



Testimony in Support of AB 885 and SB 770

Joint Committee on Finance

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Good Afternoon Chairpersons Darling and Nygren and members of the Joint Committee on Finance. Thank you for holding this hearing and the opportunity to testify. My name is Eric Borgerding, and I am pleased to speak on behalf of the Wisconsin Hospital Association in support of AB 885 and SB 770, a reinsurance proposal intended to help stabilize the individual health insurance market in Wisconsin and sustain the substantial coverage gains we have achieved over the past four years.

As you know, Wisconsin's hospitals and health systems are on the front lines of providing high quality care every day, from our large urban communities to small rural areas so vital to our state, and everywhere in between. In 2013, as the nation was gearing up for the implementation of the health insurance exchange and the significant changes to the health care markets as a result of the Affordable Care Act (ACA), Wisconsin's hospitals and health systems stepped up as well. We worked with the Insurance Commissioner's Office, the Department of Health Services, Governor Walker and with many of you to help our Wisconsin residents sign up for health care coverage through either the insurance exchange or Wisconsin's version of Medicaid expansion. Regardless of ideology, Wisconsinites are united in the belief that everyone should have access to high quality, affordable health care coverage. Indeed, Wisconsin's uninsured rate has been cut by 42% since then – a laudable achievement for which we should all be proud.

Now, nearly five years later, we are seeing troubling signs in the individual market, including premiums increasing on average 36 percent from 2017 to 2018. We are seeing insurers exiting the market, and for the first time since the insurance exchange went live, enrollment has dropped.

WHA not only watched, but vigorously engaged with our federal elected officials over the past year as debate about the repeal and replacement of the ACA ebbed and flowed in Washington, DC. Along with a large and diverse coalition of Wisconsin business and health care organizations, WHA weighed-in as the individual market became more unstable, and we were disappointed and frustrated when nothing was done to address states' concerns. Like five years ago, we still believe everyone should have access to high quality, affordable health care coverage. To make this an ongoing reality, it is clear that we cannot rely on solutions or answers from the nation's capital and should take action at the state level to mitigate premium increases and ensure choice and affordability for the individual market. This is why we support AB 885 and SB 770, and the steps they set in motion to sustain coverage expansion through a reinsurance program.

Frankly, when it comes to the proposal before you, it should not matter what one's disposition is towards the ACA. I say this for two reasons:

- First, for most opponents of the ACA, even its repeal is not a stand-alone proposition. The idea of repealing Obamacare is almost always, and should be, followed by the desire, if not the imperative, to replace Obamacare. The inability to legislatively accomplish either should not leave Wisconsin powerless and inactive, nor should we stand by and watch the administrative, piecemeal deconstruction of Obamacare leave us with fewer insured or the erosion of the gains we have achieved in coverage. If Washington cannot act, then let us use the tools given to states in the ACA to do better. One can be both an opponent of Obamacare and a pragmatist on health care policy, and that is exactly the approach AB 885 and SB 770 take.

In the case of AB 885 and SB 770, we commend Gov. Walker, and stand with Obamacare's opponents and supporters alike who are committed to working together to sustain the coverage gains we have achieved in Wisconsin.

- Second, Wisconsin has already supported and successfully implemented the strategy of using public policy to address high risk, high cost claims in the private individual insurance market. The Health Insurance Risk Sharing Program, or HIRSP, used public policy to address high risk/high cost insurance *well before Obamacare and 1332 waivers existed*. While the reinsurance mechanism envisioned in this legislation is different than the insurance plan set up and maintained under HIRSP, the purpose and concepts are very similar. One major difference between these bills and HIRSP is that a reinsurance program, via a 1332 waiver, would tap into federal dollars that Wisconsin is currently accessing, and entitled to access, under Obamacare. Securing Wisconsin's fair share of federal dollars under the ACA has long been a priority for WHA that we, joined by the co-chairs of this committee, strongly advocated for during the repeal and replace debate. We would like to see Wisconsin go even further, and secure full federal matching funding for the Medicaid expansion we so clearly did achieve – but that is a discussion for a different day.

Our only concern with this legislation is its reliance on an up to \$80 million lapse from Medicaid in this biennium. According to the Legislative Fiscal Bureau, "... since no reinsurance payments would be made in 2018-19 biennium, a lapse from MA would not be necessary in the 2017-19 biennium solely for the purpose of funding the reinsurance program." We agree, and given the current projected general fund balance, we believe a lapse from this source and of this magnitude is unnecessary.

Over the past several years this Committee has shown its commitment to the Medicaid program through its ongoing support for sustainable funding. We applaud those efforts and encourage you to assure other sources of ongoing funding for the reinsurance program without tapping into scarce Medicaid resources.

With Congress looking increasingly unable to replace or repair the ACA, standing by and watching insurance markets fail is not a sound strategy. For some time we have advocated that the state take matters into its own hands, craft our own solutions. We support using the tools available under the ACA to put forward a plan aimed at stabilizing premiums, increasing competition in the insurance market and sustaining coverage gains for the foreseeable future or until the ACA is actually repaired or replaced. Therefore, we respectfully ask you to take this step for Wisconsin and support AB 885 and SB 770.