

HEALTH MANAGEMENT ASSOCIATES



W W W . H E A L T H M A N A G E M E N T . C O M

Health Management Associates

October 25, 2016

The Future of Section 1332 Waivers:

**Likely State Initiatives and the Potential
Impact on Exchanges, Managed Care Plans,
and Providers**

Today's Presenters



Tina Edlund, MS
Managing Principal



Donna Laverdiere
Senior Consultant



Margaret Tatar
Managing Principal

Cisco WebEx Event Center

File Edit Share View Communicate Participant Event Help

Quick StartEvent Info

Test

Host: HMA Events
Event number: 666 221 939

Record

End Event

I Will Call In

Share My Desktop

Invite & Remind

Copy Meeting URL

Participants

Chat

Recorder

Q&A

Participants (1)

Speaking:

Panelists: 1

HMA Events (Host, me)

Attendees: 0 (0 displayed)

Chat

Send to: All Panelists

Select a participant in the Send to menu first, type chat message, and send...

Send

Q&A

All (0)

Select a question, and then type your answer here. There is a 256 character maximum.

Send

Send Privately...

CISCO

Connected

Quick Start

Event Info



Participants



Chat



Recorder



Q&A

Test

Host: HMA Events

Event number: 666 221 939



Record

End Event



I Will Call In



Share My Desktop



Invite & Remind

Copy Meeting URL

▼ Participants (1)

Speaking:

▼ Panelists: 1

**HMA Events** (Host, me)

▼ Attendees: 0 (0 displayed)



▼ Chat

Send to:

All Panelists

Select a participant
message, orHost
Presenter
Host & Presenter

Send

▼ Q&A

All (0)

All Attendees

All Panelists

All Participants

Select an Attendee...

X

Select a question, and then type your answer here. There is a 256 character maximum.

Send

Send Privately...

Quick Start

Event Info

Test

Host: HMA Events

Event number: 666 221 939



Record

End Event



I Will Call In



Share My Desktop



Invite & Remind

Copy Meeting URL



Participants



Chat



Recorder



Q&A

▼ Participants (1)

Speaking:

▼ Panelists: 1

**HMA Events** (Host, me)

▼ Attendees: 0 (0 displayed)



▼ Chat

Send to: All Panelists

Type your question here.

Send

▼ Q&A

All (0)

Select a question, and then type your answer here. There is a 256 character maximum.

Send

Send Privately...

