

December 14, 2019

The PA Insurance Department 1332 Innovation Waiver
Attn: David Buono
1326 Strawberry Square
Harrisburg, PA 17120

Re: Pennsylvania 1332 Waiver Application

Dear Dr. Buono:

The American Lung Association in Pennsylvania appreciates the opportunity to submit comments on Pennsylvania's draft 1332 Waiver Application.

The American Lung Association is the oldest voluntary public health association in the United States, currently representing the 35 million Americans living with lung diseases including asthma, lung cancer and COPD, including more than 1,725,000 Pennsylvania residents. The Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease through research, education and advocacy.

The American Lung Association in Pennsylvania believes everyone should have quality and affordable healthcare coverage. A strong, robust marketplace is essential for people with lung disease to access the coverage that they need. The Lung Association supports Pennsylvania's efforts to strengthen its marketplace by submitting this 1332 Waiver Application to implement a reinsurance program.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.ⁱ A recent analysis by Avalere of seven states that have already created their own reinsurance programs through Section 1332 waivers found that these states reduced individual market premiums by an average of 19.9 percent in their first year.ⁱⁱ

Pennsylvania's proposal will create a reinsurance program starting for the 2021 plan year and would last for five years. Based on the initial analysis commissioned by the state, this program is projected to reduce premiums by up to 7.5 percent in 2021 and increase the number of individuals obtaining health insurance through the individual market by up to one percent. This would help patients with pre-existing conditions, including patients with lung disease, obtain affordable, comprehensive coverage.

The American Lung Association believes this 1332 Waiver will help stabilize the individual market in Pennsylvania and protect patients and consumers. Thank you for the opportunity to provide comments.

Sincerely,



Sarah Lawver
Advocacy Director
American Lung Association in Pennsylvania

ⁱ American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf.

ⁱⁱ Avalere. *State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average*. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.