COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

The State of

1332 WAIVERS

How Washington Can Help Spur State-Led Innovation in Health Reform

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About CAHC

Vision

- A vibrant and competitive health system where every person has access to coverage they can afford

Mission

- Enact policies that lower health costs and expands access to affordable coverage

Principles

1. Promote competitive, efficient and transparent markets
2. Expand choices for consumers and employers
3. Support value-based delivery and payment reforms
4. Support incentives for wellness and prevention
5. Promote entitlement reforms that improve long-term program stability, strong safety nets, patient choice, efficiency and value

CAHC's Members

Employer

- National Association of Manufacturers
- NASE National Association for the Self-Employed
- The Spirit of Enterprise U.S. Chamber of Commerce
- NRF National Retail Federation
- IFA International Franchise Association
- The Latino Coalition
- SBE Council Small Business & Entrepreneurship Council

Payer/Provider

- aetna
- PCMA
- CVS Caremark
- Express Scripts
- Cigna
- AAFP
- American Academy of Ophthalmology

Patient

- NCOA National Council on Aging
- NAMI National Alliance on Mental Illness
- American Heart Association. life is why
- easterseals taking on disability together
- Arthritis Foundation
- American Autoimmune Related Diseases Association, Inc.

Biopharmaceutical

- GSK GlaxoSmithKline
- Bio Biotechnology Innovation Organization
- Merck Be well
- Pfizer
- Sanofi
- Teva
- AstraZeneca

Tech/Broker

- eHealth
- HealthCare.com
- HealthSherpa
- SurgiPrice
- ABBA America's Business Benefit Association
- covermymeds
- Omnicell
- Fringe Benefit Group
- WEX Health

Background

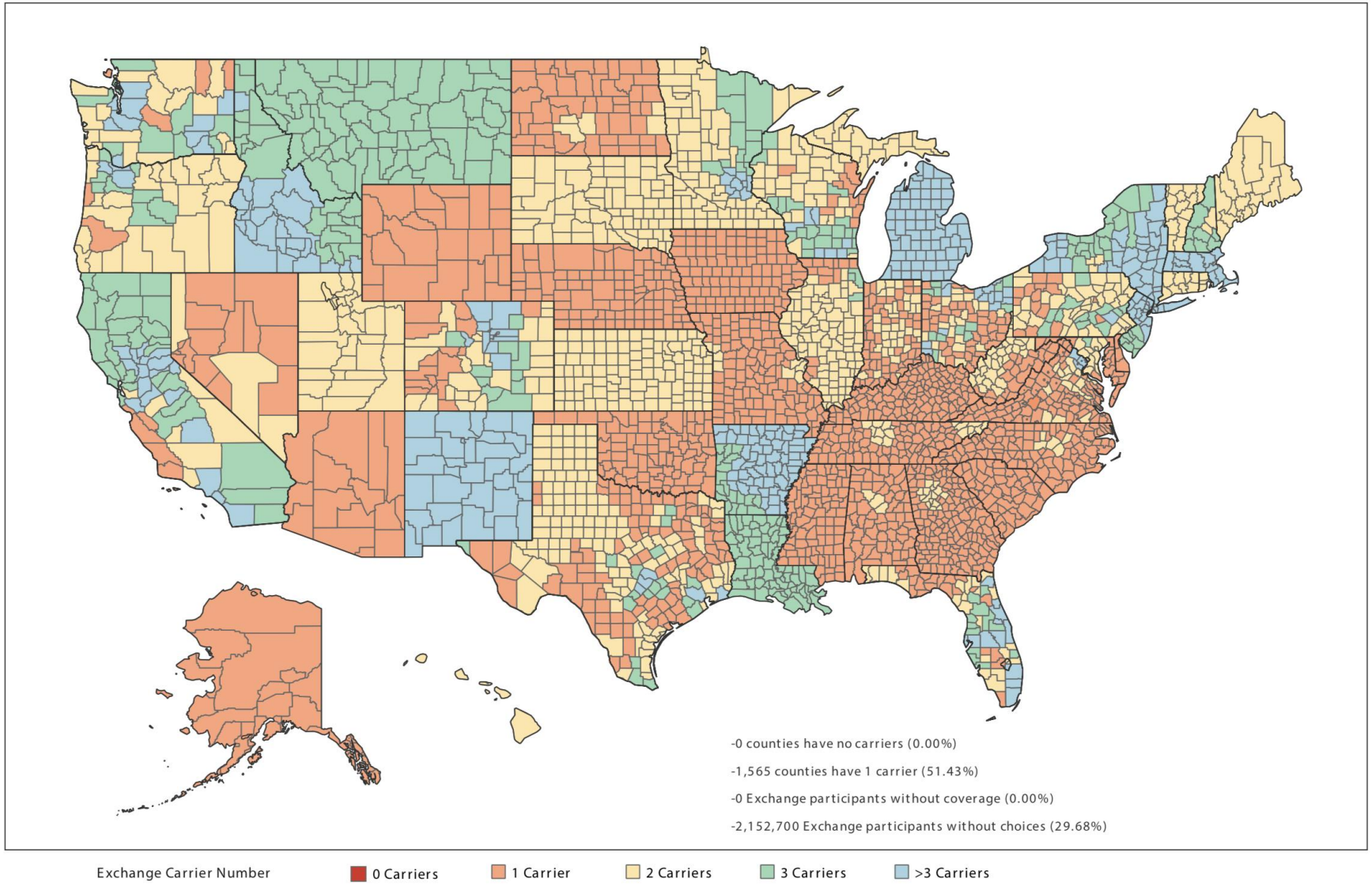
The ACA made massive changes to health markets – some positive and some negative.