Webinar Overview



Background and Current Guidance on Section 1332 State Innovation Waivers



Current Proposals



Future Proposals under Current Guidance



Future Proposals under Revised Guidance



Implications for Plans and Providers

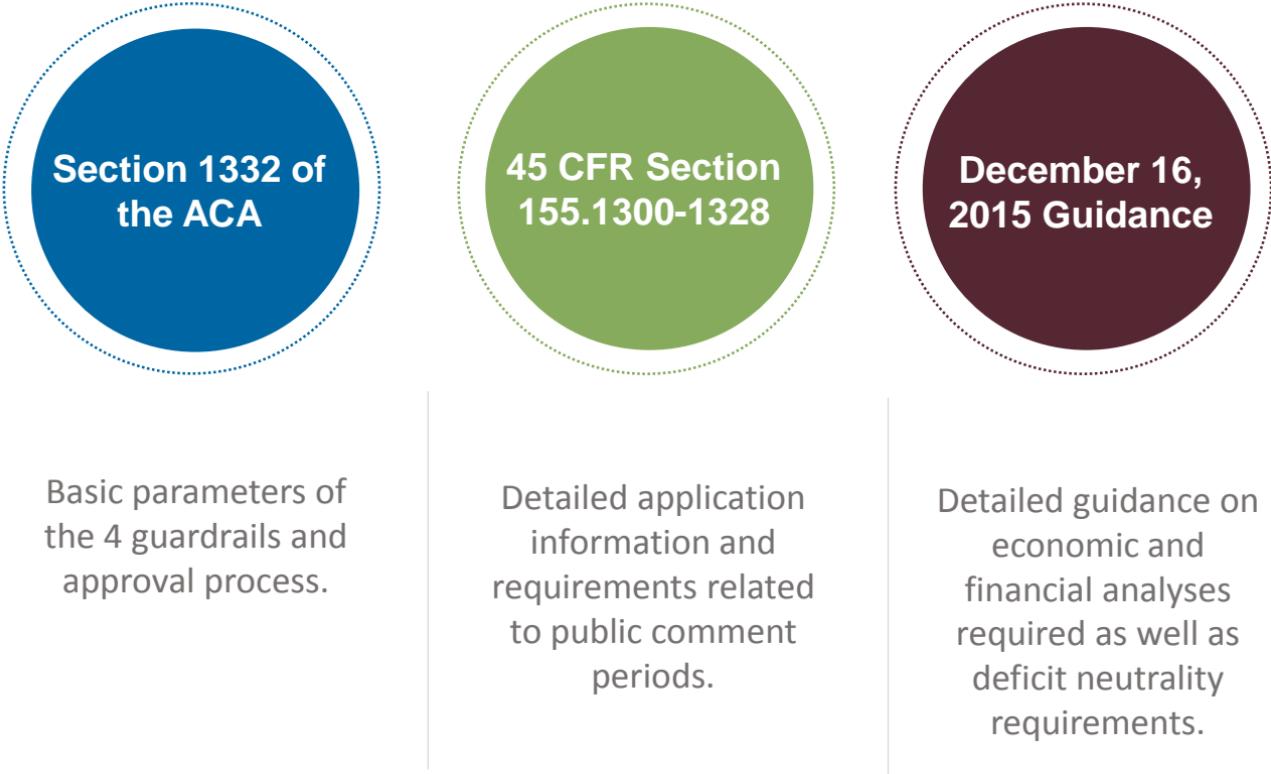
The background of the slide features a blurred image of a smartphone and some papers. A solid maroon color is overlaid on the entire image, creating a professional and clean aesthetic.

BACKGROUND

HEALTH MANAGEMENT ASSOCIATES

Overview of Current Statutory and Regulatory Requirements

Three main documents set forth the requirements for Section 1332 waivers.



**Section 1332 of
the ACA**

Basic parameters of
the 4 guardrails and
approval process.

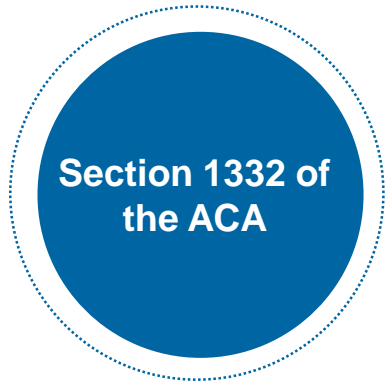
**45 CFR Section
155.1300-1328**

Detailed application
information and
requirements related
to public comment
periods.

**December 16,
2015 Guidance**

Detailed guidance on
economic and
financial analyses
required as well as
deficit neutrality
requirements.

FOUR GUARDRAILS



The ACA
established four
guardrails for
Section 1332
Waiver proposals.

Coverage

Affordability

Comprehensiveness

Deficit Neutrality

Key Points from the Regulations



45 CFR Section
155.1300-1328

Section 155.1300-1328 of the Exchange regulations establish:

- Section 1332 waiver application requirements
- Requirements related to the economic and financial analyses that need to be presented to support the application
- Requirements related to public notice and comment periods
- Monitoring and reporting requirements for states
- Time period for federal review and comment period

Key Points from the Guidance



December 16,
2015 Guidance

The December 16, 2015 guidance establishes that:

- Deficit neutrality cannot take into account savings in other programs
- Any additional administrative costs to the federal government are likely to result in disapproval
- Any increases in federal premium tax credit or Medicaid expenditures are not allowed
- Affordability of coverage may not decrease for anyone, including vulnerable groups, statewide

The “Fifth Guardrail”

