and become uninsured.

For 2019, we assume that the IID and carriers will make every attempt to ensure that the market stays stabilized and that the insured from 2018 do not experience unaffordable rate increases. Carriers will in all probability attempt to get good provider contracts and manage care so that health care cost remain reasonable. The IID will again study the market and work with CMS to either transition back to the ACA or other federal paradigm or will continue the ISM in a way to continue to ensure affordable premiums. Through these efforts, we believe that the resulting net premiums will be low enough that few if any of those purchasing coverage in 2018 would drop coverage in 2019.

Until 2018 the federal government and the State of Iowa have allowed individuals to continue purchasing the policies that they had prior to ACA. These policies often have much lower premiums than ACA compliant policies because the individuals in them were underwritten when they were purchased and the benefits are lower than the ACA requirements. In 2019, the transitional policies may not be continued. If not, a number of transitional policies have very low premiums even compared to the subsidized ISM premiums and individuals may see high rate increases. The March carrier survey showed approximately 41,000 individuals covered by transitional policies. Based on our elasticity model, there could be 13,000 to 15,000 individuals dropping coverage. It would also imply that up to 28,000 individuals could be entering the individual market.

### **C. Affordability of Health Insurance Coverage**

Section 5 of Appendix D of the Iowa Stopgap Proposal requires evidence that health care coverage under the ISM would be as affordable as coverage without the ISM. As previously indicated, we analyzed whether a comparable number of Iowa residents will have affordable individual health insurance coverage under the following two scenarios:



- Coverage from Medica in 2018 and 2019 in accordance with the Medica Rate Filing; and
- Coverage under the ISM in 2018 and 2019 based on projected ISM premium costs.

### ***1. Assumptions for Affordability Determination***

To analyze the affordability of individual health insurance coverage for Iowa residents, we used a measure of 10% of income based on the affordability definition, which is 9.69% in 2017<sup>5</sup> and is adjusted by inflation each year. For simplicity 10% was used.<sup>6</sup>

Finally, we made certain calculations with respect to the affordability of dependent premium charges based on the following analysis: in 2018, the FPL equals \$12,060 per person. For each additional family member, the FPL increases by \$4,180 per year, or \$348.33 per month.

### ***2. Affordability Determination – Medica Coverage Under Medica Rate Filing***

For purposes of our analysis under the Medica scenario, it is important to note that the affordability of premiums will not differ for individuals who are eligible for APTCs. Further, the highest income level for an individual or family at which APTC eligibility applies is 400% of the FPL. Accordingly, we have only performed our analysis for individuals whose income exceeds 400% of FPL.

Testing for incomes at 405% of FPL, we found that results varied by area due to the difference in premium rates among areas. In general, premiums for all metal levels except Catastrophic were judged to be unaffordable for ages over 20. For the Catastrophic plan, again results varied by area, but as a generality premium rates became unaffordable at age 33. As income raise above 400% FPL, the premiums become more affordable.

As examples, we show five possible scenarios showing the least expensive Bronze plan:

- 1) An individual age 29;
- 2) An individual age 40;
- 3) An individual age 50;
- 4) A couple both age 60; and
- 5) A family of four with two parents both age 35 and two children both under age 15.

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<sup>5</sup> Note that these percentages change every year.

<sup>6</sup> <https://www.healthcare.gov/glossary/affordable-coverage/>



We compared monthly premiums to monthly FPL, that is the FPL, which is annual converted to a monthly amount. We highlighted the percentages premium compared to monthly FPL that are above 10%.

Bronze Plan in the Least Expensive Area			
Single	Age 29	Age 40	Age 50
Net premium	\$466	\$532	\$744
405% Monthly FPL	\$4,070	\$4,070	\$4,070
% of FPL	11.45%	13.07%	18.27%

Bronze Plan in the Least Expensive Area		
Family	Couple age 60	Family 2 parents age 40 and 2 children under 14
Net premium	\$1,130	\$1,655
FPL	\$5,481	\$8,303
% of FPL	20.62%	19.93%

Since Silver and Gold plans are even more expensive, which will result in increased unaffordability for those plans.

### ***3. Affordability Determination – Iowa Stopgap Measure***

We compared the premiums for all ages to 10% of the monthly FPL. In determining the ISM premium it was decided that there would be no area factors allowed. We estimated premium net of the subsidy that will be provided by Iowa. The subsidy varies by age and income level. The subsidy is still being reviewed and may change as further analysis is done, which will then impact the access and affordability of coverage.

For income levels over 400%, the ISM premiums are much more affordable than Medica’s, but older individuals, couples, and families did not pass our affordability criteria.

Using the same examples as above, we show five possible scenarios showing the least expensive Bronze plan:

- 1) An individual age 29;
- 2) An individual age 40;
- 3) An individual age 50;
- 4) A couple both age 60; and



5) A family of four with two parents both age 35 and two children both under age 15.

We compared monthly premiums to monthly FPL, that is the FPL, which is annual converted to a monthly amount. We highlighted the percentages premium compared to monthly FPL that are above 10%.

<b>ISM Average Area Individual Premium Rate</b>						
<b>Single Age 29</b>	<b>133%-150%</b>	<b>150%-200%</b>	<b>200%-250%</b>	<b>250%-300%</b>	<b>300%-400%</b>	<b>405%</b>
	%	%	%	%	%	
ACA max PMPM	\$51	\$92	\$166	\$247	\$341	
PSM before subsidy	\$408	\$408	\$408	\$408	\$408	\$408
ISM Subsidy	\$398	\$393	\$376	\$357	\$335	\$82
ISM Net premium	\$10	\$15	\$32	\$52	\$73	\$326
Monthly Income	\$1,422	\$1,759	\$2,261	\$2,764	\$3,518	\$4,070
<b>% of FPL</b>	<b>0.72%</b>	<b>0.88%</b>	<b>1.44%</b>	<b>1.87%</b>	<b>2.09%</b>	<b>8.02%</b>
3.57%						
<b>Single Age 40</b>	<b>133%-150%</b>	<b>150%-200%</b>	<b>200%-250%</b>	<b>250%-300%</b>	<b>300%-400%</b>	<b>405%</b>
	%	%	%	%	%	
ACA max PMPM	\$51	\$92	\$166	\$247	\$341	
PSM before subsidy	\$466	\$466	\$466	\$466	\$466	\$466
ISM Subsidy	\$455	\$449	\$429	\$407	\$383	\$94
ISM Net premium	\$12	\$18	\$37	\$59	\$84	\$373
Monthly Income	\$1,422	\$1,759	\$2,261	\$2,764	\$3,518	\$4,070
<b>% of FPL</b>	<b>0.82%</b>	<b>1.00%</b>	<b>1.64%</b>	<b>2.14%</b>	<b>2.38%</b>	<b>9.16%</b>
5.26%						
<b>Single Age 50</b>	<b>133%-150%</b>	<b>150%-200%</b>	<b>200%-250%</b>	<b>250%-300%</b>	<b>300%-400%</b>	<b>405%</b>
	%	%	%	%	%	
ACA max PMPM	\$51	\$92	\$166	\$247	\$341	
PSM before subsidy	\$652	\$652	\$652	\$652	\$652	\$652
ISM Subsidy	\$635	\$627	\$600	\$569	\$535	\$131
ISM Net premium	\$16	\$25	\$52	\$83	\$117	\$521
Monthly Income	\$1,422	\$1,759	\$2,261	\$2,764	\$3,518	\$4,070
<b>% of FPL</b>	<b>1.15%</b>	<b>1.40%</b>	<b>2.29%</b>	<b>2.99%</b>	<b>3.33%</b>	<b>12.80%</b>
7.32%						



<b>ISM Average Area Family Premium Rate</b>						
<b>Couple age 60</b>	<b>133%-150%</b>	<b>150%-200%</b>	<b>200%-250%</b>	<b>250%-300%</b>	<b>300%-400%</b>	<b>405%</b>
ACA max PMPM	\$68	\$124	\$223	\$333	\$459	
PSM before subsidy	\$1,981	\$1,981	\$1,981	\$1,981	\$1,981	\$1,981
ISM Subsidy	\$1,931	\$1,906	\$1,824	\$1,730	\$1,625	\$398
ISM Net premium	\$50	\$75	\$157	\$251	\$356	\$1,583
Monthly Income	\$1,915	\$2,368	\$3,045	\$3,722	\$4,737	\$5,481
<b>% of FPL</b>	<b>2.60%</b>	<b>3.16%</b>	<b>5.17%</b>	<b>6.75%</b>	<b>7.51%</b>	<b>28.88%</b>
	3.57%	5.26%	7.32%	8.95%	9.69%	
<b>Family 2 age 40 and 2 under 14</b>	<b>133%-150%</b>	<b>150%-200%</b>	<b>200%-250%</b>	<b>250%-300%</b>	<b>300%-400%</b>	<b>405%</b>
ACA max PMPM	\$104	\$189	\$338	\$505	\$695	
PSM before subsidy	\$1,451	\$1,451	\$1,451	\$1,451	\$1,451	\$1,451
ISM Subsidy	\$1,414	\$1,396	\$1,335	\$1,267	\$1,190	\$291
ISM Net premium	\$36	\$55	\$115	\$184	\$261	\$1,159
Monthly Income	\$2,901	\$3,588	\$4,613	\$5,638	\$7,175	\$8,303
<b>% of FPL</b>	<b>1.26%</b>	<b>1.53%</b>	<b>2.50%</b>	<b>3.26%</b>	<b>3.63%</b>	<b>13.96%</b>

All of the estimated 2018 base premiums, subsidies and net premiums can be found in Appendix D.

#### **D. Comprehensiveness of Health Insurance Coverage**

To satisfy the comprehensiveness of coverage requirement, health care coverage under the Waiver scenario must be forecast to be at least as comprehensive overall as coverage absent the Waiver. Comprehensiveness refers to coverage requirements for ACA essential health benefits (EHBs) and as appropriate, Medicaid and CHIP standards. The ISM being sought does not impact EHBs for the commercial markets, and will not impact the scope of services required to be covered by the Medicaid or CHIP programs. Therefore, the comprehensiveness of coverage is expected to remain unchanged across all markets.

#### **E. Deficit Neutrality**

As previously indicated, we analyzed the anticipated amount of federal spending net of lost federal revenues considering 2018 and 2019 operations for the Iowa individual health insurance market based on the Medica Rate Filing since that is the base scenario. Since the membership <400% FPL can go up or down we assumed the same membership in 2018 and 2019 as in 2017. The largest change between 2018 and 2019 was the premium level.



## ***1. Factors Affecting Deficit Neutrality Analysis***

For purposes of our analysis, we considered the following factors that affect federal spending and federal revenues with respect to the Iowa individual health insurance market operations and the ISM's proposed operations:

- CSRs (i.e., cost sharing reductions);
- PTCs (i.e., premium tax credits);
- Federal high risk reinsurance associated with the 2018 risk adjustment program;
- Risk adjustment fees;
- Shared responsibility penalties; and
- Exchange user fees.

### ***a. Cost Sharing Reductions***

Note, we understand that Medica is refiling its 2018 rates to assume that the CSR will not be funded. This will increase the premiums and the APTCs and eliminate the CSRs. If CSRs are part of the deficit neutrality analysis in the future, the following is our approach.

For the purposes of our analysis, we considered four CSR categories that would apply to Medica's 2018 and 2019 operations and we assumed that these CSR's would apply to Medica's second lowest Silver plan in each area. The standard cost sharing for the Silver plan is 30%. Except for one category, these CSR categories are based on an individual's FPL income:

- For individuals between 100% and 150% of FPL, cost sharing is reduced to 6%;
- For individuals between 150% and 200% of FPL, cost sharing is reduced to 13%;
- For individuals between 200% to 250% of FPL, cost sharing is reduced to 27%;  
and
- For Native Americans, cost sharing is zero since Native Americans are not required to pay any cost sharing amounts.

For purposes of determining projected Medica membership in each of these four CSR categories, we relied on data from the July 2017 survey of Aetna, Wellmark and Medica (Survey), which included 2016 membership by CSR category and on data from CCIIO on the membership by FPL for 2017 exchange enrollment.

Next, we used the 2018 premium rates for the second highest Silver benefit plan in each geographic area from Medica's 2018 rate filing. We then estimated incurred claim costs for each geographic area by multiplying the calculated premium by 74.76% (the total paid-to-allowed) and dividing the result by the 74% (the Silver plan paid-to-allowed ratio) to estimate the allowed claims. We chose 74% for the paid-to-allowed rather than 70%



because often the actual cost sharing is more than the 72% cost sharing allowed from the federal Actuarial Value Calculator. Finally, we multiplied the incurred claim costs by the difference between the projected paid-to-allowed ratio for the Silver plan (74%) and the paid-to-allowed ratio for each CSR level (100%, 94%, 83% and 73%). Note, one result from the higher loss ratio is that there was no CSR for the 73% category.

*b. Premium Tax Credits*

Note, we understand that Medica is refiling its 2018 rates to assume that the CSR will not be funded. This will increase the PTCs.

For purposes of determining the effect of PTCs on deficit neutrality, we began our analysis by assuming that PTCs are calculated as the difference between the second lowest Silver plan total premium and the total Maximum Family Premium (see discussion and definition of Maximum Family Premium in Section IV.B.2).

For purposes of determining the total second lowest Silver plan premium for 2018 for Medica coverage, we used Medica's 2018 rate filing.

The membership data from the Iowa carrier survey was by cost-sharing reduction (CSR) categories. We used the 2017 Iowa exchange membership by FPL from CCIIO, which included membership by different categories (100-138%, 139-200%, 201-250%, 251-300%, 301-400%, Other/UK). We allocated this membership to area and age using the distributions from the Iowa carrier survey. The total premium was the Medica premium multiplied by the appropriate age and area membership.

To determine the total Maximum Family Premium, we used the CCIIO 2017 membership for the CSR categories and the family size distributions by CSR category from the Iowa carrier survey. Member months were assumed to be 11.13<sup>7</sup> months per member since there will be some leaving in the middle of the year, but in general the individuals with APTC will tend to stay.

We calculated the total Maximum Family Premium that would be paid in 2018 for Medica coverage using the family size and Maximum Family Premium for that family size and FPL.

The total APTCs were calculated by taking the difference between the total premium for the second lowest premium and the total Maximum Family Premium.

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<sup>7</sup> This was taken from an Iowa survey.



When individuals and families file their tax returns there may be an over or under estimation of the PTC when estimating the APTC. We estimated this net adjustment to be -2%. Therefore, an adjustment of -2% was made to the APTC to determine the final PTC that would be allowed in 2018.<sup>8</sup>

*c. Federal High-Risk Reinsurance Associated with the 2018 Risk-Adjustment Program*

The federal high-risk reinsurance program provides for coverage of 60% of claims that exceed \$1 million. Using the claim distribution from 2016 trended to 2018, we estimate that the recoveries under the program for 2018 will be approximately eleven million dollars (\$11,000,000).

At the same time, we assume that under either Medica's operations or ISM operations in 2018, the federal high-risk reinsurance program will provide the same protection to both Medica and the ISM. Accordingly, the effect of this program under either scenario will be deficit neutral.

*d. Risk Adjustment Fee*

In 2018, the risk adjustment fee equals \$0.14 PMPM. Accordingly, the amount of the risk adjustment fee is dependent on the number of anticipated enrollees in 2018 for Medica and for the ISM.

Based on our projected enrollment for 2018 for Medica individual health products and for the ISM participation, we project that the number of member months for the ISM in 2018 would exceed the number of member months for the Medica scenario.

We understand that if the ISM reduces membership that the reduction in risk adjustment fee will be used to reduce the pass-through payments, but since they are higher, we assume that the pass-through payments will be increases. CMS will have to confirm this.

*e. Shared Responsibility Penalty*

Under the ACA, individuals who do not maintain health insurance are subject to a shared responsibility penalty. In 2018, the shared responsibility penalty for individuals who do not purchase insurance and are not eligible for exemption from the penalty is \$695 per adult and \$347.50 per child, up to a maximum penalty of \$2,085 per family.<sup>9</sup> Individuals who are exempt from the shared responsibility penalty include members of certain religious

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<sup>8</sup> <https://www.irs.gov/pub/newsroom/commissionerletteracafilingseason.pdf>

<sup>9</sup> <https://www.healthcare.gov/fees/fee-for-not-being-covered/>



groups and Native American tribes; incarcerated individuals; and individuals with income below thresholds that require that federal income tax returns be filed.

Kaiser Family Foundation estimates that almost 90% of the uninsured population is exempt from the individual mandate penalty.<sup>10</sup> We took these estimates into account in determining the projected number of Iowa's uninsured population that will be subject to the shared responsibility penalty in 2018. Finally, we considered statistics on the number of Iowa's uninsured by age in 2014.<sup>11</sup>

The amount of the total shared responsibility penalty that will result in 2018 under Medica's operations, as compared to the ISM operations, will depend on the projected number of uninsured resulting from operations under each scenario.

*f. Exchange User Fees*

If Medica continues its operations in 2018, it will be subject to the exchange user fee that would equal 3.5% of projected premiums. If the ISM operates in 2018, the exchange user fee will not be charged to participating insurers.

**2. Results of Deficit Neutrality Analysis**

Based on our examination of all the factors affecting our deficit neutrality analysis, we determined that the anticipated amount of federal spending net of federal revenues under Medica's continuation of its individual health insurance operations in 2018. This amount will be used as a pass-through amount to fund the ISM premium credits and reinsurance. The pass-through amount is the 2018 PTC and CSR adjusted for the change in the risk adjustment fee, shared responsibility revenue, and exchange user fee when going from Medica to the ISM.

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<sup>10</sup> <http://www.kff.org/health-reform/perspective/the-individual-mandate-how-sweeping/>

<sup>11</sup> <https://www.census.gov/did/www/sahie/data/interactive/>



<b>Pass-Through for Budget Neutrality</b>	
	<b>2018</b>
Premium Tax Credits	\$421,906,599
CSR	\$0
Pass Through	\$0
Federal Reinsurance Change	\$0
Risk Adjustment Fee Change	\$25,479
Shared Responsibility change	(\$6,916,817)
Exchange User Fee Change	(\$18,750,382)
<b>Total</b>	<b>\$396,264,879</b>

## **F. Impact on the Market if Medica does not Offer Coverage**

An additional effect of the total collapse of Iowa’s individual health insurance market is the effect on Iowans’ ability to obtain reasonably priced health care services through managed care provider networks. Currently, health insurers operating in the Iowa individual health market enter into agreements with health care providers (i.e., managed care provider networks), under which providers agree to charge fees for their services that are lower than UCR charges. Enrollees in individual health insurance products benefit from these managed care provider network agreements by incurring proportionately lower out of pocket costs.

If the Iowa individual health insurance market collapses, Iowans will be forced to obtain coverage from providers at UCR charges. For individuals without health insurance coverage, physicians and other providers typically require payment at the time of service. In many cases, these individuals obtain their necessary health care service at hospital emergency rooms, which are required to provide services without obtaining payment at the time of service. If individuals cannot afford the undiscounted fees, they will either forgo necessary services or they may receive the services and not be able to pay, increasing uncompensated care in Iowa.



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When individuals use hospital emergency rooms as their primary source of medical care, the health care system is negatively impacted for two reasons:

- First, the health care costs required to treat an individual are substantially higher when treatment is provided in a hospital emergency room, rather than in a setting more appropriate to the individual's needs (for example, a physician office visit is appropriate for monitoring a pregnancy or diabetes);
- In addition, the individual does not have a comprehensive treatment plan in place that addresses his or her complete health care needs and conditions. Instead, the individual's health conditions are treated in an expedient manner as each crisis occurs.



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***Appendix A – Methods and Assumptions***



## **Iowa 2018 ISM Premium Tax Credit Estimate**

The premium tax credit (PTC) is the difference between the second lowest Silver plan premium [benchmark premium] and the Maximum Family Premium for a family including families of 1 or individuals.

At the time this analysis is being completed, Medica will be the only insurer on the exchange in 2018 so the benchmark premium will be Medica's second lowest Silver plan premium from its August 3, 2017 rate filing. For the purposes of this study, we have assumed that 2018 Medica rates will be approved as filed, so we extracted the benchmark premium from the Medica 2018 rate filing. To determine the total premium that would be payable without the PTC, we used the survey membership for the CSR categories by age and the Medica premium rates by age. For the 250%-400% range we used the CCIIO 2017 membership split using the ratio by age from the survey for the Non-CSR population. We had to calibrate the membership so that it matched the CCIIO statistics, which was used to determine the Maximum Family Premium. Member months were assumed to be 11.13<sup>12</sup> months per member since there will be some leaving in the middle of the year, but in general the individuals with APTC will tend to stay. The total premium was the Medica premium multiplied by the appropriate age and membership.

The membership data from the Iowa carrier survey was by cost-sharing reduction (CSR) categories. We used the 2017 Iowa exchange membership by FPL from CCIIO, which included membership by different categories (100-138%, 139-200%, 201-250%, 251-300%, 301-400%, Other/UK). We allocated this membership to age using the distributions from the Iowa carrier survey from March 2017 and July 2017. The total premium was the Medica premium multiplied by the appropriate age membership.

