



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

CHRISTOPHER T. SUNUNU
Governor

April 21, 2020

The Honorable Alex Azar
Secretary of Health and Human Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

The Honorable Steven Mnuchin
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Azar and Secretary Mnuchin,

The State of New Hampshire respectfully requests that the U.S. Department of Treasury and the U.S. Department of Health and Human Services grant New Hampshire's application for a Section 1332 State Relief and Empowerment Waiver as soon as possible. As detailed in this application, New Hampshire is requesting that Section 1312(c)(1) of the Affordable Care Act (ACA) be waived for an initial period of five years beginning January 1, 2021 to allow the State to implement a state-based reinsurance program in the State's individual health insurance market. This waiver would not affect any other provision of the ACA, adheres to the general guardrails established by Section 1332, and advances the principles outlined in the October 22, 2018 guidance released by the Centers for Medicare and Medicaid Services (CMS).

Recent market dynamics have put a strain on the individual health insurance market in New Hampshire. Historically, this market has been more vulnerable to adverse selection than the group markets, especially in a guaranteed issue environment. Individual market premiums have increased significantly in recent years. This erosion of affordability of individual market coverage has especially affected those who above the income level for APTC eligibility. While New Hampshire has a relatively low eligibility rate for premium tax credits given the State's above average median income, the majority of purchasers of individual market insurance (65 percent) are subsidy-eligible and the number of unsubsidized individuals purchasing coverage on the individual market has been shrinking over the past several years.

Together these factors impact the attractiveness of the New Hampshire individual market to issuers. In the early years of the ACA, issuer participation in the individual market in New Hampshire grew significantly - up to a high of five issuers participating. That has since decreased to three issuers participating for the last three years. Maintaining current issuer participation levels is consistently a question year-to-year because of the uncertainty about expected enrollment. We are concerned that, like other states, New Hampshire will see issuers consider leaving the market and our gains of consumer choice will be lost.

We are hopeful that introducing a state-based reinsurance mechanism, based off the former Federal Transitional Reinsurance Program, to help fund high cost claims in the individual market would introduce more stability into the market by helping to make premiums more affordable for

Granite Staters, as demonstrated in the actuarial analysis included as part of this application. This would make the market more attractive to current and possibly new issuers. We expect that these positive changes would help to improve the accessibility and affordability of health care for Granite Staters.

The reinsurance program would be administered by the New Hampshire Health Plan (a statutorily-authorized non-profit organization) as provided for under State law.

We hope for your support of this endeavor and we look forward to working with you as you review this application.

Sincerely,



Christopher T. Sununu
Governor