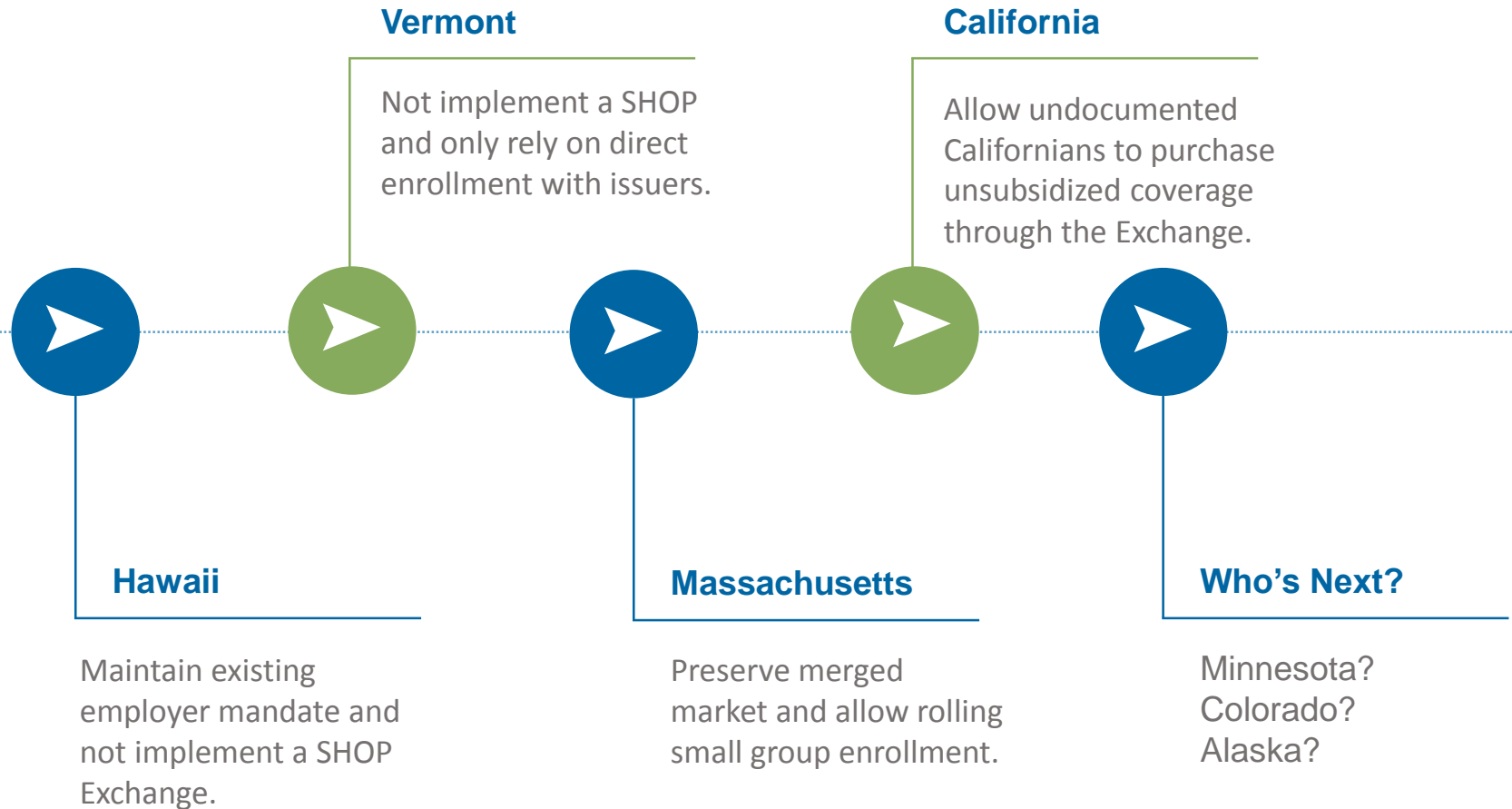
- Section 1332 waivers must also adhere to all the non-waivable provisions of the Affordable Care Act, including market reforms
- Certain innovative plan designs and enrollment restrictions may implicate guaranteed issue and other market reform provisions

The background of the slide features a blurred image of a smartphone and several sheets of paper, possibly containing documents or proposals. A solid maroon color is overlaid on the entire image, creating a professional and focused aesthetic.