To determine the total Maximum Family Premium, we used the CCIIO 2017 membership to allocate the March carrier survey data to the CSR categories and the family size distributions by CSR category from the Iowa July 2017 carrier survey. Member months were taken as 11.13<sup>13</sup> member months per members since there will be some leaving in the middle of the year, but in general the individuals with APTC will tend to stay.

We calculated the total Maximum Family Premium that would be paid in 2018 for Medica coverage using the family size and Maximum Family Premium for that family size and FPL.

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<sup>12</sup> This was taken from an Iowa survey.

<sup>13</sup> This was taken from an Iowa survey



The advanced premium tax credit (APTC) was calculated by taking the difference in the premium and the Maximum Family Premium per member. This was then adjusted by the percent of net adjustments to the APTC for 2016 income tax filings of -2%.<sup>14</sup> Also, a family only has to pay for the first three dependents under 21.

#### Assumptions

1. The age and CSR distribution of membership for 2018 will be the same as in 2016.
2. Family distribution by CSR will be the same in 2018 as 2016.
3. Families with PTC and CSR will purchase coverage at the same frequency in 2018 as they did in 2016 since they are insulated from the premium increases.
4. There are 11.13 member months for each member since some APTC members may leave, but they are more likely to remain for the full year.
5. The amount of adjustments from the APTC to the PTC and the adjustments for under or over payments would be the same in 2018 as in 2016.

#### Data Sources

1. A data survey was sent by the Iowa Insurance Division to carriers requesting the 2016 membership by CSR category and age. The survey also requested membership by CSR category and family size. The request was sent to:
  - a. Medica Insurance Company
  - b. Aetna Health of Iowa
  - c. Avera Health Plans
  - d. Golden Rule Ins. Co.
  - e. Gundersen Health Plan
  - f. UnitedHealthcare Life Ins. Co.
  - g. UnitedHealthcare of the Midlands
  - h. Wellmark, Inc. (and WHPI)
2. Medica's 2018 rate filing includes premium rates, which we used to determine the second lowest Silver plan premium.
3. Kaiser Insurance Market Place Calculator - <http://www.kff.org/interactive/subsidy-calculator/>
4. Membership by FPL in file CCIIO\_PScounts\_IA\_Final.
5. The ratios of APTC and PTC and net adjustments published by the IRS for 2016. <https://www.irs.gov/pub/newsroom/commissionerletteracafilingseason.pdf>

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<sup>14</sup> <https://www.irs.gov/pub/newsroom/commissionerletteracafilingseason.pdf>



## **Iowa 2018 Affordability**

### ***Affordability of Medica 2018 rates***

Affordability of insurance premiums is an issue for those over 400% of the federal poverty level (FPL) since the ACA premium tax credits (PTC) subsidize premiums to a percentage of FPL. The affordability definition is 9.69% in 2017 and is adjusted by inflation each year. For simplicity 10% was used.<sup>15</sup> Premium rates will become more affordable as family income increases so we started our analysis at 405% of FPL compared to the 2018 premium rates and increased the income until the premiums were affordable.

To determine affordability, we tested 5 scenarios including individuals ages 29, 40 and 50, couple both age 60, family of 4 with 2 parents age 35 and 2 children under age 15.

### **1. Data Sources**

2. Medica's 2018 rate filing

### ***Affordability of the Iowa Stopgap Measure***

1. To test the affordability of the Iowa ISM, we tested the affordability at FPL levels under 400% and 405%, since under the ISM there would be no PTCs. We tested the mid points of the FPL levels or 117%, 142%, 175%, 225%, 275%, 350%, and 405% of FPL. We tested the premium as a percent of FPL and the rate increase by age. We then tested couples of different ages and families of four for different age combinations of parents and children.

### ***Data Used***

1. Our estimate of the ISM premiums.
2. Appendix D of the Iowa ISM application for the subsidies.

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<sup>15</sup> <https://www.healthcare.gov/glossary/affordable-coverage/>



## **Iowa 2018 Stopgap Premium**

Determination of the Iowa 2018 Stopgap Premium started with 2016 claim distributions from Aetna, Wellmark Inc., Wellmark Health Plan of Iowa (WHPI), UnitedHealthcare of the Midlands, UnitedHealthcare Life Ins. Co., and Medica. The incurred claims were trended for two years at 16% annual trend to 2018. The claim distributions allowed us to determine the high-cost risk pooling mechanism associated with the Federal Risk Adjustment. The new reinsurance covers 60% of the claims over one million dollars. We used individual claims trended two years to determine the reinsurance reduction to claims.

The proposed Stopgap Reinsurance program will cover 85% of the claims between \$100,000 and \$1,000,000. It will then coordinate with the federal high-cost pooling and will cover 25% of the claims up to \$3,000,000 resulting in 85% total coinsurance between \$1,000,000 and \$3,000,000. After \$3,000,000 the Iowa reinsurance will cover 40% of the claims resulting in 100% coinsurance.

A factor of 96% (74%/77%) was used to convert the market paid-to-allowed (77%) based on the 2016 rate filing base experience from the largest carriers to our assumed Silver level paid-to-allowed (74%) claims.

Paid claims were reduced by \$0.14 PMPM for the risk adjustment fee and administrative fees, taxes, and profit margin were added. Administrative expenses and profit margins were based on the 2017 rate filings as more representative of a competitive market. Taxes and fees were based on Medica's 2018 rate filing, but were compared to the 2017 individual rate filings to confirm that they were reasonable.

The ACA market age distribution was used to adjust the market rate to an age 21 rate. The weights that we used were the ACA membership in 2017 per the March enrollment survey.

### ***1. Assumptions***

- a. The 2016 claim distribution was trended by 9% a year in total.
- b. The paid-to-allowed ratio for the Silver plan will be 74%.
- c. The 2018 age distribution will be the same as the 2016 ACA population.
- d. Administrative expense will be the 2017 filed admin PMPM trended to \$65 PMPM.
- e. Profit margins were set to 5%, which assumes that there will be competitive filings, but some margin for unknown risks.
- f. The taxes and fees were estimated to be 7.68%, which excluded the exchange user fee. Tax percentages were taken from Medica's 2018 rate filing and consisted of state premium tax 2%, ACA Health user fee 2.3%, PCORI fee 0.02% and Federal



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Income Tax. This was compared to the 2017 filings that were approximately 6% without the ACA Health user fee.

## **2. Data Sources**

- a. Medica's 2018 rate filing
- b. The experience period allowed claims, incurred claims, and membership from Aetna's, Wellmark's, Wellmark Health Plan of Iowa's 2017 rate filings.
- c. Claim distributions from file "To NovaRest\_Claim Distribution 2016".
- d. The ACA membership from the file "0\_ACA Compliant Enrollment Summary\_3-31-2017.xlsx".
- e. The membership in total from the carrier survey.
- f. The administrative cost and paid-to-allowed ratio in the 2017 rate filings for Aetna, Wellmark, Wellmark Health Plan, and Medica.



## **Iowa ISM Lapse Rate Methodology**

There are lapse rate assumptions needed to project 2017 enrollment forward to 2018. Non-group market policyholders will consider their premium increases in deciding whether to lapse. Generally speaking, we will use price elasticity functions to model this behavior.

### Price Elasticity by Metal Level

Catastrophic	-3.056
Bronze	-1.402
Silver	-1.263
Gold	-0.823
Platinum	-0.530

We estimate the likelihood of taking the coverage based upon the difference in premium before and after the rate increase using the premium elasticity function above. This means that on average a one percent increase in Silver premium corresponds to a 1.263 percent decrease in the number of people taking coverage. In this example those who lapse from Silver coverage will consider available options such as Bronze or Catastrophic coverage where available. Those who lapse may ultimately forgo coverage. Transitional policy members will use the Price Elasticity associated with the ACA Metal Level nearest in premium level to their Transitional coverage when the Transitional policy ends. Prior to that time Transitional members will follow the lapse behavior expected in their carrier's 2018 rate filing.

There are multiple scenarios that need consideration as listed below:

1. Baseline scenario - 2017 ACA membership moving into 2018 Medica ACA coverage.
2. ISM scenario - 2017 ACA membership moving into 2018 ISM coverage.
3. Baseline scenario – 2018 Medica ACA membership moving into 2019 Medica ACA coverage.
4. ISM scenario – 2018 ISM membership moving into 2019 ISM coverage.
5. Baseline scenario – 2018 Transitional Policy membership moving into 2019 Medica ACA coverage.
6. ISM scenario – 2018 Transitional Policy membership moving into 2019 ISM coverage.



## ***1. Assumptions***

- a. The age and FPL distribution of membership for 2018 and 2019 will be the same as in 2016. FPL, on exchange, ACA APTC, and family size statistics will follow CCIIO data where available. When needed, carrier data will be used to supplement CCIIO such as for carrier Metal level membership and Transitional policy membership age.
- b. Eligible individuals and families with ACA APTC will re-enroll with no lapsation in the same Metal level since they are insulated from the premium increases due to the APTC's premium contribution maximum capped at percent of income. This is relevant for scenarios (1) and (3).
- c. Transitional Policy membership income levels are above 400%. This is because ACA subsidy criteria levels are well known and the members would have already migrated if eligible for subsidy. These members may lapse in scenarios (5) and (6) due to being ineligible for subsidy.
- d. Employer sponsored insurance membership for 2018 and 2019 will be the same as in 2016. The same assumption is used for Medicaid, The Healthy and Well Kids in Iowa program (federally known as CHIP), Medicare and Tricare.
- e. The projection assumes the 2018 Medica rates from the rate filing by the carrier. For 2019, a 20% increase in premiums is assumed.

## ***2. Data Sources***

- a. A data survey sent by the Iowa Insurance Division to carriers requesting the 2016 membership by FPL ACA subsidy level and age. The survey also requested membership by FPL ACA subsidy level and family size, and Transitional membership age, tobacco use and premium. The request was sent to
  - i. Medica Insurance Company
  - ii. Aetna Health of Iowa
  - iii. Avera Health Plans
  - iv. Golden Rule Ins. Co.
  - v. Gundersen Health Plan
  - vi. UnitedHealthcare Life Ins. Co.
  - vii. UnitedHealthcare of the Midlands



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- viii. Wellmark, Inc. (and WHPI)
  - b. Medica's 2018 rate filing of premium rates.
  - c. Wellmark's 2018 rate filing of premium rates for Transitional policy coverage.
  - d. 2017 market ACA compliant rate filings for all carriers in Iowa.
  - e. Price elasticity by Metal level came from the Society of Actuaries Health Meeting 2017, Session 76L Understanding Stakeholder Behavior: Hidden Forces in the US Healthcare System meeting slide 43. The data source for this study was 2014-2017 Public Use Files Data for Rate Filing Justification. This was a study of the ACA markets showing how policyholders have lapsed coverage based upon rate increase level. The study shows how the national individual market policyholders behaved by Metal level, recognizing such factors as people who are more sick and elected richer benefits behave differently than those who are relatively healthy and elect catastrophic coverage.



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*Appendix B (Prior Appendix D) – Sample 2018 Premiums*



<b>Appendix B (Prior Appendix D)</b>				
Premium Age	FPL	2018 Premium	Monthly Credit	2018 Premium after Credit
10	133%-150%	\$279	\$272	\$7
10	150%-200%	\$279	\$269	\$11
10	200%-250%	\$279	\$257	\$22
10	250%-300%	\$279	\$244	\$35
10	300%-400%	\$279	\$229	\$50
10	>400%	\$279	\$56	\$223
21	133%-150%	\$365	\$356	\$9
21	150%-200%	\$365	\$351	\$14
21	200%-250%	\$365	\$336	\$29
21	250%-300%	\$365	\$319	\$46
21	300%-400%	\$365	\$299	\$66
21	>400%	\$365	\$73	\$292
29	133%-150%	\$408	\$398	\$10
29	150%-200%	\$408	\$393	\$15
29	200%-250%	\$408	\$376	\$32
29	250%-300%	\$408	\$357	\$52
29	300%-400%	\$408	\$335	\$73
29	>400%	\$408	\$82	\$326
40	133%-150%	\$466	\$455	\$12
40	150%-200%	\$466	\$449	\$18
40	200%-250%	\$466	\$429	\$37
40	250%-300%	\$466	\$407	\$59
40	300%-400%	\$466	\$383	\$84
40	>400%	\$466	\$94	\$373
50	133%-150%	\$652	\$635	\$16
50	150%-200%	\$652	\$627	\$25
50	200%-250%	\$652	\$600	\$52
50	250%-300%	\$652	\$569	\$83
50	300%-400%	\$652	\$535	\$117
50	>400%	\$652	\$131	\$521
60	133%-150%	\$991	\$966	\$25
60	150%-200%	\$991	\$953	\$37
60	200%-250%	\$991	\$912	\$79
60	250%-300%	\$991	\$865	\$126
60	300%-400%	\$991	\$813	\$178
60	>400%	\$991	\$199	\$792



**Appendix C - Market Makeup**

<b>2018 With ISM Number of Persons</b>							
	<b>FPL</b>						
	133%- 150%	150%- 200%	200%- 250%	250%- 300%	300%- 400%	400%+	Total
Marketplace (or, ACA credit eligible)							
ISM members:	6,869	14,251	9,446	5,732	6,308	25,023	67,628
Transitional						38,523	38,523
Grandfathered						37,260	37,260
Statewide Uninsured	54,824	25,924	18,953	31,000		23,155	153,856



2018 Without ISM Number of Persons							
	FPL						
	133%- 150%	150%- 200%	200%- 250%	250%- 300%	300%- 400%	400%+	Total
Marketplace (or, ACA credit eligible)	6,869	14,251	9,446	5,732	6,308	11,310	53,916
ISM members:							
Transitional						38,523	38,523
Grandfathered						37,260	37,260
Statewide Uninsured	54,824	25,924	18,953	31,000		36,867	167,568



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*Appendix D – 2018 Premium Rates and Subsidies*



Gross ISM Premium Before Subsidy			
AGE	ISM Base Premium	AGE	ISM Base Premium
0-14	\$279	39	\$461
15	\$304	40	\$466
16	\$314	41	\$475
17	\$323	42	\$484
18	\$333	43	\$495
19	\$343	44	\$510
20	\$354	45	\$527
21	\$365	46	\$548
22	\$365	47	\$570
23	\$365	48	\$597
24	\$365	49	\$623
25	\$366	50	\$652
26	\$374	51	\$681
27	\$383	52	\$712
28	\$397	53	\$745
29	\$408	54	\$779
30	\$414	55	\$814
31	\$423	56	\$852
32	\$432	57	\$890
33	\$437	58	\$930
34	\$443	59	\$950
35	\$446	60	\$991
36	\$449	61	\$1,026
37	\$452	62	\$1,049
38	\$455	63	\$1,077
		64 and Older	\$1,095



	ISM Subsidy					
	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	>400%
0-14	\$272	\$269	\$257	\$244	\$229	\$56
15	\$296	\$293	\$280	\$265	\$249	\$61
16	\$306	\$302	\$289	\$274	\$257	\$63
17	\$315	\$311	\$297	\$282	\$265	\$65
18	\$325	\$321	\$307	\$291	\$273	\$67
19	\$335	\$330	\$316	\$300	\$282	\$69
20	\$345	\$341	\$326	\$309	\$290	\$71
21	\$356	\$351	\$336	\$319	\$299	\$73
22	\$356	\$351	\$336	\$319	\$299	\$73
23	\$356	\$351	\$336	\$319	\$299	\$73
24	\$356	\$351	\$336	\$319	\$299	\$73
25	\$357	\$353	\$337	\$320	\$301	\$74
26	\$364	\$360	\$344	\$326	\$307	\$75
27	\$373	\$368	\$352	\$334	\$314	\$77
28	\$387	\$382	\$365	\$346	\$325	\$80
29	\$398	\$393	\$376	\$357	\$335	\$82
30	\$404	\$399	\$381	\$362	\$340	\$83
31	\$412	\$407	\$389	\$369	\$347	\$85
32	\$421	\$415	\$397	\$377	\$354	\$87
33	\$426	\$421	\$403	\$382	\$359	\$88
34	\$432	\$426	\$408	\$387	\$364	\$89
35	\$435	\$429	\$411	\$389	\$366	\$90
36	\$438	\$432	\$413	\$392	\$368	\$90
37	\$441	\$435	\$416	\$395	\$371	\$91
38	\$443	\$438	\$419	\$397	\$373	\$91
39	\$449	\$443	\$424	\$402	\$378	\$93
40	\$455	\$449	\$429	\$407	\$383	\$94



	ISM Subsidy					
	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	>400%
41	\$463	\$457	\$437	\$415	\$390	\$95
42	\$471	\$465	\$445	\$422	\$397	\$97
43	\$483	\$477	\$456	\$432	\$406	\$100
44	\$497	\$491	\$469	\$445	\$418	\$102
45	\$514	\$507	\$485	\$460	\$432	\$106
46	\$534	\$527	\$504	\$478	\$449	\$110
47	\$556	\$549	\$525	\$498	\$468	\$115
48	\$582	\$574	\$549	\$521	\$490	\$120
49	\$607	\$599	\$573	\$544	\$511	\$125
50	\$635	\$627	\$600	\$569	\$535	\$131
51	\$664	\$655	\$627	\$594	\$558	\$137
52	\$695	\$686	\$656	\$622	\$584	\$143
53	\$726	\$716	\$685	\$650	\$611	\$150
54	\$760	\$750	\$717	\$680	\$639	\$157
55	\$793	\$783	\$749	\$711	\$668	\$164
56	\$830	\$819	\$784	\$744	\$699	\$171
57	\$867	\$856	\$819	\$777	\$730	\$179
58	\$907	\$895	\$856	\$812	\$763	\$187
59	\$926	\$914	\$875	\$830	\$779	\$191
60	\$966	\$953	\$912	\$865	\$813	\$199
61	\$1,000	\$987	\$944	\$896	\$841	\$206
62	\$1,022	\$1,009	\$965	\$916	\$860	\$211
63	\$1,050	\$1,037	\$992	\$941	\$884	\$216
64 and Older	\$1,067	\$1,054	\$1,008	\$956	\$898	\$220



ISM Net Rates						
	133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	>400%
0-14	\$7	\$11	\$22	\$35	\$50	\$223
15	\$8	\$11	\$24	\$39	\$55	\$243
16	\$8	\$12	\$25	\$40	\$56	\$251
17	\$8	\$12	\$26	\$41	\$58	\$258
18	\$8	\$13	\$26	\$42	\$60	\$266
19	\$9	\$13	\$27	\$44	\$62	\$274
20	\$9	\$13	\$28	\$45	\$64	\$283
21	\$9	\$14	\$29	\$46	\$66	\$292
22	\$9	\$14	\$29	\$46	\$66	\$292
23	\$9	\$14	\$29	\$46	\$66	\$292
24	\$9	\$14	\$29	\$46	\$66	\$292
25	\$9	\$14	\$29	\$46	\$66	\$293
26	\$9	\$14	\$30	\$47	\$67	\$299
27	\$10	\$14	\$30	\$49	\$69	\$306
28	\$10	\$15	\$32	\$50	\$71	\$317
29	\$10	\$15	\$32	\$52	\$73	\$326
30	\$10	\$16	\$33	\$53	\$74	\$331
31	\$11	\$16	\$34	\$54	\$76	\$338
32	\$11	\$16	\$34	\$55	\$78	\$345
33	\$11	\$17	\$35	\$55	\$79	\$349
34	\$11	\$17	\$35	\$56	\$80	\$354
35	\$11	\$17	\$35	\$57	\$80	\$356
36	\$11	\$17	\$36	\$57	\$81	\$359
37	\$11	\$17	\$36	\$57	\$81	\$361
38	\$11	\$17	\$36	\$58	\$82	\$363
39	\$12	\$17	\$37	\$58	\$83	\$368
40	\$12	\$18	\$37	\$59	\$84	\$373



		ISM Net Rates					
		133%-150%	150%-200%	200%-250%	250%-300%	300%-400%	>400%
41		\$12	\$18	\$38	\$60	\$85	\$380
42		\$12	\$18	\$38	\$61	\$87	\$386
43		\$12	\$19	\$39	\$63	\$89	\$396
44		\$13	\$19	\$41	\$65	\$92	\$407
45		\$13	\$20	\$42	\$67	\$95	\$421
46		\$14	\$21	\$44	\$69	\$98	\$438
47		\$14	\$22	\$45	\$72	\$102	\$456
48		\$15	\$23	\$47	\$76	\$107	\$477
49		\$16	\$24	\$49	\$79	\$112	\$498
50		\$16	\$25	\$52	\$83	\$117	\$521
51		\$17	\$26	\$54	\$86	\$122	\$544
52		\$18	\$27	\$57	\$90	\$128	\$569
53		\$19	\$28	\$59	\$94	\$134	\$595
54		\$20	\$29	\$62	\$99	\$140	\$623
55		\$20	\$31	\$65	\$103	\$146	\$650
56		\$21	\$32	\$68	\$108	\$153	\$680
57		\$22	\$34	\$71	\$113	\$160	\$711
58		\$23	\$35	\$74	\$118	\$167	\$743
59		\$24	\$36	\$76	\$121	\$171	\$759
60		\$25	\$37	\$79	\$126	\$178	\$792
61		\$26	\$39	\$82	\$130	\$184	\$820
62		\$26	\$40	\$83	\$133	\$188	\$838
63		\$27	\$41	\$86	\$137	\$194	\$861
64 and Older		\$28	\$41	\$87	\$139	\$197	\$875



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*Appendix E – Reliance Letter*



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August 9, 2017

Commissioner Doug Ommen  
Iowa Insurance Division  
Two Ruan Center  
601 Locust Street, 4th Floor  
Des Moines, Iowa 50309-3738

Subject: Statement Regarding Accuracy of Data and Reliance on Assumptions  
Provided for the Actuarial Review of Medica Insurance Company Proposed  
2018 Individual Health Insurance Rates and Analysis of Effect of Proposed  
Rates on Iowa Stopgap Measure

Dear Commissioner Ommen:

We are providing this report solely to communicate our analysis of the proposed 2018 Iowa individual ACA-compliant health insurance rates, as filed by Medica Insurance Company (Medica Rate Filing) as filed on August 4, 2017 and the effect of the Iowa Stopgap Measure (ISM), as proposed to the Centers for Medicare and Medicaid Services. Distribution of this report to parties other than the Iowa Insurance Division by us or any other party does not constitute advice from or by us to those parties. The reliance of parties other than the Iowa Insurance Division on any aspect of our work is not authorized by us and is done at their own risk.

