

## State Innovation Waivers: Opportunities to Advance Section 1332

**LEAD**  
the **WAY**

Building a People-Centered Health System



Trinity Health is one of the largest multi-institutional Catholic health care delivery systems in the nation, serving diverse communities that include more than 30 million people across 22 states. We advocate for public policies that promote care for the common good including expanding health care coverage and care, investing in public health, paying for high-value care, and improving the health of communities.

Trinity Health believes that health care begins with people covered in all of our communities. States are driving major changes in health insurance markets and coverage across Medicaid and the marketplaces. In particular, states are examining the use of Innovation Waivers—also referred to as Section 1332 waivers under the Affordable Care Act (ACA)—as tools to make changes to their individual markets.

Innovation Waivers are an opportunity for states to strengthen coverage, promote affordability and provide comprehensive care to all. As states develop Section 1332 waivers, Trinity Health seeks to ensure that changes help achieve these goals. The following policy principles have been developed to guide assessment of Section 1332 waivers, and to promote dialogue with policymakers and stakeholders on how to strengthen the individual market across all states.

### What Can Policymakers Do?

#### Promote Affordable Coverage

##### *Policy Recommendations:*

- Support 1332 waiver changes that promote well-functioning, stable insurance markets, including mechanisms to avoid adverse selection.
- Ensure waivers provide seamless coverage for all regardless of income and close gaps in eligibility across Medicaid and marketplace coverage.
- Develop Section 1332 waivers that encourage shared responsibility among all stakeholders.

#### Provide Secure Coverage

##### *Policy Recommendations:*

- Ensure waivers provide continuous stable coverage across programs, regardless of life changes, health or employment status.
- Create benefit designs that promote access to necessary care and avoid high-deductibles.
- Include safeguards against annual or lifetime caps on coverage to ensure access to coverage and care.

#### Design High-Functioning Coverage

### What Are Section 1332 Waivers?

Section 1332 waivers were created in the ACA to offer states the option to use alternative coverage mechanisms if they met certain criteria. Specifically, the ACA included four important “guardrails” that states must meet to receive approval for 1332 waiver request:

- **Comprehensiveness:** States must provide coverage that is “at least as comprehensive” as coverage mandated by the ACA.
- **Affordability:** States must limit consumers’ out-of-pocket obligations to ACA-approved levels.
- **Coverage:** State waivers must ensure that the state covers at least as many people as the ACA.
- **Budget Neutrality:** States must also demonstrate that the waiver does not increase the federal deficit.

# State Innovation Waivers

## Policy Recommendations:

- Ensure Marketplaces continue to provide a uniform, core benefits package that includes prescription drugs and prevention services.
- Incorporate best practices from commercial and other plans to empower consumers, such as providing simple tools that allow them to choose coverage options that best meet their needs.
- Develop 1332 waivers that also strengthen and drive innovation in Medicaid and CHIP.

## Impact of Coverage on Health Status

Studies examining the impact of coverage expansion on health outcomes within the Medicaid program found some improvements in health status and diagnosis.

- A study in OR on access and health outcomes for newly enrolled found a decrease in the rate of depression of 9.2%.<sup>1</sup>
- A study of OH's 2014 Medicaid expansion's impact on new enrollees found 47.7% indicated an improvement in health and 27% had been newly diagnosed with a chronic condition.<sup>2</sup>

**Supporting Research:** 1. [The Oregon Experiment — Effects of Medicaid on Clinical Outcomes](#). Baicker, K., Taubman, S., Allen, H., Bernstein, M., Gruber, J., & Newhouse, J. et al. (2013). *New England Journal Of Medicine*, 368(18), 1713-1722. 2. [Ohio Medicaid Group VIII Assessment: A Report to the Ohio General Assembly](#). The Ohio Department of Medicaid. (2017).

## Marketplace Stabilization Spotlight

### Oregon

Under the ACA, Oregon's uninsured rate decreased to 5 percent.<sup>1</sup> However, individual market premiums were increasing and insurers were scaling back participation. Oregon developed a Section 1332 waiver to address these market disruptions and high premiums.

CMS approved Oregon's Section 1332 waiver in 2017, which aims to stabilize their individual market and lower premium costs by establishing the Oregon Reinsurance Program (ORG). The ORG is a state-operated reinsurance program and reimburses insurers on a cost-basis for high-cost claims. Oregon financed its waiver through changes to federal APTCs, an assessment on insurers, and state funds.

**Supporting Research:** 1. [Health Insurance Coverage of the Total Population](#). Kaiser Family Foundation (KFF). 2016.

### Minnesota

More states are moving to set up their own reinsurance programs in hopes of reducing premiums and stabilizing their individual insurance markets. One state that found success with such a program is Minnesota, which saw exchange premiums decline by 15% in the first year after legislators created a \$271 million, publicly funded reinsurance pool.<sup>2</sup>

**Supporting Research:** 2. [To Curb Rising Health Insurance Costs, Some States Try 'Reinsurance Pools'](#). Pew Charitable Trust, April 9, 2018.

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**Core Values:** Reverence • Commitment to Those Who Are Poor • Justice • Stewardship • Integrity