CURRENT STATE PROPOSALS

HEALTH MANAGEMENT ASSOCIATES

State 1332 Waiver Proposals



Current Section 1332 Proposals – Market Reforms

Market Reform Proposals

- Fairly limited in terms of scope of proposals
- Focus mainly on formalizing existing market dynamics specific to certain states
 - Hawaii's 40-year old employer mandate
 - Massachusetts' merged market
- Simple waivers that do not implicate guardrails to the extent that larger, more complex waivers do

Small Group Market

- Aside from California, existing proposals have focused on the small group market
- Not surprising given legacy of market structure in states and the challenges associated with the SHOP Exchange model

Current Section 1332 Proposals – Coverage Expansion

California

- Waiver would provide unsubsidized coverage to undocumented Californians
- Creates a new type of plan – California Qualified Health Plans – and waives the requirement that Exchanges offer only QHPs
- Adheres to the 4 guardrails
 - **Coverage:** An estimated 17,000 additional individuals will gain health insurance coverage under the waiver program
 - **Affordability:** The cost of coverage will not change as a result of the waiver program
 - **Comprehensiveness:** Benefits and services are not impacted
 - **Deficit neutrality:** Does not result in increased subsidized enrollment in the Exchange or in Medi-Cal, and administrative costs will be borne by Covered California



