



State Opportunities to Reduce Premiums How Section 1332 Waivers Can Launch State-Led Health Reform

Individual health insurance premiums increased by about 27 percent in 2018, while the average monthly tax credit increased by 37 percent, according to the CMS Effectuated Enrollment Snapshot from February 2018.¹ Premium increases for 2018 ranged from a high of +86% in Iowa to a low of -24% in Alaska. Most enrollees in ACA’s exchanges are subsidy eligible.

Section 1332 of the Affordable Care Act (ACA) allows states to waive elements of the law in favor of state-led reforms. To date, approved state 1332 waivers have included reinsurance programs, which lower premiums and create savings for taxpayers by limiting risk exposure and subsidies for high costs. When states reduce premiums, federal subsidies for the advance premium tax credit (APTC) are also reduced – Section 1332 allows any federal savings to be returned to the states via so-called “pass-through” funding.

Alaska, Minnesota, and Oregon launched 1332-based reinsurance programs in 2018. Wisconsin, Maine, Maryland, and New Jersey are applying for 1332 waivers for reinsurance programs beginning in 2019.

CAHC estimates that Wisconsin’s waiver, which would allow a state-led reinsurance fund of \$200 million annually, would *reduce* premiums by 5% in 2019 compared to the 2018 level. Wisconsin expects to recoup 83% of its \$200 million investment via pass-through funding.²

Table 1 illustrates the impact of reinsurance on Wisconsin’s premiums. Table 2 shows enrollment, premiums, APTC rates and percentages of enrollment for 50 states. States with high APTC enrollment could expect relatively high pass-through funding if they enacted 1332-based reinsurance programs to stabilize premiums because most enrollees are subsidized.

Table 1. Wisconsin's Individual Market

	2014	2015	2016	2017	Estimated 2018	Projected* 2019
Average Monthly Enrollment	131,000	212,000	247,000	229,000	196,000	197,000
Total Premium (PMPM)	\$390	\$410	\$442	\$518	\$744	\$704
Annual Growth		5%	8%	17%	44%	-5%
Reinsurance (millions)	211	182	94			200

Source: CAHC/HGA based on data and estimates from CMS and Wakely Actuarial.

Note: Transitional federal reinsurance 2014-2016; state-based reins. under 1332 waiver in 2019.

* assumes 1332 waiver is approved.

¹ The data and calculations in this report are based on the 2018, 2017 and 2016 Effectuated Enrollment Snapshot reports from CMS/CCIIO. For 2018, see <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/2018-07-02-Trends-Report-1.pdf>, for 2017: <https://downloads.cms.gov/files/effectuated-enrollment-snapshot-report-06-12-17.pdf> and for 2016: <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-06-30.html>.

² See <https://oci.wi.gov/Documents/Regulation/1332%20Waiver%20WI%20Application.pdf>.

Table 2. ACA Effectuated Enrollment, APTC, and Premiums, February 2018

	Enrollment Overall	Enrollment APTC	Percent APTC	Premium 2018	Premium 2017	2018 Increase
US	10,643,786	9,229,769	87%	\$597	\$471	27%
AK	17,798	15,993	90%	\$795	\$1,040	-24%
AL	158,024	149,528	95%	\$678	\$580	17%
AR	61,702	54,565	88%	\$509	\$424	20%
AZ	154,435	131,078	85%	\$630	\$628	0%
CA	1,405,714	1,222,093	87%	\$547	\$456	20%
CO	138,239	102,628	74%	\$615	\$462	33%
CT	106,475	79,977	75%	\$689	\$545	26%
DC	17,338	957	6%	\$417	\$350	19%
DE	20,760	18,043	87%	\$750	\$568	32%
FL	1,601,619	1,508,784	94%	\$588	\$447	31%
GA	409,510	368,795	90%	\$612	\$437	40%
HI	17,702	15,088	85%	\$625	\$476	31%
IA	45,882	41,678	91%	\$988	\$531	86%
ID	87,131	77,848	89%	\$529	\$428	23%
IL	304,712	263,006	86%	\$644	\$522	23%
IN	147,270	102,375	70%	\$483	\$418	16%
KS	87,975	77,258	88%	\$623	\$474	31%
KY	81,023	63,671	79%	\$546	\$412	33%
LA	93,178	85,348	92%	\$649	\$559	16%
MA	242,413	193,173	80%	\$383	\$319	20%
MD	137,184	115,593	84%	\$631	\$438	44%
ME	68,609	61,324	89%	\$710	\$516	38%
MI	271,841	232,742	86%	\$493	\$404	22%
MN	106,492	68,500	64%	\$534	\$569	-6%
MO	214,387	188,072	88%	\$644	\$485	33%
MS	74,678	72,063	96%	\$671	\$465	44%
MT	45,050	39,260	87%	\$637	\$578	10%
NC	478,021	450,007	94%	\$765	\$668	15%
ND	20,940	18,139	87%	\$452	\$398	14%
NE	83,255	79,354	95%	\$854	\$596	43%
NH	42,008	32,090	76%	\$643	\$400	61%
NJ	243,505	195,345	80%	\$570	\$481	19%
NM	40,398	32,655	81%	\$526	\$374	41%
NV	77,585	68,007	88%	\$507	\$381	33%
NY	221,699	126,253	57%	\$533	\$476	12%
OH	204,589	157,577	77%	\$505	\$416	21%
OK	130,902	124,280	95%	\$694	\$619	12%
OR	143,157	109,977	77%	\$525	\$464	13%
PA	359,272	319,360	89%	\$694	\$535	30%
RI	31,723	25,807	81%	\$417	\$360	16%
SC	197,699	184,579	93%	\$654	\$520	26%
SD	27,780	25,865	93%	\$624	\$539	16%
TN	209,499	188,745	90%	\$803	\$592	36%
TX	1,014,529	908,650	90%	\$538	\$409	32%
UT	177,535	163,675	92%	\$477	\$314	52%
VA	342,208	297,205	87%	\$640	\$405	58%
VT	27,906	22,803	82%	\$514	\$487	6%
WA	203,581	129,039	63%	\$511	\$387	32%
WI	200,557	176,410	88%	\$744	\$518	44%
WV	25,208	22,513	89%	\$843	\$708	19%
WY	23,089	21,994	95%	\$973	\$609	60%

Source: CMS/CCIIO Effectuated Enrollment Snapshot, July 2 2018.

Note: 2018 premiums as of February 2018; 2017 premiums are average monthly premiums.