Wisconsin Office of the COMMISSIONER OF INSURANCE

Tony Evers, Governor of Wisconsin
Nathan Houdek, Commissioner of Insurance

The Honorable Scott Bessent, Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

The Honorable Robert F. Kennedy, Jr., Secretary
U.S. Department of Health and Human Services
200 Independence Avenue SW
Washington, D.C. 20201

Kenneth J. Kies, Assistant Secretary
Tax Policy
U.S. Department of Treasury

Peter Nelson, Deputy Administrator and Director
Center for Consumer Information and Insurance Oversight
Centers for Medicare and Medicaid Services

June 16, 2026

Dear Secretary Bessent and Secretary Kennedy,

The State of Wisconsin is pleased to submit this Letter of Intent to apply for a five-year extension of our Section 1332 State Innovation Waiver. On July 29, 2018, the Department of Health and Human Services and Department of Treasury approved Wisconsin's waiver from the Patient Protection and Affordable Care Act requirement for a single risk pool to implement a state-based reinsurance program. On December 1, 2022, Wisconsin's request to extend our original 1332 waiver was approved. The current waiver expires on December 31, 2028. This extension request is for a five-year period beginning January 1, 2029 and ending December 31, 2033. In accordance with s. 601.83 (a), Wis. Stat., OCI requests the extension without substantial changes.

After bipartisan support helped ensure passage of the enabling legislation, OCI operationalized the Wisconsin Healthcare Stability Plan (WIHSP), the state-based reinsurance program, beginning January 1, 2019. Since its inception, WIHSP has been a key factor in stabilizing the individual health insurance market, resulting in rate reductions each year of the program. The table below includes rate increases the market would have incurred without WIHSP, alongside the corresponding rate changes experienced with the program in place.

Year	Average Rate Change w/out WIHSP[1]	Average Rate Change with WIHSP[2]
2019	6.8%	-4.2%
2020	9%	-3.2%
2021	10%	-3.4%
2022	14.8%	-.3%
2023	21.4%	7.6%
2024	18.2%	6.1%
2025	19.5%	8.2%

[1&2] Rate changes are calculated using a weighted average across individual market insurers and reflect the change (or expected change) in rates from the prior year.

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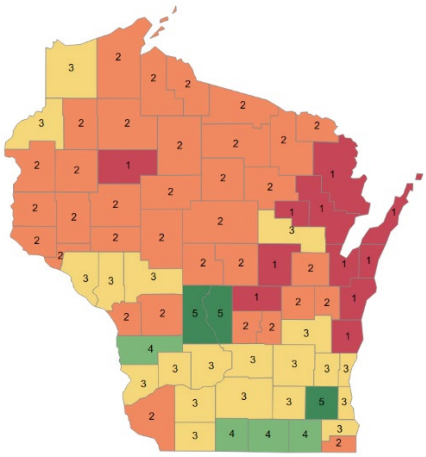
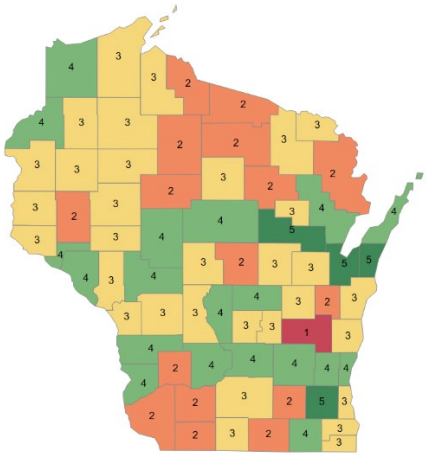
In addition to rate stability, insurers have re-entered the market and expanded service areas. This has created additional competition and consumer choice across the state. There are currently 14 insurers participating in the individual market, with 12 of those offering coverage on the Federally Facilitated Marketplace (FFM).

Maps reflecting the year before our original waiver was approved (2018) and the current year (2026) are displayed below to demonstrate the increase in insurer options across counties since WIHSP was implemented. In 2018, 11 counties had just one carrier and currently, all counties but one have multiple carriers offering plans.



2018



2026

OCI continues to successfully implement WIHSP within its operating budget; supporting current staff and an actuarial consultant to manage insurer claim reporting, payments to insurers, audits, pass-through reports, payment parameter setting, and annual reports. Direct OCI support of WIHSP operations allows all federal pass-through dollars, along with state general purpose revenue, to directly fund WIHSP claims and positively impact the market.

