THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

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March 17, 2022

The Honorable Xavier Becerra
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Becerra,

The State of Alaska is applying for a Section 1332 State Innovation Waiver extension for your review and consideration. At this point, the state is requesting a five-year extension but would like to discuss the possibility of amendments that may make non-substantive changes to the Alaska Reinsurance Program, and if a new application is necessary, the state would request a two-year extension.

As required, Alaska is submitting an actuarial analysis based on factors known at this time. However; we recognize that, as a result of the Covid-19 pandemic, there are circumstances under consideration that have or may impact our individual market. During the pandemic the Biden administration provided consumers with an extended Special Enrollment Period, as well as Enhanced Premium Subsidies, both of which had an impact on the current market. As we anticipate that the pandemic is coming to an end, individuals currently enrolled in Medicaid may be transitioned to the individual market at the end of the federal health emergency, which would further change the demographics of our market.

Finally, we know that the pandemic had an impact on health care facilities and providers. We witnessed telehealth become the norm for interacting with providers at the same time hospitalizations were at all-time highs. The financial impact of the pandemic is not yet recognized and may also influence our analysis.

These factors, which were outside of anyone's control, may permanently change access to health care, reimbursements to providers, the cost of health care insurance, and the size of our individual market.

The state is unclear if we could make non-substantive changes to the program by amendment or would need to request a renewal. If we are able to make non-substantive changes to the Alaska

Reinsurance Program by amendment, we respectfully request that we be granted a five-year extension.

We appreciate your consideration in processing our application. Please reach out to me with any questions or concerns that you may have.

Respectfully,

Lori Wing-Heier
Director

Cc: Janet Yellen, Secretary, US Department of Treasury
Lina Rashid, Senior Policy Advisor, Centers for Medicare & Medicaid Services
Michelle Koltov, Health Insurance Specialist, Centers for Medicare & Medicaid Services
Julie Sande, Commissioner, Dept. of Commerce, Community, and Economic Dev.

Alaska Section 1332
Waiver Extension Application

STATE OF ALASKA

Department of Commerce, Community, and Economic Development

Division of Insurance

March 17, 2022

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Alaska's Proposal to Waive Certain Provisions of the Patient Protection & Affordable Care Act Per Section 1332, Waivers for State Innovation

Executive Summary

Alaska's State Innovation Waiver under section 1332 of the Affordable Care Act was approved in July 2017 and is effective January 1, 2018, through December 31, 2022. The waiver has helped lower healthcare premium costs and stabilize the individual health insurance market. The 1332 waiver is a prime example of a successful state-federal partnership — one which helps the Affordable Care Act meet its goals by making insurance more affordable to individual Alaskans.

Alaska is utilizing the flexibility granted to states through the Section 1332 process to stabilize the individual healthcare market and waive the single risk pool as described in 1312(c)(1) to a limited extent. Alaska was granted the first reinsurance waiver in the nation. Since 2017, 15 states have developed reinsurance programs and used 1332 waivers to partially fund their programs.

Under the proposed waiver extension, Alaska would continue to waive the Single Risk Pool for the Individual Market - 1312(c)(1) to the extent it would otherwise require excluding total expected state reinsurance payments when establishing the market-wide index rate. The federal government would continue to provide pass-through funds to ensure the long-term stabilization and viability of Alaska's individual health insurance market. Alaska would continue to receive the federal funding to subsidize the Alaska Reinsurance Program (ARP), based on savings that would be generated because of a reduction in Advanced Premium Tax Credits (APTC). The state would appropriate the remaining amount of funds necessary to ensure the ARP is fully funded, after adjusting for medical inflation.

The State Innovation Waiver would be effective January 1, 2023, for a period of five years.

Section 1: Extension Request and Reinsurance Program Overview

A detailed description of the extension request, including the desired time period for the extension. The state must confirm there are no changes to the current waiver plan for the new waiver period that are otherwise not allowable under the state's STCs, or that could impact any of the section 1332 statutory guardrails or program design.

Summary of Alaska' Waiver Request and Timeframe

The State of Alaska, Division of Insurance, submits this 1332 State Innovation Waiver extension request to the Centers for Medicare and Medicaid Services (CMS) in the United States Department of Health and Human Services (HHS), and the Department of the Treasury. Currently, Section 1312(c)(1) of the Affordable Care Act (ACA) is waived for 2018 through 2022 to allow the state to implement a reinsurance program partially funded by federal pass-through savings. We are requesting that Section 1312(c)(1) be waived for an additional five years, for the period of 2023 through 2027, in order for Alaska to continue the reinsurance program for this period.

Aside from the timeframe, no other changes are being proposed to Alaska's existing 1332 waiver. The waiver extension will continue to abide by the Specific Terms and Conditions set forth by CMS. Alaska's waiver extension will also continue adhering to the guardrails established by Section 1332, as well as principles laid out in guidance from CMS, and will not affect other provisions of the ACA.

Alaska Reinsurance Program Overview

The Governor signed House Bill 374 on July 18, 2016, enabling legislation that created the ARP and permitted the pursuit of a State Innovation Waiver under Section 1332 of the ACA. The ARP legislation allows for the appropriation of funds from various premium taxes to stabilize Alaska's individual health insurance market. Without state legislative action, Alaska's consumers would have faced another substantial rate increase.

Alaska's reinsurance program was highly successful in its first five years (2018 to 2022). The program reduced premiums 38.5% on average statewide for Alaskans who purchased insurance on the individual market, surpassing the premium reduction goals in the Section 1332 waiver application. All Alaskans with coverage in the individual market (approximately 17,000) saw premium decreases directly attributable from the ARP; however, the real impact was on the unsubsidized population.

The program also brought stability to Alaska's individual health insurance market, with an additional insurer re-joining the market in 2020. Alaska's 2021 individual market premiums were nearly 38.5% lower than they would be without reinsurance, indicating the program is succeeding in reducing premiums.

The COVID-19 pandemic and public health emergency further underscored the importance of reinsurance, and the stability it has brought to Alaska's individual insurance market. Significant job losses in 2020 meant many Alaskans lost employer-based health insurance. These consumers turned to Alaska's individual market to purchase insurance. Having reinsurance in place meant these consumers had access to a stable insurance market during a time when they needed it most.

Reinsurance and the American Rescue Plan Act

After passage of the federal American Rescue Plan Act (ARPA) in March 2021, Alaska's Director Wing-Heier joined with the other 13 insurance commissioners in states with reinsurance programs in asking CMS and Treasury to recalculate pass-through funding amounts given the additional increases in subsidies provided for in the ARPA.[1]

Under the ARPA, premium tax credits are more generous to existing participants and offer tax credits to more enrollees. These changes increased individual market enrollment and, as a result, are likely to increase the number of reinsurance-eligible claims beyond previous estimates. The 14 states operating reinsurance programs noted in their request to the Departments that the additional federal savings that will accrue because of the premium tax credit expansion be taken into account.

In September 2021, the Departments announced that because of the ARPA adjustment, Alaska would receive an additional $43.8 million in pass-through funds for FY21 for a total of $122,270,217 (original amount for 2021 determined in April 2021 to be $78,442,889).

Alaska was the only state in the nation that reopened their CY2022 individual market rate filings and added additional (ARPA) pass through funding in the amount of $15,000,000 to the reinsurance program. This action resulted in reducing the average rate increase in CY2022 by approximately 4.8%.

Alaska Reinsurance Program Design

Alaska's reinsurance program is designed to stabilize the individual market by using federal pass-through funding to totally or partially reimburse the insurer for incurred claims from high-risk residents. These high-risk residents are defined as people who have been diagnosed with one or more of 34 covered conditions identified in regulation[2].

The program is invisible to the consumer. The insurer continues to administer the claims; the Alaska Comprehensive Health Insurance Association (ACHIA) receives the state funding, audits the claim requests, and disburses the funds on a quarterly basis, with oversight by the Alaska Division of Insurance, facilitated with a grant agreement.

Extension Period Goals and Implementation Overview

The goals for the five-year waiver extension period center around maintaining the premium reductions achieved in the program's first five years. As shown in Table 5a, actuarial analysis for the waiver extension period estimates the reinsurance program will reduce premiums by 38.5% in 2023. With a total program cost of $107.9 million in 2023, the estimated second lowest cost silver individual market premium for a 21-year old, non-tobacco user living in rating area 3 (Southeast Alaska) is expected to be reduced $370, from $962 to $592 per month.

[1] In 2021, there were 14 states with approved 1332 waivers for reinsurance. Georgia's waiver was approved for 2022.

[2] http://www.akleg.gov/basis/aac.asp#3.31.540

Estimated Second Lowest Cost Silver ACA 2023 Premium Rate for a 21-Year Old, Non-Tobacco User in Rating Area 3 (Southeast Alaska)	**PMPM**
Estimated 2023 Premium per member per month (PMPM) without the waiver	$962
Estimated 2023 Premium per member per month with the program	$592
Reduction amount	$370
Reduction percent	-38.5%

Reinsurance is also expected to continue increasing enrollment in Alaska's individual market. We are seeing more enrollment during the last few years with a lower percentage of Alaskans claiming the APTC. This could be an indication that the reinsurance program is working since we have fewer subsidized people, but it also could have implications for the pass-through funds awarded to the state. As shown in Table 4c of Oliver Wyman's actuarial analysis, individual market enrollment is predicted to be 1,600 members higher in 2023 with reinsurance than enrollment would be absent the program.

Section 2: Program Outcomes and Section 1332 Guardrails

Preliminary evaluation data and analysis of observable outcomes from the existing waiver program, which includes quantitative or qualitative information on why the state believes the program did or did not meet the statutory guardrails. For example, the state may provide information comparing the originally projected premium reductions or expected claims reimbursements to the actual values of the outcomes observed.

The Alaska reinsurance program successfully reduced premiums and increased enrollment over the five-year waiver period. The program has also fully complied with Section 1332 statutory guardrails.

Evaluation and Outcomes Data

Across all three post-waiver years for which data is available, premiums for plans offered in Alaska's marketplace were reduced by an average of 29% for the lowest cost bronze (LCB) plan, 26 % for the lowest cost silver plan (LCS) , 30% for the second lowest cost silver (SLCS) plan, and 37% for the lowest cost gold (LCG) plan, relative to premiums that would have existed absent the waiver.[3] This exceeds the projection provided in Alaska's original 1332 waiver application which noted an average premium reduction of 20%.

Unsubsidized enrollees realized the largest savings in enrollee premium spending, with annual reductions ranging from almost $2,000 for the LCB plan to almost $4,000 for the LCG plan for a 27-year-old, relative to pre-waiver means ranging from $4,800 to $7,200 for those same plan types. Enrollee premium spending among those in the income range for premium subsidies (100% to 400% of FPL) did not change significantly as a result of the waiver.

