



December 12, 2019

Via Email and Regular Mail

Commissioner Jessica Altman
Pennsylvania Insurance Department
ATTN: David Buono
1326 Strawberry Square
Harrisburg, PA 17120

Re: Support for Proposed 1332 Innovation Waiver Application

Dear Commissioner Altman:

Independence Blue Cross (Independence) appreciates the opportunity to offer our support for the Pennsylvania Insurance Department's (Department) proposed 1332 Innovation Waiver. As the leading health insurance organization in southeastern Pennsylvania for more than 80 years, Independence delivers to our members and the communities we serve the innovative and competitively-priced health care products and services they need. As an active participant in the federally-facilitated marketplace since its inception, we are committed to protecting, enhancing, and improving the individual market within the Commonwealth. Valuing the health and well-being of our members and our community, our focus is on getting health care right while protecting the physical and fiscal health of our members.

Pennsylvania is embarking on a year of change, having made the decision to transition to a state-based marketplace while pursuing a 1332 Innovation Waiver that will establish a state reinsurance program. We appreciate and applaud the Department's engagement with all stakeholders and look forward to the continued collaboration as we implement these complex programs.

Independence strongly believes in the value of a fiscally-sound reinsurance program. It can provide financial stability to the market while offering consumers and insurers alike the benefit of a risk mitigation tool that has proven to be an asset in those states that have already pursued and established a similar reinsurance program.

While we strongly believe in the concept of reinsurance, Independence would be remiss if we did not note two ongoing concerns:

- The continuing litigation challenging the constitutionality of the Affordable Care Act reflects a persistent threat to the stability of the individual market. The outcome of that case will also have direct impact on the proposed Innovation Waiver, given how closely it is tied to the existing federal framework.

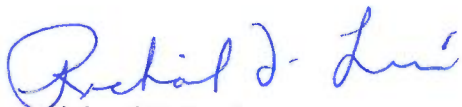
- We are also troubled by the lack of a financial backstop for the reinsurance program. While other innovation waiver applications provided alternative funding sources, should the amount of reinsurance payments exceed the projected income, Pennsylvania has no such fail-safe. In such a scenario, the Commonwealth would be unable to make insurers whole, a situation that could negatively impact both insurers and consumers.

Independence believes that all Pennsylvanians deserve access to a strong, stable health care system that delivers affordable coverage and quality care. The proposed 1332 Innovation Waiver, establishing a reinsurance program, is both complex and encouraging. While the cost of health care remains a top concern, Pennsylvanians can be best served by a competitive, private health insurance market that offers the quality and choices they want at a price they can afford. A reinsurance program can be part of the solution when it's incorporated into the broader effort of stabilizing the individual marketplace, balancing the costs of caring for those who need more medical services, and acknowledging the imperative to keep premiums from rising even further.

At Independence, we are working on solutions that lower costs for everyone. We look forward to the continued collaboration with the Department to improve the existing Marketplace and to increase the availability of affordable health plans for individual consumers and small employer groups. Working together, we are better positioned to ensure greater access while supporting better outcomes for patients and encouraging greater efficiency in our health care system. With the approval of the proposed reinsurance program for Pennsylvania, we hope to see continued growth and improvement for our members, our neighbors, and our communities.

If you have questions regarding these comments, please contact me directly (215-241-3805, richard.levins@ibx.com).

Sincerely,



Richard F. Levins,
Vice President, Deputy General Counsel, General Counsel-PA Markets