August 10, 2018

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

Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: New Jersey Section 1332 State Innovation Waiver Application

Dear Secretary Azar and Secretary Mnuchin:

On behalf of people with cystic fibrosis, the Cystic Fibrosis Foundation appreciates the opportunity to support New Jersey’s 1332 State Innovation Waiver application to operate a reinsurance program. Given the documented success of existing reinsurance programs, we urge the Departments to approve this application.

Cystic fibrosis (CF) is a life-threatening genetic disease that affects 697 people in New Jersey and 35,000 children and adults in the United States. CF causes the body to produce thick, sticky mucus that clogs the lungs and digestive system, which can lead to life-threatening infections. As a complex, multi-system condition, CF requires targeted, specialized treatment and medications.

We appreciate the state’s efforts to improve coverage and affordability without compromising critical patient protections that individuals with cystic fibrosis rely on. People with CF benefit from insurance marketplaces that offer affordable health plans that cover their complex health needs. The Cystic Fibrosis Foundation supports New Jersey’s creation of a reinsurance program that will make coverage more affordable and encourage insurer participation in the marketplace.

Reinsurance has been an effective measure to slow premium growth and protect against adverse selection at the federal level, as well as in states. The American Academy of Actuaries estimated that the federal reinsurance program reduced premiums by 10 to 14 percent in the individual market in 2014.¹ In Alaska, the state’s lone marketplace insurer reduced its 2017 requested premium increase from over 40

percent to just under 10 percent after the state announced its reinsurance program. Additionally, after Minnesota received approval to implement its reinsurance program, insurers proposed rates for 2019 that were between 3 and 12.4 percent below 2018 premiums.

The Cystic Fibrosis Foundation appreciates the opportunity to provide input on these important policy changes. As the health care landscape continues to evolve, we look forward to working with the state of New Jersey to ensure high quality, specialized CF care and improve the lives of all with cystic fibrosis. Please consider us a resource moving forward.

Sincerely,

Mary B. Dwight
Senior VP of Policy & Advocacy
Cystic Fibrosis Foundation

Lisa Feng, DrPH
Senior Director of Policy & Advocacy
Cystic Fibrosis Foundation

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