To arrive at our opinion, we made use of information provided by the Iowa Insurance Division and Iowa carriers without independent investigation or verification (see list attached). If this information was in any way inaccurate, incomplete, or out of date, the findings and conclusions in this report may require revision. While we have relied on the data provided by the company without independent investigation or verification, we have reviewed the information for consistency and reasonableness. Where we found the data to be inconsistent or unreasonable we have requested clarification.

The actuarial methodologies utilized in order to arrive at our opinion were those which were considered generally accepted within the industry.

I am a member of the American Academy of Actuaries and meet that body's Qualification Standards to render this opinion.

8/7/2017  
Date

*Donna C. Novak*  
Signature



### **List of Data Sources and Assumptions Provided**

1. Distribution - IA.XLSX
2. Gundersen\_Regions.xlsx
3. IA Stopgap Survey - GRIC.xls
4. IA Stopgap Survey - UHCLIC.xls
5. IA Stopgap Survey - UnitedHealthcare of the Midlands.xlsx
6. NovaRest - Carrier Questions - 2017.07.11 - Question 4.xlsx
7. NovaRest - Carrier Questions - 2017.07.11 - Question 6.xlsx
8. NovaRest - Carrier Questions - 2017.07.12 - SEPs.xlsx
9. NovaRest Iowa Responses 20170713 (002).xlsx
10. NovaRest\_Iowa Carrier Questions - GRIC.doc
11. NovaRest\_Iowa Carrier Questions - UHCLIC.doc
12. NovaRest\_Iowa Carrier Questions.doc
13. NovaRest\_Iowa Carrier Questions\_Wellmark Response.doc
14. Response to Data Request Dated 2017.07.11 v2.pdf
15. Response to Data Request Dated 2017.07.11.pdf
16. Response to Data Request Dated 2017.07.11.xlsx
17. Medica 2018 individual market rate filing
18. Aetna 2017 individual market rate filing
19. Wellmark 2017 individual market rate filing
20. Medica 2017 individual market rate filing
21. March 2017 Carrier Survey

Additional Materials Prepared by  
NovaRest, Inc. and Provided to the Iowa  
Insurance Division



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August 16, 2017

Andria Seip  
Iowa Insurance Division  
Two Ruan Center  
601 Locust Street, 4th Floor  
Des Moines, Iowa 50309-3738

**Subject: Assumptions and Outputs of Modeling used to project the Iowa Stopgap Reinsurance Claims**

Dear Ms. Seip:

This letter is to document the assumptions and outputs of modeling used to project reinsurance claims for the proposed Iowa Stopgap Reinsurance program.

The proposed Iowa Stopgap Reinsurance program will cover 85% of the claims between \$100,000 and \$1,000,000. It will then coordinate with the federal high-cost pooling and will cover 25% of the claims up to \$3,000,000 resulting in 85% total coinsurance between \$1,000,000 and \$3,000,000. After \$3,000,000 the Iowa Stopgap Reinsurance program will continue to coordinate with the federal high-cost pooling and will cover 40% of the claims resulting in 100% total coinsurance.

We used the incurred claim distributions provided by the companies for 2016 claims. We trended the large claims by 9% per year. The claim distributions included individual claim amounts for all claims over \$50,000. For each claim, we calculated:

1. 85% of the amount between \$100,000 and \$1,000,000;
2. 25% of the amount between \$1,000,000 and \$3,000,000; and
3. 40% of the amount over \$3,000,000.

The resulting total was \$69,192,598.

Should you have any questions, please do not hesitate to contact me at 520-908-7246 or Donna.Novak@novarest.com.

Sincerely,

Donna C. Novak FCA, ASA, MAAA, MBA  
President and CEO of NovaRest, Inc.

## 2018 ACA VS Iowa Stopgap

	2018 ACA Without the Waiver	2018 With the Iowa Stopgap Measure
Members	53,916	67,628
Premium	\$535,725,186	\$474,451,866
PTC	\$421,906,599	
IA Premium Credit		\$316,842,152
Net Premium	\$113,818,588	\$157,609,715
Claims	\$408,950,524	\$449,630,714
Federal Reinsurance		\$10,539,165
IA Reinsurance		\$69,192,598
Net Claims	\$408,950,524	\$369,898,951

## Comparison of Average Rate by Area and Metal Tier

Area/Metal	Medica 2018 Average Non-Tobacco Age 21 Rate	Medica 2017 Average Non-Tobacco Age 21 Rate	% Rate Increase
Rating Area 1 - Bronze	466.32	319.77	45.83%
Rating Area 1 - Catastrophic	333.98	233.16	43.24%
Rating Area 1 - Gold	585.75	421.67	38.91%
Rating Area 1 - Silver	555.97	360.72	54.13%
Rating Area 2 - Bronze	454.49	311.65	45.83%
Rating Area 2 - Catastrophic	325.50	227.24	43.24%
Rating Area 2 - Gold	570.89	410.98	38.91%
Rating Area 2 - Silver	541.86	351.57	54.13%
Rating Area 3 - Bronze	460.53	310.35	48.39%
Rating Area 3 - Catastrophic	329.83	226.30	45.75%
Rating Area 3 - Gold	578.48	409.26	41.35%
Rating Area 3 - Silver	549.07	350.10	56.83%
Rating Area 4 - Bronze	485.26	332.76	45.83%
Rating Area 4 - Catastrophic	347.53	242.63	43.23%
Rating Area 4 - Gold	609.54	438.80	38.91%
Rating Area 4 - Silver	578.54	375.37	54.13%
Rating Area 5 - Bronze	474.37	325.29	45.83%
Rating Area 5 - Catastrophic	339.74	237.19	43.24%
Rating Area 5 - Gold	595.87	428.95	38.91%
Rating Area 5 - Silver	565.56	366.95	54.13%
Rating Area 6 - Bronze	486.68	333.73	45.83%
Rating Area 6 - Catastrophic	348.55	243.34	43.24%
Rating Area 6 - Gold	611.32	440.08	38.91%
Rating Area 6 - Silver	580.24	376.47	54.13%
Rating Area 7 - Bronze	480.29	323.67	48.39%
Rating Area 7 - Catastrophic	343.97	236.00	45.75%
Rating Area 7 - Gold	603.29	426.81	41.35%
Rating Area 7 - Silver	572.62	365.11	56.83%
Grand	500.67	360.40	38.92%

## Comparison of Average Rate by Area and Metal Tier

Area/Metal	Medica 2018 Average Non-Tobacco Age 21 Rate	Aetna 2017 Average Non-Tobacco Age 21 Rate	% Rate Increase
Rating Area 1 - Bronze	466.32	278.60	67.38%
Rating Area 1 - Catastrophic	333.98	238.46	40.05%
Rating Area 1 - Gold	585.75	444.99	31.63%
Rating Area 1 - Silver	555.97	352.02	57.93%
Rating Area 2 - Bronze	454.49	198.47	128.99%
Rating Area 2 - Catastrophic	325.50	169.88	91.61%
Rating Area 2 - Gold	570.89	317.00	80.09%
Rating Area 2 - Silver	541.86	250.78	116.07%
Rating Area 3 - Bronze	460.53	240.40	91.57%
Rating Area 3 - Catastrophic	329.83	205.77	60.29%
Rating Area 3 - Gold	578.48	383.97	50.66%
Rating Area 3 - Silver	549.07	303.76	80.76%
Rating Area 4 - Bronze	485.26	256.60	89.11%
Rating Area 4 - Catastrophic	347.53	219.63	58.24%
Rating Area 4 - Gold	609.54	409.84	48.73%
Rating Area 4 - Silver	578.54	324.22	78.44%
Rating Area 5 - Bronze	474.37	293.90	61.41%
Rating Area 5 - Catastrophic	339.74	251.56	35.06%
Rating Area 5 - Gold	595.87	469.42	26.94%
Rating Area 5 - Silver	565.56	371.35	52.30%
Rating Area 6 - Bronze	486.68	205.42	136.92%
Rating Area 6 - Catastrophic	348.55	175.83	98.24%
Rating Area 6 - Gold	611.32	328.10	86.32%
Rating Area 6 - Silver	580.24	259.56	123.55%
Rating Area 7 - Bronze	480.29	245.87	95.34%
Rating Area 7 - Catastrophic	343.97	210.45	63.45%
Rating Area 7 - Gold	603.29	392.71	53.62%
Rating Area 7 - Silver	572.62	310.67	84.32%
Grand	500.67	291.74	71.61%

## Comparison of Average Rate by Area and Metal Tier

Area/Metal	Medica 2018 Average Non-Tobacco Age 21 Rate	Wellmark 2017 Average Non-Tobacco Age 21 Rate	% Rate Increase
Rating Area 1 - Bronze	466.32	302.12	54.35%
Rating Area 1 - Catastrophic	333.98		N/A
Rating Area 1 - Gold	585.75	458.63	27.72%
Rating Area 1 - Silver	555.97	380.85	45.98%
Rating Area 2 - Bronze	454.49	302.12	50.43%
Rating Area 2 - Catastrophic	325.50		N/A
Rating Area 2 - Gold	570.89	458.63	24.48%
Rating Area 2 - Silver	541.86	380.85	42.28%
Rating Area 3 - Bronze	460.53	309.97	48.57%
Rating Area 3 - Catastrophic	329.83		N/A
Rating Area 3 - Gold	578.48	470.55	22.94%
Rating Area 3 - Silver	549.07	390.75	40.52%
Rating Area 4 - Bronze	485.26	309.97	56.55%
Rating Area 4 - Catastrophic	347.53		N/A
Rating Area 4 - Gold	609.54	470.55	29.54%
Rating Area 4 - Silver	578.54	390.75	48.06%
Rating Area 5 - Bronze	474.37	289.90	63.64%
Rating Area 5 - Catastrophic	339.74		N/A
Rating Area 5 - Gold	595.87	431.77	38.01%
Rating Area 5 - Silver	565.56	370.76	52.54%
Rating Area 6 - Bronze	486.68	287.19	69.47%
Rating Area 6 - Catastrophic	348.55		N/A
Rating Area 6 - Gold	611.32	427.81	42.90%
Rating Area 6 - Silver	580.24	368.39	57.51%
Rating Area 7 - Bronze	480.29	327.07	46.85%
Rating Area 7 - Catastrophic	343.97		N/A
Rating Area 7 - Gold	603.29	496.51	21.51%
Rating Area 7 - Silver	572.62	412.31	38.88%
Grand	500.67	379.64	31.88%

# **APPENDIX B**

## Presidential Documents

Executive Order 13765 of January 20, 2017

### Minimizing the Economic Burden of the Patient Protection and Affordable Care Act Pending Repeal

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

**Section 1.** It is the policy of my Administration to seek the prompt repeal of the Patient Protection and Affordable Care Act (Public Law 111–148), as amended (the “Act”). In the meantime, pending such repeal, it is imperative for the executive branch to ensure that the law is being efficiently implemented, take all actions consistent with law to minimize the unwarranted economic and regulatory burdens of the Act, and prepare to afford the States more flexibility and control to create a more free and open healthcare market.

**Sec. 2.** To the maximum extent permitted by law, the Secretary of Health and Human Services (Secretary) and the heads of all other executive departments and agencies (agencies) with authorities and responsibilities under the Act shall exercise all authority and discretion available to them to waive, defer, grant exemptions from, or delay the implementation of any provision or requirement of the Act that would impose a fiscal burden on any State or a cost, fee, tax, penalty, or regulatory burden on individuals, families, healthcare providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products, or medications.

**Sec. 3.** To the maximum extent permitted by law, the Secretary and the heads of all other executive departments and agencies with authorities and responsibilities under the Act, shall exercise all authority and discretion available to them to provide greater flexibility to States and cooperate with them in implementing healthcare programs.

**Sec. 4.** To the maximum extent permitted by law, the head of each department or agency with responsibilities relating to healthcare or health insurance shall encourage the development of a free and open market in interstate commerce for the offering of healthcare services and health insurance, with the goal of achieving and preserving maximum options for patients and consumers.

**Sec. 5.** To the extent that carrying out the directives in this order would require revision of regulations issued through notice-and-comment rule-making, the heads of agencies shall comply with the Administrative Procedure Act and other applicable statutes in considering or promulgating such regulatory revisions.

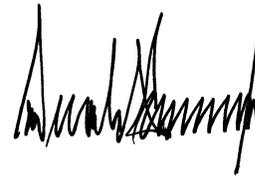
**Sec. 6.** (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.



THE WHITE HOUSE,  
*January 20, 2017.*

# **APPENDIX C**

**INSURANCE DIVISION [191]**

**Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code chapters 505, 513C, and 514E, the Insurance Division hereby adopts Chapter 82, “Iowa Stopgap Measure,” Iowa Administrative Code.

The rules in Chapter 82 are intended to implement a plan developed by the Insurance Division, the Iowa Stopgap Measure, which was designed to provide an innovative solution to temporarily stabilize Iowa’s individual health insurance market. The Iowa Stopgap Measure was first submitted by the Insurance Division on June 7, 2017 to Centers for Medicare and Medicaid Services (CMS) as a waiver application under Section 1332 of the Affordable Care Act (ACA) (42 U.S.C.A. section 18052). The Insurance Division continues to work with CMS to develop the waiver application, and will be finalizing the application for submittal by the end of August 2017.

The instability of Iowa’s individual ACA-compliant market was first marked with the liquidation of CoOpportunity Health, Inc., which began with an order of rehabilitation on December 23, 2014, and the market has seen continued instability. On April 25, 2016, UnitedHealthcare notified the Insurance Division that they would not offer individual ACA-

compliant plans in 2017. Then, on March 30, 2017, Wellmark, Inc. and Wellmark Health Plan of Iowa, Inc. notified the Insurance Division that they would not offer individual ACA-compliant plans in 2018. On April 6, 2017, Aetna, Inc. notified the Insurance Division that it would not offer individual ACA-compliant plans in 2018. Finally, before Iowa's rate filing deadline, June 19, 2017, Wellmark Value Health, Wellmark Synergy Health and Gundersen Health Plan, Inc. informed the Insurance Division that they will not offer individual ACA-compliant plans in 2018.

On June 19, 2017, Medica, a Minnesota-based health insurance company that first sold individual health insurance policies in Iowa in 2016, filed ACA-compliant plans for approval by the Insurance Division to be available on the Marketplace in 2018 in all of Iowa's 99 counties. The premium rates that Medica filed with the Insurance Division have an average increase of 43.5% over Medica's 2017 rates. No other carriers filed rates for the ACA-compliant individual health insurance market for 2018.

The premium rates filed by Medica will drive healthier, younger, and middle-aged individuals out of the market which will sink Iowa's market further into collapse. This dramatic proposed premium rate increase will mean that, for some consumers, premiums will increase almost 100% from their current 2017 premium rates. It is likely that many individuals who are not currently receiving federal subsidies (those whose household income is above 400 percent of federal poverty level) will be unable to afford the cost of the Medica rates as filed and thus will drop from the market. The Insurance Division estimates that the health insurance premium costs for a family of four with a total household income at this federal poverty level (which is approximately \$98,000) would be almost \$24,000 under the rates filed by Medica for 2018. These rates simply are not affordable for a working class family or small business owner. It is

plausible that individuals could refuse a promotion, quit a primary or secondary job, or take other steps to lower their household income in order to be eligible for federal subsidies. These rates will directly impact the ability of small business owners, the majority of whom participate in the individual commercial health insurance market, to continue to sustain and grow their own businesses.

Governor Kim Reynolds asked the Insurance Division to develop a solution to provide temporary stability to the individual health insurance market and ensure that the approximately 72,000 Iowans currently covered through the individual health insurance market would have coverage options for 2018. The Insurance Division, in response to its directive from the Governor and under the authority of Iowa Code chapters 505, 513C and 514E, developed the Iowa Stopgap Measure as a proposed Section 1332 application to CMS and the Department of Treasury to waive certain provisions of the ACA.

The federal government, through CMS and the Department of Treasury, has the authority under Section 1332 of the ACA to grant a state a waiver to implement innovative strategies to provide the state's residents with access to high quality, affordable health coverage. These waivers allow states to implement innovative ways to provide access to quality health care that: 1) are at least as comprehensive and affordable as would be provided absent a waiver; 2) provide coverage to a comparable number of residents of the state as would be provided coverage absent a waiver; and 3) do not increase the federal deficit.

The Iowa Stopgap Measure is designed to facilitate the implementation of a reinsurance program, a per-member per-month premium credit mechanism, and a standardized health benefits plan to be offered to all eligible Iowa consumers for the plan year 2018. Iowa's waiver application asks CMS to use the Insurance Division and the existing Iowa Individual Health

Benefit Reinsurance Association (IIHBRA) as administrators to pass-through the federal funding that would be allocated to Iowa consumers via the existing Advanced Premium Tax Credit (APTC) and Cost-Sharing Reduction (CSR) funding under the ACA to be used by Iowa for a reinsurance program and per-member per-month premium credits. This means that federal funds allocated by CMS would be paid to the Insurance Division or IIHBRA and the Insurance Division would, in compliance with the Iowa Stopgap Measure, disperse the funds accordingly. The Insurance Division intends that this program will be completely funded by the federal funds allocated to Iowa.

The Insurance Division has been working diligently with CMS to develop and finalize the waiver application, which will be submitted in mid-August. The Insurance Division developed the Iowa Stopgap Measure, with advice and support from several insurance companies and other entities, to establish conditions which would support re-entry of insurance carriers into the individual health insurance market and at rates that are affordable to consumers. The Iowa Stopgap Measure has three primary means of doing this.

First, it implements a reinsurance program under the IIHBRA to support the costs associated with consumers enrolled in the Iowa Stopgap Measure who have annual claims costs of over \$100,000. Providing support for these high cost claimants will help the carriers keep monthly premium rates down for all consumers under the Iowa Stopgap Measure.

Second, the Iowa Stopgap Measure will replace the current premium subsidy structure with a per-member, per-month premium credit that will be available for all eligible Iowa consumers based on their age and income. These credits will be paid directly to the carriers via funds paid by the federal government and passed through the Insurance Division or the Iowa Comprehensive Health Association (HIPIOWA), and are intended to keep monthly costs low to

entice young and healthy individuals back into the market.

Third, the Iowa Stopgap Measure would allow for a single, standard health benefits plan to be offered to all eligible Iowa consumers for the plan year 2018. Having a single, standard health benefits plan that provides coverage for all of the essential health benefits defined by the ACA as well as all Iowa-mandated benefits ensures that consumers will be able to purchase coverage as comprehensive as that which is currently offered in the individual health insurance market. Use of a single plan also provides administrative simplicity, which given the implementation timeline, is critical to entice health insurance carriers back to the market.

In compliance with Iowa Code section 17A.4(3), these rules are filed emergency because immediate adoption of the rules is necessary to implement the Iowa Stopgap Measure in time for the 2018 open enrollment period beginning on November 1, 2017, and delays caused by the notice and public participation requirements of Iowa Code Section 17A.4 would be contrary to public interest. The Insurance Division finds that the availability and affordability of individual commercial health insurance is critical for the greater public interest, and the necessity of ensuring that coverage will be available in 2018 requires these rules to be immediately implemented

Insurance carriers who will participate in the Stopgap Measure will need several months to prepare the application procedures and internal processes necessary to facilitate the purchase of coverage for all enrollees prior to the open enrollment date of November 1, 2017. The insurance carriers also need to prepare plan documents, develop the electronic application, finalize coverage networks, and file the rates and forms for Insurance Division review and approval. The Insurance Division needs to work with various entities to coordinate the eligibility verification process, develop a consumer education program, coordinate funding mechanisms

with the federal government, and review and approve all rate and form filings made by carriers who want to participate in the program. Review of filings by the staff at the Insurance Division is a process that takes several weeks to complete for each carrier and filing.