- It created new consumer protections, corrected market imbalances, and reduced the number of uninsured Americans to historic lows.
- Yet, overreach by the ACA has also contributed to high and growing health insurance premiums.
- Plan choice and competition have declined.
- ACA's enrollment risk pools are seriously unbalanced.

Result: An unstable and expensive market that is driving away many of the healthy consumers needed to hold coverage costs down.

What Can Be Done? States, Congress and the Administration can all take steps to stabilize and reform the markets.

Consumers have fewer choices now than last year



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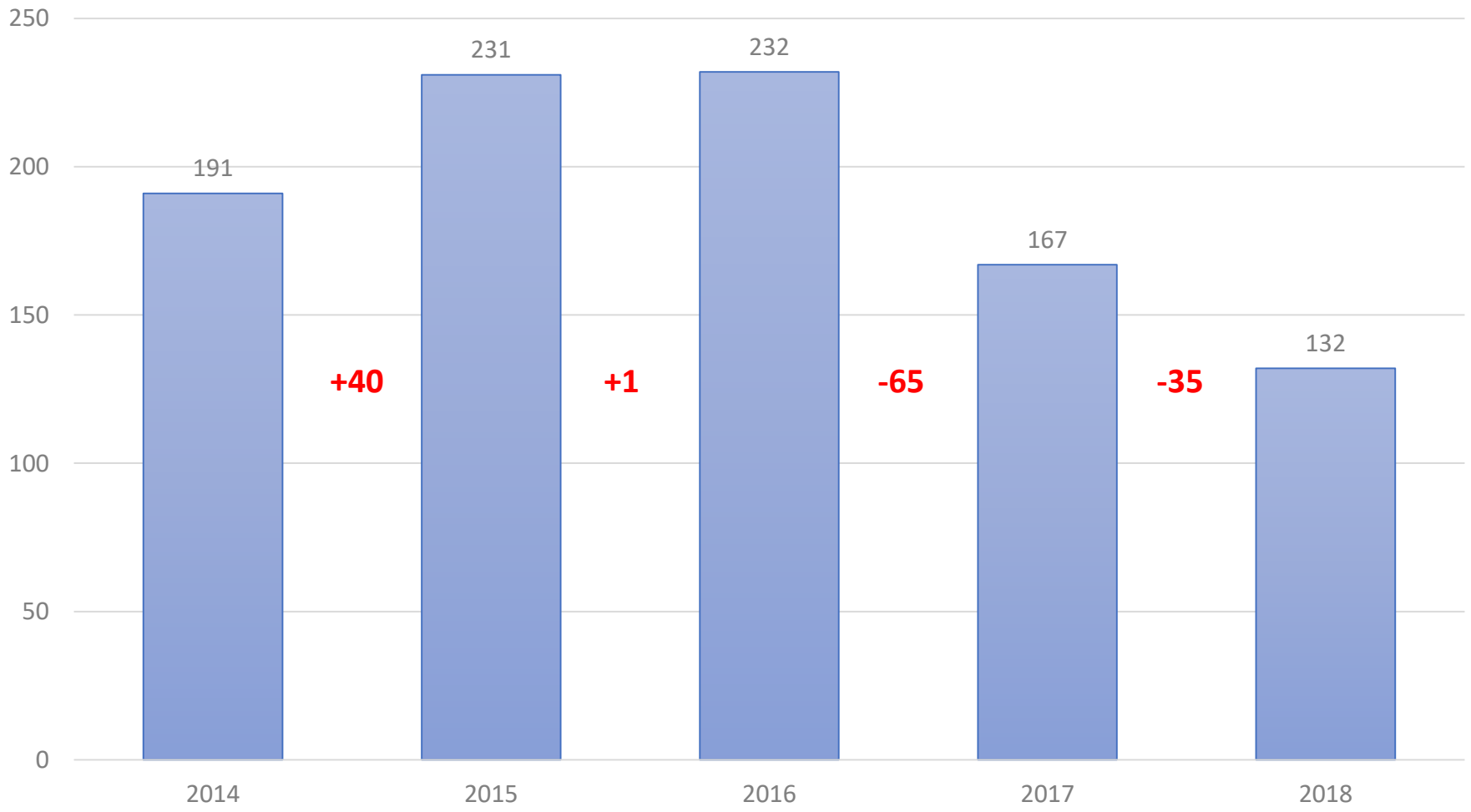
Source: "Health Plan Choice and Premiums in the 2018 Federal Health Insurance Exchange." Department of Health and Human Services, 30 Oct 2017

