

State Health Reform Assistance Network

Charting the Road to Coverage

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1332 State Innovation Waivers: Looking Ahead to Potentially Broader 1332 Waivers

Manatt Health
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Agenda

- **Background**
- **States Planning for 1332 Waivers: Minnesota and California**
- **1332 Waiver as Pathway to Public Option**

Background

Future 1332 Waivers May Have Broader Policy Goals

Several states are seeking targeted waivers to preserve pre-ACA programs



Hawai'i

seeks to preserve its pre-ACA employer mandate (Hawai'i Prepaid Health Care Act)



Massachusetts

seeks to maintain features of its pre-ACA merged individual and small group markets



Vermont

seeks to maintain pre-ACA direct enrollment approach for small employers

Today's discussion will focus on states using 2016 to plan for 1332 waivers that have potentially broader policy goals and implications



California

Initiated a stakeholder process to identify potential policy initiatives requiring a 1332 waiver



Minnesota

Exploring use of 1332 waivers to improve health coverage, delivery and financing

States Planning for 1332 Waivers: Minnesota and California

Minnesota Health Care Financing Task Force

Legislature establishes
“task force on health
care financing”

Pre-launch interviews to
determine Task Force
priorities

Task Force first
convened

Task Force members voted
on recommendations to
Governor and Legislature

May 2015

July 2015

August 2015

January 2016

Overview of Task Force

- **Task Force composed of 29 members** including representatives from legislature, health plans, brokers, small business owners, consumers, and state agencies
- **Three workgroups established** to develop recommendations on key priorities:
 -  **Health Care Delivery Design:** Identify health care delivery system strategies to reduce costs and improve outcomes
 -  **Seamless Coverage Continuum:** Examine opportunities for providing a seamless, affordable, and financially stable coverage continuum
 -  **Barriers to Access:** Evaluate opportunities to reduce barriers to accessing care

Minnesota's Task Force Proposals Requiring a 1332 Waiver

Task Force Recommendations



Expand MinnesotaCare (State BHP) from 200 to 275% Federal Poverty Level to improve the affordability of coverage and smooth premium and cost-sharing cliffs



Fix the family glitch, rationalizing the affordability definition for families with access to employer sponsored coverage



Allow QHP enrollees to apply APTC/CSR to dental coverage, creating alignment across the coverage continuum



Study the potential impact on consumer choice of allowing for plans on a sliding scale from 60 – 100% actuarial value (AV)

Minnesota's Legislature Directed Department of Commerce to Explore Tax Credit Portability

Proposal would allow individuals to access APTC and CSR to purchase QHPs *only* offered outside of MNsure APTC



Proposal is currently being developed including a review of all necessary waivers and federal approvals

Proposal will be submitted to the MNsure Board and MNsure Legislative Oversight Committee 30 days before submission to the federal government

Proposal submitted to the Federal government

Potential 1332 Waiver Requirements

- **APTC:** ACA only allows individuals who have purchased a plan through the Marketplace to receive premium tax credits
- **QHP Requirements:** ACA defines QHPs as plans that have been certified by the Marketplace

Source: State of Minnesota; House of Representatives; HF5; 89th Legislature 2015 – 2016; Available at: https://www.revisor.mn.gov/bills/text.php?number=HF5&version=0&session_year=2015&session_number=0

California 1332 Waiver Process

Covered California hosted 1332 waiver overview webinar

1332 panel on possible waiver topics

Covered California presents analysis and report to the Board of Directors

January 2016

February 2016

April 2016

California Policy Ideas Potentially Requiring a 1332



Affordability issues including: fixing the family glitch, adding more affordable plan choices on the Marketplace, and smoothing subsidies from 138 – 400% FPL



Aligning coverage programs to reduce the impact of churn and mixed families potentially through uniform eligibility standards between programs or allowing Medicaid plans to sell on the Marketplace (even if they are not considered QHPs because they don't sell off-Marketplace)



Allowing undocumented immigrants to purchase unsubsidized coverage through Covered California

- California recently enacted SB 75 to expand Medicaid benefits to all children under age 19 regardless of immigration status effective May 1
- Legislation was also proposed to authorize a 1332 waiver to allow undocumented immigrants to purchase through the Marketplace non-QHP health plans that mirror QHPs

1332 Waiver as Pathway to Public Option

Might 1332 be a Pathway to a Public Option?

Public Option: “[A] publicly insured plan in direct competition with... private health insurance coverage, in the hope of driving down both premiums and underlying health care costs.”¹

Considerations in Designing a Public Option Product

Essential Health Benefits: Will the product cover the 10 EHBs?

Actuarial Value: Will it meet metal tier requirements?

Cost: How will the state ensure premium affordability?

Use of Tax Credits: Will premium tax credit dollars be used to fund the public option? Will public option enrollees receive APTC?

Eligible Populations: Could include public employees, Medicaid beneficiaries

Marketplace and QHP Requirements: Will the product meet QHP and Marketplace requirements?

“Hillary supports the public option to reduce costs and broaden the choices of insurance coverage for every American. To make immediate progress toward that goal, Hillary will work with interested governors, using current flexibility under the Affordable Care Act, to empower states to establish a public option choice.” – Hillary Clinton on health care²

¹The Origins and Demise of the Public Option. Harpin, H., and Harbage, P. Health Affairs **June 2010** vol. 29 no. 6 **1117-1124**

²Retrieved March 30, 2016, from <https://www.hillaryclinton.com/issues/health-care/>

Minnesota “Public Option” Proposal



- **Minnesota’s Legislature is considering a bill that would allow a MinnesotaCare product, designed and purchased by the State, to be sold on MNsure (the Marketplace)**
- **Individuals with incomes from above 200% FPL would be eligible to purchase the MinnesotaCare product; those who are eligible for APTCs would be able to use them to offset the cost of coverage**
- **Not a BHP expansion!**

Potential 1332 Waiver Requirements

- **APTC/CSR:** ACA says tax credits may only be used to purchase QHPs, this provision may need to be waived for individuals to receive subsidies to purchase a MinnesotaCare product
- **QHP Requirements:** ACA defines QHPs as plans that have been certified by the Marketplace and are offered both in and outside of the Marketplace. The State anticipates that it would have to seek a waiver of the law’s QHP requirements.
- **Actuarial Value:** The bill requires that the MinnesotaCare product have a minimum AV of 87%

Discussion



Next Steps

Webinar Topic	Date
What's Next for States	4/20/15
What Can be Waived?	5/29/15
Getting off the Ground	7/13/15
Coordinating 1332 and 1115 Waivers	8/24/15
Issues Related to Coordinated Waivers	10/06/15
Lessons Learned from the Basic Health Program	11/18/15
HHS and Treasury Guidance on State Innovation Waivers	12/13/16
States Seek to Modify Small Group Market Through 1332	02/25/16
Looking Ahead to Potentially Broader Waivers: The View from Several States Including MN and CA	Today
TBD	TBD

Thank you!

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