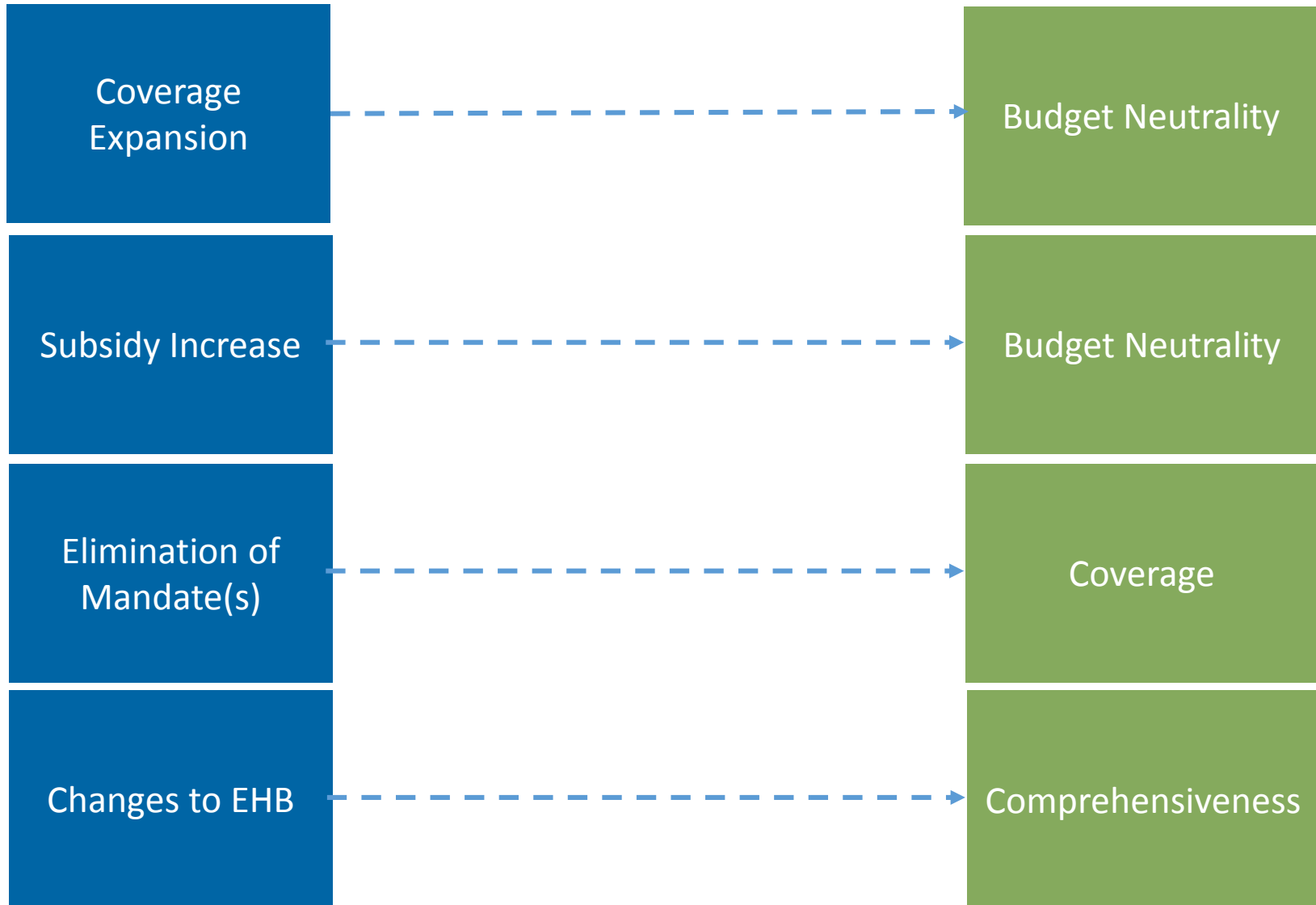
POTENTIAL WAIVERS – CURRENT GUIDANCE

HEALTH MANAGEMENT ASSOCIATES

SBM vs. FFM States and Waiver Flexibility

State-based Marketplace	Federally Supported State-based Marketplace/State Partnership Marketplace	Federally-Facilitated Marketplace
Broadest flexibility to expand coverage and make programmatic changes that impact Exchange operations	Limited flexibility. State would have to support most program changes with State resources.	Limited flexibility. More likely to carry out reform through Section 1115 waiver.
States: CA, CO, CT, DC, ID, KY, MD, MA, MN, NY, RI, VT, WA	States: AR, DE, HI, IL, IA, MI, NV, NH, NM, OR, WV	States: AL, AK, AZ, FL, GA, IN, KS, LA, ME, MS, MO, MT, NE, NJ, NC, ND, OH, OK, PA, SC, SD, TN, TX, UT, VA, WI, WY

Limitations on Waivers under Current Guidance



Potential State Proposals

State	Proposal
Alaska	Utilize previous High Risk Pool funds to fund reinsurance to lower Exchange premiums
Colorado	Section 1332 waiver would be a component of ColoradoCare proposal, up for state vote this fall. Would involve replacing current Exchange and receiving funding for new program
Minnesota	“Public option” proposal that would allow the state to develop a MinnesotaCare product that would be available on the Exchange, between 200 and 275% FPL, separate from Basic Health Program; fix family glitch
Ohio	Potential elimination of individual and employer mandates

Potential Upcoming Section 1332 Proposals under Current Guidance

Proposal	Description
Expansions to Basic Health Program	Increase income limit for enrollment in Basic Health Plan
Apply APTC/CSR to dental coverage	Include cost of dental plan in calculation of APTC and apply CSRs
Addition of a “copper” plan	Add a metal level below bronze to allow for lower price option
Allow sale of vision and other ancillary products on the Exchange	Allow Exchanges to sell vision insurance and other types of insurance via the Exchange
Allowing Medicaid managed care enrollment through the Exchange	Allowing selection of Medicaid plans via the Exchange (may not require a waiver)



