



July 30, 2019

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

Re: Montana Section 1332 State Innovation Waiver

Dear Secretary Azar:

On behalf of people with cystic fibrosis, the Cystic Fibrosis Foundation appreciates the opportunity to support Montana's 1332 State Innovation Waiver application to operate a reinsurance program.

Cystic fibrosis (CF) is a life-threatening genetic disease that affects 120 people in Montana and 30,000 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.

People with CF benefit from insurance marketplaces that offer affordable health plans that cover their complex health needs. The Cystic Fibrosis Foundation supports Montana's creation of a reinsurance program that will make coverage more affordable and expand plan choice by encouraging insurer participation in the marketplace.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.<sup>1</sup> A recent analysis by Avalere of the seven states that have created their own reinsurance programs through Section 1332 waivers found that these states reduced individual market premiums by an average of 19.9 percent in their first year.<sup>2</sup> 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.<sup>3</sup>

The Cystic Fibrosis Foundation appreciates the opportunity to provide input on these important policy changes. As the health landscape continues to evolve, we look forward to working with the state of Montana 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 & Patient Assistance Programs  
Cystic Fibrosis Foundation

**Lisa B. Feng, DrPH**  
Senior Director of Access Policy & Innovation  
Cystic Fibrosis Foundation

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<sup>1</sup> American Academy of Actuaries. Drivers of 2015 Health Insurance Premium Changes. (Online). June 2014. Available: [https://www.actuary.org/files/2015\\_Premiums\\_Drivers\\_Updated\\_060414.pdf](https://www.actuary.org/files/2015_Premiums_Drivers_Updated_060414.pdf)

<sup>2</sup> Avalere. State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.

<sup>3</sup> Minnesota Department of Commerce. Insurers' 2019 Proposed Health Insurance Rate. (Online). June 2018. Available: <https://mn.gov/commerce/consumers/yourinsurance/health-insurance/rates/rate-filings/2019>.