Number of Marketplace Issuers, 2014-2018



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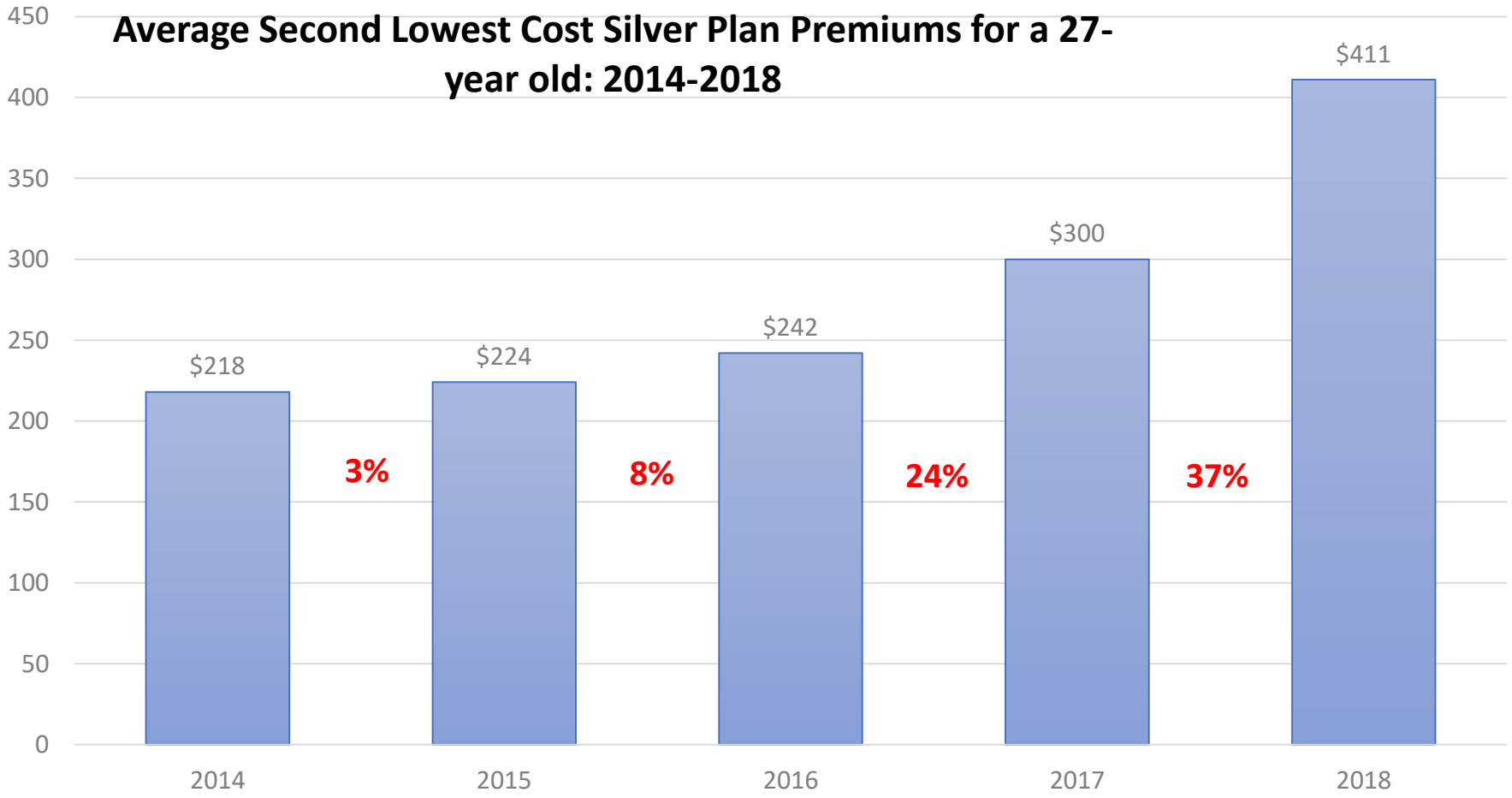
While Premiums Are Up Significantly