For our application in 2017 we noted that we expected the Alaska individual health insurance market to grow by 1460 people. For unsubsidized enrollees, RAND estimates that following the premium reductions, enrollment was higher by more than 2,800 additional individuals on average than if the waiver had not been implemented, relative to mean enrollment of approximately 5,100 individuals in the pre-waiver period. This was due to a combination of increased enrollment in Alaska under the waiver and expected reduced enrollment in absence of the waiver. There were no significant changes in enrollment for subsidized enrollees or for those with incomes between 100% and 400% of FPL.

Premium growth in Alaska exceeded the national average prior to the implementation of the waiver, and enrollment in the individual market was on the decline. The waiver was associated with decreased total premiums as well as enrollee premium spending and increased enrollment among unsubsidized enrollees. Overall, the waiver appears to have stabilized Alaska's individual market.

Alaska saw the addition of an issuer during the period of the waiver, raising the number of carriers from one to two. A new company entered the Alaska individual insurance market in 2020, Moda Assurance Company, providing Alaskan consumers with more choices, and a more competitive insurance market.

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[3] Rao, P. et. al. within RAND Health Care (September 2021) Section 1332 Waiver Evaluation Report: Evaluating the Alaska Reinsurance Program. Prepared for Centers for Medicare & Medicare Services. https://www.cms.gov/files/document/1332-evaluation-alaska-2021.pdf

Section 1332 Guardrails

Alaska's reinsurance program adhered to all four ACA Section 1332 statutory guardrails in its first five years and will continue adhering to the guardrails during the five-year waiver extension period. A description of how the reinsurance program meets each of the statutory guardrails is below.

A. Scope of Coverage (1332(b)(1)(C)). The Section 1332 Waiver extension will provide coverage to at least a comparable number of Alaska's residents as would be covered absent the waiver.

B. Affordability (1332(b)(1)(B)). The Section 1332 Waiver extension will provide coverage and cost-sharing protections against excessive out-of-pocket spending that results in coverage which is at least as affordable for Alaska's residents as would be provided absent the waiver.

C. Comprehensiveness (1332(b)(1)(A)). The Section 1332 Waiver extension will provide coverage that is at least as comprehensive for Alaska's residents as would be provided absent the waiver.

D. Deficit Neutrality (1332(b)(1)(D)). The Section 1332 Waiver extension will not increase the federal deficit.

Summarized Expected Impact of the Proposed Section 1332 Waiver Extension

Requirement	Impact of Proposed Section 1332 Waiver Extension
Scope of Coverage	The number of individuals covered in the Alaska health insurance markets is expected to increase.
Affordability of Coverage	Gross premium rates in the individual ACA market are expected to decrease while other out-of-pocket expenses are not expected to change.
Comprehensiveness of Coverage	Not impacted by the proposed Section 1332 Waiver extension.
Deficit Neutrality	The federal deficit is not expected to increase.

Section 3: Authority Under State Law

Evidence of sufficient authority under state law(s) in order to meet the PPACA section 1332(b)(2)(A) requirement for purposes of pursuing the requested extension.

House Bill 374 signed into law on July 18, 2016[4], enabled the establishment of the ARP and permitted pursuit of a State Innovation Waiver under Section 1332 of the ACA. The ARP legislation

[4] Chapter 5 4SSLA 2016; am §§ 1 - 3 Chapter 46 SLA 2018

allowed for the appropriation of funds from various premium taxes to stabilize Alaska's individual health insurance market. This enabling legislation included a sunset date of June 30, 2018, for the state funding to ensure that the diversion of insurance premium taxes from the state's general fund was not relied upon as a long-term funding mechanism.

The Alaska Legislature passed Senate Bill 165 in 2018 to extend the sunset provision on the Alaska comprehensive health insurance fund six years to June 30, 2024, to allow for the continuation of the ARP and receipt of federal funding. The bill also removes the requirement that funds collected under AS 21.09.210 (tax on insurers), AS 21.33.055 (unauthorized insurance premium tax), AS 21.34.180 (surplus lines tax) and AS 21.66.110 (annual tax on title insurance premiums) are to be deposited into the Alaska comprehensive health insurance fund within the general fund. The legislation establishing a reinsurance program and permitting the division to pursue a State Innovation Waiver under section 1332 remain in effect without a sunset clause.

Section 4: Stakeholder Engagement and Tribal Consultation

An explanation and evidence of the process to ensure meaningful public input on the extension request, which must include:

- *For a state with one or more federally-recognized Indian tribes within its borders, providing a separate process for meaningful consultation with such tribes, and providing written evidence of the state's compliance with this requirement.*
- *Publicly posting the submitted LOI on the state's website to ensure that the public is aware that the state is contemplating a waiver extension request*
- *Publicly posting the waiver extension application on the state's website upon its submission of the waiver extension application to the Departments.*

Tribal Consultation

There are 229 federally recognized tribes in Alaska. In cooperation with the Alaska Native Tribal Health Consortium (ANTHC), the division sent a letter to the ANTHC on January 5, 2022, notifying the consortium of the waiver extension and public hearing scheduled on January 31, 2022.

Meaningful public input

The division created a 1332 Waiver page on its state website. Materials posted to this page include the state's letter of intent and will include the waiver extension application that is submitted to the Departments.

https://www.commerce.alaska.gov/web/ins/Section1332.aspx

The division held a public hearing on the 1332 Waiver on January 31, 2022, providing 30-day notice via the State of Alaska Online Public Notice System. This hearing served the dual purpose of being the waiver's annual public forum as well as gathering input on the existing waiver as well as the extension application request. Interested parties could attend the forum in person in the Anchorage or Juneau Division of Insurance offices or by teleconference and could submit comments in writing up to 5:00 pm Alaska Time Zone on January 31, 2022.

https://aws.state.ak.us/OnlinePublicNotices/Notices/View.aspx?id=204800

Section 5: Actuarial and Economic Analysis of Extension Period

Updated economic or actuarial analyses for the extension period, if the state is aware of changes in state law, the state insurance market, or to the waiver program that are allowable under the STCs and impact waiver assumptions and projections, and that the state has not previously shared with the Departments via its reporting requirements.

The division contracted with Oliver Wyman to perform actuarial and economic analysis for the extension period of the waiver. No state legislative changes are expected to impact Alaska's reinsurance program during the waiver extension period.

See "Alaska Section 1332 State Innovation Waiver Extension – Individual Reinsurance Program: Actuarial Analysis March 2, 2022" in the following pages for the analysis by Oliver Wyman.

OliverWyman

ALASKA SECTION 1332 STATE INNOVATION WAIVER EXTENSION – INDIVIDUAL REINSURANCE PROGRAM

Actuarial Analysis

March 2, 2022

A business of Marsh McLennan

Contents

1. Introduction

The individual health insurance market in the State of Alaska (the State) has been relatively stable in recent years, in large part due to the introduction of the Alaska Reinsurance Program (the ARP) in 2017. Prior to implementation of the ARP, insurers participating in the individual health insurance market in Alaska lost significant amounts of money as a result of the insured population that enrolled in coverage being less healthy relative to initial expectations, and enrollment declined. In an effort to minimize losses, insurers implemented steep rate increases for 2015 and 2016, and as a result, individual health insurance premiums in Alaska became the highest in the nation.[1] The market also experienced a decrease from four insurers in 2015 to only one in 2017.

In an effort to stabilize the individual health insurance market, the State enacted a law by passing HB 374 which allowed the State of Alaska Division of Insurance (Alaska DOI) to establish the ARP within the Alaska Comprehensive Health Insurance Association.[2] The ARP has reduced premiums significantly, the number of Alaskans covered in the individual market has increased, and consumer choice has since expanded from one to two insurers. Further, in March 2021 the United States Congress passed H.R. 1319 (The American Rescue Plan Act) which significantly increased premium subsidies available to individuals and families purchasing coverage through the Exchange. Under current law, these enhanced subsidies are scheduled to sunset at the end of 2022, returning to levels outlined in the Affordable Care Act (ACA). After the expiration of the public health emergency (PHE)[3] put in place as a result of the COVID-19 pandemic, shifts in enrollment from populations previously covered by Medicaid to the individual ACA market in Alaska are expected. The Alaska DOI was not able to provide information about the number of additional enrollees that received Medicaid coverage as a result of the PHE, or the demographic and morbidity profile of the Medicaid population that may be impacted by redeterminations once the PHE ends. It is important to note that our projections and actuarial estimates in this report do not take into consideration any impact on enrollment in the individual ACA market that may result from the end of PHE.

In an effort to continue to address the affordability of health insurance for Alaskans, the State is seeking to extend its current State Innovation Waiver which was authorized under Section 1332 of the Affordable Care Act (Section 1332 Waiver) for the period January 1, 2018 through December 31, 2022, and established a state-based and state-administered reinsurance program. Specifically, the State is proposing to extend the waiver of §1312(c)(1)[4] of the Affordable Care Act from January 1, 2023 through December 31, 2027.

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman), was retained by Alaska DOI to perform the actuarial and economic analysis related to the State's proposed waiver extension. As directed under 45 CFR 155.1308(f)(4)(i)-(iii), the Centers for Medicare and Medicaid Services (CMS) regulations require that states include as part of a Section 1332 Waiver application actuarial and economic analyses, along with actuarial certifications and the data and assumptions used, to support estimates that the proposed Section 1332 Waiver extension will satisfy the following requirements:

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[1] "2017 Premium Changes and Insurer Participation in the Affordable Care Act's Health Insurance Marketplaces." Kaiser Family Foundation, 25 Oct. 2016, http://kff.org/health-reform/issue-brief/2017-premium-changes-and-insurer-participation-in-the-affordable-care-acts-health-insurance-marketplaces/

[2] http://www.akleg.gov/basis/Bill/Text/29?Hsid=HB0374Z

[3] https://aspr.hhs.gov/legal/PHE/Pages/COVID19-14Jan2022.aspx

[4] §1312(c)(1) states that "A health insurance issuer shall consider all enrollees in all health plans (other than grandfathered health plans) offered by such issuer in the individual market, including those enrollees who do not enroll in such plans through the Exchange, to be members of a single risk pool."

- **Scope of Coverage:** Coverage under the Section 1332 Waiver extension will be provided to a comparable number of residents as would be provided absent the waiver
- **Affordability of Coverage:** The Section 1332 Waiver extension will provide coverage and cost sharing protections against excessive out-of-pocket spending that are at least as affordable as would be provided absent the waiver
- **Comprehensiveness of Coverage:** The Section 1332 Waiver extension will provide coverage that is at least as comprehensive as would be provided absent the waiver
- **Deficit Neutrality:** The Section 1332 Waiver extension will not increase the Federal deficit

It is our understanding that these same requirements apply to the application for an extension. This report provides the required actuarial and economic analyses, as well as the actuarial certifications, necessary to support that the proposed Section 1332 Waiver extension is expected to satisfy these requirements. Additionally, this report outlines the data, assumptions and methodology used to generate the actuarial and economic projections that result from our analysis. Any other use of this report may be inappropriate and is prohibited by Oliver Wyman.

