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Joint Finance Committee Approves \$205 Million for Health Insurers

On May 31, the Legislature's Joint Committee on Finance approved an increase of \$5 million in the maximum amount of reinsurance payments intended to reimburse insurers for claims for the 2021 plan year. The request for the increase was submitted to the Committee by the Office of the Commissioner of Insurance (OCI), which administers the Wisconsin Healthcare Stability Plan (WHSP).

The program was originally enacted with the aim of lowering premiums in the individual market by reimbursing health insurance companies for claims falling within certain parameters. For the 2021 plan year, for instance, the program will reimburse insurers for 48% of the total annual claims paid by the insurer that fall between \$40,000 and \$175,000. Because a portion of the insurer's medical claims costs are paid from the program, rather than premium revenue, the monthly premiums charged by the insurer are supposed to be lower.

According to a [memo](#) from the Legislative Fiscal Bureau, OCI established the 2021 reinsurance parameters with the goal of spending a total of \$200 million for reinsurance payments. However, due to a higher number of people enrolling in individual plans and a higher volume of claims falling within the parameters, the total amount of claims for reinsurance payments submitted by insurers for 2021 was \$202.6 million. OCI requested the cap be increased by \$5 million to account for any further adjustments needed before the end of the year. Payments made to insurers to reimburse them for 2021 claims are expected to be made in August.