Source: "Health Plan Choice and Premiums in the 2018 Federal Health Insurance Exchange."
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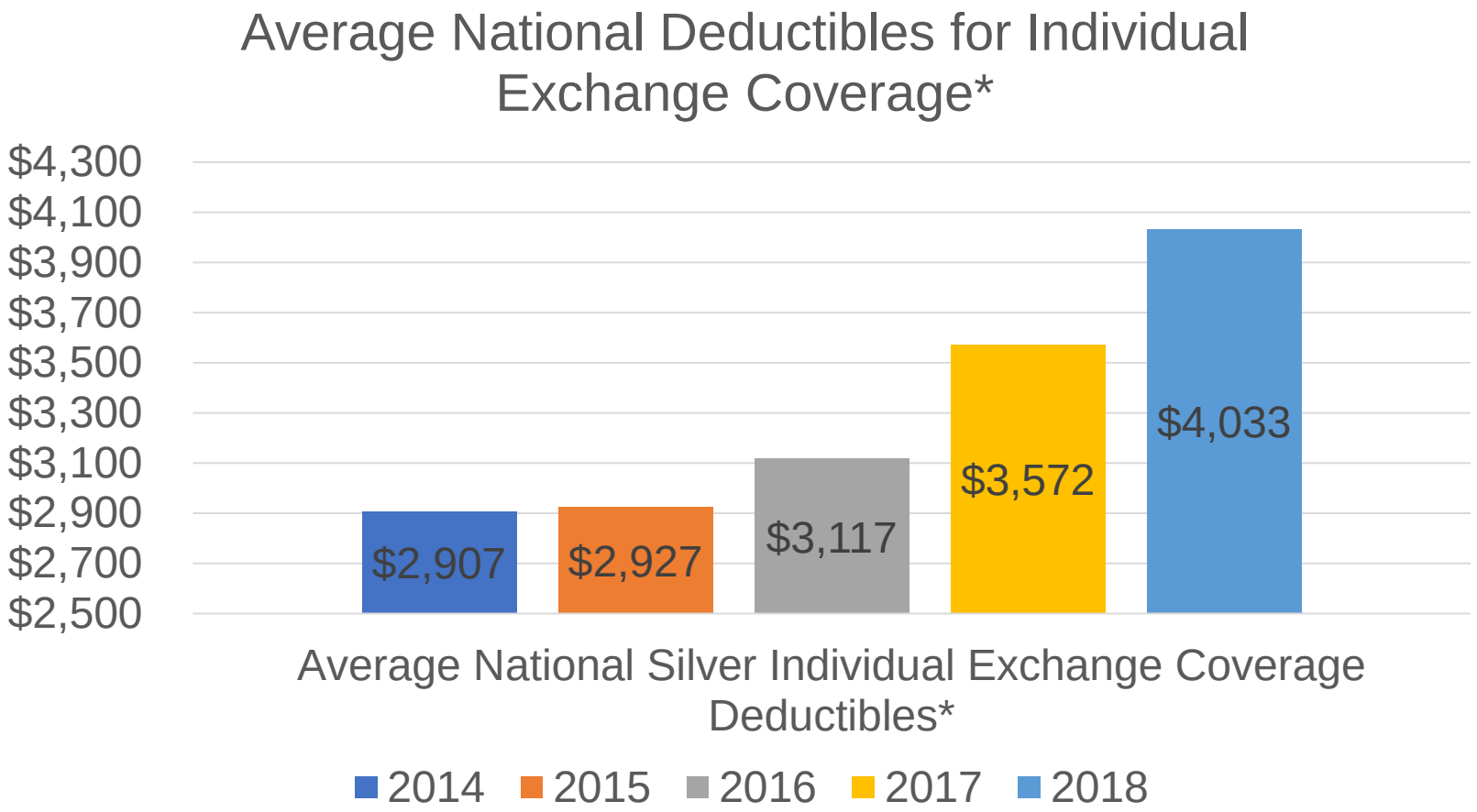
Deductibles have increased by 39% since 2014, and are 8 times more than the typical person's savings account