2. Overview of State-Based Reinsurance Program

The State is submitting an application for an extension of its previously approved Section 1332 Waiver that put in place a state-based and state-administered reinsurance program to help improve the affordability of premium rates in Alaska's individual ACA market. Under the State's Section 1332 Waiver, a reinsurance program was established for plan years 2018 through 2022. In 2022, the funding for the reinsurance program was set at $100 million, and the program had the objective of reducing gross premium rates (i.e., premium rates prior to the application of premium tax credits) in the individual ACA market by an average of 38.5%, relative to the premium rates which would otherwise be charged if no reinsurance program were in place.

In this section, focusing on plan year 2023, we provide the estimated cost of the reinsurance program, describe how the reinsurance program is expected to be funded, provide the parameters anticipated to be utilized to determine payments from the State to issuers, and provide the impact the reinsurance program is expected to have on premium rates in the individual ACA market. As enrollment volumes, claim costs, and available funding amounts change over the time period during which the proposed Section 1332 Waiver extension would be in effect, it is expected that items such as the funding level will be adjusted, as necessary, by the State to ensure the reinsurance program remains fully funded (net of federal pass-through funding) and, to the extent possible, continues to target the State's overall objective for each plan year (i.e., stability from year to year in the reduction in gross premium rates in the individual ACA market relative to the premium rates which would otherwise be charged if no reinsurance program were in place).

Covered Conditions and Payments

The ARP is a condition-based reinsurance program. Under the program, insurers in the individual ACA market cede to the ARP all medical and prescription drug claims for the entire year that are associated with enrollees identified as having one or more high-cost condition specified as eligible for payment. Thirty-four chronic conditions are covered under the ARP in 2022 and these same conditions will be covered in 2023. In addition, insurers also cede all premiums, pharmacy rebates, and any recoveries under the federal catastrophic reinsurance program (hereafter referred to as 'other ceded items') that are associated with eligible enrollees, to the ARP. Table 1 provides a list of the eligible conditions that would apply in 2023:

Table 1: Alaska Reinsurance Program – Eligible Conditions

HCC Number	HCC Description
1	HIV/AIDS
2	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
8	Metastatic Cancer
9	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia
10	Non-Hodgkin's Lymphomas and Other Cancers and Tumors
26	Mucopolysaccharidosis
27	Lipidoses and Glycogenosis
29	Amyloidosis, Porphyria, and Other Metabolic Disorders
35	End-Stage Liver Disease
37	Chronic Hepatitis
38	Acute Liver Failure/Disease, Including Neonatal Hepatitis

HCC Number	HCC Description
45	Intestinal Obstruction
46	Chronic Pancreatitis
48	Inflammatory Bowel Disease
56	Rheumatoid Arthritis and Specified Autoimmune Disorders
66	Hemophilia
69	Acquired Hemolytic Anemia, Including Hemolytic Disease of Newborn
70	Sickle Cell Anemia (Hb-SS)
71	Thalassemia Major
75	Coagulation Defects and Other Specified Hematological Disorders
94	Anorexia/Bulimia Nervosa
109	Paraplegia
111	Amyotrophic Lateral Sclerosis and Other Anterior Horn Cell Disease
112	Quadriplegic Cerebral Palsy
113	Cerebral Palsy, Except Quadriplegic
115	Myasthenia Gravis/Myoneural Disorders and Guillain-Barre Syndrome/Inflammatory and Toxic Neuropathy
118	Multiple Sclerosis
119	Parkinson's, Huntington's, and Spinocerebellar Disease, and Other Neurodegenerative Disorders
127	Cardio-Respiratory Failure and Shock, Including Respiratory Distress Syndromes
159	Cystic Fibrosis
184	End Stage Renal Disease
247	Premature Newborns, Including Birthweight 2000-2499 Grams
251	Stem Cell, Including Bone Marrow, Transplant Status/Complications
254	Amputation Status, Lower Limb/Amputation Complications

We expect that between 4.0% and 4.5% of all members in the individual ACA market will be ceded to the ARP in 2023. In Table 2 below, we show the percent of all members that were ceded to the ARP in each of plan years 2017 through 2020:

Table 2: Percent of Members Ceded to the ARP[5]

2017	2018	2019	2020
4.2%	4.3%	4.5%	4.3%

Cost and Funding of the State-Based Reinsurance Program in 2023

Based on insurers' rate filings for the 2022 plan year and Oliver Wyman's estimates, removing the estimated ceded claims for eligible members, net of other ceded items, had the effect of reducing premiums by 38.5%.

[5] Based on information provided by Premera and Moda

The State's objective is to set the parameters for the program in future years to maintain consistency in the impact that the ARP has on premium rates. We estimate the total funding needed to support a reinsurance program that will accomplish Alaska's stated objective (i.e., reducing gross premium rates in the individual ACA market by an average of 38.5% relative to the premium rates which would otherwise be charged if no reinsurance program were in place) for 2023 is $107.9 million. This estimate was developed based on projected enrollment, premium, claims, non-benefit expenses, and other ceded items in the individual ACA market in 2023. In developing the estimate, it was assumed that issuer claim expenses as a percentage of premium in 2023 will be equal to the statewide average target loss ratio filed by the issuers offering coverage in Alaska's individual ACA market in 2022.

Then, based on information from the 2022 rate filings for each issuer offering coverage in Alaska's individual ACA market related to fixed non-benefit expenses and the reductions in claim expenses needed to drive the desired level of premium rate change, we estimated the net reduction in issuer claim expenses (i.e., claims expenses less other ceded items) that would be needed to accomplish Alaska's stated objective for 2023. In doing so we account for the change in morbidity expected to occur in 2023 under the proposed Section 1332 Waiver extension (i.e., as a result of increased enrollment due to lower premium rates in 2023 with the reinsurance program in place relative to without the reinsurance program), the total projected cost of the program was calculated as follows:

> ***Projected 2023 Cost of Alaska Reinsurance Program*** *= Projected 2023 Premium Volume x Target Reduction in Premium x [1 – Variable Expenses as a Percent of Premium] / Net Ceding Ratio*
>
> Where *Net Ceding Ratio = (Ceded Claims – Other Ceded Items) / Ceded Claims*

Funding for the ARP in 2023 is expected to come from the following sources:

1. Federal pass-through funds received as a result of the Section 1332 Waiver extension
2. Ceded premiums, pharmacy rebates and any recoveries under the federal catastrophic reinsurance program for eligible members
3. General funds as appropriated by the Alaska State Legislature

Regarding the first item, through its Section 1332 Waiver extension application, the State is requesting that the U.S. Department of Treasury (Treasury) "pass-through" to its reinsurance program the cost savings from the reduction of federal outlays for premium tax credits (PTCs) resulting from the reduction in gross premium rates in the individual ACA market due to the ARP. Section 1332(a)(3) of the ACA authorizes pass-through funding in Section 1332 Waiver applications.

Estimated Premium Impact of State-Based Reinsurance Program in 2023

As noted earlier, the objective of the reinsurance program in 2023 is to reduce gross premium rates in the individual ACA market by an average of 38.5% relative to the premium rates which would otherwise be charged if no reinsurance program were in place. To the extent gross premium rates are reduced, enrollment levels in the individual ACA market are expected to increase, leading to an improvement in the overall morbidity of Alaska's individual ACA market. We estimate that the morbidity improvement as a result of the proposed Section 1332 Waiver extension will be 2.4% in 2023. This morbidity improvement is included in the estimated 38.5% premium reduction.

3. Actuarial and Economic Analyses

Actuarial analyses meeting the requirements under 45 CFR 155.1308(f)(4)(i) and other applicable information as required in the Checklist for Section 1332 Innovation Waiver Applications are provided in this section.[6] Oliver Wyman's Healthcare Reform Microsimulation Model (HRM Model) was utilized to estimate the expected impact of the proposed Section 1332 Waiver extension on the health insurance markets in Alaska, and in meeting each of the guardrails associated with Section 1332 Waivers as outlined in federal statute and regulation.

The HRM Model is an economic utility model that captures the flow of individuals across various markets and coverage options based on their economic purchasing decisions. It is integrated with actuarial modeling designed to assess the expected impact of various reforms on the health insurance markets. Appendix A provides additional information about the specifications and functionality underlying the HRM Model.

The projections produced by the HRM Model were analyzed to assess whether the following federal requirements are expected to be met under the proposed Section 1332 Waiver extension:

- **Scope of Coverage Requirement** – The Section 1332 Waiver extension will provide coverage to at least a comparable number of Alaska's residents as would be covered absent the waiver.
- **Affordability Requirement** – The Section 1332 Waiver extension will provide coverage and cost-sharing protections against excessive out-of-pocket spending that results in coverage which is at least as affordable for Alaska's residents as would be provided absent the waiver.
- **Comprehensiveness of Coverage Requirement** – The Section 1332 Waiver extension will provide coverage that is at least as comprehensive for Alaska's residents as would be provided absent the waiver.
- **Deficit Neutrality Requirement** – The Section 1332 Waiver extension will not increase the federal deficit.

Table 3 summarizes at a high level the expected impact of the proposed Section 1332 Waiver extension as it relates to these requirements. Our analyses show that the proposed Section 1332 Waiver extension is expected to meet these requirements in 2023 and each following year for the ten-year period ending in 2032. A more detailed discussion of the results as they relate to these requirements follows.

Table 3: Summarized Expected Impact of the Proposed Section 1332 Waiver Extension

Requirement	Impact of Proposed Section 1332 Waiver Extension
Scope of Coverage	The number of individuals covered in the Alaska health insurance markets is expected to increase
Affordability of Coverage	Gross premium rates in the individual ACA market are expected to decrease while other out-of-pocket expenses are not expected to change
Comprehensiveness of Coverage	Not impacted by the proposed Section 1332 Waiver extension
Deficit Neutrality	The federal deficit is not expected to increase

[6] https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/Checklist-for-Section-1332-State-Relief-and_Empowerment-Waivers.pdf

Scope of Coverage

Under the scope of coverage requirement, a comparable number of residents must be expected to have coverage under the proposed Section 1332 Waiver extension as would have coverage absent the waiver extension.[7] For this purpose, "coverage" refers to minimum essential coverage as defined in 26 U.S.C. 5000A(f) and 26 CFR 1.5000A-2, and health insurance coverage as defined in 45 CFR 144.103. In assessing this requirement, we estimate that the proposed Section 1332 Waiver extension will not have a material impact on the number of Alaskans covered under employer-sponsored plans, Medicaid, Medicare, CHIP, other public programs, or individual plans which are not ACA-compliant.[8] As a result, the focus of our analysis is on the impact of the proposed Section 1332 Waiver extension to Alaska's individual ACA market.

