

Better Solutions for Better Lives

Section 1332 State Innovation Waivers

**National Conference
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Section 1332 State Innovation Waiver

Background

- Beginning January 1, 2017, a section of the Affordable Care Act lets states do health reform their *own* way through a waiver approved by the federal government
- Gives states the ability to experiment with new coverage models
- Also allows states to combine with other waivers such as Medicaid's 1115

Why Would a State Do a Section 1332 Waiver?

- Provides an alternative to siloed health insurance programs
- Makes health insurance coverage more seamless for families
- Preserves the employer-sponsored insurance market and makes it more affordable
- Allows consideration of private market alternatives
- Improves and standardizes eligibility and enrollment processes
- Increases personal responsibility through consumer engagement

1332 State Innovation Waiver

Section 1332 of the Affordable Care Act (ACA) allows states to request waivers of certain requirements of ACA, while requiring other requirements to be maintained. State legislation is required if a State intends to submit a 1332 waiver.

Waivable ACA Requirements

Qualified Health Plans

Establishment of Qualified Health Plans (QHPs)

Health Insurance Exchanges

Delivery of QHP benefits through a health insurance exchange

Premium Tax Credits

Premium tax credits (APTC) to subsidize coverage in the Exchange for qualified individuals between 100 – 400% of the federal poverty level (FPL)

Reduced Cost-Sharing

Reduced cost-sharing (CSR) in the Exchange for qualified individuals at or below 250 percent FPL

Individual Mandate

Individual requirement to maintain minimum essential coverage

Business Tax Credits

Small business tax credits

Employer Mandate

Employer mandate

Any or all of these may be waived.

Innovation Waiver Conditions

At least as much coverage...

The proposed coverage is at least as comprehensive as the Essential Health Benefits (EHB) defined in section 1302(b)

At least as affordable...

Qualified individuals won't pay more for the coverage than they would have in the Exchange

At least as many people...

The coverage is available to at least as many people as the ACA covers

At least as cost effective...

The proposed plan won't increase the federal deficit

1332 State Innovation Waiver

Section 1332 of the Affordable Care Act (ACA) gives state leaders the opportunity to design innovative, cost-saving, and market-based strategies for their public health insurance programs by waiving certain ACA provisions and potentially consolidating with Medicaid, CHIP and/or Medicare waivers.

- Invites creative and cost-effective thinking to align state goals with program design
- Allows streamlined eligibility determination for subsidies across all income groups
- Simplifies health plan choices and enrollment for all family-members while reducing churn
- Accommodates multi-channel options—self-service, phone, email, chat, in-person
- Requires clear communication materials to meet health insurance literacy challenges

Option 1

Fix the Family Glitch

Strengthen the private market, and increase its fairness, by changing the definition of Employer Sponsored Insurance (ESI) affordability from employee-only to family

Option 2

ESI Premium Assistance

Deliver subsidized coverage through ESI, with cost sharing and employee share of premium based on a sliding income scale (could be combined with Option 1)

Option 3

Comprehensive Coverage Leveraging Medicaid or CHIP

Combine all insurance affordability funding streams into a single program with sliding scale premiums and cost sharing, using the State-contracted Medicaid or CHIP plans

Option 4

Private Delivery Across Entire Coverage Continuum

Combine all insurance affordability funding streams into a single program with sliding scale premiums and cost sharing, using commercial insurance plans

Next Steps

- Create a vision for reinvention and improvement of your health insurance programs
 - How narrow or broad an approach should be taken?
 - Should changes be made at one time or incrementally?
- Share and leverage ideas between states—some have already started the discussion
- Assess changes needed in how eligibility and enrollment is handled
 - Should eligibility for premium assistance be tied to traditional welfare programs or handled separately?
 - How much information and assistance will consumers need?
 - What safeguards should be initiated to ensure people are made eligible for the right program and right amount of assistance in paying premiums?
- Start now—designing a federal waiver is time-consuming

Questions | Discussion



Want to discuss further? Contact Jan Ruff at janruff@maximus.com