INTRODUCTION

Wellmark’s predecessor companies were founded in 1939 by doctors and hospitals with the sole purpose of providing prepaid health care for individual Iowans. Since that time, we have been proud to offer individual health insurance plans to Iowans who buy insurance on their own rather than through their employer. But, as is the case for many health insurers throughout the country, offering affordable coverage in the individual market that is governed by the Affordable Care Act (ACA) is increasingly challenging.

Over the last three years, many Wellmark members with individual health plans governed by the ACA (generally people who have purchased new individual health insurance plans since October 2013) have endured double-digit premium increases. Despite these increases, Wellmark has lost $90 million over this same timeframe on these individual ACA plans. Other health insurance carriers in Iowa and their customers have suffered a similar fate. This is simply not acceptable or sustainable.

Against this backdrop, and with no workable congressional solution appearing on the horizon, Wellmark recently announced that we will no longer offer or renew individual ACA plans in Iowa as of January 1, 2018. Unfortunately, this decision impacts 21,400 Iowans, or 1.3 percent of Wellmark’s members in the state. As a mutual company, owned by our members, this was not an easy decision. Aetna followed with its announcement that it, too, will no longer offer or renew individual ACA plans in Iowa next year. We are very concerned that other individual health insurance carriers in our state may exit this market as well, leaving no way for Iowans to purchase individual ACA compliant policies for 2018.

Despite our decision, Wellmark believes the individual market in Iowa can be functional once again. We remain committed to assisting the legislative and regulatory processes necessary to make this happen for 2018.

Iowa is in a better position than many states due, in large part, to the combined efforts of the governor, insurance commissioner, our congressional delegation, the Farm Bureau, and Wellmark. Together, we have convinced federal government officials to allow Iowans to keep coverage they like by extending the availability of non-ACA policies. The result is
76,600 Iowans — more than one half of the Iowa individual market — have either “grandfathered” policies (those purchased prior to the ACA’s passage in March 2010) or “grandmothered” policies (those purchased from March 2010 through October 2013). These individuals are not affected by either the ACA or Wellmark’s decision to leave the individual ACA market — their coverage will continue in 2018. Additionally, our decision does not affect our members who receive coverage through their employer (including small group ACA plans, as that part of the ACA remains viable) or who have Medicare Supplement plans.

Prior to the ACA, Iowa’s individual insurance market functioned better than most states. We had among the lowest insurance premiums and one of the lowest uninsured rates in the country.

Nevertheless, Iowa’s individual market had several shortcomings prior to the ACA and the law was intended to alleviate those problems. In some respects, it has been a success. However, with that success came serious challenges — mountains of regulations from Washington, skyrocketing costs, and increasingly limited options for coverage.

Despite these challenges, we remain optimistic that there is a path forward for Iowans to have access to affordable, high-quality coverage in the individual market. We are an Iowa company, and we want to be an important part of our State’s health insurance solution. Over the last two months, Wellmark has actively engaged with federal and state officials, including CMS Administrator Seema Verma, our congressional delegation, and Iowa Insurance Commissioner Doug Ommen, to design and implement reforms that will allow us to re-enter a functioning Iowa individual insurance market — in 2018. What follows is our suggested path forward.

BUILDING REFORM ON A SOLID FOUNDATION

There are features of the ACA that are broadly popular, provide important protections to Iowans, and should be retained in some form. Wellmark leadership believes the following principles should be considered givens:

- Health insurance policies will not contain annual or lifetime dollar limits on coverage. Those unfortunate enough to have catastrophically expensive health conditions will not have to worry about using up their benefits.
- Health insurance plans will continue to cover the care required by Iowa’s existing health insurance laws. Iowa’s legislature will remain in control of ensuring that health plans cover vital services.
- Plans that were sold to Iowans before the ACA became effective — grandfathered and grandmothered plans — will remain in place. No Iowan will be forced to drop coverage they like.
- The government will provide a reasonable level of premium assistance for those who cannot otherwise afford commercial insurance but who do not qualify for Medicaid.

Assuming these principles are in place, combined with a reasonable regulatory environment, there are three broad public policy areas that must be addressed before Wellmark can begin selling new policies to individual Iowans.

1. A LONG-TERM VIABLE POOL OF INDIVIDUALS

A sustainable individual health insurance market depends on the inclusion of a long-term and stable group of insured individuals. What does this mean? The larger the group of people — both healthy and less healthy — who band together to spread their health care risks, the more stable and predictable an insurance market becomes. Wellmark believes the following factors are critical components for a long-term viable insurance pool:

- A STRONG INCENTIVE TO MAINTAIN CONTINUOUS INSURANCE COVERAGE. Iowans must understand the importance of investing in health insurance coverage and maintaining that coverage without interruption. Maintaining continuous coverage means people will not purchase coverage — and pay premiums — only when they know they need health care. To encourage continuous coverage, Wellmark favors a substantial waiting period — one year — for an individual to be eligible to purchase full health insurance after a material gap in coverage. Individuals with a material gap in coverage should only qualify for catastrophic coverage during the waiting period. This incentive promotes individual responsibility and avoids circumstances when insurance is purchased only when immediately needed. With continuous coverage, we do not believe an individual mandate is necessary.