The Insurance Division made its proposal for the Iowa Stopgap Measure public on June 12, 2017, opened a formal public and tribal comment period on July 13, 2017, and will accept public comments on the Iowa Stopgap Measure in writing by mail and through a web form through August 14, 2017. These materials are all available on the Insurance Division's website at <https://iid.iowa.gov/press-releases/iowa-seeks-federal-approval-of-health-insurance-stopgap-measure> and <https://iid.iowa.gov/press-releases/notice-of-public-hearings-for-iowa-stopgap-measure>. As part of the formal public comment period, the Insurance Division will be holding three public hearings on the Stopgap Measure (in Council Bluffs on July 19; in Des Moines on August 2; and in Cedar Rapids on August 10, 2017).

The Insurance Division submitted these rules to the Administrative Rules Committee, seeking its approval that the situation described above constitutes good cause that notice and publication would be unnecessary, impracticable, or contrary to public interest, as required by Iowa Code section 17A.4(3)(a), such that the provisions of Iowa Code section 17A.4(1) would be inapplicable. In compliance with Iowa Code section 17A.4(3), the Administrative Rules Review Committee at its August 4, 2018 meeting reviewed the Insurance Division's findings and the rules and approved the emergency adoption.

The Insurance Division also finds, pursuant to Iowa Code section 17A.5(2)(b)(2), that the situation described above proves (as required by 17A.5(2)(b)(2)) that, because of imminent peril to the public health, safety, or welfare, (as required by 17A.5(2)(b)(1)(c)), the normal effective date of the rules, 35 days after publication, should be waived and this chapter should be made

effective on August 4, 2018 to allow for the Insurance Division to move forward and implement the Iowa Stopgap Measure in order to allow interested insurance carriers sufficient time to set up and prepare the Iowa Stopgap Measure and allow consumers to purchase the standard plan during the open enrollment period to have coverage starting January 1, 2018.

As the Iowa Stopgap Measure, upon approval by CMS, would utilize federal funding that would be allocated to Iowa consumers via the premium tax credit mechanism of the ACA, no state monies will be used for the premium credits or reinsurance program. If the Iowa Stopgap Measure is not approved by CMS, the Iowa Stopgap Measure will not be implemented. The Insurance Division, and several other state agencies, may use existing state resources for implementation of the Iowa Stopgap Measure should it be approved.

The Insurance Division adopted these rules on August 4, 2018.

These rules will become effective on August 4, 2018. If CMS does not approve the Iowa Stopgap Measure, it will not be funded and there will be no coverage available under these rules.

After review of the rules, no impact to jobs has been found.

These rules do not include a provision for the waiver of the rule because the Insurance Division's general waiver rules of 191 Administrative Code Chapter 4 apply.

These rules are intended primarily to allow for implementation of the Iowa Stopgap Measure that has been developed by the Insurance Division upon request by the Governor. The commissioner has filed these rules under his rulemaking authority of Iowa Code chapters 505, 513C, and 514E.

The following chapter is adopted:

Adopt the following **new** 191—Chapter 82:

## **CHAPTER 82**

### **IOWA STOPGAP MEASURE**

**191-82.1 (505, 513C, 514E) Purpose.** This Chapter is intended to establish a temporary health program providing for a single, standard individual health insurance plan available to eligible residents, premium credits based on age and income and a reinsurance program to support the costs of high-cost claimants. The operations of this Iowa Stopgap Measure shall be facilitated by the Iowa Individual Health Benefit Reinsurance Association and the Iowa Comprehensive Health Association pursuant to the powers and authority afforded to the associations and commissioner under Iowa Code sections 513C.10 and 514E.2.

**191-82.2 (505, 513C, 514E) Authority to request waiver.** The commissioner may, on behalf of the State of Iowa, apply to the United States Secretary of Health and Human Services and the United States Secretary of the Treasury under 42 U.S.C. §18052 for the waiver of applicable provisions of P.L. 111-148 (Patient Protection and Affordable Care Act) with respect to health insurance coverage for a plan year beginning on or after January 1, 2018. The commissioner may implement a state plan meeting the waiver requirements in a manner consistent with state and federal law and as approved by the United States Secretary of Health and Human Services and the United States Secretary of the Treasury.

**191-82.3 (505, 513C, 514E) Funding.** The Iowa Stopgap Measure shall be funded by Centers for Medicare and Medicaid Services (CMS). If no funding or an insufficient amount of funding is received from CMS, the Iowa Stopgap Measure shall not be established. If funding for the Iowa Stopgap Measure is insufficient to completely fund all premium credits and reinsurance program, a carrier participating in the Iowa Stopgap Measure may cancel and non-renew a

standard policy issued thereunder by giving thirty (30) days written notice of cancellation to the consumer.

**191-82.4 (505, 513C, 514E)** These rules are adopted pursuant to the general rule-making authority of the insurance commissioner in Iowa Code 505, 513C, and 514E to establish the Iowa Stopgap Measure..

**191-82.5 (505, 513C, 514E)** This Chapter and the definitions and rules set forth herein shall apply only to the Iowa Stopgap Measure.

**191-82.6 (505, 513C, 514E)**

**82.6(1)** Pursuant to Iowa Code §513C.10 and §514E.2(3), the Iowa Individual Health Benefit Reinsurance Association and the Iowa Comprehensive Health Insurance Association shall develop amendments to their plans of operation that:

*a.* establish a procedure for implementation of the Iowa Stopgap Measure as set forth in the State of Iowa's Section 1332 waiver;

*b.* set forth the benefits, deductible, and cost-sharing amounts for the standard plan to be offered; and

*c.* undertake, directly or through contracts with other persons, the procedure for implementation of the Iowa Stopgap Measure.

**82.6(2)** The amendments are subject to review and approval by the commissioner.

These rules are intended to implement Iowa Code Chapter 505.

# **APPENDIX D**

## CHAPTER 82

### IOWA STOPGAP MEASURE

#### 191-82.7 (505, 513C, 514E) Definitions

“Benefit year” means a period of time in which health benefits are to be provided, beginning January 1 and ending December 31.

“Eligible consumer” means a consumer who meets the following criteria:

- a.* Is a resident of Iowa;
- b.* Is a citizen or national of the United States, or is considered an alien lawfully present;
- c.* Is not enrolled in Medicaid, CHIP, or Medicare;
- d.* Does not receive minimum essential coverage; and
- e.* Is not incarcerated.

“Eligible health carrier” means any health insurer who the commissioner approves to offer the Iowa Stopgap Measure.

“Family size” shall be equal to the number of individuals for whom the taxpayer is allowed a federal deduction for the 2017 taxable year.

“Household Income” means an amount equal to the sum of:

- a.* The 2017 income of the tax filer, plus
- b.* The 2017 income of all other individuals who:
  - (1) Were taken into account in determining the individuals’ family size, and
  - (2) Are required to file a tax return in 2017.

“Iowa Comprehensive Health Association” means the association established by Iowa Code § 514E that may also be referred to herein as “HIPIOWA.”

“Iowa Individual Health Benefit Reinsurance Association” means the association established by Iowa Code §513C.10 that may also be referred to herein as “IIHBRA”.

“Lawfully present” has the meaning given to it in 45 C.F.R. §155.20.

“Minimum essential coverage” has the meaning given in 26 U.S.C.A. §5000A(f). Minimum essential coverage also includes coverage offered by an employer that is affordable as defined in 26 U.S.C. § 36B(c)(2)(C)(i) and meets the minimum value standards as defined in 26 U.S.C. § 36B(c)(2)(C)(ii).

“Standard plan” means the group of individual health benefits developed and offered to all eligible consumers under the Iowa Stopgap Measure.

**191-82.8 (505, 513C, 514E) Eligibility Determination.**

**82.8(1)** Any individual intending to purchase the standard plan offered by the Iowa Stopgap Measure must provide the following information to determine the individual's eligibility to participate and the amount of the individual's premium credit:

- a.* The name, address, date of birth, and social security number for each individual for whom coverage is sought;
- b.* The individual's 2017 household income;
- c.* An attestation that the individual does not receive minimum essential coverage;
- d.* An attestation that the individual is not incarcerated;
- e.* An attestation that the individual is not enrolled in Medicare;
- f.* Consent for information to be provided to any necessary state or federal agencies and third party entities contracted by state or federal agencies for the purpose of determining whether an individual is an eligible consumer; and
- g.* An attestation that the information submitted by the individual is true, correct, and complete subject to penalty of perjury. Submission of false information may subject the consumer to felony prosecution under Iowa Code §507E.

**82.8(2)** Any person or entity who receives information provided by an individual under this Chapter, or receives information from a state or federal agency related to this information shall use the information only for the purposes of, and to the extent necessary in, ensuring the efficient operation of the Iowa Stopgap Measure, including premium credit verification and enrollment eligibility verification.

**82.8(3)** An individual is not required to submit information regarding his own citizenship status, including a social security number, or immigration status as part of the application process if the individual is not seeking coverage for himself and is only seeking coverage for another individual or individuals.

**82.8(4)** In the event individuals are enrolled following submission of a completed attested application and through subsequent data matching are determined to not be eligible for the standard plan, the standard plan for such individuals may be prospectively terminated by the carrier.

**191-82.9 (505, 513C, 514E) Covered benefits.**

**82.9(1)** The standard plan shall provide the following benefits:

- a.* All essential health benefits set forth in 45 C.F.R. § 156.110, and
- b.* Benefits required to be provided pursuant to Iowa Code §514C.

**82.9(2)** The standard plan shall have an actuarial value between 68 percent and 72 percent.

**191-82.10 (505, 513C, 514E) Enrollment.**

**82.10(1)** For calendar year 2018, eligible consumers who wish to enroll in the Iowa Stopgap Measure must submit all information required to determine eligibility open enrollment between November 1, 2017 and December 15, 2017.

**82.10(2)** November 1 through December 15 shall be the open enrollment period for any future years should the Iowa Stopgap Measure be renewed by the commissioner and CMS.

**82.10(3)** Individuals who qualify for one of the Special Enrollment Periods defined in subrule 82.11 below may enroll in the Iowa Stopgap Measure if they meet the requirements described in subrule 82.8.

### **191-82.11 (505, 513C, 514E) Special Enrollment Periods**

**82.11(1)** An individual may purchase the standard plan outside of the defined open enrollment period via a special enrollment period when they experience one of the following qualifying events:

- a. Loss of qualifying health coverage as defined in 45 C.F.R. §155.420(d)(1) and 45 C.F.R. §155.420(d)(6)(iii).
- b. Change in household size as defined in 45 C.F.R. §155.420 (d)(2).
- c. Become newly eligible for coverage due to gaining status as a citizen, national, or lawfully present individual or being released from incarceration. 45 C.F.R. §155.420 (d)(3).
- d. Change in primary place of living as defined in 45 C.F.R. §155.420(d)(7).
- e. Gaining membership in a federally recognized tribe or status as an Alaskan Native Claims Settlement Act Corporate shareholder as defined in 45 C.F.R. §155.420 (d)(8).
- f. Loss of eligibility for Medicaid or the Children’s Health Insurance Program as defined in 45 C.F.R. §155.420(d)(11).
- g. Experience a plan contract violation as defined in 45 C.F.R. §155.420(d)(5).
- h. Related to domestic abuse or spousal abandonment as defined in 45 C.F.R. §155.420(d)(10).
- i. Experience an exceptional circumstances as defined in 45 C.F.R. §155.420(d)(9).

**82.11(2)** To qualify for a special enrollment period, an individual must demonstrate that he or she has not been without minimum essential coverage for more than 60 days in the immediately preceding 12 months.

**82.11(3)** Individuals qualifying for a special enrollment period defined in subrule 82.11(1)(a), subrule 82.11(1)(b), subrule 82.11(1)(c), and subrule 82.11(1)(e) will not be required to meet the qualifications of subrule 82.11(2).

**82.11(4)** An individual seeking to purchase the standard plan during a special enrollment period will be required to submit documentation to verify eligibility for the Iowa Stopgap Measure.

### **191-82.12 (505, 513C, 514E) Rate Schedule and Premium Credits**

**82.12(1)** Premium rates charged by the eligible health carrier under the Iowa Stopgap Measure shall vary based on the individual’s age, except that such rate shall not vary by more than 3 to 1 for adults as set forth in 45 C.F.R. 147.102(a)(1)(iii).

**82.12(2)** Premium credits based on age shall be available to any eligible individual who purchases the Iowa Stopgap Measure. Premium credits based on income shall be available, if applicable, to

eligible individuals purchasing the Iowa Stopgap Measure.

**82.12(3)** A per-member per-month premium credit shall be allocated to an eligible individual based on a combination of their age and, if applicable, 2017 household income as a percentage of the federal poverty line. The premium credit shall be based on the person's age as of the first date of the benefit year.

**82.12(5)** The value of the monthly per-member per-month premium credits shall be set forth in the State of Iowa's Section 1332 waiver application.

**82.12(6)** The monthly premium credit amount for an eligible individual will remain the same for the entire benefit year. The premium credit amount for each individual will be reconciled based on the 2017 tax filing.

**191-82.13 (505, 513C, 514E) Reinsurance Program**

**82.13(1)** The Iowa Stopgap Measure will coordinate reinsurance reimbursement with the Federal High-Cost Risk Pooling Program (FHCRP), to the extent adequate funding for the FHCRP exists. Subject to the availability of sufficient FHCRP funding, reinsurance shall be available for eligible health carriers for individuals with aggregate claims incurred during the 2018 benefit year at the following amounts:

- a. For claims that are greater than \$100,000 and up to \$1,000,000, the Iowa Stopgap Measure program will reimburse 85 percent.
- b. For claims that are greater than \$1,000,000 and up to \$3,000,000, the Iowa Stopgap Measure program will reimburse 25 percent.
- c. For claims that are greater than \$3,000,000, the Iowa Stopgap Measure program will reimburse 40 percent.
- d. For claims greater than \$1,000,000, the FHCRP is expected to reimburse sixty percent. In the event sufficient funding for the FHCRP does not exist to contribute the sixty (60) percent share, any shortfall shall be paid to the carriers from funding for the Iowa Stopgap Measure.

**82.13(2)** Reinsurance payments will be paid to the eligible health carrier in the time and manner defined by the amendment to the plan of operations developed by HIPIOWA. The amendment to the plan of operations shall also include a description of the data a health care insurer submitting a reinsurance payment must provide and the manner and time period in which such data should be provided.

**82.13(3)** The reinsurance program will not supersede any payments made pursuant to the FHCRP as set forth in the HHS Notice of Benefit and Payment Parameters for 2018.

**191-82.14 (505, 513C, 514E)** The Iowa Stopgap Measure shall provide coverage to enrollees through December 31, 2018, unless the commissioner and CMS renew the program.

# **APPENDIX E**

## Checklist for Section 1332 State Innovation Waiver Applications – Iowa Comments

	<b>DHHS Citation &amp; Description</b>	<b>DHHS Comments</b>	<b>Iowa Comments</b>
1	<p><b>45 CFR 155. 1308(a),(b), (c), (d)</b></p> <p>Submit application States should submit application with enough time to allow for an appropriate implementation timeline</p>	<p>E-mail applications to: <a href="mailto:StateInnovationWaivers@cms.hhs.gov">StateInnovationWaivers@cms.hhs.gov</a>.</p> <p>Note that DHHS/Treasury will conduct a preliminary review of the application for completeness within 45 days of receipt of the application. The final decision of DHHS/Treasury will be issued no later than 180 days after the application completeness determination is made.</p>	<p>Iowa has concerns about the length of time DHHS may take to review its proposal. Iowa also has concerns that the staff reviewing the proposal may not have been part of the conversations with DHHS senior level management and may take a ‘strict interpretation’ of the 1332 waiver requirements. Iowa requests DHHS provide feedback within 14 days and requests that those staff who may review this proposal to have been apprised of the conversations with DHHS senior level management.</p>
2	<p><b>45 CFR 155.1308(f)(2)</b></p> <p>Written evidence of the State’s compliance with the public notice and comment requirements, set forth in 45 CFR 155.1312.</p>	<p>Include:</p> <ol style="list-style-type: none"> <li>1. A copy of the web page and/or notice that was posted. The notice must include a comprehensive description of the Section 1332 waiver application, where the application is available, how to submit written comments, and the timeframe to submit comments (minimum of 30 days). The notice should include the location, date, and time of public hearings.</li> <li>2. Report on the issues raised during the public comment process.</li> </ol>	<p>Iowa intends to comply with this section after receiving the feedback requested from DHHS in #1 above. Given the quick turn-around time needed to successfully implement this proposal, Iowa cannot wait for completion of the 30-day public comment period to provide this information to DHHS. Iowa will provide all documentation requested in this section.</p>
	<p>Public Hearings</p>	<p>Include:</p> <ol style="list-style-type: none"> <li>1. Evidence that a minimum of 2 public hearings were convened on separate dates and locations (i.e., notice or agenda).</li> <li>2. Report on the issues raised during public hearings.</li> </ol>	<p>Iowa intends to comply with this section after receiving the feedback requested from DHHS in #1 above. Given the quick turn-around time needed to successfully implement this proposal, Iowa cannot wait for completion of public hearings to provide this information to DHHS. Iowa will provide all documentation requested in this section.</p>
	<p>Tribal Consultation and evidence of meaningful consultation (if the state has</p>	<p>Include:</p> <ol style="list-style-type: none"> <li>1. Evidence of an official meeting between the state and Tribal representatives.</li> </ol>	<p>Iowa intends to comply with this section after receiving the feedback requested from HHS in #1 above. Given the quick turn-around time</p>

## Checklist for Section 1332 State Innovation Waiver Applications – Iowa Comments

	one or more Federally-recognized Indian tribes)	2. Report of the issues raised during official meeting.	needed to successfully implement this proposal, Iowa cannot wait for completion of Tribal Consultation to provide this information to DHHS. Iowa will provide all documentation requested in this section.
3	<b>45 CFR 155.1308(f)(3)(i), (ii)</b>  Comprehensive description of State’s enacted legislation and program to implement a plan meeting the requirements for a Section 1332 waiver and a copy of the state’s enacted legislation	<p>Include legislation establishing authority to pursue a Section 1332 waiver and/or for the program to implement a state plan for a waiver.</p> <p><i>If submitting a Section 1332 waiver application implementing a high-risk pool/state-operated reinsurance program and seeking a pass through of funding, the legislation must provide that the high-risk pool/state-operated reinsurance program is contingent upon federal approval of the waiver (or become effective only if the Section 1332 waiver is approved). This could be accomplished by making appropriations or funding for the program or the authorization for the reinsurance program contingent on approval of the Section 1332 waiver, or by otherwise structuring the legislation so that the program cannot operate without an approved Section 1332 waiver in place.</i></p>	<p>As set forth in this proposal, Iowa Code Section 505.8(19) provides broad authority to the insurance commissioner to meet this requirement. Iowa Code 513C.10 provides authority to regulate the Iowa PSM health insurance program with a reinsurance structure. To the extent the federal regulation purports to require more, Iowa requests DHHS waive specific state legislative recognition of Section 1332 waiver as providing health coverage for Iowans is far more essential than the structure of the authorizing legislation. Iowa’s legislature has recessed its 2017 session.</p> <p>Further, Iowa can promulgate administrative rules that will be effective by January 1, 2018 upon DHHS approval of this proposal.</p>
4	<b>45 CFR 155.1308(f)(3)(iii)</b> List of provision(s) of the law that the state seeks to waive and reason for the specific request(s).	<p>Include a description of the provision the seeking to be waived and how it will facilitate the state’s plan.<sup>4</sup></p> <p>If the state is seeking pass-through funding, include an explanation of how, due to the structure of the state plan, the state anticipates that individuals would not qualify for premium tax credits, small business tax credits, or cost-sharing reductions for which they would otherwise be eligible. Also explain how the state plans to use that funding.</p> <p><i>For a high-risk pool/state-operated reinsurance Section 1332 Waiver a state should request a waiver of one or more related provisions of the ACA<sup>5</sup> and explain how that will facilitate the state’s plan to</i></p>	Iowa has provided this information in its proposal.

