



OFFICE OF
INSURANCE COMMISSIONER

April 14, 2020

The Honorable Patty Murray
154 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Maria Cantwell
511 Hart Senator Office Building
Washington, D.C. 20510

The Honorable Suzan DelBene
2330 Rayburn House Office Building
Washington D.C. 20515

The Honorable Rick Larsen
2113 Rayburn House Office Building
Washington D.C. 20515

The Honorable Jaime Herrera Beutler
2352 Rayburn House Office Building
Washington D.C. 20515

The Honorable Dan Newhouse
1414 Longworth House Office Building
Washington, D.C. 20515

The Honorable Cathy McMorris Rodgers
1035 Longworth House Office Building
Washington D.C. 20515

The Honorable Derek Kilmer
1410 Longworth House Office Building
Washington, D.C. 20515

The Honorable Pramila Jayapal
1510 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kim Schrier
1123 Longworth House Office Building
Washington, D.C. 20515

The Honorable Adam Smith
2264 Rayburn Office Building
Washington, D.C. 20515

The Honorable Denny Heck
2452 Rayburn House Office Building
Washington, D.C. 20515

Re: Maintaining health insurance coverage during and after the coronavirus pandemic

To the members of the Washington State Congressional Delegation:

Since 2017, beginning with Senator Patty Murray's partnership with Senator Lamar Alexander to bring forward bipartisan legislation to stabilize the individual health insurance market, I have had several opportunities to communicate with Washington State's Congressional Delegation regarding this critical issue. I value your interest in my experience as a health insurance regulator and appreciate your receptiveness to my recommendations to strengthen health insurance markets in Washington State.

Over this same period, I have consistently recommended that Congress revive the Affordable Care Act's (ACA) reinsurance program that operated from 2014 to 2016. The program limited health insurers' liability for their highest cost cases by paying a portion of claims costs above a threshold set by the federal government. That program reduced individual market premiums in Washington State between 10-15% below what they would have been. As Congress considers next steps in the Coronavirus (COVID-19) response, I urge you once again to revive the federal reinsurance program.

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As you know, the individual health insurance market is a crucial safety net for self-employed individuals, people who do not have health care coverage through their employer, people who are between jobs, and early retirees. With the massive impacts of the COVID-19 pandemic on businesses and their employees, the individual health insurance market's role as a safety net is even more critical.

I am doing everything in my power to help people retain their coverage and access care during this emergency. I have issued [three emergency orders](#) during this COVID-19 pandemic. Copies of the orders can be found on the Office of the Insurance Commissioner's Technical Assistance Advisories and Emergency Order webpage. These orders bar cost-sharing for Coronavirus testing and services related to testing, prohibit insurers from imposing prior authorization requirements on Coronavirus testing and treatment, direct insurers to allow early prescription refills, and expand use of telemedicine services and to mandating longer grace periods for employers and individuals to pay their health insurance premiums. I also partnered with Governor Jay Inslee, who issued an [emergency proclamation](#) requiring telemedicine payment parity so that providers will be paid the same amount for telemedicine visits as they would for in-person visits.

I have directed my office to exercise unprecedented flexibility and responsiveness to health insurers' requests to change employer sponsored health plans so that employers can keep their employees covered during this period, through actions such as reducing the number of hours employees must work to be eligible for benefits and covering former employees. However, the reality for too many employers who have had to temporarily scale down or close their businesses is that maintaining health insurance coverage for their current and former employees is just too great a financial burden. Thankfully, for these employers and their employees there is a safety net – the individual health insurance market. Now more than ever, it's important to maintain the stability of the individual health insurance market.

Our state's experience with our individual health insurance market is a cautionary example. In the early 1990's, Washington State enacted health insurance reforms including an individual mandate and a rich benefits package. Two years later, our Legislature repealed the mandate but kept the benefits. As a result, rates went up and healthy people stopped buying insurance. The risk pool got smaller and sicker, and rates went up again. This "death spiral" resulted in the complete collapse of our individual market. For two years, consumers could not buy an individual or family health insurance plan in Washington State.

With the recent reduction of the ACA's personal responsibility penalty to \$0, the risk of market instability increased. The availability of premium subsidies, through advance premium tax credits (APTC), and cost-sharing reductions have been absolutely key to maintaining sufficient enrollment of healthy individuals and families to sustain our market. However, affordability is unquestionably the key challenge. Unlike many other states, Washington's individual market has a high number of individuals who purchase coverage without premium subsidies – nearly 50%.

As the table on the following page illustrates, market uncertainty in 2017, 2018, and 2019 generated major increases in premiums, which thankfully settled down in 2020. These increased costs have resulted in lower enrollment in our individual market, with the greatest declines in the off-Exchange market, which is wholly non-subsidized.

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	Weighted average increase in premiums	On-Exchange enrollment	Off Exchange enrollment	Total enrollment
		(January)	(January)	(January)
2017	14.10%	161,559	120,969	282,528
2018	34.99%	215,026	60,492	275,518
2019	13.57%	208,847	51,272	260,119
2020	(-3.25%)	196,481	38,774	235,255

Because so many of the people in our market are not receiving a premium subsidy, increased premiums may have an even greater impact in Washington than other states. In 2018, I proposed legislation to establish a state-based reinsurance program modeled on the ACA reinsurance program. While there was strong support for reinsurance as a policy solution, the relatively high percentage of non-subsidized enrollees in our individual market made the state cost of such a program prohibitively high, and the proposal was not enacted.

I continue to believe that reviving the federal reinsurance program is the most important step that Congress could take to maintain and increase the stability of our individual market. It would decrease premiums across the board, resulting in greater affordability for all non-subsidized enrollees as well as subsidized enrollees with income at the higher end of the subsidy range, i.e. 300 – 400%. In addition, at a time when insurers are facing uncertainty regarding the financial impacts of COVID-19 treatment, it would provide certainty for them that the costs to care for their highest cost enrollees would be limited.

I look forward to working with you on this vital and key issue. This is a remarkable opportunity to help provide greater certainty and stability during these uncertain times. If you have any questions, please do not hesitate to contact me or Jane Beyer, my Senior Health Policy Advisor, at janeb@oic.wa.gov.

Sincerely,



Mike Kreidler
Insurance Commissioner

cc: Jack Lovell, Acting Chief Deputy Commissioner, Office of the Insurance Commissioner
Candice Myrum, Deputy Commissioner, Policy and Legislative Affairs, Office of the Insurance Commissioner
Jane Beyer, Senior Health Policy Advisor, Office of the Insurance Commissioner
Lonnie Johns-Brown, Legislative Director, Office of the Insurance Commissioner