Table 4 summarizes the projected average volume of individual ACA market enrollees and uninsured individuals in Alaska by year under the baseline and waiver scenarios, assuming gross premium rates in the individual ACA market are reduced by an average of approximately 38.5% under the waiver scenario (i.e., relative to the premium rates which would otherwise be charged if no reinsurance program were in place):

Table 4: Summary of Average Individual ACA Market Enrollment and Uninsured Volumes

	Individual ACA Market			Uninsured		
Year	Baseline	Waiver	Change vs. Baseline	Baseline	Waiver	Change vs. Baseline
2022	20,200	20,200	0.0%	68,600	68,600	0.0%
2023	16,900	18,500	9.6%	71,800	70,200	-2.3%
2024	16,900	18,500	9.6%	71,800	70,200	-2.3%
2025	16,800	18,500	9.6%	71,700	70,100	-2.3%
2026	16,800	18,400	9.6%	71,600	70,000	-2.3%
2027	16,800	18,400	9.6%	71,600	70,000	-2.3%
2028	16,800	18,400	9.6%	71,500	69,900	-2.3%
2029	16,800	18,400	9.6%	71,400	69,800	-2.3%
2030	16,800	18,400	9.6%	71,400	69,800	-2.3%
2031	16,700	18,400	9.6%	71,300	69,700	-2.3%
2032	16,700	18,300	9.6%	71,200	69,600	-2.3%

Note: Enrollment values shown have been rounded to the nearest hundred

Absent the proposed Section 1332 Waiver extension and corresponding reinsurance program, total enrollment volume in the baseline scenario in Alaska's individual ACA market is expected to decrease by approximately 16.5% between 2022 and 2023, due primarily to the scheduled termination of enhanced premium tax credits available under the American Rescue Plan Act (ARPA), and by a slight projected decline in population. With the Section 1332 Waiver extension and corresponding reinsurance program, total enrollment volumes would be expected to decrease by approximately 8.4% between 2022 and 2023.

Under the proposed Section 1332 Waiver extension, enrollment in the individual ACA market is expected to be approximately 9.6% higher than baseline enrollment levels each year over the time period of 2023 through 2032. The increase in enrollment under the proposed Section 1332 Waiver extension is driven primarily by uninsured individuals that would be expected to enroll in the individual ACA market as a result of lower gross

[7] 45 CFR 155.1308(f)(3)(iv)(C)

[8] Non ACA-compliant plans may include coverage types such as short-term limited duration, indemnity, or supplemental health plans. As of 2021 Premera was the only insurer in Alaska that was offering Grandfathered and Transitional plans in the individual market in Alaska, and elected to no longer renew these plans in 2022.

premium rates.[9]

Overall, our modeling shows it is expected that the new enrollees who enter the individual ACA market in 2023 and later due to the presence of the proposed reinsurance program will, on average, have slightly lower health expenses on a PMPM basis when compared to the individuals who would be expected to enroll in individual ACA plans regardless of the presence of the reinsurance program. As noted earlier, the impact of the new enrollees on the overall morbidity of Alaska's individual ACA market is expected to be approximately a 2.4% improvement.

Individual ACA Market Enrollment by Household Income

Table 4a presents projected enrollment levels in the individual ACA market by household income over the time period of 2023 through 2032 assuming gross premium rates in the individual ACA market are reduced by an average of approximately 38.5% under the waiver scenario relative to the premium rates which would otherwise be charged if no reinsurance program were in place. For this comparison, household income is measured as a percentage of the federal poverty level (FPL).

Table 4a: Summary of Average Individual ACA Market Enrollment by FPL

Baseline

Income Range	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
< 100%	0	0	0	0	0	0	0	0	0	0	0
100% - 150%	2,000	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
151% - 200%	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
201% - 250%	3,100	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
251% - 300%	2,300	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
301% - 400%	2,400	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
401%+	6,800	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Total ACA	**20,200**	**16,900**	**16,900**	**16,800**	**16,800**	**16,800**	**16,800**	**16,800**	**16,800**	**16,700**	**16,700**

Waiver

Income Range	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
< 100%	0	0	0	0	0	0	0	0	0	0	0
100% - 150%	2,000	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
151% - 200%	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
201% - 250%	3,100	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
251% - 300%	2,300	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
301% - 400%	2,400	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
401%+	6,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Total ACA	**20,200**	**18,500**	**18,500**	**18,500**	**18,400**	**18,400**	**18,400**	**18,400**	**18,400**	**18,400**	**18,300**

Change in Number of Enrollees - Baseline to Waiver

Income Range	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
< 100%	0	0	0	0	0	0	0	0	0	0	0
100% - 150%	0	0	0	0	0	0	0	0	0	0	0
151% - 200%	0	0	0	0	0	0	0	0	0	0	0
201% - 250%	0	0	0	0	0	0	0	0	0	0	0
251% - 300%	0	0	0	0	0	0	0	0	0	0	0
301% - 400%	0	0	0	0	0	0	0	0	0	0	0
401%+	0	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Total Change	**0**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**

Note: Values shown have been rounded to the nearest hundred; the sum within each column may not be equal to the total shown and the change in the number of enrollees may not equal the difference between the baseline and waiver membership shown due to rounding.

[9] While there may be some migration of enrollees from the employer market to the individual ACA market, based on our modeling, we expect any migration from the employer market as a result of the waiver to be *de minimis.*

We estimate that there will be minimal change in enrollment between the baseline and waiver scenarios for individuals who receive PTCs. This is because, due to the way in which premium rates are calculated under the ACA for these individuals (i.e., maximum premium rates as a percentage of income, net of PTCs), their net out-of-pocket costs are expected to be mostly insulated, on average, from changes in gross premium rates.

Conversely, individuals who do not receive PTCs will experience favorable changes to their total out-of-pocket costs. For these individuals, the full impact of the reinsurance program is expected to be realized through reductions to their premium rates, resulting in an expected increase in enrollment for that segment of the population in 2023 and beyond.

Individual ACA Market Enrollment by Metal Level

Table 4b presents projected enrollment levels in the individual ACA market by metal level over the time period of 2023 through 2032 assuming gross premium rates in the individual ACA market are reduced by an average of approximately 38.5% under the waiver scenario relative to the premium rates which would otherwise be charged if no reinsurance program were in place.

Table 4b: Summary of Average Individual ACA Market Enrollment by Metal Level

Baseline

Metal Level	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Catastrophic	0	0	0	0	0	0	0	0	0	0	0
Bronze	6,400	8,300	8,300	8,200	8,200	8,200	8,200	8,200	8,200	8,100	8,100
Silver	4,300	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Gold	9,500	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Platinum	0	0	0	0	0	0	0	0	0	0	0
Total ACA	**20,200**	**16,900**	**16,900**	**16,800**	**16,800**	**16,800**	**16,800**	**16,800**	**16,800**	**16,700**	**16,700**

Waiver

Metal Level	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Catastrophic	0	0	0	0	0	0	0	0	0	0	0
Bronze	6,400	9,300	9,300	9,300	9,200	9,200	9,200	9,200	9,200	9,200	9,200
Silver	4,300	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400
Gold	9,500	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,700
Platinum	0	0	0	0	0	0	0	0	0	0	0
Total ACA	**20,200**	**18,500**	**18,500**	**18,500**	**18,400**	**18,400**	**18,400**	**18,400**	**18,400**	**18,400**	**18,300**

Change in Number of Enrollees - Baseline to Waiver

Metal Level	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Catastrophic	0	0	0	0	0	0	0	0	0	0	0
Bronze	0	1,000	1,000	1,100	1,000	1,000	1,000	1,000	1,000	1,100	1,100
Silver	0	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100
Gold	0	700	700	700	700	700	700	700	700	700	600
Platinum	0	0	0	0	0	0	0	0	0	0	0
Total ACA	**0**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**

Note: Values shown have been rounded to the nearest hundred; the sum of values within each column may not be equal to the total value shown and the change in the number of enrollees may not equal the difference between the baseline and waiver membership shown due to rounding.

As shown in Table 4b, at lower gross premium rates with the reinsurance program in place, it is expected that ACA enrollees will not seek out leaner benefit plans at the same rate as they would absent the reinsurance program.

Individual ACA Market Enrollment by Age

Table 4c presents projected enrollment levels in the individual ACA market by age over the time period of 2023 to 2032 assuming gross premium rates in the individual ACA market are reduced by an average of approximately 38.5% under the waiver scenario relative to the premium rates which would otherwise be charged if no reinsurance program were in place. Enrollment in the individual ACA market is expected to increase across every age group and the distribution of individual ACA enrollment by age is not expected to shift significantly under the proposed Section 1332 Waiver extension.

Table 4c: Summary of Average Individual ACA Market Enrollment by Age

Baseline

Age Range	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
0-18	3,100	2,800	2,800	2,900	2,900	2,900	2,900	2,900	2,900	2,800	2,800
18-25	1,500	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
26-34	2,700	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
35-44	3,300	2,800	2,800	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
45-54	3,500	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
55+	6,100	4,800	4,800	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700
Total ACA	**20,200**	**16,900**	**16,900**	**16,800**	**16,800**	**16,800**	**16,800**	**16,800**	**16,800**	**16,700**	**16,700**

Waiver

Age Range	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
0-18	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
18-25	1,500	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
26-34	2,700	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
35-44	3,300	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
45-54	3,500	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
55+	6,100	5,300	5,300	5,300	5,200	5,200	5,200	5,200	5,200	5,200	5,100
Total ACA	**20,200**	**18,500**	**18,500**	**18,500**	**18,400**	**18,400**	**18,400**	**18,400**	**18,400**	**18,400**	**18,300**

Change in Number of Enrollees - Baseline to Waiver

Age Range	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
0-18	0	300	300	200	200	200	200	200	200	300	300
18-25	0	100	100	100	100	100	100	100	100	100	100
26-34	0	200	200	200	200	200	200	200	200	200	200
35-44	0	200	200	300	300	300	300	300	300	300	300
45-54	0	300	300	300	300	300	300	300	300	300	300
55+	0	500	500	600	500	500	500	500	500	500	400
Total ACA	**0**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**

Note: Values shown have been rounded to the nearest hundred; the sum of values within each column may not be equal to the total value shown and the change in the number of enrollees may not equal the difference between the baseline and waiver membership shown due to rounding.

Affordability of Coverage

Under the affordability requirement, Alaskans must be able to retain health care coverage which is at least as affordable as would be absent the waiver.[10] For this purpose, affordability refers to the ability of state residents to pay for health care and is measured by comparing their net out-of-pocket spending for health coverage and services to their incomes. Out-of-pocket expenses are assumed to include premium contributions and any plan level cost-sharing that is the responsibility of the individual.