## Checklist for Section 1332 State Innovation Waiver Applications – Iowa Comments

		<p>implement a state-operated reinsurance program for 2018 and/or future years. The state should further explain how the provision(s) of the ACA that the state is seeking to waive are connected to and/or relate to the state’s plan for a reinsurance program. The state should also state how the high-risk pool/state-operated reinsurance program would result in a reduction in federal spending on premium tax credits, if the state expects to receive pass-through funding, and how the state wants to use that funding to implement the state plan under the Section 1332 waiver.</p>	
5	<p><b>45 CFR 155.1308(f)(4)(i)-(iii)</b>            Actuarial analyses and actuarial certifications            Economic analyses            Data and assumptions</p> <p><i>*Note a state can combine the elements of an actuarial analysis and economic analysis into one report or submit separate actuarial and economic reports.</i></p>	<p>Include:</p> <ol style="list-style-type: none"> <li>1) An actuarial analysis and certification to support the state’s finding that the waiver complies with the coverage, comprehensiveness, and affordability requirements in each year of the waiver.</li> <li>2) An economic analysis to support the state’s finding that the waiver will not increase the federal deficit over the five-year waiver period or in total over the ten-year budget period.</li> <li>3) The data and assumptions that the state relied upon to determine the effect of the waiver on coverage, comprehensiveness, affordability and deficit neutrality requirements.</li> </ol> <p>The actuarial and economic analyses must compare coverage, comprehensiveness, affordability and net Federal spending and revenues under the waiver to those measures absent the waiver (the baseline) for each year of the waiver.</p> <p>The deficit analysis should show yearly changes in the federal deficit (that is, revenues less spending) due to</p>	<p>Iowa requests DHHS waive the requirements of this section as they are not applicable to Iowa’s proposal. The ‘traditional’ 1332 Innovation waiver was designed to allow states to propose innovative <u>and long-term</u> changes to the functions of the ACA. Iowa’s proposal is a short-term solution to prevent the crisis of not having any carriers offering ACA compliant plans in 2018. Iowa does not intend its proposal to be a long-term solution, but rather the solution for 2018. Iowa intends to revisit the functionality of this program in lieu of any federal guidance that may be applicable for 2019. Therefore, providing detailed analysis expanding 5 years is not necessary for Iowa’s proposal</p> <p>Iowa has, however, provided much of this requirement as it relates to 2018 including: 1) its analysis that compares the costs of the second lowest cost silver plan premium, 2) the estimated premium credit per member per age and income level, and 3) the parameters of its reinsurance program.</p>

## Checklist for Section 1332 State Innovation Waiver Applications – Iowa Comments

		<p>the waiver. It should include a description of all costs associated with the program, including federal administrative costs, foregone tax collections, and any other costs that the federal government might incur.</p> <p>For states considering establishing a <i>high-risk pool/state-operated reinsurance Section 1332 waiver</i>, the state should use a baseline in which there is no state or federal funding for a state reinsurance program, and should compare premiums and coverage under the baseline for each year to those projected under the waiver (i.e. with a reinsurance program with funding). Data used to produce these projections might include overall and Second Lowest Cost Premium (SLCSP) and enrollment information for a recent plan year. The actuarial and/or economic analyses must include:</p> <ul style="list-style-type: none"> <li>• A comprehensive description of the parameters of the reinsurance arrangement, including projected funding levels.</li> <li>• A projection of the following items separately under both a ‘without-waiver’ scenario and a ‘with-waiver’ scenario: <ul style="list-style-type: none"> <li>• Number of non-group market enrollees by income as a share of FPL (0% - 99%, ≥100% to ≤150%, &gt;150% to ≤200%, &gt;200% to ≤250%, &gt;250% to ≤300%, &gt;300%- ≤400%, and greater than 400% of FPL), by PTC-eligibility, and by plan.</li> <li>• Overall average non-group market premium rate.</li> <li>• Second Lowest Cost Silver Plan rate for a representative consumer (e.g., a 21-year old non-smoker), by rating area.</li> <li>• Aggregate premiums and PTC amounts.</li> </ul> </li> </ul>	
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## Checklist for Section 1332 State Innovation Waiver Applications – Iowa Comments

		<ul style="list-style-type: none"> <li>• Aggregate shared responsibility payments, health insurance provider fee, and exchange user fee for FFE or SBE-FP states.</li> <li>• Documentation of the assumptions and methodology used in the projections.</li> </ul> <p>Additional information may be required to facilitate evaluation of state estimates and calculation of pass-through amounts by the Departments.</p>	
6	<p><b>45 CFR 155.1308(f)(4)(iv)</b> Draft timeline for implementation of the proposed waiver</p>	<p>Include a timeline and discussion of implementation of the waiver plan. <i>If applicable</i>, include an explanation as to how the state will provide the federal government with all information necessary to administer the waiver at the federal level.</p> <p><i>If a high-risk pool/state-operated reinsurance program Section 1332 waiver</i>, include:</p> <ol style="list-style-type: none"> <li>1. How the state will implement a reinsurance program.</li> <li>2. The data collection timing and mechanism for collecting claims information and generally for pay-out.</li> <li>3. Whether the state is using conditions-based list for reinsurance and/or an attachment point model.</li> <li>4. Whether the reinsurance program includes incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for the described reinsurance (if any).</li> <li>5. Whether the state is specifying a co-insurance amount, or a cap, based on available funds, similar to the federal program.</li> <li>6. Any legislation and/or regulations related to the state reinsurance program.</li> </ol>	<p>Iowa has provided this information in its proposal.</p>

## Checklist for Section 1332 State Innovation Waiver Applications – Iowa Comments

7	<p><b>45 CFR 155.1308(f)(4)(v)(A)(B)(C)(D) and (E)</b> Additional Information</p>	<p>Additional Information that is pertinent to your waiver plan. This may include:</p> <ol style="list-style-type: none"> <li>1) Explanation of whether the waiver increases or decreases the administrative burden on individuals, insurers, or employers.</li> <li>2) Explanation of whether the waiver will affect the implementation of ACA provisions which are not being waived.</li> </ol> <p style="padding-left: 40px;">Note: The state should identify if any section of the ACA would be adversely affected by the proposed waiver.</p> <ol style="list-style-type: none"> <li>3) Explanation of how the waiver will affect residents who need to obtain health care services out of the state.</li> </ol> <p style="padding-left: 40px;">Please include whether the state health plans provide for coverage out of state.</p> <ol style="list-style-type: none"> <li>4) If applicable, an explanation as to how the state will provide the Federal government with all information necessary to administer the waiver at the Federal level.</li> <li>5) Explanation of how the state’s proposal will address potential compliance, waste, fraud, and abuse.</li> </ol>	<p>Iowa requests DHHS waive the requirements of this section as they are not applicable to Iowa’s proposal. The ‘traditional’ 1332 Innovation waiver was designed to allow states to propose innovative <u>and long-term</u> changes to the functions of the ACA. Iowa’s proposal is a short-term solution to prevent the crisis of not having any carriers offering ACA compliant plans in 2018. Iowa does not intend its proposal to be a long-term solution, but rather the solution for 2018. Iowa intends to revisit the functionality of this program in lieu of any federal guidance that may be applicable for 2019.</p> <p>Aside from the information requested in this checklist, Iowa is committed to providing DHHS with any other information requested to assess the proposal.</p>
8	<p><b>45 CFR 155.1308(f)(4)(vi)</b> State’s suggested reporting targets for the four statutory requirements</p>	<p>States must propose a plan for quarterly and/or annual reporting of data to demonstrate that the waiver remains in compliance with the scope of coverage, affordability, comprehensiveness and deficit requirements. For example, a state might meet this requirement by proposing to continue to report the same data used to support the application findings as required under <b>45 CFR 155.1308(f)(4)</b>.</p> <p>For comprehensiveness, if there is no change to the provision of the ten Essential Health Benefits (EHB) identified in the benchmark plan, the state can indicate that it will report on any modifications from federal or state law on an annual basis.</p> <p style="padding-left: 40px;"><i>For a high-risk pool/state-operated reinsurance program Section 1332 waiver, the state must</i></p>	<p>Iowa intends to comply with this section after receiving the feedback requested from DHHS in #1 above. Given the quick turn-around time needed to successfully implement this proposal, Iowa cannot wait to assess the reporting requirements prior to providing this information to DHHS. Iowa will work with DHHS to determine what reporting requirements it requires.</p>

## Checklist for Section 1332 State Innovation Waiver Applications – Iowa Comments

		provide each year the actual Second Lowest Cost Silver Plan premium under the waiver and an estimate of the premium as it would have been without the waiver, for a representative consumer in each rating area. Coverage and affordability metrics may be also reported on an annual basis.	
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# **APPENDIX F**

## Iowa Stopgap Measure Payment Summary

This chart summarizes payment responsibilities under the Iowa Stopgap Measure. It is only intended to provide an overview. Please see the carrier's policy form for additional information.

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### Consumer Pays...

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#### Deductible

\$7,350 per person.

\$14,700 (maximum) per family.

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#### Advanced Imaging Copayment

\$400 for covered CT (computerized tomography), MRAs (magnetic resonance angiography), MRIs (magnetic resonance imaging), and PET (positron emission tomography) received from any Network Provider

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#### Emergency Room Copayment

\$400 (waived if admitted)

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#### Office Visit Copayment

\$35 for:

- covered services received from Network primary care providers
- covered services received from Network chiropractors
- covered services received from Network occupational therapists
- covered services received from Network physical therapists
- covered services received from Network speech pathologists
- covered mental health and chemical dependency treatment received in an office setting from any Network Provider
- independent labs

\$70 for covered services received from Network non-primary care providers

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#### Other Copayment

- covered occupational therapy, physical therapy, and speech therapy received in an outpatient setting from any Network Provider.
  - covered ultrasounds and labs and x-rays received in an outpatient or home health setting from any Network Provider.
- 

#### Telehealth Services Copayment

\$35 for covered telehealth services received from contracting telehealth practitioners.

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#### Prescription Drugs Copayment

\$10 for Tier 1 medications.

\$50 for Tier 2 medications.

\$150 for Tier 3 medications.

\$200 for preferred specialty drugs.

\$300 for non-preferred specialty drugs.

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#### Medical Coinsurance

20% for prosthetic limb devices

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#### Pediatric Vision Cost Share

This plan pays for the first \$130 of the covered charges for non-medically necessary contact lenses. You are responsible for 85% of covered charges in excess of the \$130.

This plan pays for the first \$130 of covered charges for frames. You are responsible for 80% of covered charges in excess of the \$130.

This plan pays for two spectacle lenses per benefit year. The lens coverage includes single vision, bifocal, trifocal, lenticular, polycarbonate as well as scratch-resistant coating, tinting, and ultraviolet protective coating. For anything beyond these lens options the member is responsible for 80% of the cost.

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#### Preventive Health Services

No cost for services required by the Affordable care Act when received from a Network Provider

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#### Out-of-Pocket Maximum

\$7,350 per person.

\$14,700 (maximum) per family.

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# **APPENDIX G**

# **Iowa Stopgap Measure** **Enrollment Eligibility Process**

## **Overview**

This document outlines the enrollment process for a consumer to sign-up, become eligible, and gain access to health insurance in 2018 through the Iowa Stopgap Measure. This document provides an overview of the consumer to health insurance process.

## **Open Enrollment Eligibility Process**

<b>Page</b>	<b>Process</b>
2	Process A: Consumer Outreach and Education
3	Process B: Consumer Eligibility Submission
4	Process C: Eligibility Verification
8	Process D: Ineligibility Appeals Right Process
9	Process E: Consumer Health Carrier Selection and Outreach
10	Process F: Special Enrollment Period Process
11	Process G: Premium Credit Distribution from Federal Government to Association to Health Carrier Process
12	Process H: Reinsurance Distribution from Federal Government to Association to Health Carrier Process
13	Process I: Quality Analytics Review Process (Fraud/Waste/Abuse Verification)
14	Process J: Annual Audit Process of Premium Credits
15	Appendix A
16	Appendix B

## **Entities Involved**

- Health Carriers
- Iowa Insurance Division (IID)
- Iowa Department of Revenue (IDR)
- Iowa Department of Human Services and Iowa Medicaid Enterprise (DHS or IME)
- The Iowa Stopgap Measure Administrator (“ISM Administrator”)

**Process A: Consumer Outreach and Education**

Dates: September 15, 2017 – December 15, 2017

<p><b>Step 1:</b> Consumer determines they want to purchase individual market health insurance.</p>
<p><b>Step 2:</b> Iowa Insurance Division, health carriers, and interested associations perform outreach and education. (Includes: IA Medical Society, IA Hospital Association, AARP, Farm Bureau, Greater Des Moines Partnership, etc.)</p>
<p><b>Step 3:</b> ISM Administrator marketing campaign. Public materials will be developed.</p> <p>The ISM Administrator shall educate individuals eligible for the Iowa Stopgap Measure Program, encouraging and motivating them to enroll during open enrollment. Specific audiences, including healthy, young adults not previously enrolled in or who have dropped coverage under the ACA’s health insurance exchange coverage, farmers, small business owners, independent contractors, service industry workers, and part-time workers, shall be targeted for focused outreach and communication. The ISM Administrator will also target the consumers currently enrolled in ACA products who will need to enroll in the Iowa Stopgap Measure.</p> <p>The ISM Administrator will work with media contacts to focus on the Iowa Stopgap Measure as a necessary, cost-effective option; utilize reporter relationships to drive educational news coverage beneficial to greater enrollment; engage leadership at the IID and community stakeholders to participate in broadcast interviews; and generate and place opinion editorials that steadily drive focus ahead of the November 1, 2017 open enrollment date.</p> <p>The ISM Administrator will build awareness via a social media campaign centered on concise messaging raising understanding of the need to re-enroll in the Iowa Stopgap Measure during open enrollment.</p>
<p><b>Step 4:</b> IID Webpage has been developed and will be updated as appropriate. <a href="https://iid.iowa.gov/iowa-stopgap-measure">https://iid.iowa.gov/iowa-stopgap-measure</a></p>

## **Process B: Consumer Identification for Health Care Insurance**

Eligibility Portal: November 1, 2017 – December 15, 2017

**Step 1:** Consumer is directed to the Iowa Stopgap Measure Eligibility Website to complete eligibility verification for individual market health insurance for 2018.

- Eligibility Portal Weblink: [stopgap.iowa.gov](http://stopgap.iowa.gov)

**Step 2:** Consumer fills out required information.

*Fields Collected on the Eligibility Portal (See Appendix A)*

1. First Name
2. Middle Name
3. Last Name
4. Gender
5. Home Address for Household
6. Mailing Address if different than Home Address for Household
7. Date of Birth
8. Social Security Number
9. Other Identification Document Number / Information
10. Total number of people in the Household for tax purposes
11. Expected 2017 Household Income for tax purposes
12. Attestation Fields (Yes/No)
  - a. Iowa Resident
  - b. Medicare Coverage
  - c. CHIP Coverage
  - d. Medicaid Coverage
  - e. Does Not Receive Minimum Essential Coverage
  - f. Currently Incarcerated
13. Consent for Disclosure of Information (state agencies, vendor, carrier)
14. Agreement to Attestations
15. Phone Number
16. Email Address

\*Fields may be subject to change

**Step 3:** Consumer submits and completes the eligibility application via the eligibility portal.

- Consumer is required to review and confirm information is accurate and is subject to penalty. The attestation will require the individual to confirm that the information submitted by the individual is true, correct, and complete subject to penalty of perjury. Submission of false information may subject the consumer to felony prosecution under Iowa Code §507E.
- Consumer must consent to allowing information to be shared among IID, IDR and DHS.

**Process C: Consumer Eligibility Submission**

Dates: November 1, 2017 – December 15, 2017



**Step 1:** The eligibility portal transfers consumer’s required eligibility information to the ISM Administrator.

- This information will be transferred as instructed by the ISM Administrator on a daily basis from the eligibility portal to the ISM Administrator.

**Step 2:** ISM Administrator separates consumer eligibility information into three sub-processes.

- This step will be conducted daily by the ISM Administrator.
- A consumer can appeal any eligibility or premium credit decision with the ISM Administrator.

<p><u>DHS Non-Financial Factor: Citizenship and Medicaid/CHIP Verification</u></p>	<p><u>IDR Financial Factor: Income Verification</u></p>	<p><u>Other Non-Financial Factors and Premium Credit Determination:</u></p>
<p><i>Objective:</i> ISM Administrator provides necessary data to DHS for verification of citizenship and to determine if consumer is enrolled in Medicaid/CHIP. <i>See Appendix B for data.</i></p> <p><i>Process:</i> This information will be transferred daily from ISM Administrator to DHS. DHS will verify the data and send verified results back to ISM Administrator daily. Daily quality control will be conducted by ISM Administrator. Total processing time is not to exceed 5 business days.</p> <p><i>Verification:</i> ISM Administrator will accept DHS results as final verification of data.</p> <p><i>Completion:</i> ISM Administrator will review DHS results and results for attested eligibility factors for final determination of eligibility.</p>	<p><i>Objective:</i> ISM Administrator provides necessary data to IDR for verification of income. <i>See Appendix B for data.</i></p> <p><i>Process:</i> This information will be transferred daily from ISM Administrator to IDR. IDR will transfer data necessary to determine household income back to ISM Administrator daily. Daily quality control will be conducted by ISM Administrator. Total processing time is not to exceed 5 business days.</p> <p><i>Verification:</i> ISM Administrator will compare data provided by IDR to the attested 2017 household income on the application. If the consumer does not want their income verified or checked by IDR, they will receive only the age-based premium credit.</p> <p><i>Completion:</i> ISM Administrator determines premium credits for each household member based on age and income (if applicable).</p>	<p><i>Objective:</i> ISM Administrator provides necessary data to ISM Administrator personnel for review. <i>See Appendix A for data.</i></p> <p><i>Process:</i> This information will be transferred daily from the eligibility portal to ISM Administrator. Daily quality control will be conducted by ISM Administrator. Total processing time is not to exceed 5 business days.</p> <p><i>Verification:</i> ISM Administrator will review consumer attestations to determine if eligibility criteria are met.</p> <p><i>Completion:</i> ISM Administrator will review DHS results and results for attested eligibility factors for final determination of eligibility.</p>

**Step 3:** Based on three processes for verifying financial and non-financial factors of a person's eligibility, the ISM Administrator collects confirmation or non-confirmation from the three defined processes in Step 3.

<u><i>If All Consumers in the Household are Ineligible</i></u>	<u><i>If One or More Consumers in the Household are Ineligible</i></u>	<u><i>If All Consumers in the Household are Eligible</i></u>
<p><i>Process:</i> If the ISM Administrator determines all consumers in the Household are not eligible, the ISM Administrator will contact the consumer(s) with the reason(s) for ineligibility and inform the consumer(s) of appeal rights. If the information submitted was incorrect, the consumer will be directed to complete a new eligibility application. The ISM Administrator will not alter any of the eligibility information provided and so a new application is required.</p> <p><i>Timing:</i> IID anticipates that the consumer(s) will receive notification of eligibility status within 10 business days from completion of the eligibility application.</p>	<p><i>Process:</i> If the ISM Administrator determines that one or more consumers in the Household is ineligible, the ISM Administrator will contact the affected consumer(s) with the reason for ineligibility and inform the consumer of appeal rights. The consumer(s) on the application who were found to be eligible will be able to purchase coverage with the eligibility code provided. If the information submitted for one or more consumers in the household was incorrect, the affected consumer(s) will be directed to complete a new eligibility application. The ISM Administrator will not alter any of the eligibility information provided and so a new application is required.</p> <p><i>Timing:</i> IID anticipates that the consumer(s) will receive notification of eligibility status within 10 business days from completion of the eligibility application.</p>	<p><i>Process:</i> If ISM Administrator determines all consumers in the Household are eligible, ISM Administrator creates a unique eligibility code for each consumer in the household using cryptology software.</p> <p><i>Timing:</i> IID anticipates that the consumer(s) will receive notification of eligibility status within 10 business days from completion of the eligibility application.</p>

**Step 4:** ISM Administrator communicates to the consumer their eligibility is complete. **Eligibility determinations will be sent via US Mail to each consumer at the mailing address provided by the consumer**

- The ISM Administrator sends consumer information that includes contact information for participating carriers, the consumer's premium credit based on age and income for each individual purchasing a policy, and the consumer's eligibility code to purchase coverage directly from a health carrier.
- There is no automatic enrollment, so consumers must directly purchase the Iowa Stopgap Measure from the carriers upon receipt of the eligibility code.
- Consumers will be provided contact information for the ISM Administrator for any questions related to eligibility. The contact information will be provided on the eligibility portal.

**Process D: Ineligibility and Premium Credit Amount Appeals Process**

**Step 1 (Duplicate of Process C, Step 5):** ISM Administrator reaches out to the consumer to inform the consumer or members of the consumer’s household are ineligible.

*Process:* If ISM Administrator determines one or more consumers in the household is not eligible, the ISM Administrator will contact the affected consumer(s) with the reason for ineligibility and inform the consumer(s) of appeal rights.

Consumer(s) will be able to appeal any decision regarding ineligibility or premium credit amount. The consumer(s) will have 30 days from receiving notification to file an appeal. The ISM Administrator will review all appeal responses within 15 days of receipt.

Consumer(s) may submit additional documentation to the ISM Administration for consideration to support the appeal.

**Step 2: Appeal Submission:** Appeal request instructions will provide examples of documents that consumers should submit to support their appeal. Consumer(s) will mail appeal form and any supporting documentation to the ISM Administrator.

**Step 3: Appeals Review:** A final determination regarding a consumer’s appeal shall be issued within 15 days of receiving all requested/required supporting documentation. The ISM Administrator will consider all supporting documentation provided.