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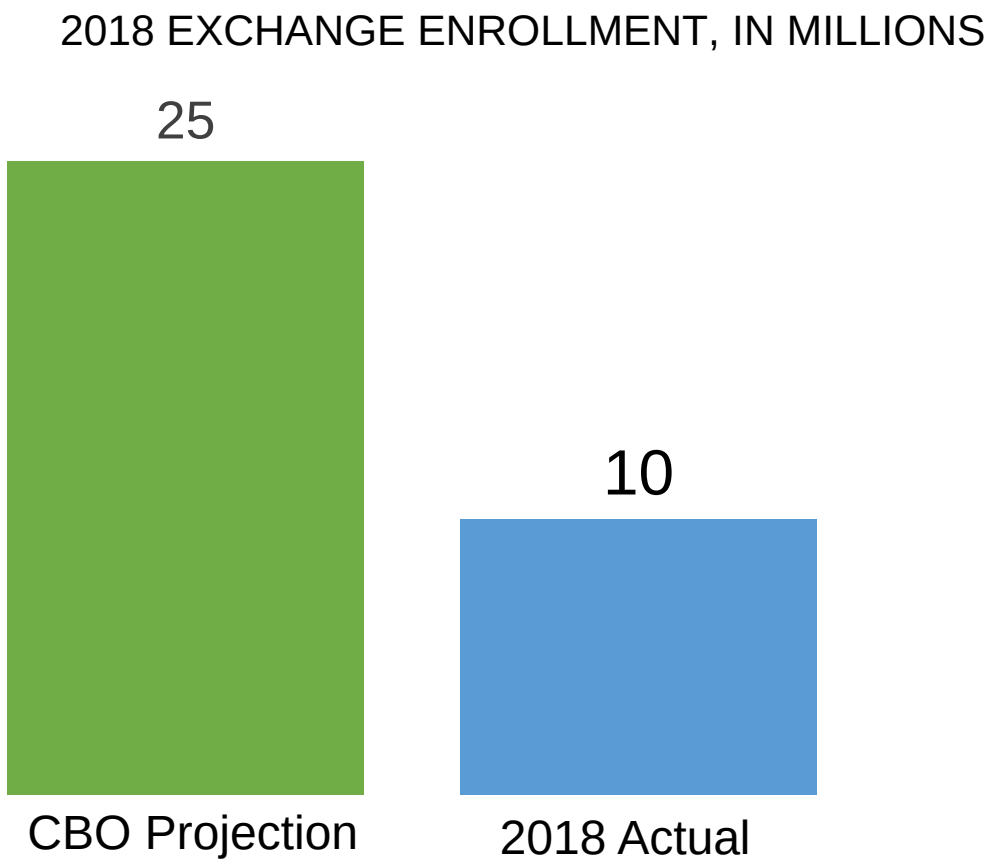
* Individual Silver is the most popular Exchange plan.

Source for Individual Market: Data.HealthCare.gov via HealthPocket's Infostat Reports.

Enrollment is way off, and risk pools are older, sicker and unbalanced



1 Congressional Budget Office. Cost Estimate for H.R. 4872, the Reconciliation Act of 2010. March, 2010. http://cbo.gov/sites/default/files/amendreconprop.pdf

2 HHS Estimates of Effectuated Enrollment . For 2018, see https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/2018-07-02-Trends-Report-1.pdf

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As a result, most people on exchange can only afford coverage if they have a subsidy

Average Total Premium and Average APTC
February 2018

	Total Premium	Average APTC	APTC Enrollment
US	$597	$520	87%
MS	$671	$622	96%
OK	$694	$665	95%
WY	$973	$920	95%
NE	$854	$802	95%
AL	$678	$621	95%
NC	$765	$699	94%
FL	$588	$528	94%
SC	$654	$582	93%
SD	$624	$528	93%
UT	$477	$438	92%
LA	$649	$525	92%
IA	$988	$888	91%
TN	$803	$791	90%
AK	$795	$718	90%
GA	$612	$549	90%
TX	$538	$475	90%