[10] 45 CFR 155.1308(f)(3)(iv)(B)

As with the scope of coverage requirement, in assessing this requirement, we estimate that the proposed Section 1332 Waiver extension will not have a material impact on the affordability of coverage for those individuals enrolled in employer-sponsored plans, individual plans which are not ACA-compliant, Medicaid, Medicare, CHIP or any other public programs. As a result, the focus of our analysis is again on the impact of the proposed Section 1332 Waiver extension on out-of-pocket expenses in Alaska's individual ACA market. Additionally, since the proposed Section 1332 Waiver extension does not directly impact member plan level cost-sharing (i.e., members will be able to purchase plans with comparable benefit cost sharing as those plans in which they are currently enrolled), the focus of the affordability requirement is further centered on changes in premium rates.

Under the proposed Section 1332 Waiver extension it is expected that gross premium rates in the individual ACA market will decrease. Total out-of-pocket costs for enrollees who receive PTCs under both the baseline and with the proposed Section 1332 Waiver extension, including those with high expected health care costs, will not change for the subsidy benchmark plan (i.e., the second lowest cost silver plan) as their premium rate for that plan will continue to be capped at the applicable maximum percentage of household income they are required to pay under the ACA.[11] For enrollees who do not receive PTCs or for enrollees who currently receive PTCs but who would no longer receive PTCs under the proposed Section 1332 Waiver extension (due to their gross premium rates decreasing below what their premium rate net of PTCs would otherwise be), including those with high expected health care costs, the proposed reinsurance program will result in an improvement in the overall affordability of health coverage relative to the baseline scenario.

The gross premium rates for the second lowest cost silver plans in Alaska's individual ACA market are expected to decrease, on average, by approximately 38.5% in all years under the proposed Section 1332 Waiver extension (i.e., relative to the baseline). It is important to note, however, that while the statewide average decrease in premium rates relative to the baseline is expected to be equal to approximately 38.5%, the actual change in premium rates under the Section 1332 Waiver extension will vary by issuer, dependent on each issuer's specific claim cost distribution as well as fixed non-benefit expenses.

Table 5a presents estimates of the average second lowest cost silver plan monthly premium rates offered through the Exchange for a single, 21-year-old, non-tobacco user in Alaska by rating area under both the baseline and waiver scenarios. Tables 5b and 5c present estimates of the second lowest cost silver plan monthly premium rates offered through the Exchange for a single, 21-year-old, non-tobacco user in Alaska by borough/census area under the baseline and waiver scenarios, respectively. Table 5d presents estimates of the change in the second lowest cost silver plan monthly premium rates offered through the Exchange by borough/census area between the baseline and waiver scenarios. The values in these tables reflect the anticipated impact of the scheduled termination of enhanced premium tax credits available under ARPA after 2022.

[11] For individuals who receive PTCs and purchase either the lowest-cost cost silver plan or another plan which is less expensive than the second lowest cost silver plan (e.g., a bronze plan), we estimate that their premium rates, net of PTCs, may increase slightly as a result of the proposed Section 1332 Waiver (relative to the baseline). This is because the proposed reinsurance program is expected to reduce the PTCs available to the member which can be applied to those lower cost plans by more than the premium rates for those plans are expected to decrease. However, as noted earlier, their out-of-pocket premium for the subsidy benchmark plan will not increase. Additionally, their premium rates net of PTCs for plans whose premium rates are greater than that of the second lowest cost silver plan (e.g., a gold plan) would be expected to decrease (relative to the baseline), improving the affordability of coverage for low income individuals enrolled in those plans.

Table 5a: Estimated Second Lowest Cost Silver ACA Premium Rate by Rating Area
21-Year-Old, Non-Tobacco User

Baseline

Rating Area	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Rating Area 1, Group 1	$560	$1,002	$1,072	$1,147	$1,228	$1,314	$1,406	$1,504	$1,609	$1,722	$1,843
Rating Area 1, Group 2	$569	$1,017	$1,089	$1,165	$1,246	$1,334	$1,427	$1,527	$1,634	$1,748	$1,870
Rating Area 2, Group 1	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Rating Area 2, Group 2	$575	$1,027	$1,099	$1,176	$1,259	$1,347	$1,441	$1,542	$1,650	$1,765	$1,889
Rating Area 3	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769

Waiver

Rating Area	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Rating Area 1, Group 1	$560	$616	$659	$706	$755	$808	$864	$925	$990	$1,059	$1,133
Rating Area 1, Group 2	$569	$626	$669	$716	$766	$820	$877	$939	$1,005	$1,075	$1,150
Rating Area 2, Group 1	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Rating Area 2, Group 2	$575	$632	$676	$723	$774	$828	$886	$948	$1,015	$1,086	$1,162
Rating Area 3	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088

% Difference in Second Lowest Cost Silver Plan Premium – Baseline to Waiver

Rating Area	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Rating Area 1, Group 1	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Rating Area 1, Group 2	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Rating Area 2, Group 1	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Rating Area 2, Group 2	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Rating Area 3	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%

Note: Values shown have been rounded to the nearest dollar
Rating Area 1, Group 1: Municipality of Anchorage and portions of Kenai Peninsula Borough
Rating Area 1, Group 2: The remainder of Rating Area 1
Rating Area 2, Group 1: Mat-Su Borough, Fairbanks North Star Borough, and portions of Kenai Peninsula Borough
Rating Area 2, Group 2: The remainder of Rating Area 2
Rating Area 3: Zips 998 and 999, all of Southeast

Table 5b: Estimated Second Lowest Cost Silver ACA Premium Rate by Borough/Census Area
21-Year-Old, Non-Tobacco User – Baseline Scenario

Baseline											
Borough/Census Area	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Aleutians East Borough	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Aleutians West Census Area	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Anchorage City Borough	$569	$1,017	$1,089	$1,165	$1,246	$1,334	$1,427	$1,527	$1,634	$1,748	$1,870
Bethel Census Area	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Bristol Bay Borough	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Denail Borough	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Dillingham Census Borough	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Fairbanks North Star Borough	$575	$1,027	$1,099	$1,176	$1,259	$1,347	$1,441	$1,542	$1,650	$1,765	$1,889
Haines Bourough	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Hoonah-Angoon Census Area	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Juneau City Borough	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Kenai Peninsula Borough - Rating Area 1	$569	$1,017	$1,089	$1,165	$1,246	$1,334	$1,427	$1,527	$1,634	$1,748	$1,870
Kenai Peninsula Borough - Rating Area 2	$575	$1,027	$1,099	$1,176	$1,259	$1,347	$1,441	$1,542	$1,650	$1,765	$1,889
Ketchikan Gateway Borough	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Kodiak Island Borough	$560	$1,002	$1,072	$1,147	$1,228	$1,314	$1,406	$1,504	$1,609	$1,722	$1,843
Kusilvak Census Area	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Lake and Peninsula Borough	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Matanuska-Susitna Borough	$575	$1,027	$1,099	$1,176	$1,259	$1,347	$1,441	$1,542	$1,650	$1,765	$1,889
Nome Census Area	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
North Slope Borough	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Northwest Arctic Borough	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Petersburg Borough	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Prince of Wales Hyder Census Area	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Sitka City Borough	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Skagway Borough	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Southeast Fairbanks Census Area	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Valdez-Cordova Census Area	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861
Yakutat Borough	$538	$962	$1,029	$1,102	$1,179	$1,261	$1,349	$1,444	$1,545	$1,653	$1,769
Tukon - Koyukuk Census Area	$566	$1,012	$1,083	$1,159	$1,240	$1,327	$1,420	$1,519	$1,625	$1,739	$1,861

Table 5c: Estimated Second Lowest Cost Silver ACA Premium Rate by Borough/Census Area
21-Year-Old, Non-Tobacco User – Waiver Scenario

Baseline											
Borough/Census Area	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Aleutians East Borough	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Aleutians West Census Area	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Anchorage City Borough	$569	$626	$669	$716	$766	$820	$877	$939	$1,005	$1,075	$1,150
Bethel Census Area	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Bristol Bay Borough	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Denail Borough	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Dillingham Census Borough	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Fairbanks North Star Borough	$575	$632	$676	$723	$774	$828	$886	$948	$1,015	$1,086	$1,162
Haines Bourough	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Hoonah-Angoon Census Area	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Juneau City Borough	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Kenai Peninsula Borough - Rating Area 1	$569	$626	$669	$716	$766	$820	$877	$939	$1,005	$1,075	$1,150
Kenai Peninsula Borough - Rating Area 2	$575	$632	$676	$723	$774	$828	$886	$948	$1,015	$1,086	$1,162
Ketchikan Gateway Borough	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Kodiak Island Borough	$560	$616	$659	$706	$755	$808	$864	$925	$990	$1,059	$1,133
Kusilvak Census Area	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Lake and Peninsula Borough	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Matanuska-Susitna Borough	$575	$632	$676	$723	$774	$828	$886	$948	$1,015	$1,086	$1,162
Nome Census Area	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
North Slope Borough	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Northwest Arctic Borough	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Petersburg Borough	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Prince of Wales Hyder Census Area	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Sitka City Borough	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Skagway Borough	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Southeast Fairbanks Census Area	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Valdez-Cordova Census Area	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144
Yakutat Borough	$538	$592	$633	$677	$725	$776	$830	$888	$950	$1,017	$1,088
Tukon - Koyukuk Census Area	$566	$622	$666	$713	$763	$816	$873	$934	$1,000	$1,070	$1,144

Table 5d: Change in Estimated Second Lowest Cost Silver ACA Premium Rate by Borough/Census Area
21-Year-Old, Non-Tobacco User – Baseline to Waiver Scenario

Baseline to Waiver											
Borough/Census Area	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Aleutians East Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Aleutians West Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Anchorage City Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Bethel Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Bristol Bay Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Denail Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Dillingham Census Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Fairbanks North Star Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Haines Bourough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Hoonah-Angoon Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Juneau City Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Kenai Peninsula Borough - Rating Area 1	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Kenai Peninsula Borough - Rating Area 2	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Ketchikan Gateway Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Kodiak Island Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Kusilvak Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Lake and Peninsula Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Matanuska-Susitna Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Nome Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
North Slope Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Northwest Arctic Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Petersburg Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Prince of Wales Hyder Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Sitka City Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Skagway Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Southeast Fairbanks Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Valdez-Cordova Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Yakutat Borough	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%
Tukon - Koyukuk Census Area	0.0%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%	-38.5%

Due to the application of the specified age curve for ACA rating purposes, a similar percentage change would be expected to occur for all other ages, although all else equal, the premium difference would generally be expected to be greater than that shown above for enrollees who are older than 24 and less than that shown above for enrollees who are younger than 21.[12]

Comprehensiveness of Coverage Requirement

Under the comprehensiveness of coverage requirement, health care coverage under the proposed Section 1332 Waiver extension must be forecast to be at least as comprehensive overall for Alaska residents as coverage absent the waiver.[13] Comprehensiveness refers to coverage requirements for ACA essential health benefits (EHBs) and, as appropriate, Medicaid and CHIP standards. The proposed Section 1332 Waiver extension does not impact the scope of services covered by issuers in the commercial markets or the scope of services covered by the Medicaid or CHIP programs. Therefore, the proposed Section 1332 Waiver extension is expected to have no impact on the comprehensiveness of coverage available to Alaskans.

