

What You Need to Know About 1332 Waivers & Georgia's Health Insurance Marketplace

Section 1332 waivers

Section 1332 of the Affordable Care Act (ACA) allows states to experiment with alternative models of providing coverage to state residents. While states can use these innovation waivers to alter key requirements of the ACA in the individual and small group private health insurance markets, the law requires that innovation plans meet four guardrails:

1. Provide coverage that is at least as comprehensive as without the waiver;
2. Provide coverage that is at least as affordable as without the waiver;
3. Cover at least a comparable number of state residents; and
4. Does not increase the federal deficit.

While these guardrails were originally drafted to ensure consumers were sufficiently protected as states experiment, they have been considerably weakened leaving consumers at risk.ⁱ

States must provide public comment opportunities and respond to those comments before a waiver can be approved and implemented. This is the opportunity for consumers to voice their support or concerns about how the waiver may impact their health and finances, or those of their loved ones.

How have states used 1332 waivers?

Seven of the eight states with approved 1332 waivers have implemented reinsurance systems to reduce premiums and attract more insurers to the market.ⁱⁱ Reinsurance is a system to help insurance companies pay a portion of the costs of the highest insurance claims. Unlike the high-risk pools, reinsurance systems do not segregate high-cost people into separate plans. Enrollees remain with their preferred insurer and the reinsurance system picks up part of the cost. Georgia consumers could benefit from the implementation of a reinsurance program for the state's marketplace.ⁱⁱⁱ

How could 1332 waivers impact Georgia consumers and their health insurance?

Many beneficial changes to Georgia's marketplace can be made with existing state authority. Larger changes made through 1332 waivers should be pursued with caution. Any 1332 waiver should have to meet these criteria in order to fully protect Georgia consumers:

1. Preserves and does not undermine critical consumer protections, like those that protect consumers with pre-existing conditions;
2. Maintains comprehensive, quality health coverage, including the requirement that all insurance plans cover the ten essential health benefits^{iv};
3. Insulates consumers from rising health insurance costs by building a stable, robust health insurance marketplace and investing in policies that increase marketplace enrollment; and
4. Does not result in increases in financial liabilities for low- and middle-income consumers (those between 100-400% FPL).

A 1332 waiver to implement a state reinsurance program would meet all of these criteria but other proposals should be evaluated carefully for their impacts on vulnerable consumers groups.

More than 480,000 Georgians purchase private coverage through Georgia's health insurance marketplace...

And many more are eligible. The vast majority (90%) of enrollees receive financial help to afford their coverage and more than 60% of Georgia consumers had a choice of insurers in the 2018 open enrollment period. For many individuals and families, the marketplace works well but some considerate changes could improve it for thousands more.

Footnotes:

ⁱ Tim Jost, The Commonwealth Fund, Using the 1332 State Waiver Program to Undermine the Affordable Care Act Stat by State, <https://www.commonwealthfund.org/blog/2018/using-1332-state-waiver-program-undermine-affordable-care-act-state-state>

ⁱⁱ Kaiser Family Foundation, Tracking Section 1332 State Innovation Waivers, <https://www.kff.org/health-reform/fact-sheet/tracking-section-1332-state-innovation-waivers/>

ⁱⁱⁱ Georgians for a Healthy Future, Getting Georgia Covered 2018, https://healthyfuturega.org/ghf_resource/getting-georgia-covered-5/

^{iv} The ten essential health benefits are outpatient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use disorder services, prescription drugs, rehabilitative and habilitative services (those that help patients acquire, maintain, or improve skills necessary for daily functioning) and devices, laboratory services, prevention and wellness screens and chronic disease management, and pediatric services including dental and vision care.