October 4, 2019

VIA Email: amy.hoyt@insurance.mo.gov

Amy Hoyt, Esq., Health Insurance Counsel
Missouri Department of Commerce and Insurance
P.O. Box 690
Jefferson City, MO 65102

Dear Ms. Hoyt:

On behalf of the Missouri Academy of Family Physicians (MO-AFP), which represents over 2,400 family physicians and medical students across our state, I write in response to the request for information regarding Section 1332 Waiver Concepts as published by the Missouri Department of Commerce and Insurance.

Section 1332 of the Affordable Care Act (ACA) allows states to waive certain provisions of the ACA in order to pursue alternative coverage mechanisms tailored to each state’s individual needs, provided certain conditions, including budget neutrality and comprehensiveness, are met. As of October 2019, the Centers for Medicare & Medicaid Services (CMS) approved thirteen state Section 1332 waiver proposals, twelve of which implemented state reinsurance programs to lower premium costs on the state-based marketplaces.

The MO-AFP offers the following responses to the questions posed by the Missouri Health Insurance Innovation Task Force as established by Executive Order 19-13.

From the perspective of your organization, what are the three greatest challenges the State of Missouri faces over the next five years that threaten the stability of the fully-insured health insurance market in the state?

Access to quality, affordable health care and insurance remains a challenge for rural patients in Missouri. In 2019, 101 out of 114 counties in Missouri had only one health insurer offering plans on the individual marketplace. This shortage is exacerbated by a parallel shortage of primary care physicians in the state in rural and underserved areas. The MO-AFP calls for funding for teaching health centers, which we see as important for developing the family physician workforce the nation needs, especially in rural communities. In addition, the MO-AFP advocates for removal of funding caps for hospitals that have had a previous rotating resident.
The MO-AFP believes our patients must have access to affordable and comprehensive coverage. Any innovative insurance policies should adhere to four fundamental patient protections – guaranteed issue, essential health benefits, limits on age rating, and no limits on annual/lifetime spending.

The underlying reasons for rural health care crisis are multifactorial but include the lower payment family physicians receive under Medicare, the impact of hospital and insurance consolidation, greater impact of poorly functioning electronic health records on solo and small independent practices, and the poor recovery of rural communities after the economic downturn.

*Does the Task Force have adequate and accurate information about the health insurance market around the state? Are there data or other information that your organization can provide to the Task Force in order to provide a comprehensive picture of the challenges faced around the state?*

The MO-AFP supports **HB 879**, legislation introduced during the last legislative session. It requires health insurers to quantify their total medical expenditures as well as the percentage devoted to primary care every year. Should this important legislation be signed into law, it would give the Task Force a greater understanding of primary care investment in the state. We have underfunded and undervalued our frontline medical care in this country for decades. It has come with a significant price tag. An evidence-based approach to health reform includes substantial increases in spending on primary care.

*The Governor's Executive Order encouraged innovations that would have a positive impact on the rural areas of the state, increasing access to health insurance coverage and health care generally. What innovative measures could the state take in terms of a Section 1332 waiver that could be specifically targeted to rural Missouri?*

Many states that have established reinsurance programs to lower premiums on the marketplaces have been designed to address rural needs and generally aim to cap health plans’ liability for high-cost claims, providing needed stability and predictability, leading to lower premiums. In doing so, these states increase the incentive for health plans to participate in underserved or rural markets that are often more expensive.

We have vehemently argued that rural health care must be paid at a higher level, and that new payment models must take rural family physicians’ practices into account.

*For parties with experience outside the State of Missouri, what have your experiences been in states that have been granted Section 1332 waivers? How have you seen the marketplace change – good or bad – as a result of a state obtaining a waiver? Have you seen health care innovations in other states that are impactful, but that have not required a Section 1332 waiver?*

Generally speaking, states that have established reinsurance programs have seen notable reductions in premium rates. Since receiving approval for its reinsurance program in 2018, Maryland experienced a 13 percent reduction in premium rates in 2019 and a projected 10 percent reduction in rates for 2020. In 2017, Alaska’s reinsurance
program limited a 40 percent premium rate increase to seven percent, and resulted in a 26 percent decrease in premium rates the following year.

Are there other issues that your organization sees that create barriers to consumers accessing health care that could be addressed through a Section 1332 waiver?

The MO-AFP opposes any approach which would allow plans, such as short-term limited-duration insurance plans or association health plans, to sell low-value insurance policies that could subject patients to catastrophic medical bills and medical bankruptcy.

The MO-AFP appreciates the opportunity to comment. Please contact Kathy Pabst, MBA, CAE, Executive Director of the MO-AFP, at 573-635-0830 or kpabst@mo-afp.org with any additional questions or concerns.

Sincerely,

Jamie Ulbrich, MD, FAAFP
President