Economic Analysis and Deficit Neutrality

Under the deficit neutrality requirement, projected federal spending, net of federal revenues, under the proposed Section 1332 Waiver extension must be equal to or lower than projected federal spending net of federal revenues in the absence of the waiver.[14]

[12] https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Downloads/StateSpecAgeCrv053117.pdf
[13] 45 CFR 155.1308(f)(3)(iv)(A)
[14] 45 CFR 155.1308(f)(3)(iv)(D)

The proposed Section 1332 Waiver extension was analyzed to determine its expected impact on costs associated with PTCs. Table 6 summarizes the expected impact of the proposed Section 1332 Waiver extension on the federal deficit for each year from 2023 through 2032 assuming gross premium rates in the individual ACA market are reduced by an average of approximately 38.5% (i.e., relative to the premium rates which would otherwise be charged if no reinsurance program were in place). A detailed discussion of these items, as well as a discussion of other items considered in determining the impact to the federal deficit, follows.

Table 6: Impact of the Proposed Section 1332 Waiver Extension on the Federal Deficit
(Amounts shown in millions, rounded to nearest hundred thousand)

	A	B	C	D	A - B - C - D
Year	Change in PTCs	Change in User Fees	Change in Shared Responsibility Payments	Change in Health Insurance Provider Fees	Change in Federal Deficit
2022	$0.0	$0.0	$0.0	$0.0	$0.0
2023	-$76.4	-$2.3	$0.0	$0.0	-$74.1
2024	-$82.5	-$2.5	$0.0	$0.0	-$80.0
2025	-$88.4	-$2.7	$0.0	$0.0	-$85.7
2026	-$94.6	-$2.9	$0.0	$0.0	-$91.7
2027	-$101.3	-$3.1	$0.0	$0.0	-$98.2
2028	-$108.5	-$3.3	$0.0	$0.0	-$105.2
2029	-$116.2	-$3.5	$0.0	$0.0	-$112.7
2030	-$124.4	-$3.8	$0.0	$0.0	-$120.6
2031	-$133.2	-$4.0	$0.0	$0.0	-$129.2
2032	-$142.6	-$4.3	$0.0	$0.0	-$138.3

Note: PTCs are considered expenditures for the federal government whereas Exchange User Fees, Shared Responsibility Payments, and Health Insurance Providers Fees are considered revenue sources for the federal government. Therefore, a reduction in PTCs will decrease the federal deficit whereas a reduction in Exchange User Fees, Shared Responsibility Payments, or Health Insurance Provider Fees will increase the federal deficit.

A more detailed summary providing projected results over the ten-year budget period under both the baseline and Section 1332 Waiver extension scenarios, including all additional information requested in the "Checklist for Section 1332 State Innovation Waiver Applications" that has not already been presented (i.e., the projected volume of individual ACA market enrollees by PTC eligibility, the overall average individual ACA market premium rate PMPM, aggregate premium and PTC amounts, aggregate exchange user fees, and projected cost as well as funding levels of the proposed reinsurance arrangement) is shown in Appendix B.

Premium Tax Credits

Changes in premium for the second lowest cost silver plan and changes in subsidized enrollment have a direct impact on PTCs paid by the federal government. As shown in Table 7, assuming gross premium rates in the individual ACA market are reduced by an average of approximately 38.5% under the waiver scenario relative to the baseline scenario, the proposed Section 1332 Waiver extension is expected to significantly decrease the volume of PTCs paid by the federal government each year beginning in 2023 from the baseline to the waiver scenario.

Table 7: Summary of PTC Enrollment and PTC Payments
Baseline and Waiver Scenarios

	Baseline			Waiver			Change
Year	PTC Enrollment	Avg PTC PMPM	Total PTCs (millions)	PTC Enrollment	Avg PTC PMPM	Total PTCs (millions)	Total PTCs (millions)
2022	19,200	$663	$152.5	19,200	$663	$152.5	$0.0
2023	13,400	$1,167	$188.0	13,400	$693	$111.7	-$76.4
2024	13,400	$1,254	$201.8	13,400	$741	$119.3	-$82.5
2025	13,400	$1,346	$216.5	13,400	$797	$128.1	-$88.4
2026	13,400	$1,445	$232.2	13,400	$856	$137.6	-$94.6
2027	13,400	$1,552	$249.0	13,400	$920	$147.7	-$101.3
2028	13,400	$1,666	$267.1	13,400	$989	$158.5	-$108.5
2029	13,300	$1,788	$286.3	13,300	$1,062	$170.1	-$116.2
2030	13,300	$1,918	$307.0	13,300	$1,141	$182.6	-$124.4
2031	13,300	$2,058	$329.1	13,300	$1,225	$195.9	-$133.2
2032	13,300	$2,208	$352.7	13,300	$1,315	$210.1	-$142.6

Notes:
1. Enrollment volumes have been rounded to the nearest hundred and reflect average monthly enrollment levels
2. PMPM values have been rounded to the nearest ten cents
3. Total PTCs are in millions and have been rounded to the nearest hundred thousand
4. Enrollment changes between 2022 and 2023 are primarily due to the scheduled termination of enhanced premium tax credits available under ARPA, and by a slight projected decline in population

The overall impact of the proposed Section 1332 Waiver extension on the volume of enrollees receiving PTCs is expected to be minimal. Therefore, the decrease in PTC payments shown is driven entirely by the expected decrease in gross premium rates as a result of the reinsurance program in 2023 which reduces gross premium rates by approximately 38.5% (i.e., relative to the premium rates which would otherwise be charged if no reinsurance program were in place).

Other Considerations Related to the Federal Deficit

Other items considered in estimating the impact of the Section 1332 Wavier extension on the federal deficit include the following:

- ***Federal Individual Mandate Penalty*** – Under the ACA, most individuals are required to maintain a minimum level of health insurance coverage. However, under the Tax Cut and Jobs Act of 2017, the federal individual mandate penalty was reduced to $0 starting in 2019. As a result, the proposed Section 1332 Waiver extension will have no impact on shared responsibility payments.

- ***Cost-Sharing Reduction Payments*** – Given that federal cost-sharing reduction (CSR) payments are not currently being funded and have been assumed to remain unfunded in the future, there is no expected change assumed in the volume of CSR payments between the baseline and waiver scenarios.

- ***Health Insurance Providers Fee*** – With respect to the Health Insurer Providers Fee, given that this fee was repealed starting in 2021, the proposed Section 1332 Waiver extension will have no impact on HIP Fee revenues.

- ***Federal Income Taxes*** – There is the potential for the proposed Section 1332 Waiver extension to impact the amount of federal income taxes paid by issuers. However, we considered the potential impact of this item and, in our opinion, believe it to be *de minimis*.

Sensitivity of Results

Significant uncertainty exists with respect to future enrollment and premiums in the individual ACA market. As a result, actual experience will likely differ from what is assumed in this analysis. We note that some of the key assumptions related to health insurance markets that we made in the development of our projections include the following: CSR subsidies will continue to be unfunded by the federal government and issuers will continue to load premiums for their on-Exchange silver plans by an amount estimated to be equal to the lost CSR payments, issuer plan and network offerings will be similar to those available to consumers in 2022, issuer pricing assumptions will be similar to those used in 2022 (except where explicitly stated), the enhanced premium tax credits made available under ARPA will end after 2022, there will be no significant issuer entries or exits, there will be no significant impact expected as a result of recent federal regulations around association health plans (AHPs) and short-term limited duration insurance (STLDI) plans, the public health emergency and any related COVID-19 regulations remains in place,[15] and there will be no additional significant legislative changes at either the state or federal level. To the extent these assumptions do not hold true in future years, we would expect that actual results would vary, potentially significantly, from those assumed in this analysis. Further, given that federal pass-through funding will ultimately be based on actual premium rates filed by issuers offering coverage in Alaska's individual ACA market and actual enrollment volumes, final funding amounts are likely to differ from the estimates provided in this report.

Given the level of uncertainty, we performed significant sensitivity testing of key assumptions and shared those results with the State. Some of the key assumptions that were sensitivity tested include the following:

- Overall membership volumes
- Non-PTC membership volumes
- The change in the second lowest cost silver premium PMPM due to the reinsurance program
- The ratio of PTCs to APTCs
- The level of assumed morbidity improvement due to the reinsurance program

We note that in each of scenarios tested, while the changes made to the specified assumptions impacted the cost estimates of the reinsurance program and projected federal pass-through funding amounts, there were no cases in which any of the four federal requirements associated with Section 1332 Waivers was not expected to be met.

[15] https://www.phe.gov/emergency/news/healthactions/phe/Pages/default.aspx

4. Data Sources and Methodology

The projections underlying our analysis are based on results from Oliver Wyman's HRM Model, which was utilized to examine the impact that the proposed Section 1332 Waiver extension is expected to have on the health insurance markets in Alaska, and in meeting the requirements associated with Section 1332 Waivers as outlined in federal statute and regulation. The HRM Model is an economic utility model that captures the flow of individuals across various markets and coverage options based on their economic purchasing decisions. It is integrated with actuarial modeling designed to assess the impact that various reforms are expected to have on the health insurance markets.

We estimate that the proposed Section 1332 Waiver extension will not have a material impact on the number of Alaskans covered under employer-sponsored plans, Medicaid, Medicare, CHIP, or other public programs. As a result, we did not present detailed modeling results for those markets.

The primary basis for the population underlying the HRM Model is data from the 2019 American Community Survey (ACS). The ACS data provides detailed information for each individual in a surveyed household unit, including demographic, socioeconomic, geographic, and employment information. The data also provides information regarding health insurance coverage type. The ACS data was supplemented and synthesized with several other data sources, including information from an issuer data call, in order to develop a complete and comprehensive view of the current health insurance market in Alaska.

The State issued a data call to the health insurance issuers that offered coverage in Alaska's individual ACA market in 2021 and that were expected to offer coverage in 2022 to collect detailed information for that market to aid in calibrating the HRM Model. The data included premium, claims, and enrollment information from January 2019 through May 2021. The data also included member level data by HCC for calendar years 2017 through 2020. The issuer-provided data was further augmented with information from a number of other sources, including but not limited to:

- 2019 and 2020 statutory financial statements submitted by issuers in Alaska's health insurance markets
- 2017-2019 Medical Loss Ratio (MLR) data
- 2018-2021 Marketplace enrollment public use files
- 2018-2021 Effectuated enrollment reports
- U.S. Census Bureau data
- 2018-2020 summary reports on risk adjustment transfers
- 2018-2020 health insurance coverage estimates from the Kaiser Family Foundation
- National CPI and CMS Personal Health Care Price Index projections
- Available 2022 rate filing information (e.g., Unified Rate Review Template data)
- 2019-2022 individual and small group ACA market premium rates

These additional data sources were utilized to determine the overall average annual enrollment volumes in the health insurance market for each of 2018, 2019, 2020, and 2021, to validate the issuer data that was provided (e.g., average premiums PMPM), and to gather additional information utilized in our modeling but not captured through the issuer data call (e.g., the distribution of individuals enrolling through the FFM, including by income range).