Our ongoing goal of WIHSP is to continue to hold down rates while ensuring consumers have as much choice in health insurance options as possible.

Thank you in advance for considering OCI's request to extend the 1332 State Innovation Waiver. We look forward to engaging with you further on additional application information necessary to move this request forward.

Sincerely,

Nathan Houdek
Commissioner

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

August 7, 2026

VIA ELECTRONIC MAIL: Nathan.Houdek@wisconsin.gov
Nathan Houdek
Commissioner of Insurance
Wisconsin Office of the Commissioner of Insurance
101 East Wilson St.
Madison, WI 53703

Dear Commissioner Houdek:

Thank you for your June 16, 2026, letter of intent (LOI) to apply for an extension of Wisconsin's State Innovation Waiver (section 1332 waiver) under Section 1332 of the Affordable Care Act (ACA). I am sending this letter from the Center for Consumer Information and Insurance Oversight (CCIIO) within the Centers for Medicare & Medicaid Services (CMS) under the Department of Health and Human Services (HHS), as well as on behalf of the Department of the Treasury (collectively, "the Departments").

The Departments acknowledge that Wisconsin (also referred to as the "State") informed the Departments at least one year prior to the waiver's end date, as required by the specific terms and conditions (STCs) governing the State's waiver,[1] of its intent to apply for an extension of the waiver. The Departments confirm that the State's anticipated section 1332 waiver application, as described below, may be submitted and will be reviewed as a waiver extension request. The requirements for the state's application are enclosed with this letter. If the extension is approved, the Departments may determine that the waiver extension will be subject to additional or revised requirements, which will be provided in the extension STCs.

The State's currently approved waiver of the ACA requirement for the single risk pool contained in ACA section 1312(c)(1) allows the State to operate a state-based reinsurance program for the individual health insurance market from January 1, 2024, through December 31, 2028. As described in the June 16, 2026, LOI, the State seeks to extend its waiver for an additional period of five years from January 1, 2029, through December 31, 2033, to continue implementing the Wisconsin Healthcare Stability Plan.

A waiver extension is an extension of the existing waiver terms and does not propose any changes to the existing waiver that are not otherwise allowable under the State's STCs, or that could impact any of the section 1332 statutory guardrails or program design. Given that the State

[1] *See* STC 10. The applicable STCs are available here: https://www.cms.gov/files/document/1332-wi-extension-approval-letter-stcs.pdf

has indicated it does not intend to change any features of its waiver plan (except for the extended time period), the State may proceed with submitting an application for a waiver extension. The Departments encourage the State to submit its waiver extension application sufficiently in advance of the requested waiver effective date, ideally no later than the first quarter of 2028.

The enclosed document further outlines the application requirements for the State's waiver extension. Once the Departments receive the State's waiver extension application, the Departments will conduct a preliminary review to determine if the application is complete or will identify if elements are missing from the application by written notice. Please note, the State is not authorized to implement any aspect of the proposed waiver extension without prior written approval by the Departments. This letter does not constitute any pre-determination or intent to approve or disapprove the State's proposed extension request.

Please send your acknowledgement of this letter and any communications and questions regarding program matters or official correspondence concerning the waiver to Meril Pothen at Meril.Pothen@cms.hhs.gov or stateinnovationwaivers@cms.hhs.gov.

We look forward to working with you and your staff. Please do not hesitate to contact us if you have any questions.

Sincerely,

Peter Nelson
Deputy Administrator and Director, Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services

CC: Kevin Salinger, Acting Assistant Secretary, Tax Policy, U.S. Department of the Treasury

The Honorable Tony Evers, Governor, State of Wisconsin
Jenni Dye, Policy Director, Wisconsin Office of the Governor
Rebecca Easland, Deputy Commissioner of Insurance, Wisconsin Office of the Commissioner of Insurance (OCI)
Brian Brown, Section Chief, Rates and Forms, OCI
Coral Manning, Policy Initiatives Advisor, OCI