**Process E: Consumer Health Carrier Selection and Outreach**

<p><b>Step 1 (Duplicate of Process C, Step 5):</b> ISM Administrator communicates to the consumer their eligibility determination is complete.</p> <ul style="list-style-type: none"> <li>ISM Administrator sends the consumer(s) information that includes contact information for participating carriers, the premium credit based on age and income (if applicable) for each individual consumer determined eligible, and the eligibility code for each individual consumer to purchase coverage directly from a health carrier.</li> <li>Each eligible individual will receive a separate, individual eligibility code from the ISM Administrator. The consumer(s) in the household will then use that eligibility code(s) with the carrier.</li> </ul>					
<p><b>Step 2:</b> Consumer is notified they must select a health carrier within the open enrollment or special enrollment time period.</p>					
<p><b>Step 3:</b> Consumer contacts the carrier or utilizes an agent to enroll with the health carrier.</p> <ul style="list-style-type: none"> <li>Carriers may allow Iowans to purchase their policy (online, by phone, through an agent). Purchase methods may vary by carrier. Any questions/discrepancies from consumers regarding eligibility will be directed and handled by the ISM Administrator.</li> </ul>					
<p><b>Step 4:</b> Health carrier ensures the eligibility code provided by the consumer matches the eligibility code created from information on the carrier application.</p> <p><i>Timing:</i> The verification of the eligibility code will occur in real time as the consumer completes the application with the health insurance carrier.</p> <table border="1" data-bbox="203 1255 1416 1528"> <thead> <tr> <th data-bbox="203 1255 808 1318"><i><u>If the Eligibility Code Does Not Match</u></i></th> <th data-bbox="808 1255 1416 1318"><i><u>If the Eligibility Code Does Match</u></i></th> </tr> </thead> <tbody> <tr> <td data-bbox="203 1318 808 1528"> <p><i>Process:</i> If the eligibility code does not match the consumer is directed to ISM Administrator. ISM Administrator determines the issue and, if appropriate, a new eligibility code is created and the consumer is directed back to Process E, Step 1.</p> </td> <td data-bbox="808 1318 1416 1528"> <p><i>Process:</i> If the eligibility code does match, the consumer’s chosen carrier provides services to the consumer upon effectuation.</p> </td> </tr> </tbody> </table>		<i><u>If the Eligibility Code Does Not Match</u></i>	<i><u>If the Eligibility Code Does Match</u></i>	<p><i>Process:</i> If the eligibility code does not match the consumer is directed to ISM Administrator. ISM Administrator determines the issue and, if appropriate, a new eligibility code is created and the consumer is directed back to Process E, Step 1.</p>	<p><i>Process:</i> If the eligibility code does match, the consumer’s chosen carrier provides services to the consumer upon effectuation.</p>
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<p><b>Step 5:</b> After eligible individuals in the household apply through the carrier, the carrier will provide consumer information and a member information packet.</p> <ul style="list-style-type: none"> <li>After applying and paying premium the carrier services the customer as they generally would.</li> </ul>					
<p><b>Step 6:</b> Each carrier sends used eligibility codes each month to the ISM Administrator after the consumer pays the premium(s).</p> <p>ISM Administrator ensures no duplication of codes used by the consumer with multiple carriers. ISM Administrator facilitates, through HIPIOWA, the appropriate premium credit payment to carriers.</p>					

**Process F: Special Enrollment Period Process**

**December 16, 2017 – November 30, 2018.**

This process mirrors Process C (Eligibility Verification), Process D (Ineligibility Appeals Right Process), and Process E (Consumer Health Carrier Selection) so long as special enrollment period criteria is met.

*Process C (Eligibility Verification)*

See Process C

Eligibility Portal includes additional questions to ascertain qualifying event for SEP.

<p><b>Step 1:</b> ISM Administrator will review the eligibility application to determine if the consumer has experienced one of the qualifying events as set forth in the Iowa Stopgap Measure proposed administrative rules.</p> <ul style="list-style-type: none"><li>• The consumer will be required to provide information regarding which qualifying event they have experienced - some qualifying events require continuous coverage.</li><li>• The ISM Administrator will contact the consumer to obtain any and all documentation necessary to establish the qualifying event. If continuous coverage is required for the qualifying event, the consumer will be required to also provide information to determine that the individual has not been without minimum essential coverage for more than 60 days in the immediately preceding 12 months.</li></ul>
<p><b>Step 2:</b> ISM Administrator will review submitted documentation to verify the qualifying event.</p>
<p><b>Step 3:</b> If the qualifying event is verified and the consumer meets the other eligibility criteria, the ISM Administrator will inform the consumer of the eligibility determination.</p>
<p><b>Step 4:</b> The ISM Administrator will review submitted documentation to verify continuous coverage when required. If the consumer demonstrates they meet the qualifying event, continuous coverage, and other eligibility criteria, the ISM Administrator will send an eligibility determination notice.</p>
<p><b>Step 5</b> If the ISM Administrator determines a customer is not eligible based on this analysis, they shall provide an eligibility determination to the consumer and advise the consumer of their appeal rights.</p>

See the remainder of Process C related to eligibility determination and notification.

*Process D (Ineligibility and Premium Credit Amount Appeals Process)*

See Process D

*Process E (Consumer Health Carrier Selection)*

See Process E

**Process G: Premium Credit Distribution from Federal Government to Association to Health Carrier Process**

<p><b>Step 1:</b> The ISM Administrator transfers information regarding the premium credit amounts to HIPIOWA.</p> <ul style="list-style-type: none"><li>• This information will be transferred on a monthly basis from ISM Administrator to HIPIOWA. Monthly quality control will be conducted by HIPIOWA.</li></ul>
<p><b>Step 2:</b> HIPIOWA prepares and submits a monthly report to send to CMS for monthly payment based on PMPM allotments for eligible individuals using the Iowa Stopgap Measure allotments based on age and income.</p>
<p><b>Step 3:</b> CMS will transfer the necessary premium credit funds to the HIPIOWA account for the Iowa Stopgap Measure monthly to be distributed by HIPIOWA to the proper carrier(s).</p> <ul style="list-style-type: none"><li>• This step will be conducted by electronic funds transfer to HIPIOWA account for the Iowa Stopgap Measure monthly by CMS.</li></ul>
<p><b>Step 4:</b> HIPIOWA will make a monthly electronic funds transfer payment from HIPIOWA's account for the Iowa Stopgap Measure to each participating carrier based on the premium credits for which that carrier's consumers were eligible.</p>
<p><b>Step 5:</b> HIPIOWA, with assistance from the ISM Administrator, will provide participating carriers with a monthly report showing the amount paid by CMS to HIPIOWA for each eligibility code.</p>
<p><b>Step 6:</b> ISM Administrator will resolve any discrepancies with CMS and/or participating carriers should there be any over/under payment by CMS to HIPIOWA for each eligibility code.</p> <ul style="list-style-type: none"><li>• This step will be conducted immediately when a need arises.</li></ul>
<p><b>Step 7:</b> If, at any point during the benefit year, a consumer's policy is terminated, either by the consumer or the carrier, the carrier will need to notify the ISM Administrator.</p> <ul style="list-style-type: none"><li>• This notification will occur in real time as such termination occurs, with contact directly from the carrier to ISM Administrator.</li><li>• The ISM Administrator will be responsible for updating payment information and records.</li></ul>

**Process H: Reinsurance Distribution from Federal Government to Association to Health Carrier Process**

<p><b>Step 1:</b> HIPIOWA will facilitate the reinsurance distribution from the federal funds.</p>
<p><b>Step 2:</b> The reinsurance program will not supersede any payments made pursuant to the FHCRP as set forth in the HHS Notice of Benefit and Payment Parameters for 2018.</p>
<p><b>Step 3:</b> The Iowa Stopgap Measure will reimburse claims as follows:</p> <ul style="list-style-type: none"><li>• For claims that are greater than \$100,000 and up to \$1,000,000, the Iowa Stopgap Measure program will reimburse 85 percent.</li><li>• For claims that greater than \$1,000,000 and up to \$3,000,000, the Iowa Stopgap Measure program will reimburse 25 percent. The Federal High-Cost Risk Pooling Program will provide co-insurance payments of 60 percent for a total of 85 percent total coinsurance protection for claims greater than \$1,000,000 and up to \$3,000,000.</li><li>• For claims that are greater than \$3,000,000, the Iowa Stopgap Measure program will reimburse 40 percent. The Federal High-Cost Risk Pooling Program will provide co-insurance payments of 60 percent for a total of 100 percent total coinsurance protection for claims greater than \$3,000,000.</li></ul>
<p><b>Step 4:</b> At the completion of benefit year 2018, carriers will supply the required information to HIPIOWA, or its designee, to be reimbursed for claims. Claims information will be submitted to HIPIOWA, or its designee for purposes of this review consistent with Edge Server submission requirements currently in place for ACA risk adjustment determinations and implementing guidance released by HHS.</p>

## **Process I: Quality Analytics Review Process (Fraud/Waste/Abuse Verification)**

### **Application Attestation FWA**

ISM Administrator will track persons who are initially denied, including why they are denied, and who later become eligible. For example, if a person says they are not a citizen on the first application and that they are on the second application, ISM Administrator will provide a reporting of all such scenarios.

### **Medicaid / CHIP Ongoing Enrollment Audit**

The ISM Administrator will submit a monthly file, based on the previous month's enrollment data provided by the health insurance carriers, to Iowa DHS. Iowa DHS will perform a review of the file to determine if any of the consumer(s) enrolled in the Iowa Stopgap Measure is newly enrolled in Medicaid and/or CHIP.

If a consumer is determined to be enrolled in Medicaid and/or CHIP, the consumer(s) will be notified that they are no longer eligible for the Iowa Stopgap Measure and their plan will be terminated prospectively.

## **Process J: Annual Audit Process of Premium Credits**

<p><b>Step 1:</b> Beginning in July 2018, the ISM Administrator will provide IDR with a listing of all enrollees in the Stopgap Measure who have, as of the date of the submission, received a premium credit used for purchase of health coverage.</p>
<p><b>Step 2:</b> IDR will perform a direct match of all enrollees in the Stopgap Measure against the income reported on the 2017 tax return (and rent claims as necessary).</p>
<p><b>Step 3:</b> IDR will provide a batch file to ISM Administrator containing each consumer's actual 2017 reported income.</p>
<p><b>Step 4:</b> The ISM Administrator will recalculate the premium credits for each consumer as necessary based on the information received from IDR.</p>
<p><b>Step 5:</b> The ISM Administrator will determine the amount of overpayment or underpayment to consumers and determine the appropriate action.</p>

**Appendix A - Eligibility Data to ISM Administrator**

1. First Name
2. Middle Name
3. Last Name
4. Gender
5. Home Address for Household
6. Mailing Address if different than Home Address for Household
7. Date of Birth
8. Social Security Number
9. Other Identification Document Number / Information
10. Total number of people in the Household for tax purposes
11. Expected 2017 Household Income for tax purposes(Adjusted Gross Income)
12. Attestation Fields (Yes/No)
  - a. Iowa Resident
  - b. Medicare Coverage
  - c. CHIP Coverage
  - d. Medicaid Coverage
  - e. Receive Minimum Essential Coverage
  - f. Currently Incarcerated
13. Consent for Disclosure of Information (state agencies, vendor, carrier)
14. Agreement to Attestations
15. Phone Number
16. Email Address

\*Fields may be subject to change

**Appendix B**

ISM Administrator Data to Iowa DHS

1. First Name
2. Middle Initial
3. Last Name
4. Address
5. Date of Birth
6. Social Security Number
7. If no SSN but legal status, appropriate document ID number
8. Confirmation of Consent to Disclose Income Information

\*Fields may be subject to change

ISM Administrator Data to Iowa Dept. of Revenue

1. First Name
2. Last Name
3. Address
4. Social Security Number
5. Number of Dependents
6. Reported Household Income
7. Confirmation of Consent to Disclose Income Information

\*Fields may be subject to change

# **APPENDIX H**

## Iowa Stopgap Measure Timeline for Implementation

### Outline

#	Project	Target Date for Completion
1	Eligibility Process Planning	August 25, 2017
2	Eligibility Process Building and Implementation	September 8, 2017
3	Eligibility Process Testing (Two Tests)	September 14 and October 5, 2017
4	Eligibility Process Go-Live (Regular Enrollment)	November 1, 2017
5	Eligibility Process Compliance Pre-January 1	November 5, 2017
6	Eligibility Process Go-Live (SEP)	December 16, 2017
7	Eligibility Process Compliance Post-January 1	April 15, 2018
8	Communication Contract Completion	September 1, 2017
9	Communication Planning and Designing	September 1, 2017
10	Communication Go-Live (Regular Enrollment)	September 15, 2017
11	Communication Go-Live (SEP)	December 16, 2017
12	General Communication Go-Live	January 1, 2018
13	Premium Credit Distribution Contract Completion	September 1, 2017
14	Premium Credit Distribution Planning and Designing	September 15, 2017
15	Premium Credit Distribution Testing	October 1, 2017
16	Premium Credit Go-Live	December 15, 2017
17	Premium Credit Quality Control	February 1, 2018
18	Premium Credit Audit	January 1, 2019
19	Consumer Responsiveness Outreach	March 1, 2018
20	Stopgap Measure Review	April 1, 2019

# **APPENDIX I**

 Services ([//directory.iowa.gov/service/Index?\\_ga=1.101492737.1604613096.1488473035](https://directory.iowa.gov/service/Index?_ga=1.101492737.1604613096.1488473035))  Agencies ([//directory.iowa.gov/](https://directory.iowa.gov/))

 Social (<https://directory.iowa.gov/social/Index>)

 (<https://www.iowa.gov/search/google>)

## Notice of Public Hearings for Iowa Stopgap Measure

Thursday, July 13, 2017

Des Moines – Iowa Insurance Commissioner Doug Ommen requests public comments from Iowans regarding the Iowa Stopgap Measure (<https://iid.iowa.gov/documents/iowa-stopgap-measure>) and today said three public hearings will be held regarding the Iowa Stopgap Measure.

The Iowa Insurance Division has submitted the Iowa Stopgap Measure for federal approval by the Centers for Medicare and Medicaid Services (CMS) under the Affordable Care Act (ACA). The Iowa Stopgap Measure is a short-term solution, but Iowa and many other states need a long-term fix from Congress to stabilize the damage done by the ACA.

Under the Iowa Stopgap Measure, Iowans will be able to purchase a standard health benefits plan that will be guaranteed issue, that will protect consumers from annual and lifetime limits, and that will include all of the Essential Health Benefits of the ACA and any additional benefits required by Iowa law. The Iowa Stopgap Measure will utilize a pass-through of Iowa's share of federal advanced premium tax credits (APTCs) and cost-sharing reductions (CSRs) to provide Iowa consumers with monthly age- and income-based premium credits and to support a reinsurance mechanism for costly medical claims. Consumers will purchase the standard health benefits plan directly from insurance companies participating in the Iowa Stopgap Measure during the open enrollment period beginning November 1, 2017.

The Iowa Insurance Division continues to work with CMS, CCIIO and Treasury to finalize Iowa's Stopgap Measure and ensure timely approval. The Iowa Stopgap Measure is available for public review at <https://iid.iowa.gov/documents/iowa-stopgap-measure> (<https://iid.iowa.gov/documents/iowa-stopgap-measure>) and public comment at <https://comment.iowa.gov> (<https://comment.iowa.gov/>). The Iowa Insurance Division also anticipates providing a third-party economic analysis in late July. Public comments are an important part of this process and the Iowa Insurance Division will consider comments for the final version of Iowa's Stopgap Measure.

Written comments will be accepted through 4:30 p.m. on Monday, August 14, 2017. Comments may also be submitted in writing via U.S. mail to the Iowa Insurance Division, Attn: Public Comments, 601 Locust Street 4<sup>th</sup> Floor, Des Moines, Iowa 50309. Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should call the Iowa Insurance Division (<https://iid.iowa.gov/contact>) or email Angela Burke Boston (<mailto:angela.burke.boston@iid.iowa.gov?subject=Stopgap%20Measure%20public%20hearing>) and advise of specific needs.

Information about the public hearings regarding the Iowa Stopgap Measure are below.

### Wednesday, July 19, 2017

5:30 – 6:30 p.m.

Council Bluffs Public Library

Meeting Room B

400 Willow Avenue, Council Bluffs, 51503

### Wednesday, August 2, 2017

5:30 – 6:30 p.m.

Des Moines Central Public Library

Central Library Meeting Room

1000 Grand Avenue, Des Moines, 50309

### Thursday, August 10, 2017

5:30 – 6:30 p.m.

Cedar Rapids Public Library

Beems A/B Room

450 5<sup>th</sup> Avenue SW, Cedar Rapids, 52401

###



(<https://www.facebook.com/iowainsurancedivision/>)



(<https://www.linkedin.com/company/iowa-insurance-division>)



(<https://www.instagram.com/iowainsurancedivision/>)



(<https://www.youtube.com/channel/UCcfxpaQR9x3bNX1VjZ3baQ>)



(<https://twitter.com/iowaInsDiv>)

Iowa Insurance Division  
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# **APPENDIX J**



Seip, Andria &lt;andria.seip@iid.iowa.gov&gt;

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**Iowa Insurance Division - Iowa Stopgap Measure - Tribal Consultation**

4 messages

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Horn, Alisa <ahorn@dhs.state.ia.us>

Fri, Jul 7, 2017 at 11:30 AM

**REDACTED**

This email is being sent on behalf of the Iowa Insurance Division to provide tribal notice for its 1332 waiver, known as the Iowa Stopgap Measure. The waiver has been submitted to CMS and, under the Affordable Care Act (ACA) requires federal approval.

Under the Iowa Stopgap Measure, Iowans will be able to purchase a standard health benefits plan that will be guaranteed issue, will protect consumers from annual and lifetime limits, and will include all of the Essential Health Benefits of the ACA and any additional benefits required by Iowa law. The Iowa Stopgap Measure will utilize a pass-through of Iowan's share of advanced premium tax credits (APTCs) and cost-sharing reductions (CSRs) to provide Iowa consumers with monthly age- and income-based premium credits and support a reinsurance mechanism for costly medical claims. Consumers will purchase the standard health benefits plan directly from carriers participating in the Iowa Stopgap Measure during the open enrollment period beginning November 1, 2017.

Attached please find the formal public notice that will go out Wednesday, July 12, 2017, and a copy of the waiver proposal. The Iowa Insurance Division plans to have an updated version of the waiver proposal next week and will forward that version when it is available.

Please reply to this email to provide any comments you have by August 14, 2017.

Thank you.

Alisa D. Horn  
Assistant to the Medicaid Director  
Iowa Medicaid Enterprise  
100 Army Post Road  
Des Moines, IA 50315

  
515-725-1360 - FAX  
email: ahorn@dhs.state.ia.us

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**2 attachments** **State\_of\_Iowa\_proposed\_stopgap\_measure\_6.12.2017.pdf**  
676K **Notice of Public Hearing release 07.12.17.docx**  
15K

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**Seip, Andria** <andria.seip@iid.iowa.gov>  
To: "Horn, Alisa" <ahorn@dhs.state.ia.us>

Thu, Jul 13, 2017 at 12:02 PM

**REDACTED**

Hello All - I wanted to let you know that the IID has posted a revised version of the Stopgap Measure proposal and sent out the public notice. Please review these documents and send your input to me by August 14th. I will also be reaching out in the near future to arrange a meeting to discuss this proposal.

Thank you - Andria

**FOR IMMEDIATE RELEASE: Thursday, July 13, 2017**

Chance McElhaney, chance.mcelhaney@iid.iowa.gov, 515-242-5179

## **Notice of Public Hearings for Iowa Stopgap Measure**

Des Moines – Iowa Insurance Commissioner Doug Ommen requests public comments from Iowans regarding the Iowa Stopgap Measure and today said three public hearings will be held regarding the Iowa Stopgap Measure.

The Iowa Insurance Division has submitted the Iowa Stopgap Measure for federal approval by the Centers for Medicare and Medicaid Services (CMS) under the Affordable Care Act (ACA). The Iowa Stopgap Measure is a short-term solution, but Iowa and many other states need a long-term fix from Congress to stabilize the damage done by the ACA.

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The Iowa Insurance Division continues to work with CMS, CCIIO and Treasury to finalize Iowa's Stopgap Measure and ensure timely approval. The Iowa Stopgap Measure is available for public review at <https://iid.iowa.gov/documents/iowa-stopgap-measure> and public comment at <https://comment.iowa.gov>. The Iowa Insurance Division also anticipates providing a third-party economic analysis in late July. Public comments are an important part of this process and the Iowa Insurance Division will consider comments for the final version of Iowa's Stopgap Measure.

Written comments will be accepted through 4:30 p.m. on Monday, August 14, 2017. Comments may also be submitted in writing via U.S. mail to the Iowa Insurance Division, Attn: Public Comments, 601 Locust Street 4<sup>th</sup> Floor, Des Moines, Iowa 50309. Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should call the Iowa Insurance Division or email Angela Burke Boston and advise of specific needs.

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Central Library Meeting Room

1000 Grand Avenue, Des Moines, 50309

**Thursday, August 10, 2017**

5:30 – 6:30 p.m.

Cedar Rapids Public Library

Beems A/B Room

450 5<sup>th</sup> Avenue SW, Cedar Rapids, 52401

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[Quoted text hidden]

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**Andria Seip, J.D., M.S.**

Assistant Commissioner, Product and Producer Regulation Bureau

**iowa  
insurance  
division**

Two Ruan Center  
601 Locust Street, 4th Floor  
Des Moines, Iowa 50309  
Phone: [REDACTED] Fax: 515-281-3059  
Email: [Andria.Seip@iid.iowa.gov](mailto:Andria.Seip@iid.iowa.gov)

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Seip, Andria <[andria.seip@iid.iowa.gov](mailto:andria.seip@iid.iowa.gov)>  
To: "Horn, Alisa" <[ahorn@dhs.state.ia.us](mailto:ahorn@dhs.state.ia.us)>

Fri, Aug 4, 2017 at 11:57 AM

**REDACTED**

Hello again - as we get closer to the end of the IID's public comment period for the Iowa Stopgap Measure, I'd like to offer to present information and take questions/comments about the Stopgap Measure in a phone conference on August 11, 2017 at 1:00pm.