Health status was assigned to various sub-populations within the HRM Model based on a statistical analysis of self-reported health status data obtained from the Current Population Survey (CPS). The CPS data provides the

starting assumptions for the population morbidity, because the data includes a self-reported health status indicator as well as fields classifying income, age, gender, geography, coverage type, and other categories. Respondents to the survey classify their health into one of five categories: excellent, very good, good, fair and poor. The model reflects these classifications numerically by assigning a morbidity load to each category.

Information from the Agency for Health Care Research and Quality's MEPS data was used to simulate the Alaska employer-based market. MEPS identifies key statistics for the employer-based market for every state by group size, including employer offer rates, employee take-up rates, and self-funding rates among employers. Individuals in the ACS data identified as working for private employers were categorized into employer group size segments (e.g., small employer groups) based on the distribution of employees by group size according to MEPS. The MEPS data was also used to determine the number of individuals enrolled in self-funded plans to estimate the total size of the employer-based market. MEPS data was further used to inform our estimates of employer offer rates and self-funding rates.

The utility functions underlying the HRM Model were then calibrated to replicate the number of individuals in each of the individual, employer-based, and uninsured markets in Alaska for 2018, 2019, 2020, and for early 2021. The various parameters of HRM Model's utility functions were then further adjusted until the model also projected individual ACA market enrollment in each of 2018, 2019, 2020, and early 2021 that was consistent with key characteristics of the actual individual ACA market enrollment for each year (e.g., by age range, income range, geography, etc.).

The HRM Model assumes a "steady" overall state population beyond 2022. This means the overall distribution by income, health status, employer size, and family composition of the entire population being modeled is not expected to change significantly. Additional adjustments were applied to the modeled results to reflect anticipated population growth within Alaska. The population growth adjustments were developed based on population projections which are publicly available on the United States Census Bureau website.

Average claim costs were calibrated and adjusted on an overall basis using information provided in the issuer data call, statutory financial statements, and from other public data sources previously noted. Beyond 2022, claim costs within the HRM Model were trended forward assuming an average annual claims trend rate in the individual ACA market equal to approximately 7.0%, and adjusted for the impact that the enhanced subsidies available under ARPA ending is expected to have on the overall morbidity of the single risk pool. This assumption was developed based on a review of publicly available information from Alaska's individual ACA market rate filings for 2019, 2020, 2021 and 2022.

Member cost-sharing and incurred claims were calculated by the HRM Model, with the assumed annual limitation on cost-sharing indexed for inflation each year according to federal regulations using the most recent NHE data.

Actual lowest-cost bronze, silver, and gold premium rates and second-lowest cost silver premium rates for Alaska's individual ACA market in 2018, 2019, 2020, and 2021 were utilized in the HRM Model. The 2022 rates, as filed by issuers in the state were used for 2022. Premium rates for 2023 (assuming the waiver extension) were developed by trending the 2022 premium rates at 7.0% trend rate as was used for claims, and adjusting for the impact that the enhanced subsidies available under ARPA ending is expected to have on the overall morbidity of the single risk pool.

Premium rates in the individual ACA market for 2023 and beyond are assumed to increase by the assumed annual premium/claims trend rate of 7.0%. Premium rates in the small and large group markets are assumed to increase by an assumed trend rate of 7.0%.

Federal PTCs for eligible individual ACA market enrollees were assumed to change each year based on premium changes associated with the second lowest cost silver plan available changes in the Applicable Percentage Tables. The Applicable Percentage Tables, while known for 2018 through 2022, were adjusted each year beyond 2022 according to the methodology outlined by the 2022 Final Benefit and Payment Parameter Notice.[16] Premium and income growth rates utilized in developing the Adjustment Ratio that was applied to the projected Applicable Percentage Tables were based on the most recent NHE projections published by CMS.

As noted earlier, additional key assumptions which were incorporated into the HRM Model include the following: CSR subsidies will continue to be unfunded by the federal government and issuers will continue to load premiums for their silver plans by an amount estimated to be equal to the lost CSR payments, issuer plan and network offerings will be similar to those available to consumers in 2022, issuer pricing assumptions will be similar to those used in 2022, the enhanced premium tax credits made available under ARPA will end after 2022, there will be no significant issuer entries or exits, there will be no significant impact expected as a result of recent federal regulations around association health plans (AHPs) and short-term limited duration insurance (STLDI) plans, the public health emergency and any related COVID-19 regulations remains in place, and there will be no additional significant legislative changes at either the state or federal level.

[16] https://www.govinfo.gov/content/pkg/FR-2021-05-05/pdf/2021-09102.pdf

5. Distribution and Use

Oliver Wyman prepared this report for the sole use of the State. This report is not intended for general circulation or publication, nor is it to be used or distributed to others for any purposes other than those that may be set forth herein or in the definitive documentation pursuant to which this report was issued. Oliver Wyman understands that the report will be made public and used to support the State's Section 1332 Waiver extension application. This report includes important considerations, assumptions, and limitations and, as a result, is intended to be read and used only as a whole. This report may not be separated into, or distributed, in parts. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State.

Oliver Wyman's consent to any distribution of this report to parties other than the State does not constitute advice by Oliver Wyman to any such third parties and shall be solely for informational purposes and not for purposes of reliance by any such third parties. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.

6. Disclosure and Limitations

Oliver Wyman Actuarial Consulting, Inc., was engaged by the State of Alaska to assist in performing actuarial and economic analyses as part of its State Innovation Waiver extension application under Section 1332 of the Patient Protection and Affordable Care Act. The actuarial services provided consisted of analyses and forecasting to determine whether the proposed Section 1332 Waiver extension will satisfy the Section 1332 Waiver guardrail requirements.

Peter Kaczmarek and Tammy Tomczyk, both Fellows of the Society of Actuaries are responsible for this actuarial communication. They are both Members of the American Academy of Actuaries and meet the requirements to issue this report.

For our analysis, we relied on a wide range of data and information as described throughout this report. This includes information received from the issuers currently offering coverage in the individual ACA market in Alaska. Though we have reviewed the data for reasonableness and consistency, we have not independently audited or otherwise verified this data. Our review of the data may not reveal errors or imperfections. We have assumed the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information are inaccurate or incomplete, our findings and conclusions may need to be revised. All projections are based on data and information available as of October 4, 2021, and the projections are not a guarantee of results which might be achieved.

The estimates included within are based on federal law, regulations issued by the United States Department of Health and Human Services and the Internal Revenue Service, and applicable laws and regulations of the State of Alaska as of February 21, 2022. Further, our estimates assume that current law as it relates to the Affordable Care Act, and other statutes and regulations that impact the health insurance markets, will continue in the future years without material change that would impact the results included in this report.

After expiration of the public health emergency (PHE)[17] put in place as a result of the COVID-19 pandemic, shifts in enrollment from populations previously covered by Medicaid to the individual ACA market in Alaska are expected. The Alaska DOI was not able to provide information about the number of additional enrollees that received Medicaid coverage as a result of the PHE, or the demographic and morbidity profile of the Medicaid population that may be impacted by redeterminations once the PHE ends. It is important to note that our projections and actuarial estimates in this report do not take into consideration any impact on enrollment in the individual ACA market that may result from the end of PHE.

In addition, the projections we show in this report are dependent upon a number of assumptions regarding the future economic environment, medical trend rates, issuer behavior, the behavior of individuals and employers in light of incentives and penalties, and a number of other factors. These assumptions are disclosed within the report and have been discussed with representatives from the State of Alaska.

[17] https://aspr.hhs.gov/legal/PHE/Pages/COVID19-14Jan2022.aspx

While this analysis complies with the applicable Actuarial Standards of Practice, in particular ASOP No. 23, Data Quality and ASOP No 41, Actuarial Communication, users of this analysis should recognize that our projections involve estimates of future events, and are subject to economic, statistical and other unforeseen variations from projected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect our projections. For these reasons, no assurance can be given that the emerging experience will correspond to the projections in this analysis. To the extent future conditions are at variance with the assumptions we have made in developing these projections, actual results will vary from our projections, and the variance may be substantial.

Oliver Wyman is not engaged in the practice of law and this report, which may include commentary on legal issues and regulations, does not constitute, nor is it a substitute for, legal advice. Accordingly, Oliver Wyman recommends that the State of Alaska secure the advice of competent legal counsel with respect to any legal matters related to this report or otherwise.

This report is intended to be read and used as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.

7. Actuarial Certification

I, Peter Kaczmarek, am a Senior Manager with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow in the Society of Actuaries, a Member of the American Academy of Actuaries, and am qualified to provide the following certification.

This actuarial certification applies to the State of Alaska's application for extension of a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act. The State is seeking to waive §1312(c)(1) of the Affordable Care Act, which requires that all enrollees in all health plans offered by an issuer in the individual market be members of a single risk pool.

Reliance

In performing the analyses outlined in this report and arriving at my opinion, I used and relied on information provided by the State of Alaska, information obtained from issuers currently offering coverage in the individual ACA market in Alaska, financial statement information, and additional information published by various agencies of the federal government.

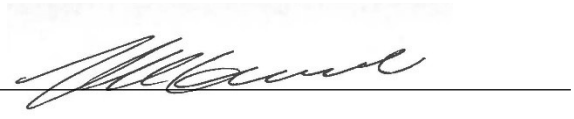
I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or audit, I have reviewed the data for consistency and reasonableness. Where I found the data inconsistent or unreasonable, I requested clarification.

Actuarial Certification

In my opinion, the State of Alaska's proposed Section 1332 Waiver extension application complies with the following requirements:

- **Scope of Coverage Requirement:** The Section 1332 Waiver extension will provide coverage to at least a comparable number of the State's residents as would be covered absent the waiver.
- **Affordability Requirement:** The Section 1332 Waiver extension will provide coverage and cost-sharing protections against excessive out-of-pocket spending that results in coverage which is at least as affordable for the State's residents as would be provided absent the waiver.
- **Comprehensiveness of Coverage Requirement:** The Section 1332 Waiver extension will provide coverage that is at least as comprehensive for the State's residents as would be provided absent the waiver.
- **Deficit Neutrality Requirement:** The Section 1332 Waiver extension will not increase the federal deficit.

This certification conforms to the applicable Actuarial Standards of Practice promulgated by the Actuarial Standards Board.



