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Washington, DC 20005

October 19, 2017

The Honorable Seema Verma
Administrator
Center for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Hubert H. Humphrey Building, Room 445-G
200 Independence Avenue, S.W.
Washington, DC 20201

Re: Iowa Section 1332 Waiver Comments

Dear Administrator Verma:

As an organization committed to expanding economic opportunity for young adults, Young Invincibles is gravely concerned about the latest version of the Iowa Stopgap Measure (ISM), the state's 1332 waiver proposal, because it fails to adhere to statutory guardrails outlined in the Patient Protection and Affordable Care Act (ACA). Specifically, we are concerned that the ISM violates the ACA's guardrails in three main ways: by reducing the number of Iowans with health insurance, making coverage less affordable for consumers, and adding to the federal deficit.

Furthermore, given the state amended its waiver proposal in the middle of the Federal public notice and comment period, we are also extremely troubled that the state's amended 1332 waiver deprives the public of being able to sufficiently review and comment on the final proposal.

Comparable Coverage Estimates

Young people are already less likely to receive personal enrollment assistance or know about the health insurance marketplace,¹ yet the ISM proposes to make the health insurance enrollment process harder, not easier, for consumers. First, the plan would end auto-enrollment for plans purchased in 2017 and force consumers to re-enroll for 2018 coverage.² Second, the process for enrolling in the marketplace would be far more complicated than it is currently. Enrollees would have to visit a state website that is not currently functional to determine enrollment eligibility, wait up to 10 business days to receive authorization and an eligibility code needed to enroll, and then work directly with an insurance carrier or agent to enroll.³ Third, Iowa proposes making the special enrollment process more restrictive, which will likely disproportionately reduce young adult enrollment.⁴ We believe this onerous enrollment process is likely to lead to higher numbers of uninsured Iowans, particularly among young and healthy consumers who would be less inclined to navigate the enrollment process than sick Iowans, and ultimately a worse risk pool. In increasing the number of uninsured Iowans, ISM would violate the ACA's guardrail to provide coverage to at least as many residents.

Affordability

The ISM fails to comply with the ACA's affordability guardrail by eliminating low-deductible plan options, thereby increasing out-of-pocket costs for consumers who rely on richer metal plans and their greater cost-sharing protections. This is particularly true for next year, given that Medica developed its 2018 rates for silver plans in a way

¹ S. R. Collins, M. Z. Gunja, M. M. Doty, and S. Beutel, "Who Are the Remaining Uninsured and Why Haven't They Signed Up for Coverage?", The Commonwealth Fund, August 2016, <http://www.commonwealthfund.org/publications/issue-briefs/2016/aug/who-are-the-remaining-uninsured>

² Iowa's Section 1332 State Innovation Waiver, 21, Center for Medicare and Medicaid Services, September 2017, <https://iid.iowa.gov/documents/state-of-iowa-1332-waiver-submission>

³ Ibid., 21 & 45.

⁴ Ibid., 18-19.; Young Invincibles, *Restricting Special Enrollment Periods Could Hurt Young Adults – and the Health Insurance Marketplaces*, (Washington, DC: 2016), <http://younginvincibles.org/wp-content/uploads/2017/06/SEP-Issue-Brief-FINAL.pdf>

that assumed that cost-sharing reductions would not be paid.⁵ Because federal premium tax credits are based on premiums for the second lowest cost silver plan, many subsidized Iowa consumers would opt to purchase gold plan coverage in 2018 with greater out-of-pocket spending protections for what might be less than the cost of silver plan coverage last year.⁶ ISM would eliminate all plan options other than silver plans, forcing individuals who would have enrolled in gold and platinum plans into plans with much greater out-of-pocket costs (ISM's individual deductible is \$7,350 a year).⁷ Iowa's affordability test fails to account for additional cost-sharing consumers enrolled in higher metal plans would realize under ISM.⁸ These higher out-of-pocket costs could deter people from seeking the care they need and result in higher health care costs for everyone.

Additionally, flaws in the ISM's premium tax credit structure could negatively affect plan affordability for young consumers. First, the flat, age-based premium assistance model is static and does not reflect fluctuations in premium costs as the ACA does.⁹ Second, lower sticker price premiums are not a silver bullet for ensuring health care is affordable for our young, cash-strapped generation. Iowa notes in its waiver application that it can reduce premium tax credits for individuals if premiums are lower than the state anticipated in its application, however it does not make clear how adjustments to financial assistance could impact consumer's net premium costs.¹⁰ For instance, if Iowa's waiver proposal overestimated the monthly premium for a 29-year-old Iowan by \$18 for 2018 (for a monthly premium of \$390), the state would reduce tax credits for this same consumer earning 175 percent of the Federal Poverty Level from \$393 to a lower arbitrary amount.¹¹ Given the lack of guidance for adjusting consumer's monthly credits, the ISM Administrator could decide to reduce the estimated monthly credit for this consumer by \$78 or more, which would make the plan's net premium more expensive than under the ACA.¹² Due to this uncertainty on premium costs and higher cost-sharing requirements for some consumers under the ISM, the proposal fails to adhere to the Section 1332 guardrail that plans be as affordable as plans structured under the ACA.

Budget Neutrality

Finally, Iowa's current cost projection of its waiver includes significant holes. The state does not account for lost revenue resulting from eliminating the individual and employer mandate fees. The state's waiver narrative and cost estimate also do not accurately reflect the actuarial projections developed in the NovaRest report.¹³ Further, the plan lacks sufficient information to fully understand the impact of the waiver on consumers, the state's insurance market, and the federal deficit. These details are critical when considering whether the state's waiver application is in compliance with the ACA's Section 1332 guardrails.

The Iowa Stopgap Measure would violate federal law and exacerbate problems with Iowa's individual insurance market, not fix them. It must be rejected in its current form.

Young Invincibles

⁵ Ibid., 31.

⁶ Jost, Tim. "Terminating CSR Payments Would Increase Deficits, CBO Finds", *Health Affairs*, August 2017, <http://healthaffairs.org/blog/2017/08/15/terminating-csr-payments-would-increase-deficits-cbo-finds/>.

⁷ Iowa's Section 1332 State Innovation Waiver, 138, Center for Medicare and Medicaid Services, September 2017, <https://iid.iowa.gov/documents/state-of-iowa-1332-waiver-submission>.

⁸ Ibid., 36-37.

⁹ Ibid., 24-27.

¹⁰ Ibid., 26.

¹¹ Ibid., 26, 37, 97 & 98.

¹² Ibid. 38.

¹³ Ibid., 45 & 107; Iowa Stopgap Measure Supplement (updated 10/6/17 supersedes 9/20/20 version), 3, Center for Medicare and Medicaid Services, October 2017, https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/iowas-1332-Waiver-Stopgap-Measure-Supplement-1-Updated_10-05-2017.pdf.