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**To:** Parker, Jim (HHS/IOS)  
**Cc:** [REDACTED]  
**Subject:** AHIP-BCBSA COVID-19 Recommendations  
**Attachments:** Draft COVID Stability Package 031620 530PM.docx; Covid19 Policy Recommendations.docx

Jim –

Attached are the latest joint COVID-19 recommendations from BCBSA & AHIP. We'd love the opportunity to discuss with you.

Justine & Matt

## Assuring Access to Affordable Coverage in Response to COVID-19

Health plans are working to respond to the emerging COVID-19 emergency by providing expanded access to care during the pandemic. The ultimate costs of responding to this pandemic is uncertain across all markets given the potential dimensions of the health care crisis and its impact on the economy. In addition, we understand that more people may be interested in purchasing insurance in light of the crisis and need to have affordable options for comprehensive coverage.

In light of the unprecedented nature of this crisis, we recommend the following:

1. **CMS should allow a one-time special enrollment period for the individual market.** This special enrollment period should be time limited (30 days) with either a prospective effective date or a uniform date in the middle of the period that limits the number of people having a retroactive effective date. The SEP should be available to all persons regardless of whether they are currently uninsured. Under no circumstances should the SEP be focused only on those diagnosed with COVID-19 as this would significantly increase adverse selection.
2. **Congress should establish a risk mitigation program that would be applicable across the individual, small employer, Medicare and Medicaid markets.** The program will provide protection against possible catastrophic losses due to the emergency and the additional risk being assumed by insurers. Given the uncertainty regarding the costs of the epidemic, we recommend that the program be structured as follows:
  - a. This program should apply to both 2020 and 2021 given the uncertainty regarding the length of the emergency and the impact on 2021 rates.
  - b. The program would only apply if overall claims in a market exceed the amount assumed in premiums by an amount greater than a threshold. If claims exceed the threshold, the government would share in the losses in excess of the threshold.
  - c. A retrospective calculation would compare the issuer's actual allowed costs in total by market for individual, Medicare Advantage, and Medicaid against a target amount representing the claims component built into the premiums. The allowed costs calculation begins with total claims. Adjustments for risk adjustment and federal or state reinsurance programs are applied as applicable by market to the allowed cost or the target amount.
    - i. For 2020, the Covid-19 catastrophic protection program would provide for federal funding when the issuer's allowed costs are 105% or greater than the target amount. The federal funding would cover 80% of the costs above the 105% threshold.
    - ii. For 2021, the parameters would be set differently due to the ability of issuers to re-price. The program would provide for funding if the issuer's allowed costs are 103% or greater than the target amount. If the issuer's allowed costs are between 103% and 108%, the federal funding will cover 50% of the amount over 103%. If the issuer's allowed costs are over 108%, the federal funding will cover 2.5% of the target amount plus 80% of the amount over 108%.
  - d. For Medicaid, require that states incorporate payments received under the federal risk mitigation program into payments to managed care plans.