

IOWA STOPGAP MEASURE SUPPLEMENT 1
Cost Sharing Credits for Persons with Income From 133-150 Percent of the
Federal Poverty Level

In efforts to comply with CMS' requirements to meet the §1332 Waiver affordability and coverage requirements (guardrails), the Iowa Insurance Division offers this supplement to the Iowa Stopgap Measure submitted on August 21, 2017, in order to provide additional cost sharing credits to individuals with incomes between 133-150 percent of the federal poverty level (FPL). The Iowa Stopgap Measure lowers premiums for all income groups and provides coverage to nearly 22,000 more Iowans than would be covered without the waiver. This supplemental provision will ensure Iowans with income between 133-150 percent of FPL do not see an increase in their out-of-pocket costs. The Iowa Insurance Division will implement this provision in a manner similar to how the federal government provides cost sharing reductions through the Affordable Care Act (ACA) marketplace to those individuals with the same income. The claims for these individuals will be adjudicated like a 94 percent AV plan. Once individuals reach the out of pocket maximum of [\$1,000] or [\$2,000] for families, no further cost sharing by the individuals will be required.

Meeting Affordability and Coverage Guardrails.

Providing cost sharing subsidies to those individuals with incomes from 133-150 percent FPL will make coverage more affordable for these individuals as their out of pocket maximum will be limited in 2018 to [\$1,000] for individuals and [\$2,000] for families. As the premiums for the Iowa Stopgap Measure are less than those proposed in the ACA marketplace, individuals who have incomes from 133-150 percent FPL will actually see a decrease in their total health care costs. The reduction in premiums and a level of cost sharing that is consistent with plans offered through the marketplace will ensure that currently enrolled individuals do not leave the marketplace. Therefore, this change will have a positive impact on the affordability and coverage guardrails for impacted individuals.

This change may increase the Iowa Stopgap Measure previously assumed enrollment numbers due to individuals at this income level who are young, healthy and currently uninsured enrolling in the Iowa Stopgap Measure. Statistics show there are approximately 5,000 fewer individuals with income below 150 percent FPL enrolled in 2017 than in 2016.¹ Further, in 2015, an estimated 166,700 non-elderly Iowans were uninsured, with 48,900 having income below 200 percent FPL.² The reduction in out-of-pocket healthcare costs as described above may result in increased enrollment in the Iowa Stopgap Measure among individuals who have incomes from 133-150 percent FPL.

¹ See 'State-Level Data from the ASPE Final Health Insurance Marketplace Enrollment Report' for February 1, 2016 and January 31, 2017. The February 2016 report shows, approximately 12,000 individuals with income at or below 150 percent FPL were enrolled in Iowa's healthcare marketplace. The February 2017 report, however, shows less than 7,000 individuals at the same income level remaining in Iowa's healthcare marketplace.

² See *See Health Coverage & Uninsured Indicators*, Kaiser Family Foundation, available at: <<http://www.kff.org/state-category/health-coverage-uninsured/>>. Last viewed 09/19/17.

Operational.

The Iowa Insurance Division will determine the applicable per member per month cost sharing credit to be paid to the carriers. Carriers will be made aware of those individuals who fall within the identified income range and will monitor the individual's cost sharing amounts to ensure individuals do not exceed the out of pocket maximum. Carriers will send monthly reports to the ISM Administrator detailing the consumers who have paid their premiums and should receive cost sharing subsidies due to having income between 133-150 percent FPL. 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 payments directly to the carriers each month.

After the end of the calendar year, the carriers will reconcile the advanced cost sharing credits paid against the individuals' actual utilization and will report the information to the ISM Administrator. The ISM Administrator will verify the report and submit it to HIPIOWA and the Association. If monies are owed to the carriers, payment will be made within 30 days; if monies are due from the carriers, payment will be collected within 30 days.

Budget Neutrality Guardrail.

The increase in funding necessary to provide cost sharing credits for the nearly 7,000 individuals who were anticipated to receive coverage through the Iowa Stopgap Measure will not impact the deficit neutrality requirement. The Iowa Insurance Division actuaries estimate the total cost sharing amount to be \$14 million. Thus, the costs for the Iowa Stopgap Measure are estimated as follows:

Premium Tax Credits	\$305 million
Cost Sharing Subsidies	\$14 million
Reinsurance	\$70 million (\$80 million - \$10 million from Federal High-Cost Risk Pooling)
Administrative Cost	\$18 million (estimate)
TOTAL	\$407 million
<i>Total ACA Premium Credits Available for Pass-Through</i>	<i>\$422 million (per NovaRest analysis).</i>

There may, however, be an impact to the budget neutrality guardrail as more young, healthy and currently uninsured individuals opt to enroll in the Iowa Stopgap Measure. As discussed above, the Iowa Stopgap Measure may see increased enrollment from the initial projections with the change to provide cost sharing credits to those with income between 133-150 percent FPL.

In a 2015 report completed by Milliman, Inc. it was projected that Iowa's individual marketplace in 2017 would have approximately 243,000 – 319,000 individuals enrolled. A study done by the Iowa Insurance Division in May 2017, found approximately 152,000 individuals enrolled in the individual marketplace. Assuming Milliman's projections, approximately

90,000-167,000 individuals are not covered in Iowa's individual marketplace and some of the individuals would be eligible for premium subsidies. This demonstrates the federal government is saving significant money due to lost enrollment.

Other impacts to the budget neutrality guardrail that will positively impact the federal government include an increase in additional income, payroll, and excise tax revenues, and any other forms of revenue. This is not included in the analysis and would save the federal government money.

As part of the federal reporting requirements for the Iowa Stopgap Measure, Iowa will routinely monitor and update estimates to the best of its ability projecting enrollment in the individual insurance market, which informs the deficit neutrality requirement. This is similar to what Iowa Medicaid does on a quarterly basis to CMS.