If there is interest in this conference call, please simply let me know by replying to the email and I will forward call-in information. Otherwise, please feel free to provide any comments on the website and/or attend the public hearing in Cedar Rapids on August 10th. More details about the Iowa Stopgap Measure is available at:<https://iid.iowa.gov/>

Thank you,  
Andria

[Quoted text hidden]

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**Seip, Andria** <andria.seip@iid.iowa.gov>  
To: "Horn, Alisa" <ahorn@dhs.state.ia.us>

Thu, Aug 10, 2017 at 2:42 PM

**REDACTED**

Hello - The Iowa Insurance Division (IID) just posted the Iowa Stopgap Measure Economic and Actuarial Analysis. The IID has also added another public hearing in Des Moines on Monday, August 14th. The comment period has been extended to 5 p.m. Wednesday, August 16th. More information is available at: <https://iid.iowa.gov/press-releases/iowa-stopgap-measure-economic-and-actuarial-analysis-released>

As I have not received any requests for a meeting tomorrow, I encourage you to attend the Cedar Rapids meeting tonight or to watch it live on the IID's website at: <https://iid.iowa.gov/announcements/watch-live-public-hearing-regarding-iowa-stopgap-measure-in-cedar-rapids>. And, as noted above, please consider attending the Des Moines meeting on Monday as well.

Your input on the Stopgap Measure is important and please feel free to submit any comments through the website or directly to me.

Thank you,  
Andria

[Quoted text hidden]

# **APPENDIX K**

 Services ([//directory.iowa.gov/service/Index?\\_ga=1.101492737.1604613096.1488473035](https://directory.iowa.gov/service/Index?_ga=1.101492737.1604613096.1488473035))  Agencies ([//directory.iowa.gov/](https://directory.iowa.gov/))

 Social (<https://directory.iowa.gov/social/Index>)

 (<https://www.iowa.gov/search/google>)

# Iowa Stopgap Measure Economic and Actuarial Analysis Released

Thursday, August 10, 2017

*Iowa Stopgap Measure Will Dramatically Help Iowans as the ACA Market Collapses*

Des Moines - Iowa Insurance Commissioner Doug Ommen today released an independent economic and actuarial analysis (<https://iid.iowa.gov/documents/economic-and-actuarial-analysis-for-iowa-stopgap-measure>) required by the Centers for Medicaid Services (CMS). Iowa's ACA market is collapsing and the Stopgap Measure is Iowa's solution to ensure all Iowans have a health insurance option in 2018.

"The economic and actuarial analysis compares Iowa's individual health insurance market as it would be with the waiver implemented and without the waiver. The analysis clearly finds that the Iowa Stopgap Measure is a better alternative for Iowa than the ACA. The Iowa Stopgap Measure will help tens of thousands more Iowans have coverage," Ommen said. "Iowans who purchase their own health insurance are at a breaking point as the ACA market is collapsing. Many Iowans are considering going uninsured. The Iowa Stopgap Measure is a short-term solution available to Iowans in all of Iowa's 99 counties. To put it simply - Iowa needs the flexibility to do what works for us so as few Iowans as possible are priced out of the individual health insurance market."

The economic and actuarial analysis finds Iowa's Stopgap Measure meets federal economic and actuarial requirements. Iowa's Stopgap Measure will provide more health insurance coverage, more affordable health insurance coverage, comprehensive health insurance coverage, and will not increase the federal deficit. The Iowa Stopgap Measure innovatively redirects the federal funds that would have flowed into Iowa under the ACA in 2018 into age- and income-based premium credits as well as into a reinsurance mechanism to protect the most vulnerable Iowans in the risk pool while lowering costs for the risk pool.

"We are now in the process of putting together the final waiver application for CMS and we look forward to CMS Administrator Verma's approval of the Iowa Stopgap Measure," Ommen said.

Iowans can visit <https://iid.iowa.gov/iowa-stopgap-measure> (<https://iid.iowa.gov/iowa-stopgap-measure>) to:

- Review the Iowa Stopgap Measure
- Review the economic and actuarial analysis
- View video of the public hearings
- Get information for the upcoming public hearings tonight in Cedar Rapids and on Monday, August 14, in Des Moines\*\*\*
- View public comments that have been submitted
- Submit their own comments by 5 p.m. on Wednesday, August 16\*\*\*.

\*\*\*Editor's note - the Monday, August 14<sup>th</sup> public hearing was recently added and the public comment deadline has been extended from its original date of August 13.



(<https://www.facebook.com/iowainsurancedivision/>)



(<https://www.linkedin.com/company/iowa-insurance-division>)

(<https://www.instagram.com/iowainsurancedivision/>)



(<https://www.youtube.com/channel/UCcfxpaQR9x3bNX1VjZ3baQ>)

(<https://twitter.com/IowaInsDiv>)



Iowa Insurance Division

Contact Us (</contact>)

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# **APPENDIX L**

## Summary of Public Comments

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The Iowa Insurance Division initially posted the Iowa Stopgap Measure Section 1332 waiver online for comments on June 12, 2017. A revised version of the waiver was posted and opening of the ‘official’ comment period began on July 13, 2017. The public notice included a comprehensive description of the waiver, a link to the waiver, and instructions on how to submit comments. The notice also identified the location, date and time of three public hearings; additional notice provided information about a fourth public hearing. In addition to the public hearings, the Iowa Insurance Division met with and answered waiver questions from various stakeholders and advocacy groups including but not limited to the Iowa Hospital Association, the Iowa Medical Society, and the AARP. Comments were collected through August 16, 2017. Information about the public comment and hearing process is available at: <https://iid.iowa.gov/iowa-stopgap-measure>. All comments received can be viewed at: <https://iid.iowa.gov/proposedstopgapmeasurepubliccomments>.

The majority of the comments overwhelmingly supported the Iowa Stopgap Measure. Generally, individual commenters support the Iowa Stopgap Measure due to fear of losing existing coverage, concerns that the Iowa Stopgap Measure is the only option available to Iowans, and that existing coverage is not affordable. Commenters supportive of the ISM expressed disgust with the current state of the individual health insurance market, and blamed the ACA and the failure of Congress to act for Iowa’s current predicament.

Various provider groups have also submitted comments in support of the Iowa Stopgap Measure.

**Wellmark** submitted a letter of support indicating its intentions to provide coverage through the Iowa Stopgap Measure in all 99 counties in Iowa. This would ensure statewide access is available.

The **Iowa Hospital Association** offered the following in its letter of support:

*IHA supports efforts that seek to ensure access to health insurance, so long as the insurance products are also affordable for those who purchase it. As you’re aware, hospitals receive payments from patients, e.g. co-pays and deductibles, that, if set too high will translate into increased bad debt and charity care for hospitals.*

*It is evident that additional strategies will need to be devised in the future and IHA and Iowa’s hospitals are prepared to assist in ensuring access to affordable, comprehensive health insurance coverage.*

The **Iowa Medical Society** provided the following:

*As we have noted, a chief concern of IMS is the affordability of coverage available to the patients currently covered by a Marketplace plan. We know that simply having an insurance option is not sufficient if its cost precludes patients from purchasing coverage and foregoing necessary medical care. Unsustainably expensive plans would result in a return to the days when patients would wait to seek treatment until their condition had devolved to the point of necessitating a visit to the Emergency Department. Lacking*

*health coverage, this results in uncompensated care, which drives up costs for both the individual facility and the overall healthcare system.*

...

*The proposed Iowa Stopgap Measure represents an opportunity to stabilize our state's individual insurance market in the short-term, and to test policy measures that hold the potential to serve as a component of the long-term solution to market sustainability.*

The **University of Iowa Health Alliance** offered the following:

*UIHA is gravely concerned with the potential collapse of the Iowa individual health insurance market and the impact to patients and providers. ... Further, Iowa's health care system is currently strained due to state Medicaid budget reductions, challenges with Medicaid managed care implementation, the lowest Medicare reimbursement in the nation and other market trends in Iowa, which would make it all the more challenging for Iowa health providers to meet the needs of the patient population if they lack access to insurance.*

*UIHA has studied the proposed Stopgap Measure Plan and strongly supports Iowa's 1332 waiver. We believe it's carefully crafted proposals will effectively address key dysfunctions of the current market and will enable an accessible and functional individual market for 2018.*

There were also concerns expressed about the Iowa Stopgap Measure. Several of those individuals opposed stated that the ISM unfairly penalizes the age 55 and over populations, is too costly, and is not affordable. A number of the commenters were opposed to the lack of cost-sharing reduction subsidies (CSRs) provided to low-income individuals which will result in increased deductibles. Some comments uttered concern that the proposed subsidies under the ISM help higher income Iowans at the expense of providing financial assistance to lower income individuals.

Various advocacy also provided concerns.

**National Alliance on Mental Illness (NAMI)** submitted the following:

*Cost Sharing Reduction Subsidies Under the proposal, federal expenditures originally designated for advance premium tax credits (APTCs) and cost-sharing reduction subsidies (CSRs) would be used to provide premium tax subsidies that would differ from those provided under the ACA. NAMI Iowa supports the goal of providing additional financial assistance to individuals above 400% of the federal poverty level (FPL). There is concern, however, that under the proposal CSRs would no longer be available to individuals who qualify on the basis of income. CSRs help to ensure that lower-income individuals and families can afford the cost-sharing associated with their plan. NAMI Iowa is concerned that eliminating the CSRs – without providing comparable assistance for low-income individuals – will result in these individuals being unable to afford health insurance coverage and thus become uninsured.*

Iowa Insurance Division comment: Upon receiving numerous comments on this matter, the Iowa Insurance Division adjusted its premium credit levels so the premiums to those at the lower income levels would be less costly than those offered through the ACA marketplace. By lessening the impact of premiums, individuals will be able to offset the impact of any out-of-pocket expenses. The Economic and Actuarial analysis indicated that the Iowa Stopgap Measure would not see a decline in enrollment for those who have income less than 400% FPL.

*The proposed waiver appears to allow any qualified Iowan who wished to do so the opportunity to purchase a plan during the open enrollment period (November 1 – December 15, 2017). Any individual who wished to purchase outside this period must show proof of continuous coverage over the preceding 12 months in order to qualify for a special enrollment period (SEP). NAMI is concerned that this policy could have significant unintended and even punitive results.*

Iowa Insurance Division comment: While the Iowa Insurance Division understands this concern, the impact of the special enrollment periods (SEP) as structured under the ACA has had a detrimental impact to the individual market. Under the ACA marketplace rules, individuals have, essentially, been able to enroll in healthcare when they become ill and are in need of expensive care. The SEP system has resulted in people enrolling in coverage whenever they want, seeking expensive care, and then dis-enrolling to avoid paying premiums. This ‘gaming’ process has resulted in significantly higher premiums from year to year. The process is unsustainable and the Iowa Stopgap Measure has designed a plan to address this issue.

**Disability Rights Iowa’s** comments include the following:

*Iowa’s 1332 waiver proposal clearly does not meet the affordability guardrail, and the state has not provided sufficient information to show that it would meet any of the other guardrails. The changes that the state is asking for will make it more costly for Iowans to get insurance and make it more expensive for Iowans to get care. These changes would be harmful especially to lower- and moderate-income Iowans and to older Iowans who already struggle to afford insurance and care. Impact on Premiums, Deductibles, and other Out-of-Pocket Costs: The proposal would eliminate the cost-sharing reductions (CSR) for lower-income enrollees, which means out-of-pocket costs would be considerably higher for that population.*

Iowa Insurance Division comment: The Division has provided additional information in its waiver application to be transparent impact of all the guardrails, including in the financial impact to those individuals who will not have access to CSRs. And as stated above, the Division restructured the premium credits to help address this issue. The Division has consistently indicated that the issue of affordability is not one born by design of the Iowa Stopgap Measure, but rather one created by the structure of the ACA, which requires a federal solution. The Division has designed a 1332 waiver to attempt to provide more affordable coverage for all Iowans, including those 28,000 Iowans above 400 percent FPL who will be priced out of the ACA market as premiums may exceed one-third of their total incomes. While it is accurate that, on average, lower-income enrollees may see larger out-of-pocket costs in the Iowa Stopgap

Measure, the program provides premium credits to make actual premiums significantly low enough to be able to assist with offsetting out of pocket costs. Further, although the average out-of-pocket costs may be more, some consumers will not see an impact as health care utilization varies from those who will only use preventative care (and incur no out-of-pocket) to those who will reach the out-of-pocket maximum.

**AARP Iowa** provided the following:

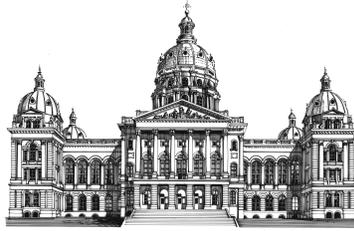
*AARP has a number of concerns with the ISM's proposal to:*

- *Replace the current ACA tax credits with flat tax credits that are adjusted by age and income. AARP has consistently supported tax credits based on income as the design to best protect consumers from premium increases. So, while we note that the proposed tax credits get more generous for older adults, we are concerned that in high cost (presumably rural) areas this increase may not keep up the higher costs of premiums.*

Iowa Insurance Division comment: The Iowa Insurance Division addressed this concern by adjusting final 1332 waiver's premium tax credits that are available to adults who are 55 years of age and older. Notably, the premium price for a couple, both of whom are 55, goes from approximately \$6,300 to \$32,700 annually in the ACA marketplace as income increases from 399% FPL to 411% FPL while the same couple would see an increase of approximately \$3,500 to approximately \$15,600 annually in the Iowa Stopgap Measure.

# **APPENDIX M**

**Linda L. Upmeyer**  
STATE REPRESENTATIVE  
*Fifty Fourth District*  
Statehouse: (515) 281-3521  
[linda.upmeyer@legis.iowa.gov](mailto:linda.upmeyer@legis.iowa.gov)



**SPEAKER  
OF THE HOUSE**

HOME ADDRESS  
1811 N 8th Street  
Clear Lake, IA 50428

House of Representatives  
State of Iowa  
*Eighty-Seventh General Assembly*  
STATEHOUSE  
Des Moines, Iowa 50319

August 18, 2017

Secretary Tom Price, M.D.  
U.S. Department of Health & Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Secretary Price,

I am writing to ask for your approval of the Iowa Insurance Division's Section 1332 innovation waiver (stopgap measure) as Iowa's last option to stabilize the individual health insurance market. The Iowa Insurance Division and Commissioner Doug Ommen have worked diligently on this measure to avoid a complete collapse of the market in Iowa. It is important to preserve an option for the roughly 72,000 Iowans who purchase insurance through the individual market.

I am deeply concerned that the Iowa insurance marketplace is set to collapse upon itself due to the failures of the Affordable Care Act. Prior to its implementation, Iowa had a healthy individual insurance market with low premiums and a lot of choice. Iowa also had a functioning high-risk pool for those individuals who could not obtain insurance through private companies. Due to many policy changes required by the ACA, insurance is now available for thousands of Iowans who were previously uninsurable, yet others are left no options or forced into unaffordable plans.

We now know, what many like myself feared from the outset, that many of these newly insured individuals are sicker, older, and costlier than the rest of the population. As a result, insurance companies have had to increase premiums, but have been unable to keep up. Premiums in Iowa have increased as much as 110%, making the title "Affordable Care Act" an insult to the families trying to maintain coverage.

As young and healthy Iowans have been driven away by massive premium increases, the insurance pool becomes more unhealthy and more costly. Rather than increase premiums even more, carriers have opted to leave Iowa. Just this year, Wellmark, Aetna, and Gunderson Health Plans have pulled out of the individual market in our state.

It is urgently imperative for the stopgap measure to be approved to preserve health insurance access for Iowans. It is important to note that under the stopgap measure, Iowans will be able to purchase a standard health benefits plan that will be guaranteed issue, that will protect consumers from annual and lifetime limits, and that will include all of the Essential Health Benefits of the ACA and any additional benefits required by Iowa law.

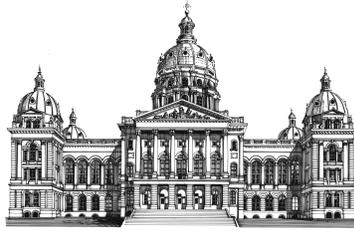
It pains me to see the effects of Obamacare in Iowa where we had a healthy market addressing the many unique needs of our citizens. Too many Iowans who have worked hard and played by the rules are suffering as a result of the policies in the ACA. We cannot sit idly by as our individual insurance market collapses. Therefore, I am asking for your immediate approval of the 1332 innovation waiver from Commissioner Ommen and the Iowa Insurance Division.

Sincerely,

A handwritten signature in cursive script that reads "Linda Upmeyer". The signature is written in black ink and is positioned above the typed name and title.

Rep. Linda Upmeyer  
Speaker of the House

**Linda L. Upmeyer**  
STATE REPRESENTATIVE  
*Fifty Fourth District*  
Statehouse: (515) 281-3521  
[linda.upmeyer@legis.iowa.gov](mailto:linda.upmeyer@legis.iowa.gov)



**SPEAKER  
OF THE HOUSE**

HOME ADDRESS  
1811 N 8th Street  
Clear Lake, IA 50428

House of Representatives  
State of Iowa  
*Eighty-Seventh General Assembly*  
STATEHOUSE  
Des Moines, Iowa 50319

August 18, 2017

Administrator Seema Verma  
Centers for Medicare and Medicaid  
Services 7500 Security Boulevard  
Baltimore, MD 21244

Dear Administrator Verma,

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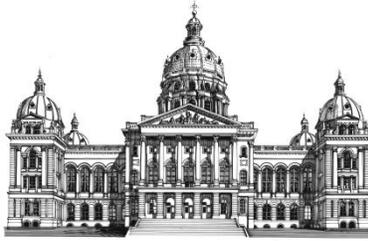
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Rep. Linda Upmeyer  
Speaker of the House

**Bill Dix**  
SENATE MAJORITY LEADER  
*Twenty-fifth District*  
Statehouse: (515) 281-3371



**COMMITTEES**  
Rules and Administration – Chair  
Legislative Council

PO Box 222  
Shell Rock, Iowa 50670  
(319) 885-6790  
bill.dix@legis.iowa.gov

**The Senate**  
State of Iowa  
*Eighty-seventh General Assembly*  
STATEHOUSE  
Des Moines, Iowa 50319

August 16, 2017

Secretary Tom Price, M.D.  
U.S. Department of Health & Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Secretary Price,

Since the enactment of the Affordable Care Act, I have had deep concerns about the stability of the insurance marketplace and the eventual implosion of this ill-conceived legislation. Today, I am writing to ask for your support of the Iowa Insurance Division's Section 1332 innovation waiver (stopgap measure) to stabilize the individual health insurance market in Iowa. The Iowa Insurance Division developed this measure in response to the potential full collapse of the individual insurance market in Iowa. This stopgap measure will ensure there is an option for roughly 72,000 Iowans who purchase insurance through the individual market.

Prior to enactment of the Affordable Care Act (ACA), Iowa had a healthy individual insurance market where Iowans had several options and some of the nation's lowest premiums. Iowa also had a functioning high-risk pool for those individuals who could not obtain insurance through private companies. The ACA now prohibits insurance companies from underwriting or denying coverage based upon a person's age, health, or pre-existing conditions. These policy changes made insurance available for thousands of Iowans who were previously uninsurable, but they also created a large pool of uncertain risk for insurance carriers in the state. After 2014, it became apparent that many of these newly insured individuals were sicker, older, and more costly than previously estimated, and as a result, insurance companies drastically underestimated premium levels. This realization led insurance companies to request significant premium increases each year. In fact, premiums in Iowa's individual market have risen approximately 110% since 2013.

These significant premium increases are leading young and healthy Iowans to opt out of insurance coverage. Facing a loss in healthy and young enrollees, insurance companies are now deciding to leave the state instead of requesting higher and higher premiums each year. Our two largest individual insurers, Wellmark and Aetna, announced earlier this year they would not be offering any individual ACA compliant plans in Iowa for 2018. More recently, Gundersen Health Plan also indicated they will not be offering any individual plans in 2018. Our last carrier, Medica, has recently filed plans which will be available in 2018, but they are also requesting an average premium rate increase of 43% compared to its 2017 rates. Even though Medica has filed plans to be available in 2018, there is no guarantee Medica will indeed offer those plans next year.

Iowa's stopgap measure will allow the Insurance Division to develop a standard plan for every eligible Iowan, provide premium credits based on age and income, and administer a reinsurance program to shield insurers from high-cost patients. These standard plans will have all essential health benefits required under the ACA which will ensure quality coverage. The reinsurance aspect of the stopgap measure is an essential element to shield consumers from having to subsidize the costs of catastrophic claims. Since the individual market in Iowa is relatively small, one or two catastrophic claims could result in large premium increases across the entire risk pool. Above all, these measures will add stability to the individual market and will create more certainty which will allow insurance companies to continue to operate in Iowa. Wellmark, our largest insurance carrier, has already indicated they would return to the market if this stopgap measure is approved.