Average Total Premium and Average APTC
February 2018

	Total Premium	Average APTC	APTC Enrollment
ME	$710	$654	89%
ID	$529	$481	89%
PA	$694	$625	89%
WV	$843	$682	89%
MO	$644	$593	88%
WI	$744	$665	88%
KS	$623	$552	88%
NV	$507	$437	88%
AR	$509	$380	88%
VA	$640	$581	87%
MT	$637	$548	87%
DE	$750	$642	87%
CA	$547	$452	87%
ND	$452	$326	87%
IL	$644	$532	86%
MI	$493	$386	86%
AZ	$630	$551	85%

Average Total Premium and Average APTC
February 2018

	Total Premium	Average APTC	APTC Enrollment
HI	$625	$493	85%
MD	$631	$533	84%
VT	$514	$334	82%
NM	$526	$468	81%
RI	$417	$307	81%
NJ	$570	$439	80%
MA	$383	$236	80%
KY	$546	$458	79%
OR	$525	$420	77%
OH	$505	$387	77%
NH	$643	$515	76%
CT	$689	$612	75%
CO	$615	$514	74%
IN	$483	$344	70%
MN	$534	$392	64%
WA	$511	$376	63%
NY	$533	$288	57%

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Source, CMS Early 2018 Effectuated Enrollment Snapshot (July 2)

Drivers of These Trends

1) **Political Uncertainty:** Uncertainty in congressional and executive action over CSR funding and health reform raises premiums and decreases market participation.
2) **Medical Cost Trend:** Health spending is expected to grow by 6.5% in 2018.
3) **Risk Pool:** Risk pools are likely to continue to be smaller, sicker, costlier, and less predictable with high rates of churn.
4) **Less Competition:** Consolidation in the provider space relative to insurers leads to higher negotiated rates and/or narrower networks. Choice among insurers has decreased.
5) **Regulatory Overreach:** Few tools remain for insurers to effectively limit costs in the current environment.

1332 Waiver

States may apply to waive certain aspects of the ACA and IRC

01. QHPs
- EHBs
- Annual out of pocket costs
- Actuarial value

02. MARKETPALCES
- Alternate enrollment options
- Enrollment periods
- Risk pools

03. FINANCIAL ASSISTANCE
- Tax credits
- Cost sharing reduction subsidies
- Family contributions

04. MANDATES
- Individual mandate
- Employer mandates

Provided Certain Guardrails are Affirmed

01. COMPREHENSIVENESS

02. UNINSURED

03. AFFORDABILITY

04. NO DEFICIT INCREASE

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Pass Through Funding

- States are entitled to funds the federal government would have spent to help provide coverage in the absence of a waiver, including funds spent on subsidies and CSRs
- If a state is able to reduce costs for subsidies and CSRs, then the state can receive “pass through” funding to reduce state costs and/or increase benefits

Additionally….

- Before a state may apply, it must pass legislation enacting the state plan
- Secretaries (HHS and IRS) retain approval discretion
- Limited to 5 years, with possibility of renewal
- Medicaid and Marketplace Waivers can be submitted simultaneously…but, savings and costs cannot be shared among programs

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What is the Administration Doing?

- Restrictive interpretation of waivers under 2015 guidance

- Trump Administration has signaled it supports more applications, fast approval and risk pooling strategies
  - “at least as comprehensive”
  - “at least as the same coverage levels” and
  - “at least as affordable”

CAHC's General Policy Goals for 1332

- **Easier for States**
  - Ease legislation requirement – deem existing state authority
  - Ease budget and coverage neutrality to longer periods, end result
  - Provide flexibility in guard rails if waiver application shows significant market improvement overall

- **Private Exchanges**
  - APTC off exchange
  - Better than Healthcare.gov for some innovative waiver ideas

- **Seed Funding for States**

States Using 1332 to Reform Markets: Wisconsin

Stage one:

- 2019 reinsurance proposal will lower premiums by 5%

Stage Two: *Act 138* specifically requires that the commissioner consider and report on:

- The impacts of creating a high-risk pool or an invisible high-risk pool;
- Funding of consumer health savings accounts;
- Expanding consumer plan choices, including catastrophic plans or coverage and new low-cost plan options; and
- Implementing any other approach that will lower consumer costs, stabilize the insurance market, or expand the availability of private insurance coverage.

1332 Ideas for Study

1. Smooth Market for 100-138% FPL and 400+ FPL
2. Incentives for Young Enrollees
3. Private Exchanges with APTC Enrollment
4. Lower AV and Off-Exchange plans
5. Wellness incentives

➔ These categories not mutually exclusive, and not complete list

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THANK YOU