State Health Reform Assistance Network
Charting the Road to Coverage
1332 State Innovation Waivers: Getting off the Ground

Manatt Health Solutions
July 2015
Agenda

- Getting Started with 1332 Waivers
- 1332 Waivers in HealthCare.Gov States
- Discussion of Future Topics
- Discussion
Getting Started with 1332 Waivers
How many want a 1332 waiver?
Why do you need a 1332 waiver?
<table>
<thead>
<tr>
<th>State</th>
<th>Status</th>
<th>Description</th>
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<tbody>
<tr>
<td>Arkansas</td>
<td>Bill introduced but not enacted during 2015 session</td>
<td>Would have authorized several state agencies to apply for and to implement 1332 waivers on the state’s behalf</td>
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<td>California</td>
<td>Senate passed bill, Assembly considering</td>
<td>Requires the Secretary of the California Health and Human Services Agency to apply for a waiver to allow individuals who are not eligible for coverage because of their immigration status to obtain coverage</td>
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<td>Hawaii</td>
<td>Legislation Signed by Governor</td>
<td>Narrows “the scope of work of the State Innovation Waiver Task Force to facilitate the development of an Affordable Care Act Waiver in a timely manner”</td>
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<td>Rhode Island</td>
<td>Enacted budget</td>
<td>Authorizes Marketplace to pursue a 1332 waiver</td>
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<td>New Mexico</td>
<td>Senate passed resolution</td>
<td>Establishes task force within Office of Superintendent of Insurance to study waivers</td>
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<td>Minnesota</td>
<td>Legislation Signed by Governor</td>
<td>Governor charged with convening “Task Force on Health Care Financing” to consider, among other topics, using 1332 waivers to improve continuum of coverage and delivery system reform</td>
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Framework for Moving Forward

1. Identify State Goals
2. Identify Barriers
3. Identify Strategies
4. Available Tools
Identify State Goals

Important to Align Broad Goals and Targeted Objectives

Does the State Want to....

- Lower the Uninsured Rate?
- Move to Value Based Purchasing?
- Consolidate and Integrate Various Programs?
- Address a Marketplace Glitch?
Potential Barriers

- Eligibility Standards Differ Across Programs
- Participating Providers Change Based on Program
- Large Cost Sharing Increases on Small Income Changes
- Disruption to Existing State Roles/Responsibilities

Strategies for Overcoming Barriers

- Align Eligibility Requirements
- Align Standards Across QHPs and Medicaid MCOs
- Smooth the Cost Sharing Continuum
- Convene Interagency Taskforce
Available Tools

- 1332 waiver to waive certain ACA provisions
- 1115 waiver to waive provisions of federal Medicaid law
- Combine 1332 and 1115 Waivers

State legislation or regulation

Just do it!
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<th>Barrier</th>
<th>Strategy</th>
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<td>Align affordability programs eligibility and enrollment requirements</td>
<td>Sharp differences in out-of-pocket costs as people move from one affordability program to another</td>
<td>Introduce gradual increases in cost-sharing for higher income enrollees to create a smoother transition from public programs to QHPs. 1332? 1115? Existing authority?</td>
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<tr>
<td>Create multi-payer alignment in payment and delivery reform across affordability programs</td>
<td>Providers not incentivized towards the same goals of quality and efficiency across insurance affordability programs</td>
<td>Increase payment for providing care to members based on performance that results in improved health outcomes 1332? 1115? Existing authority?</td>
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<tr>
<td>Align coverage and contracting requirements</td>
<td>As members move between programs, relationships with trusted providers and care delivery may be disrupted</td>
<td>Align network adequacy and quality incentives across payers to facilitate formation of ACOs that serve members across affordability programs.</td>
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1332 Waivers in HealthCare.Gov States
States relying on HealthCare.gov face additional challenges and constraints in using 1332.

States considering transitioning to HealthCare.Gov should factor in the potential loss of flexibility in developing 1332 waivers for state specific innovation.
As the impact on HealthCare.Gov increases, challenges increase. These confines represent the current state of HealthCare.Gov, future improvements may allow for more state flexibility in 2017 and beyond.
Replacements for the Individual or Employer Mandate

Easier to do under HealthCare.Gov
- Individual late enrollment penalty if imposed by QHP issuer
- Eliminate or change scope of employer mandate

Harder to do under HealthCare.Gov
- Individual late enrollment penalty if imposed by Marketplace
- More limited enrollment opportunities for individuals
- More generous subsidies for individuals
- Auto-enrollment for individuals
Marketplaces and QHPs

Easier to do under HealthCare.Gov
- Change the actuarial value of existing metal levels (e.g., wider de minimus variation)

Harder to do under HealthCare.Gov
- Create new metal level (e.g. copper)
- Change eligibility criteria for catastrophic enrollment

1332 waivers can be used to replace the Marketplace with an alternative model, such as using direct enrollment to obtain subsidies without a central Marketplace.
Benefits, Subsidies and Medicaid-Marketplace Convergence

Easier to do under HealthCare.Gov
- Add a new benefit category
- Permit non-insurers (Medicaid MCOs, ACOs) to be QHP issuers

Harder to do under HealthCare.Gov
- Change value of subsidies or eligibility for subsidies
- Permit Medicaid beneficiaries to select plans
Discussion of Future Topics
Future Topics?

1. Smoothing Cost Continuum
2. Individual Mandate
3. Employer Mandate
4. Coordination between 1332 and 1115 waivers
5. Alternatives to traditional Marketplace structure
6. Using 1332 for Marketplace sustainability
7. Redefining essential health benefits
Discussion
Thank you!

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