



C.L. "BUTCH" OTTER

GOVERNOR

February 8, 2018

The Honorable Alex M. Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Ave., SW
Washington, DC 20201

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244

Dear Secretary Azar and Administrator Verma,

I am writing today to provide clarification and perspective in response to the January 31, 2018 letter you received from four members of Congress offering misplaced criticism of the State of Idaho's efforts to provide more affordable state-based healthcare insurance coverage options for the people of Idaho.

As you know, I signed an executive order on January 5, 2018, directing the Idaho Department of Insurance to seek innovative ways of expanding access to health plans and that follow state-based requirements. Contrary to arguments and efforts at intimidation from critics intent on preserving the Affordable Care Act (ACA) at any cost, state-based health plans are not intended to restrict ACA plans or eliminate ACA protections. Rather, they are aimed at giving Idahoans additional choices while ensuring that all ACA protections remain available to those who wish to purchase ACA plans.

State-based plans provide comprehensive health benefits and advance the overall goals of access and affordability articulated by the ACA. Allowing state-based plans alongside and complementary to ACA plans will bolster the individual insurance market by improving access to healthcare coverage for everyone.

The Obama administration permitted non-ACA plans to exist alongside ACA plans. Health and Human Services (HHS) has issued extensions on these plans, allowing them to remain in effect if renewed. ACA and non-ACA plans already co-exist in the market. Congress and President Trump repealed the ACA's individual mandate, meaning citizens no longer will be penalized for not buying an ACA plan. There now are limited alternatives for coverage available to those who find the premiums for ACA plans too high. Folks for whom cost is prohibiting their purchase of healthcare coverage now will have a choice through a state-based option.

My executive order states explicitly that carriers may not offer state-based plans unless they also offer Your Health Idaho exchange-certified plans. In fact, we expect that the vast majority of people will continue to choose ACA plans, and the Idaho Department of Insurance will continue to fully enforce the ACA requirements for those plans. However, the fact that state-based plans will be available for purchase year-round rather than only during designated open-enrollment and special-enrollment periods, and that state-based plans will fully cover pre-existing conditions as long as there is continuous coverage, provide important options beyond significantly reduced costs for the individuals and families I serve. Consumers will be protected no matter what kind of plan they purchase, but they now also will have choices for meeting their individual needs.

Carriers also are required under our Department of Insurance guidance to link together the rates of state-based plans and ACA plans in a single risk pool with a shared index rate. That does not allow carriers to bifurcate their premium rate-setting. State-based plans thereby should attract back into the market those who are healthy but have been priced out of coverage because they do not qualify for a subsidy, thus improving the combined risk pool. Unless we can bring healthy people back into the market, coverage costs will continue to increase significantly. Individual markets will collapse as even the less-healthy are priced out and carriers stop offering any plans – an unfortunate and counterproductive outcome that we have seen occurring in other states.

President Trump has shown his support for innovative state-based solutions through his executive order encouraging regulatory flexibility. Idaho accepted that invitation by developing guidance for health insurance carriers that will expand access, stabilize our individual insurance market, and provide more affordable choices for hardworking Idahoans – all while maintaining full access to the protections established in federal law.

Thank you for your consideration of these points. I hope you will keep them in mind as you review the requests for information from some in Congress who discount both the priority that the current administration places on increasing flexibility for state solutions and the negative impacts of the ACA on the people of Idaho.

As Always – Idaho, “Esto Perpetua”

A handwritten signature in black ink, appearing to read "C.L. Butch Otter". The signature is fluid and cursive, with the first name "C.L." and the last name "Otter" being more legible than the middle name "Butch".

C.L. “Butch” Otter
Governor of Idaho

CLO/tp