

# Evaluation of Insurance Market Stabilization Solutions for a 1332 Waiver

## The Client

Oklahoma State Department of Health (OSDH)

## The Challenge

Seeking a pathway to stabilize the individual insurance market, OSDH engaged Health Management Associates (HMA) to provide policy analysis related to Section 1332 of the Affordable Care Act (ACA) and data analysis related to a large number of proposed strategies designed to impact premiums, enrollment, or both.

## The Approach

In response to state legislation, OSDH convened a task force with representation from consumers, business, insurers, and relevant governmental agencies. During the summer and fall of 2016, the Task Force had generated a list of more than 60 changes for consideration by the state and federal government, and OSDH had formulated these into a draft concept paper for a Section 1332 Waiver. The task force recommendations covered a wide range of strategies including widening the gap between allowable premiums for older vs. younger people, modifying/simplifying the benefit package, changing the way subsidies are calculated, and steering more subsidy dollars toward lower income people.

Before finalizing the concept paper and drafting a waiver application, OSDH was in need of expert assistance to determine which strategies were most promising, and to evaluate the aspects with the best chance of federal approval and the operational complexity of implementing the various strategies.

HMA and our subcontractor, Leavitt Partners, mobilized a team of colleagues with expertise on ACA Section 1332 waivers, insurance markets, and data analysis. Several tasks proceeded simultaneously:

- Providing expert technical assistance concerning which solutions the state could implement under current arrangements vs. a waiver (and those that would require a change in federal statute).
- Evaluating operational complexity and time required to implement changes, taking into consideration any federal approval processes.
- Developing a model to analyze the impact of the various solutions.
- Analyzing public comments on the draft concept paper and assisting with completion of a final concept paper.
- Modeling selected solutions and combinations of solutions for impact on premiums and enrollment.
- Participating in task force meetings to disseminate our findings, provide updates on “repeal and replace” efforts and the possible impact on Section 1332, and answer technical questions from members.

## The Results

Of all the solutions considered, we found that establishing a reinsurance mechanism would have the greatest impact on premiums and enrollment in the short term. The impact would be even greater when combined over a longer period of time with strategies that would change the way subsidies are calculated and distributed. Based on these findings, the OSDH elected in the summer of 2017 to submit a reinsurance waiver proposal to the Centers for Medicare and Medicaid Services using Section 1332 authority, and to begin work on a longer term effort to develop a more comprehensive waiver.

To implement changes for the 2018 plan year, OSDH needed CMS waiver approval by September 25. When OSDH did not receive federal approval by this date, the state pulled its waiver request. The state continues to work on its more comprehensive, longer term proposal.

[Analysis and Technical Assistance on Oklahoma's Section 1332 Waiver: Final Report](#)

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