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BULLETIN 20-01

To: All Health Insurers Writing Business in the State of Iowa
From: Doug Ommen, Iowa Insurance Commissioner
RE: CMS allows extension for transition policies through calendar year 2021
Date: February 25, 2020

The purpose of Bulletin 20-01 is to provide guidance regarding the extension of transitional policies in the State of Iowa. The Centers for Medicare and Medicaid Services (“CMS”) announced on January 31, 2020, that health insurers will be allowed to continue transitional policies through calendar year 2021.¹ The Iowa Insurance Division (“IID”) agrees to allow transitional policies to continue through calendar year 2021.

The IID appreciates CMS once again offering some state flexibility as they have done every year since 2014. The IID has concerns, however, about the continued policy of CMS to decide on an annual basis whether or not to allow the renewal of transitional plans. This policy puts Iowans who are enrolled in these plans in a constant and unnecessary state of uncertainty as to whether they will have access to their healthcare plans from year-to-year. If transitional plans were not allowed to continue, over 72,000 Iowans in the individual and group transitional markets would be forced off their healthcare plans. Iowa and more than 30 other states allowed transitional policies to be sold in 2019. The policy of making the renewal decision annually not only impacts thousands of Iowans, but nearly 1.1 million people nationwide. Further, the uncertainty of the federal government’s decision also impacts the insurance carriers that offer transitional plans as they too must wait for the federal government to decide whether they can continue to offer policies to thousands of consumers.

Transitional plans provide access to healthcare that is likely otherwise unaffordable. Year after year, Iowans have the opportunity to enroll in ACA plans but choose to stay in transitional plans to avoid massive rate increases that, since 2015, have tripled in the ACA market. The rate increases have had a detrimental impact on the stability of the market with enrollment dropping from 74,790 to 44,192 from 2016 through 2019. The overwhelming majority of those who were priced out of the ACA market were not receiving subsidies (aka premium tax credits). At the end of 2019, only 270 people, less than 1%, were not eligible for subsidies.

Simply put, the structural flaws within the text of the ACA have collapsed Iowa’s individual market. Iowa needs authority over the viable health insurance options that are available for those who have been priced out of ACA plans. Having authority over the renewal of transitional plans would allow states to make important decisions about their healthcare markets at the state level without waiting on the federal government to make a ‘one size fits all’ decision. Iowa, once again, calls on the federal government to take action that returns the authority of health insurance to the states.

¹ See <https://www.cms.gov/files/document/extension-limited-non-enforcement-policy-through-calendar-year-2021.pdf>.