The recent failure in the U.S. Senate to pass a replacement for the ACA signals that states are going to have the lead role, at least in the short term, in fixing the collapsing insurance markets across the nation. I applaud the leadership from President Trump, CMS, and DHHS for granting flexibility for states trying to adapt ACA requirements to fit the needs of each individual state. Iowa is truly in a dire situation due to the burdensome requirements of the ACA and its practical implications. Commissioner Ommen has my full confidence and support in implementing this stopgap measure. This may be Iowa's only chance at avoiding the total collapse of our individual insurance market, leaving 72,000 Iowans without an option for insurance.

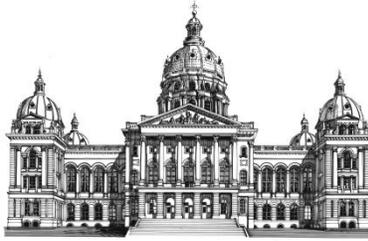
Again, I ask for your support and immediate approval of the Iowa Insurance Division's Section 1332 innovation waiver. Time is of the essence to ensure 72,000 Iowan's are not left without an option for insurance due to the failure and collapse of the Affordable Care Act.

Sincerely,

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Bill Dix  
Senate Majority Leader

**Bill Dix**  
SENATE MAJORITY LEADER  
*Twenty-fifth District*  
Statehouse: (515) 281-3371



**COMMITTEES**  
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**The Senate**  
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*Eighty-seventh General Assembly*  
STATEHOUSE  
Des Moines, Iowa 50319

August 16, 2017

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Again, I ask for your support and immediate approval of the Iowa Insurance Division's Section 1332 innovation waiver. Time is of the essence to ensure 72,000 Iowan's are not left without an option for insurance due to the failure and collapse of the Affordable Care Act.

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Bill Dix  
Senate Majority Leader



An Independent Licensee of the Blue Cross and  
Blue Shield Association

John D. Forsyth  
Chairman and CEO  
Office: 515.376.4545 | Fax: 515.376.5090  
forsythjd@wellmark.com

August 18, 2017

Doug Ommen  
Insurance Commissioner  
Iowa Insurance Division  
601 Locust St. - 4th Floor  
Des Moines, IA 50309

Dear Commissioner Ommen:

I write in support of the proposed Iowa Stopgap Measure.

Wellmark has carefully reviewed Iowa's Stopgap Measure application and the accompanying "Actuarial Review of Medica Insurance Company Proposed 2018 Individual Health Insurance Rates and Analysis of Effect of the Iowa Stopgap Measure" prepared by NovaRest Actuarial Consulting (the "NovaRest Review"). The NovaRest Review concludes that the Stopgap Measure will result in far more Iowans receiving coverage and paying far less in premiums than would be the case if the Stopgap Measure is not approved.

As part of the process of preparing a rate filing under the Stopgap Measure, Wellmark has performed its own internal actuarial analysis of the Stopgap Measure. Our analysis reaches the same conclusion as the NovaRest Review: the Stopgap Measure will significantly reduce premiums, resulting in significantly more Iowans with coverage, than would be the case without the Stopgap Measure. If the Stopgap Measure is approved, we anticipate that Wellmark will file rates that are no higher than those set forth in Appendix D of the NovaRest Review.

The NovaRest Review and Wellmark's internal analysis of the Stopgap Measure reinforce our belief that the Stopgap Measure will provide more affordable coverage for more Iowans. As a result, I want to reiterate my prior public statements that Wellmark will reenter the Iowa individual insurance market if the Stopgap Measure is approved in a timely manner, and that Wellmark Health Plan of Iowa, in conjunction with its joint ventures, Wellmark Value Health Plan and Wellmark Synergy Health (pending approval by their respective boards of directors), will offer coverage in all of Iowa's 99 counties.

Wellmark appreciates the hard work the State of Iowa has put into the Stopgap Measure. We believe that it will stabilize and improve Iowa's health insurance market while meeting the availability, affordability, comprehensiveness, and deficit neutrality guardrails set forth in section 1332 of the Affordable Care Act.

Sincerely,

John Forsyth

cc: Governor Reynolds



515 E. Locust Street, Suite 400  
Des Moines, IA 50309  
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Fax 515 223-0590  
www.iowamedical.org

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Iowa City  
(Medical Student Director)

**Chief Executive Officer**  
Michael Flesher  
Des Moines

August 8, 2017

Doug Ommen, Commissioner  
Iowa Insurance Division  
Attn: Public Comments  
601 Locust Street 4<sup>th</sup> Floor  
Des Moines, Iowa 50309

RE: Iowa Stopgap Measure

Dear Commissioner Ommen:

On behalf of the nearly 6,000 physician, resident, and medical student members of the Iowa Medical Society (IMS), thank you for the opportunity to provide comment on the proposed Iowa Stopgap Measure (ISM) to stabilize our state's individual health insurance market. The core purpose of the Iowa Medical Society is to assure the highest quality health care in Iowa through our role as physician and patient advocate. It is through this lens that we review the proposed ISM and offer feedback.

**A Market In Crisis**

Iowa's individual health insurance market is on the verge of collapse. Physicians are witnessing this collapse from the front lines, providing care every day to the more than 72,000 Iowa patients who currently have coverage through a Marketplace individual plan. IMS member physicians report numerous patient inquiries about the future of their coverage and significant anxiety as these patients grapple with the uncertainty of 2018 and beyond. While the *Affordable Care Act (ACA)* is far from perfect, the statute has achieved at least one of its goals in that it has allowed these low-income Iowans to obtain coverage, often for the first time. This has resulted in individuals with long-unchecked medical conditions establishing a relationship with a local physician and beginning to take charge of their medical care. The collapse of our state's individual health insurance market threatens to undo this progress.

IMS applauds the work of the Iowa Insurance Division (IID) in developing an innovative solution to help avert the crisis facing our individual market. We appreciate the collaborative manner in which the Division has approached development of this proposal, including meeting with the IMS Board of Directors last month to discuss components of the ISM. Our Board, comprised of a diversity of medical specialties and practice arrangements, expressed strong support for the ISM. Iowa physicians and their patients face great uncertainty as they await a

final determination for the future of coverage for those currently covered by an ACA-complaint individual plan. The ISM represents a short-term solution to inject a measure of predictability during a very turbulent time in the American healthcare system.

The last-minute Medica rate filings for 2018 mean that these 72,000 Iowa patients could continue to have a single coverage option via the Marketplace next year. However, Medica's proposed average 43% premium increase would place coverage out of reach for many of these individuals and thus IMS views this as an unacceptable option for our state. As noted in the IID's July 13, 2017, ISM narrative, Medica premiums in 2017 are already more expensive than those of the alternative Marketplace carrier, which has chosen to exit the Iowa market. As such, many patients are likely to see premium increases well beyond the 43% average rate increase outlined in the 2018 rate filings.

### **Maintaining Patient Choice and Vital Protections**

We recognize that the ISM represents a short-term solution to the much larger problems facing Iowa's individual health insurance market. IID's request for one-year waiver authority, with the option of a one-year extension, is still a critical step in maintaining patient choice in 2018, while state and federal officials work to craft a comprehensive solution. IMS is pleased to see that the proposed ISM includes a number of provisions to keep in place vital protections while work on the long-term solution continues. Development of a silver tier-equivalent plan that offers all Essential Health Benefits (EHBs) will ensure that patients continue to have coverage for necessary medical care, including mental health and substance use disorder treatment.

IMS commends the State on maintaining a focus on local access to coverage and care under the proposed ISM. By making ISM plans available through individual carriers via their network of local agents, the IID is ensuring that affected patients are able to access coverage via a trusted individual in their own community. We are encouraged to hear that at least two current Iowa insurers have expressed an interest in offering ISM plans in 2018. Both have well-established provider networks already in place, which will allow them to more quickly stand up this new line of coverage. Utilization of their existing provider networks will also ease the administrative burden on physician practices that simply want to continue providing high-quality care to the patients currently with coverage via a Marketplace plan.

We recognize that the pressing timeline of the impending market collapse necessitates the state to move forward with its waiver application while some details of the new program are still under development. IMS urges the Division to continue to collaborate with stakeholders as it develops the specific components of the ISM plans, including minimum covered benefits and prescription drug formularies. Iowa physicians are well versed in the needs of their patients and able to provide valuable insight into these components of the new plans.

### **Ensuring Affordable Coverage Options**

As we have noted, a chief concern of IMS is the affordability of coverage available to the patients currently covered by a Marketplace plan. We know that

simply having an insurance option is not sufficient if its cost precludes patients from purchasing coverage and foregoing necessary medical care. Unsustainably-expensive plans would result in a return to the days when patients would wait to seek treatment until their condition had devolved to the point of necessitating a visit to the Emergency Department. Lacking health coverage, this results in uncompensated care, which drives up costs for both the individual facility and the overall healthcare system.

The IID proposal will help avoid wide-scale losses in individual coverage. Some have criticized the ISM for proposing to divert a portion of the Advance Premium Tax Credits (APTCs) and Cost Sharing Reduction (CSR) subsidies, which currently help reduce the costs of individual coverage obtained via the Marketplace. IMS strongly supports the proposal to utilize a portion of these federal funds to create a reinsurance program to offset the costs of care for the handful of high-utilizers that have proven difficult to sustainably cover via an individual plan.

The cost of high-need patients was a leading factor behind the ultimate liquidation of CoOpportunity Health, as well as the decisions by UnitedHealthcare, Wellmark, Aetna, and Gunderson Health Plan to exit the Iowa Health Insurance Marketplace. Following federal approval of Alaska's 1332 waiver to establish a reinsurance program similar to that which is proposed in the ISM, officials in that state have announced an expected 21.6% reduction in individual premiums next year. Were Iowa to experience a similar reduction in premiums as a result of the ISM reinsurance program, this would help offset the reduced individual premium assistance resulting from the diversion of a portion of APTCs and CSRs.

The proposed Iowa Stopgap Measure represents an opportunity to stabilize our state's individual insurance market in the short-term, and to test policy measures that hold the potential to serve as a component of the long-term solution to market sustainability. The Iowa Medical Society commends Commissioner Ommen and the staff of the Iowa Insurance Division for your commitment to developing an avenue to ensure more than 72,000 Iowa patients continue to have access to affordable coverage and local care in 2018 and beyond.

Thank you again for this opportunity to provide comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Joyce Vista-Wayne". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joyce Vista-Wayne, MD, DFAPA  
President



August 10, 2017

Iowa Insurance Division  
ATTN: Public Comments  
601 Locust Street, 4<sup>th</sup> Floor  
Des Moines, IA 50309

**RE: Iowa Stopgap Measure Waiver**

To Whom It May Concern:

On behalf of Iowa's 118 community hospitals, the Iowa Hospital Association (IHA) submits the following comments in support of the proposed "Iowa Stopgap Measure" waiver seeking to ensure access to health insurance through the Marketplace for qualifying Iowans in 2018.

While Iowa has made tremendous progress in reducing the uninsured rate over the past several years, IHA is concerned about the challenges facing the individual health insurance marketplace and supports this measure as a positive first step toward addressing those challenges and putting the market on a more sustainable and effective path.

It is well known that individuals who have access to health insurance are more likely to seek preventive care as a means to detect and prevent disease which can have a dramatic effect on the overall wellness of a population. Uninsured individuals, on the contrary, are more likely to delay receiving care until symptoms become emergent –which only drives up the cost of health care.

IHA supports efforts that seek to ensure *access* to health insurance, so long as the insurance products are also *affordable* for those who purchase it. As you're aware, hospitals receive payments from patients, *e.g.* co-pays and deductibles, that, if set too high will translate into increased bad debt and charity care for hospitals.

It is evident that additional strategies will need to be devised in the future and IHA and Iowa's hospitals are prepared to assist in ensuring access to affordable, comprehensive health insurance coverage.

IHA appreciates your consideration of these comments. Feel free to contact me at [royerd@ihaonline.org](mailto:royerd@ihaonline.org) or 515-288-1955 with questions or for more information.

Sincerely,

A handwritten signature in black ink that reads 'Dan Royer'.

Daniel C. Royer  
Vice President, Finance Policy  
Iowa Hospital Association



August 1, 2017

Ms. Seema Verma, Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
ATTN: CMS-1677-P  
P.O. Box 8011  
Baltimore, MD 21244-1850

***Re: Iowa Individual Health Insurance 1332 Waiver Proposal – Public Comment***

Dear Administrator Verma:

I am writing you today to express Mercy – Cedar Rapids’ full support of Iowa’s 1332 Waiver as proposed by the Insurance Commissioner of the State of Iowa and the creation of the Iowa Proposed Stopgap Measure Plan for calendar year 2018.

Mercy Medical Center — a subsidiary of MercyCare Service Corporation and founding member of the University of Iowa Health Alliance (Accountable Care Organization) — is a fully accredited, 445 licensed-bed, regional hospital based in Cedar Rapids that has been serving Iowans for 117 years. Another MercyCare Service Corporation subsidiary, MercyCare Community Physicians, has an established network of family practice, urgent care and specialty clinics. Together, Mercy – Cedar Rapids provides critical medical care to eastern Iowans from all walks of life, covered by private insurance carriers, Medicare, Medicaid, and those with no coverage at all.

At Mercy, we adhere to the values of our founding Sisters of Mercy and live our mission to care for the sick and enhance the health of the communities we serve. With the health and well-being of approximately 72,000 Iowans on the line, we have a strong responsibility to urge your approval of the Iowa Proposed Stopgap Measure Plan and 1332 Waiver. Both, we believe, are carefully drafted and will foster a functional individual health insurance market, avoiding the devastating impacts on people and providers that would occur if Iowa’s individual market collapsed.

Our organization looks forward to the August 10 public hearing in Cedar Rapids where we can further voice our support in person.

Sincerely,

A handwritten signature in black ink that reads "Tim Charles". The signature is written in a cursive style with a long, sweeping underline.

Timothy L. Charles  
President and CEO  
Mercy – Cedar Rapids

cc: The Honorable Kim Reynolds, Governor State of Iowa  
Douglas Ommen, Insurance Commissioner State of Iowa

*Via Electronic Submission*

July 18, 2017

Ms. Seema Verma, Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
ATTN: CMS-1677-P  
P.O. Box 8011  
Baltimore, MD 21244-1850

***Re: Iowa Individual Health Insurance 1332 Waiver Proposal – Public Comment***

Dear Administrator Verma:

*Seema,*

University of Iowa Health Alliance (UIHA) is contacting you to express our support of Iowa's 1332 Waiver as proposed by the Insurance Commissioner of the State of Iowa and the creation of the Iowa Proposed Stopgap Measure (PSM) Plan for calendar year 2018. UIHA member health systems including almost 3,000 physicians and 18 hospitals, have created an Accountable Care Organization (ACO) that collaborates on innovative ways to provide care, especially for Iowa's Medicare and Medicaid patients. UIHA members include several major health care providers in the state of Iowa, including Genesis Health System, Great River Health Systems, Mercy - Cedar Rapids, and University of Iowa Health Care.

In 2017, UIHA member health systems worked with Wellmark Blue Cross Blue Shield to create an innovative payer/provider insurance product called "Wellmark Synergy Health". Wellmark Synergy Health is offered in the individual and small group markets, both on- and off-exchange in 2017. This Affordable Care Act (ACA) product currently has approximately 2,300 Iowans enrolled and engages members to access preventive care, establish a relationship with a primary care physician, and coordinates care for patients with chronic disease. As provider health systems engaged in efforts to lower health care costs and improve quality for Iowans, we were excited to be part of a new and innovative product in the ACA market. However, we had to make the very difficult decision not to offer that product in the individual market in 2018, due to the very challenging market that has evolved in Iowa. It was an especially difficult decision for us as health care providers because we serve the community safety net for uninsured Iowans in our communities.

UIHA is gravely concerned with the potential collapse of the Iowa individual health insurance market and the impact to patients and providers. The potential loss of coverage for 72,000 Iowans is untenable. Further, Iowa's health care system is currently strained due to state Medicaid budget reductions, challenges with Medicaid managed care implementation, the lowest Medicare reimbursement in the nation, and other market trends in Iowa, which would make it all the more challenging for Iowa health providers to meet the needs of this patient population if they lack access to insurance coverage.

UIHA has studied the proposed Stopgap Measure Plan and strongly supports Iowa's 1332 waiver. We believe it's carefully crafted proposals will effectively address key dysfunctions of the current market and will enable an accessible and functional individual market for 2018. If the waiver before you is approved, we stand ready to reevaluate our decision to participate in the individual market in 2018.



100 Court Avenue, Suite 405  
Des Moines, IA 50309  
855-944-4692  
[www.ulhealthalliance.com](http://www.ulhealthalliance.com)

We believe the diverse support this proposal has received from insurers, providers, and advocacy organizations are testament to the quality of the proposal. We appreciate the efforts of the Trump administration to work with Iowa and our elected leaders to address this important issue impacting 72,000 Iowans. The University of Iowa Health Alliance urges your approval.

Sincerely,

A handwritten signature in dark red ink, appearing to read "Jennifer Vermeer". The signature is fluid and cursive, extending to the right with a long horizontal stroke.

Jennifer Vermeer  
President and Chief Executive Officer  
University of Iowa Health Alliance

cc: The Honorable Kim Reynolds, Governor State of Iowa  
Douglas Ommen, Insurance Commissioner State of Iowa

July 14, 2017

Ms. Seema Verma, Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
ATTN: CMS-1677-P  
P.O. Box 8011  
Baltimore, MD 21244-1850

Email: [seema.verma@cms.hhs.gov](mailto:seema.verma@cms.hhs.gov)

**Re: Iowa Individual Health Insurance 1332 Waiver Proposal – Public Comment**

Dear Administrator Verma:

University of Iowa Health Care (UI Health Care) is contacting you with our support of the Iowa's 1332 Medicaid Waiver as proposed by the Insurance Commissioner of the State of Iowa and the creation of the Iowa Proposed Stopgap Measure (PSM) Plan for calendar year 2018. As Iowa's only comprehensive academic medical center and the only center in Iowa offering tertiary and quaternary level patient care UI Health Care represents the critical top tier of the primary care system and the core of the specialty system for Iowa's Medicare and Medicaid patients.

UI Health Care is very concerned with the potential collapse of the Iowa individual health insurance market and the impact to patients and providers. As a safety net provider we are obligated to treat all Iowans, however we are already under challenging economic times and loss of individual insurance will cause certain instability.

In addition to our provider role we also co-own a narrow network health maintenance organization plan with Wellmark Blue Cross Blue Shield. Wellmark Synergy Health Plan is currently available via the exchange in select Iowa counties and offers access to the network of providers who comprise the University of Iowa Health Alliance. Given the challenges of the individual market we unfortunately determined we could no longer offer Wellmark Synergy Health Plan in 2018. However if the waiver before you is approved we stand ready to re-evaluate our decision.

We believe the diverse support this proposal has received from insurers, providers, and advocacy organizations is testament to the quality of the proposal. We appreciate the efforts of the Trump administration to work with Iowa and our elected leaders to address this important issue impacting 72,000 Iowans. University of Iowa Health Care urges your approval.

Sincerely,



Jean E. Robillard, MD  
Vice President for Medical Affairs  
& Dean, Carver College of Medicine

cc: Nic Pottebaum, Iowa Governor's office  
Doug Ommen, Insurance Commissioner



700 Locust St., Ste. 100  
Des Moines, Iowa 50309  
p: (515) 286-4950  
[DSMpartnership.com](http://DSMpartnership.com)

August 16, 2017

Doug Ommen, Commissioner  
Iowa Insurance Division  
601 Locust Street  
Des Moines, IA 50309

Dear Commissioner Ommen,

As Central Iowa's economic and community development organization, the Greater Des Moines Partnership supports the Iowa Insurance Division's Stop Gap Measure. Together with 23 Affiliate Chambers of Commerce and more than 6,000 Regional Business Members, The Partnership drives economic growth with one voice, one mission and as one region. Through innovation, strategic planning and global collaboration, The Partnership grows opportunity, helps create jobs and promotes Des Moines as the best place to build a business, a career and a future.

From a small business and entrepreneurial standpoint, approval of the Stop Gap Measure is mission critical. Efforts to shore up the health insurance market in Iowa will enable small business owners and entrepreneurs to continue to take risks and pursue their entrepreneurial aspirations. If not for the individual market, these individuals would not have access to healthcare and many of them would be forced to pause or forego their business endeavors altogether.

This is something Iowa can ill afford to let happen. Small businesses and entrepreneurs represent the backbone of our economy. The state needs to be doing everything it can to support these risk-takers so that they can continue to seek out ventures that will lead to jobs and opportunities for Iowans. In fact, according to a recent US Treasury Department report, more than 5,000 Iowans who have healthcare through the individual market are small business owners or entrepreneurs. Finding a healthcare solution for these Iowans, as well as all Iowans, will lead to continued success in the economic development system.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Murphy', written over a white background.

Joe Murphy  
Senior Vice President  
Government Relations and Public Policy