

IOWA STOPGAP MEASURE SUPPLEMENT 1
Cost Sharing Credits for Persons with Income From 133-150 and 150-200
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 from 133-150 percent and 150-200 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. In addition to lower premiums, this supplemental provision will ensure Iowans with incomes from 133-150 percent of FPL do not see an increase in their out-of-pocket costs, relative to coverage today under the Affordable Care Act (ACA). This provision also provides lower average total cost of care for individuals with incomes from 150-200 percent of FPL through cost sharing credits and lower premiums, relative to premiums and coverage under the ACA. The Iowa Insurance Division will implement this provision in a manner similar to how the federal government provides cost sharing reductions through the ACA marketplace to those individuals with the same income. Individuals with incomes from 133-150 percent FPL will receive a 94 percent Actuarial Value (AV) plan. Once these individuals reach the out of pocket maximum of \$600 for individuals or \$1,200 for families, no further cost sharing by the individuals will be required for covered services. Additionally, cost-sharing for covered services prior to satisfying the out of pocket maximum will be reduced accordingly to meet the 94 percent AV. Individuals with incomes from 150-200 percent FPL will receive an 83 percent AV plan. Once these individuals reach the out of pocket maximum of \$2,450 for individuals or \$4,900 for families, no further cost sharing by the individuals will be required for covered services. Additionally, cost-sharing for covered services prior to satisfying the out of pocket maximum will be reduced accordingly to meet the 83 percent AV.

Meeting Affordability and Coverage Guardrails.

Given that the premiums for the Iowa Stopgap Measure are less than those proposed in the ACA marketplace, coupled with the cost sharing credits, all individuals in Iowa who have incomes from 133-150 percent FPL and the majority of individuals with incomes from 150-200 percent FPL will see a decrease in the total cost of care. As a result, under the Iowa Stopgap Measure, more affordable coverage on average will be provided to state residents, including vulnerable groups, as described in CMS non-regulatory guidance. Providing cost sharing credits at an actuarial value that is the same as that which they would otherwise receive in the ACA marketplace to those individuals with incomes from 133-150 percent FPL will make coverage more affordable under the Iowa Stopgap Measure primarily because of lower premiums. With respect to individuals with incomes from 150-200 percent FPL, by receiving an 83 percent AV plan, coupled with lower premiums, individuals will on average see a decrease in the total cost of care. For those with incomes from 133-200 percent FPL, the reduction in premium and level of cost sharing taken together will ensure that currently enrolled individuals maintain coverage and have options for coverage that is at least as

affordable as coverage absent the waiver. 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 with incomes from 133-150 percent FPL and 150-200 percent FPL 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 which positively impacts affordability may result in increased enrollment in the Iowa Stopgap Measure, even above current projections, among individuals who have incomes from 133-150 percent FPL and 150-200 percent FPL. Projections indicate that 22,000 more Iowans would be covered under the waiver than without the waiver. Supplementing the waiver with the provision of cost sharing credits would provide further access to Iowans, above the estimated 22,000, as incrementally more individuals under 200 percent FPL will enroll under this provision.

Operational.

The Iowa Insurance Division will determine the applicable per member per month cost sharing credit separately to be paid to the carriers for each of the respective plan variations. Carriers will be made aware of those individuals who fall within the identified income range and will administer the appropriate cost-share credit variation with reduced copayments and 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 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 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 21,000 individuals with incomes under 200% of FPL who were anticipated to receive coverage

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.

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 \$29 million. Thus, the costs for the Iowa Stopgap Measure are estimated as follows:

Premium Tax Credits	\$305 million
Cost Sharing Credits	\$14 million (for 133-150 percent FPL); and \$15 million (for 150-200 percent FPL)
Reinsurance	\$70 million (\$80 million - \$10 million from Federal High-Cost Risk Pooling)
Administrative Cost	\$18 million
TOTAL	\$422 million
<i>Total ACA Premium Credits Available for Pass-Through</i>	<i>\$422 million (per NovaRest analysis).</i>

The estimated costs above come in at the available pass-through funding, but it is assumed 22,000 more individuals will be covered relative to the ACA. As discussed above, the Iowa Stopgap Measure may see increased enrollment from the initial projections with the change to provide cost sharing credits. Even with increased enrollment, on a per member per month basis, the Iowa Stopgap Measure is projected to cost less relative to projections of the cost of coverage offered under the ACA for 2018.

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.