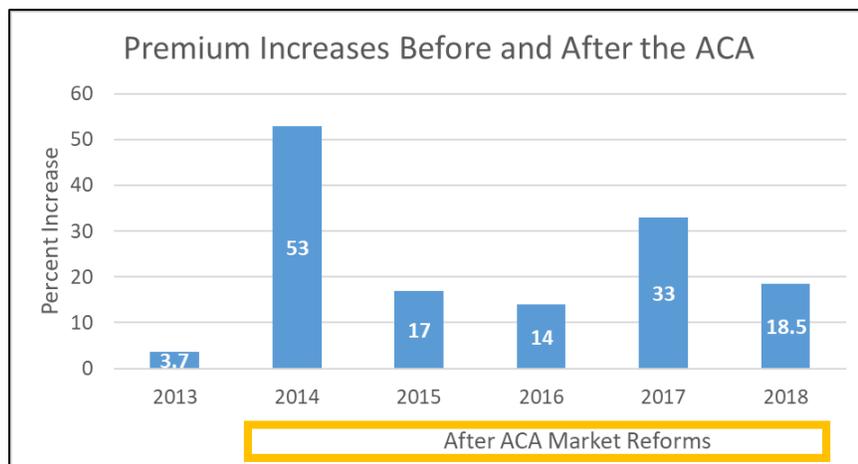


# House Bill 472:

## Louisiana Health Reinsurance Association

- When families do not have access to employer-sponsored insurance they typically buy health insurance coverage through the individual market.
- More than **50%** of all small businesses in Louisiana do not offer health insurance to their employees. For many independent contractors and “mom and pop” businesses, the individual market it is the only option for health coverage.
- Having a viable and affordable individual market for health insurance is necessary for a functioning economy.
- Health insurance rates in the individual market (non-employer sponsored insurance) have more than **doubled** in the last four years. In 2017, the average rate increase was **33%**, with an **18.5%** increase this year.



- From 2014-2016, the federal government operated a reinsurance program that helped cover the costs of high dollar policyholders. The federal reinsurance program was paid for by levying a fee on every covered life receiving health care coverage in the market.
- By helping cover the costs of high dollar policyholders, a reinsurance program helps lower insurance rates in the individual market.
- During the first year of the Affordable Care Act the federal reinsurance program was successful in keeping rates 14% lower than they otherwise would have been without a reinsurance program.
- However, the federal reinsurance program ended in 2017. As a result, the first year the federal program ceased to function policyholders saw an average rate increase of 33%.

- The federal government is encouraging states to establish their own reinsurance programs, offering a program where states will be able to draw down federal dollars after a minimal match from states.
- Louisiana can bring health insurance rates down in the individual market by levying a small fee similar to that former federal program although given the use of federal matching dollars, Louisiana will have a lower fee than the federal program with the ability to achieve a higher rate reduction in the individual health insurance market.
- The federal reinsurance program began in 2014 and imposed an annual fee of \$63 on every covered life to lower rates by 14%. Louisiana could lower rates by 15% in 2019 with an estimated monthly fee of \$1.33-\$1.40 on every covered life.
- In doing so, Louisiana could become eligible for between \$103-\$140 million in federal dollars to apply to the reinsurance program.
- To date, three other states have created state-based reinsurance programs with significant rate reductions in their individual markets: Alaska (down 26%), Minnesota (down 20%), and Oregon (down 7%).
- Louisiana once had 16 insurers doing business in the individual health insurance market. Today there are only two insurers doing business in the state.

### Individual Market Losses: Issuers & Enrollment

	2013	2014	2015	2016	2017	2018
Number of Issuers	16	11	10	9	7	2
Enrollment	175,218	101,778	186,277	214,148	143,597	109,855

- As health insurance rates continue to skyrocket, healthier policyholders will continue to leave the market, and the market will enter a death-spiral until the failure of the market is inevitable.
- A reinsurance program can, at a small cost to the entire market, make sure that a viable individual market continues to exist for all residents of Louisiana.
- H.B. 472 is supported by the Louisiana State Medical Society, Blue Cross Blue Shield of Louisiana, Vantage Health Plan, National Association of Insurance and Financial Advisors (NAIFA), Health Agents for America (HAFA), Independent Agents & Brokers of Louisiana (“Big I”), the Louisiana Association of Health Underwriters (LAHU), and Louisiana Healthcare Connections (Centene).
- H.B. 472 was reported favorably (10-0) by the House Insurance Committee and (8-0) by the House & Governmental Affairs Committee.