Enclosure

Specific Requirements for Wisconsin's Waiver Extension Application

The Departments will conduct a preliminary review of Wisconsin's (the "State") waiver extension application and make a preliminary determination as to whether it is complete within approximately 30 days after it is submitted to stateinnovationwaivers@cms.hhs.gov. If the Departments determine that the application is complete, the application will be made public through the HHS website, and a 30-day federal public comment period will commence while the application is under review. If the Departments determine that the application is not complete, the Departments will send the State a written notice of the elements missing from the application. The State's waiver extension application must include the following:

(1) A detailed description of the extension request, including the desired time period for the extension. The State must confirm there are no changes to its currently approved waiver plan for the new waiver period that are otherwise not allowable under the state's STCs, or that could impact any of the section 1332 statutory guardrails or program design. The state should include a timeline and discussion of implementation of the waiver plan during the extension period. For an application for an extension of an approved waiver plan with no change, the State may restate that there is no change to the implementation plan provided in its initial waiver application.

(2) Updated economic or actuarial analyses and certifications for the extension period. Such analyses should address any changes that have occurred since approval of the State's current waiver plan in state or federal law, regulations, or sub-regulatory guidance, the state insurance market, or to the waiver program that are allowable under the STCs and impact waiver assumptions and projections. The narrative should also explain any proposed technical changes the State has not previously shared with the Departments via its reporting requirements.

If there have been no significant policy changes impacting the assumptions used to create the 10-year budget in the State's most recent application, the assumptions that go into the analyses may only need to be updated for the second 5 years of a 10-year budget (i.e., a table with updated projections and assumptions).

For state reinsurance waivers, the economic and actuarial analyses should include, at a minimum, for both the with-waiver and without-waiver baseline scenarios, 5-year projections for:

- Total Exchange enrollment including:
  - Subsidized (i.e., advanced premium tax credit (APTC)) enrollment on the Exchange;
  - Unsubsidized enrollment on the Exchange;
- Enrollment off the Exchange, to the extent available;
- Statewide average second lowest cost silver plan (SLCSP) premiums (aggregate and per member per month (PMPM)) (note: rating area-level premium data is not required for waiver extension applications);
- Statewide average gross and net premiums (aggregate and PMPM);
- APTC (aggregate and PMPM);

- State funding for the waiver plan;
- State reinsurance reimbursements, if applicable; and
- Pass-through funding (e.g., federal premium tax credit (PTC) savings net any offsets, such as increased user fees), if applicable.

(3) A list of provision(s) of the law that the State seeks to waive and reasons for the specific request(s). For an extension application based on the current waiver plan with no change, the State may simply restate that there is no change to the provision(s) waived as provided in its most recent approved waiver plan.

If the State is seeking pass-through funding, include an explanation of how the waiver plan would result in individuals or employers qualifying for less federal financial assistance (e.g., PTCs, small businesses tax credits, or cost-sharing reductions) under the proposed waiver than without the waiver. Also explain how the State plans to use the pass-through funding.

(4) Preliminary evaluation data and analysis of observable outcomes from the existing waiver program, including quantitative or qualitative information describing why the State believes the program did or did not meet the statutory guardrails. For example, the State should provide information comparing the originally projected impact of the waiver to the actual outcomes observed (e.g., premiums, enrollment, expected claims reimbursements).

(5) Evidence of sufficient authority under state law(s) in order to meet the ACA section 1332(b)(2)(A) requirement for purposes of pursuing the requested extension.

(6) An explanation and evidence of the process to ensure meaningful public input on the extension request, which must include:

a. For a state with one or more Federally recognized Indian tribes within its borders, providing a separate process for meaningful consultation with such tribes, and providing written evidence of the State's compliance with this requirement;
b. Publicly posting the submitted LOI on the State's website to ensure that the public is aware that the State is contemplating a waiver extension request; and
c. Publicly posting the waiver extension application on the State's website upon its submission of the waiver extension application to the Departments.

For a waiver extension application, the State does not have to meet all of the public notice requirements specified for new waiver applications in 31 C.F.R. § 33.112 and 45 C.F.R. § 155.1312 (e.g., holding two public hearings and providing a 30-day comment period) to fulfill paragraph (6) above. However, the State must ensure and demonstrate there was an opportunity for meaningful public input on the extension request. For example, the State may choose to hold one public hearing or provide an amended or shorter comment period, or some combination of both. If the State holds one public hearing, it can use its annual public forum for the dual purposes of gathering input on the existing waiver as well as the extension application request.

(7) The Departments may request additional information and/or analysis to evaluate and reach a decision on the requested extension.