- There will be universal coverage/guaranteed issue. Anyone who wants to buy health care coverage will be able to do so. People with preexisting health conditions will have options for coverage without undergoing underwriting or paying higher rates.
- Young adults will be able to stay on their parents’ health plans until they reach age 26.
• **PRACTICAL LIMITATIONS ON WHEN YOU CAN BUY HEALTH INSURANCE.** Any viable fix to the individual health insurance market must include rigorous controls, validation, and enforcement of the events that allow individuals to enroll in health insurance outside of annual open enrollment periods. We know that life is unpredictable — people move, change jobs, and get married or divorced — and these events are valid reasons to enroll in new insurance coverage. The problem is that common sense rules for enrolling in health insurance have not been enforced, allowing individuals to postpone the purchase of health insurance until they are sick, which is the equivalent of buying collision insurance at the scene of the accident. When people buy insurance only when they know they have health problems, they significantly raise the premiums for everyone else.

• **PROVIDE PREMIUM ASSISTANCE BASED ON BOTH AGE AND INCOME.** We know that health care is expensive and that some people need help paying for it. Whether called subsidies, tax credits or premium assistance, the level of support provided to allow people to enroll in coverage should vary not only based on income, as it currently does, but also by age. Premium assistance should be fair and acknowledge an individual’s true cost of coverage as well as the individual’s ability to afford that coverage. We believe a fair allocation of premium assistance based on both age and income will have the much-needed effect of attracting young and relatively healthy people to purchase health insurance, driving down insurance costs for all Iowans.

2. **BROADLY SHARING CATASTROPHIC COSTS**

Medical costs are rising rapidly and a small number of very sick people can significantly drive up premium costs for everyone.

Wellmark’s experience in 2015 with individual ACA plans is an example. Only 1 percent of Wellmark’s individual ACA members accounted for 25 percent of all medical costs paid by Wellmark for those plans. Accordingly, Wellmark paid $47 million to provide health care to only 300 very sick individuals.

Wellmark recognizes that people with catastrophic claims need coverage. But those costs have become so high that they are threatening the viability of the individual insurance market. When premiums get too high, healthy people resist buying health insurance. As fewer healthy people buy insurance, premiums spike rapidly, pushing out even more people. The result is that the only people left in the market are the sick, with sharply escalating health care costs and resulting insurance premiums that few can afford.

We believe an efficient solution for dealing with catastrophic costs is to spread them beyond the individual insurance market.

• One approach is to reinvigorate the Iowa Comprehensive Health Association (known as HIPlowa), an Iowa initiative that existed prior to the ACA. This program created a state-run high-risk pool that provided health care coverage for the sickest Iowans. Although HIPlowa became largely obsolete after the passage of the ACA, it could be repurposed to help pay catastrophic costs for the sickest Iowans while lowering premiums for everyone through a partnership between health insurers and the government.

• We believe HIPlowa could be used to administer a reinsurance program. The sickest Iowans would stay with their health insurer, but the federal government would pay for a portion of catastrophic costs incurred by a person above a certain threshold. Using this approach, “reinsurance” would be triggered when a person’s medical expenses exceed a certain “attachment point”, e.g. $100,000 in a year.

3. **FLEXIBILITY TO DESIGN PLANS IOWANS WANT AND CAN AFFORD**

The ACA’s thousands of pages of rules force health insurers to provide coverage that does not reflect the needs or desires of many Iowans. Health insurers should have more flexibility to design plans that Iowans want and can afford, all subject to state regulation. Unshackled from the “one-size fits all” regulations, health insurers will continually innovate to offer simple, understandable health plans that cost less and deliver more value to Iowans.

**THE PATH FORWARD**

Wellmark wants to provide high quality and affordable individual health insurance coverage for all of our fellow Iowans in 2018 and beyond. With the market reforms outlined here, we are confident we can reduce ACA individual insurance premiums in Iowa by at least a third. These changes will also provide the stability necessary for Wellmark to re-enter this important segment of the market. We pledge to continue working with the state and federal government, our business partners, and other stakeholders to once again be a solution for all Iowans in the individual insurance market.
Wellmark complies with applicable federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex.


注意：如果您说普通话，我们可免费为您提供语言协助服务。请拨打 800-524-9242 或（听障专线：888-781-4262）。