POTENTIAL WAIVERS – REVISED GUIDANCE

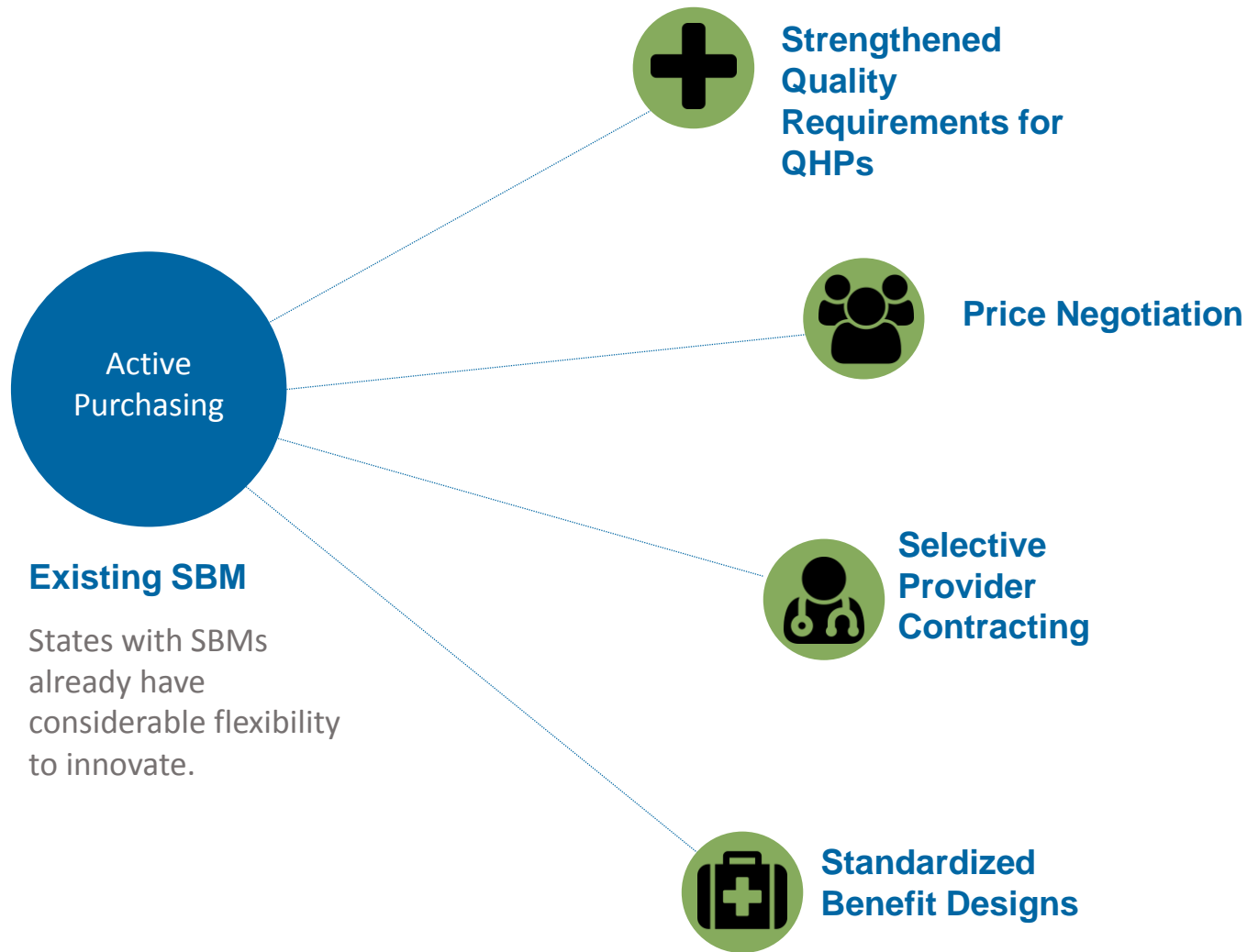
HEALTH MANAGEMENT ASSOCIATES

Flexibility to Innovate under New Guidance

Potential Revised Guidance

- Loosening of Deficit Neutrality calculation requirements
- Joint savings across Medicaid and Exchange programs
- More flexibility for FFM states, though unlikely that federal resources would be available

State Flexibility Outside of Waivers – Active Purchasing



State Flexibility Outside of Waivers – Public Option

Public Option



With Waiver

- Established by the state through legislation
- Exempt from certain Marketplace requirements
- Tailored benefit package
- Tailored actuarial value



Without Waiver

- Established by the state through legislation
- Behaves like any other health plan
- Subject to the same requirements as other QHPs
- Offers EHB and standard AV levels



IMPACT ON PLANS AND PROVIDERS

HEALTH MANAGEMENT ASSOCIATES

Potential Impact on MCOs

Type of Impact	Implications
Administrative Changes	<ul style="list-style-type: none">• IT system changes to accommodate new populations, new plan types, varied subsidy levels• Changes to Exchange data submissions• Increased reporting/accountability requirements• Member services impacts• Provider education impacts
Market/Contracting Changes	<ul style="list-style-type: none">• Changes to QHP certification requirements• Changes to market dynamics and participation• Possible new procurements under joint Medicaid proposals• Increased competition under Public Option

Potential Impact on Providers

Type of Impact	Implications
Administrative Changes	<ul style="list-style-type: none">• Increased number of plans – more administrative burden• Revisions to plan contracts• Changes in quality reporting requirements
Contracting Changes	<ul style="list-style-type: none">• New insurance market entrants and need for new contracting arrangements• Strengthened provider contracting standards for QHPs• Increased scrutiny on quality performance• Opportunities for innovation under new market dynamics
Beneficiary Impacts	<ul style="list-style-type: none">• Potential new populations with coverage• Ongoing need for member education and engagement

CONTACT US

TINA EDLUND

Managing Principal

tedlund@healthmanagement.com

DONNA LAVERDIERE

Senior Consultant

dlaverdiere@healthmanagement.com

MARGARET TATAR

Managing Principal

mtatar@healthmanagement.com

HEALTH MANAGEMENT ASSOCIATES