



Governor's Advisory Council for Exceptional Citizens (GACEC) 516 West Loockerman St., Dover, DE 19904
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September 27, 2019

Gabriela Kejner
Office of the Secretary/DHSS
1901 North DuPont Highway
New Castle, DE 19720

RE: 23 DE Reg. 178 [DHCC Proposed Health Insurance Individual Market Stabilization Reinsurance Program and Fund Regulation (September 1, 2019)]

Dear Ms. Kejner:

The Governor's Advisory Council for Exceptional Citizens (GACEC) has reviewed the regulations promulgated and published by the Delaware Health Care Commission (DHCC) to implement House Bill No. 193. House Bill No. 193 created the Health Insurance Individual Market Stabilization Reinsurance Program and Fund, which will begin January 1, 2020. Council endorses the proposed regulations; however, we would request that the DHCC consider covering more claims at a different threshold.

The purpose of the Act is to provide reinsurance to health insurance companies that offer individual health benefit plans. Reinsurance in its simplest terms is insurance for insurers. This reimbursement system protects insurers from very high claims and involves a third party paying part of the claims of the company once they pass a certain amount. The Act attempts to stabilize insurance rates and premiums in the individual markets while providing more available and more affordable choices for consumers seeking health insurance.

The regulations cover an insurance company, health service corporation, health maintenance organization, managed care organization, and other companies providing health insurance or health benefits subject to insurance regulations. The regulations do not apply to Medicare, Medicaid, health care plans for state employees, or to stand-alone dental, stand-alone vision, long-term care insurance, disability income insurance, and all accident only insurance.

The Act and regulations create a fund with monies from the federal government under the Affordable Care Act (ACA) (pass through savings from the 1332 waiver), monies from the federal government for reinsurance, and monies from a 2.75% assessment on insurance carrier premium tax liability. The fund would be used to provide payments to reinsurance carriers

whose claims costs exceed the threshold benefit amount set by the Executive Director of the DHCC.

The Act and regulations are an admirable attempt to both offer more choices to health consumers while providing an incentive and safety net to carriers who offer benefit plans covered by the act if the claims they pay become overwhelming financially. It is also meant to support the ACA marketplace for Delawareans. Delaware has joined a growing number of states that have instituted a reinsurance program, which includes Alaska, Maine, Maryland, and New Jersey. The threshold amount and the percentage of reimbursement differ from state to state. For example, Maryland's reinsurance program pays 80% of the individual market claims that are between \$20,000 and \$250,000. If possible, the DHCC should consider lowering the threshold amount from that stated in the proposal, which should help keep premiums from increasing and may well result in a decrease. Before the reinsurance program, insurers in Maryland had proposed significant rate increases; after implementation of the reinsurance program, Maryland saw the average premium decrease markedly.

Although the act and regulations do not apply to recipients of Medicare, Medicaid, or the health care plan for state employees, it could positively affect access to affordable insurance for working individuals with disabilities.

Thank you for the opportunity to share our support of the proposed regulations and our comments with you. Please contact me or Wendy Strauss at the GACEC office if you have any questions.

Sincerely,

Ann C Fisher

Ann C. Fisher
Chairperson

ACF: kpc