March 2, 2022

Appendix A. Overview of Oliver Wyman's Healthcare Reform Microsimulation Model

We utilized Oliver Wyman's HRM Model to assess the impact that the proposed Section 1332 Waiver extension is expected to have on the individual health insurance market and correspondingly the uninsured population in the State of Alaska. The HRM Model is an economic utility model that captures the flow of individuals across various markets and coverage options based on their economic purchasing decisions and is integrated with actuarial modeling designed to assess the impact various reforms are expected to have on the health insurance markets. This model is a leading-edge tool for analyzing the impact of various healthcare reforms or proposed legislation.

The HRM Model projects the number of individuals expected to seek coverage under each health insurance coverage type using economic utility functions. The decision-making process for determining which health insurance coverage type is selected is made at the health insurance unit (HIU) level, where an HIU is defined as any grouping of family members where each person within the HIU might be eligible for coverage under the same policy. One exception to this is that individuals who are identified as being eligible for Medicare, Medicaid, CHIP, and other government sponsored coverage (e.g., government workers) are assumed to retain their government sponsored coverage, and the economic utility associated with employer-based coverage, individual market coverage or being uninsured is only evaluated by the HRM Model for the remaining individuals within an HIU.

HIUs are generally assumed to make economically rational decisions in selecting the health insurance option that maximizes the economic utility for the HIU. The HRM Model allows for some irrational behavior, including the principle of "inertia" in HIU decision making (i.e., people are unlikely to make significant changes in their situation for relatively small changes in utility) and the assumption that not all uninsured individuals will actually shop for health insurance coverage each year.

An HIU's decision to enroll in ACA coverage is based on the lowest cost bronze, silver, or gold plan available in each rating area (RA) which provides the greatest economic value. Both on-Exchange and off-Exchange plans are made available to each HIU, with PTCs applied to eligible HIUs. The economic utilities for all members of the HIU are aggregated to develop the corresponding utility for the HIU under each health insurance option.

Individuals identified as working for private employers are randomly categorized into synthetic employer groups of varying group sizes based on the distribution of group size from the Medical Expenditure Panel Survey (MEPS). An employer-based economic utility function, which takes into account items such as the expected costs which would be incurred as a result of not offering coverage (e.g., the penalty for not offering coverage) and the benefits that would be available to an employer's employees if they were to purchase coverage in the individual market (e.g., PTCs), determines whether a given employer will offer health insurance coverage to its employees and their dependents. If an employer offers coverage, all eligible employees and their dependents within each HIU (i.e., individuals who are not eligible for health insurance coverage through a government sponsored program) are assumed to evaluate the health insurance coverage options offered by the employer.

The decision as to whether an HIU will take up coverage in either the employer-based market, the individual market, or choose to be uninsured is based on the result from comparing two economic utility functions. The first economic utility function calculates the utility associated with taking up coverage in either the employer-based market or the individual market (depending on whether the employer of the primary or spouse within an HIU is modeled to offer coverage) and is a function of the premium the HIU would be expected to pay (net of employer subsidies or federal premium subsidies, respectively), any cost-sharing the HIU would be expected to pay out-of-pocket (net of any CSRs for applicable individual market coverage), and the risk aversion of the HIU. If multiple coverage options are available (e.g., employer coverage, individual market bronze-level coverage, individual market silver-level coverage), the utility of each coverage option is evaluated and the best option is selected. The second economic utility function calculates the utility associated with not taking coverage and remaining uninsured, and is a function of any tax penalty the HIU would be assessed, total allowed claim costs for the HIU (assuming a reduced level of utilization due to the lack of insurance coverage), and the risk aversion of the HIU. If the utility of being uninsured is greater than the utility associated with taking up health insurance coverage, the HIU is assumed to be uninsured. Otherwise, the HIU is assumed to take up coverage in either the employer-based market or the individual market for the coverage option that provides the maximum utility for the HIU.

Appendix B. Ten Year Budget Period Projections

Detailed Summary of Individual ACA Market Projections - Baseline and Waiver Scenarios

Baseline

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Individual ACA Enrollment	20,200	16,900	16,900	16,800	16,800	16,800	16,800	16,800	16,800	16,700	16,700
ACA PTC Enrollment	19,200	13,400	13,400	13,400	13,400	13,400	13,400	13,300	13,300	13,300	13,300
ACA Non-PTC Enrollment	1,000	3,500	3,500	3,400	3,400	3,400	3,400	3,500	3,500	3,400	3,400
Aggregate ACA Premium (millions)	$188.7	$260.3	$278.3	$297.5	$318.0	$340.0	$363.4	$388.5	$415.3	$443.9	$474.6
Average ACA Premium Rate PMPM	$778	$1,286	$1,376	$1,472	$1,575	$1,685	$1,803	$1,929	$2,064	$2,209	$2,364
Aggregate APTCs (millions)	$152.5	$197.7	$212.1	$227.6	$244.1	$261.8	$280.7	$301.0	$322.7	$345.9	$370.8
Aggregate PTCs (millions)	$152.5	$188.0	$201.8	$216.5	$232.2	$249.0	$267.1	$286.3	$307.0	$329.1	$352.7
Average PTCs PMPM	$663	$1,167	$1,254	$1,346	$1,445	$1,552	$1,666	$1,788	$1,918	$2,058	$2,208

Waiver

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Individual ACA Enrollment	20,200	18,500	18,500	18,500	18,400	18,400	18,400	18,400	18,400	18,400	18,300
ACA PTC Enrollment	19,200	13,400	13,400	13,400	13,400	13,400	13,400	13,300	13,300	13,300	13,300
ACA Non-PTC Enrollment	1,000	5,100	5,100	5,100	5,000	5,000	5,000	5,100	5,100	5,100	5,000
Aggregate ACA Premium (millions)	$188.7	$172.5	$183.7	$196.3	$209.9	$224.4	$239.8	$256.4	$274.1	$293.0	$313.2
Average ACA Premium Rate PMPM	$778	$777	$828	$886	$948	$1,015	$1,086	$1,162	$1,243	$1,330	$1,423
Aggregate APTCs (millions)	$152.5	$117.4	$125.4	$134.7	$144.6	$155.3	$166.7	$178.9	$191.9	$205.9	$220.9
Aggregate PTCs (millions)	$152.5	$111.7	$119.3	$128.1	$137.6	$147.7	$158.5	$170.1	$182.6	$195.9	$210.1
Average PTCs PMPM	$663	$693	$741	$797	$856	$920	$989	$1,062	$1,141	$1,225	$1,315

Change - Baseline Scenario to Waiver Scenario

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Individual ACA Enrollment	0	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Total Individual ACA Enrollment (%)	0.0%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
Average ACA Premium Rate PMPM (%)	0.0%	-39.5%	-39.8%	-39.8%	-39.8%	-39.8%	-39.8%	-39.8%	-39.8%	-39.8%	-39.8%
Average PTCs PMPM (%)	0.0%	-40.6%	-40.9%	-40.8%	-40.7%	-40.7%	-40.6%	-40.6%	-40.5%	-40.5%	-40.4%

Demonstration of Deficit Neutrality Requirement (amounts shown in millions)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Change in Total APTCs	$0.0	-$80.3	-$86.7	-$92.9	-$99.5	-$106.5	-$114.1	-$122.1	-$130.8	-$140.0	-$149.9
Change in Total PTCs	$0.0	-$76.4	-$82.5	-$88.4	-$94.6	-$101.3	-$108.5	-$116.2	-$124.4	-$133.2	-$142.6
Change in Other (e.g., User Fees)	$0.0	-$2.3	-$2.5	-$2.7	-$2.9	-$3.1	-$3.3	-$3.5	-$3.8	-$4.0	-$4.3
Net Savings to Federal Government	$0.0	-$74.1	-$80.0	-$85.7	-$91.7	-$98.2	-$105.2	-$112.7	-$120.6	-$129.2	-$138.3

Projected Reinsurance Program Cost and Funding Levels

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Gross Cost of ARP (millions)	$0.0	$107.9	$115.4	$123.5	$132.1	$141.4	$151.3	$161.9	$173.2	$185.3	$198.3
Net Cost of ARP (millions)[18]	$0.0	$87.6	$93.7	$100.3	$107.3	$114.8	$122.8	$131.4	$140.6	$150.5	$161.0
Federal Pass Through Funding (millions)	$0.0	$74.1	$80.0	$85.7	$91.7	$98.2	$105.2	$112.7	$120.6	$129.2	$138.3
State Funding (millions)	$0.0	$13.5	$13.7	$14.6	$15.6	$16.6	$17.6	$18.7	$20.0	$21.3	$22.7

Notes:

1. Enrollment volumes have been rounded to the nearest hundred and reflect average monthly enrollment levels
2. Aggregate values are in millions and have been rounded to the nearest hundred thousand
3. PMPM values have been rounded to the nearest whole dollar
4. Average ACA premium rate change shown is not equal to 38.5% due to differences in member mix (e.g., demographics, plan mix) between the baseline and waiver scenarios
5. The ratio of PTCs to APTCs is assumed to be 0.951

[18] Equals gross cost of the ARP, less other ceded items

Oliver Wyman
411 East Wisconsin Avenue, Suite 1300
Milwaukee, WI 53202

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development
DIVISION OF INSURANCE

P.O. Box 110805
Juneau, AK 99811-0805
Main: 907.465.2515
Fax: 907.465.3422

Notice of Public Forum
Alaska Section 1332 Innovation Waiver
January 31, 2022

In July 2017, the Alaska Division of Insurance was awarded a Section 1332 Innovation Waiver under the Patient Protection and Affordable Care Act. The waiver provided an estimated $322 million in federal funding to support the Alaska Reinsurance Program through 2022, which has helped to reduce premium costs and provide stability in Alaska's individual health care insurance market. The waiver took effect on January 1, 2018. The Division intends to apply for a 5-year extension of the existing 1332 State Innovation waiver, without any substantive changes to the existing program.

Under the specific terms and conditions of the award, the division has scheduled its annual forum to collect meaningful public comment on the progress of the waiver. At this hearing, the division will be gathering input on the existing waiver as well as the extension application request. Interested parties may attend the forum in person or by teleconference as listed below, or may submit comments in writing up to 5:00 pm Alaska Time Zone on January 31, 2022.

For more information on the Alaska Section 1332 Innovation Waiver, visit:
https://www.commerce.alaska.gov/web/ins/Section1332.aspx

When:	**January 31, 2022**	**2:00 pm – 3:00 pm (Alaska Time Zone)**
Where (Two locations):	**Alaska Division of Insurance** **9th Floor State Office Bldg, Conf. Room B** **Juneau, Alaska**	**Alaska Division of Insurance** **550 West 7th Ave., Ste. 1560** **Anchorage, Alaska**

Teleconference Number: 1-800-315-6338 (Access Code: 42070#)

Submit comments in writing to:
Alaska Division of Insurance
P.O. Box 110805
Juneau, Alaska 99811-0805
Email: insurance@alaska.gov

Written comments are due by 5:00 pm Alaska Time Zone on January 31, 2022

Reference Documents:
Alaska's Section 1332 Waiver Application
Federal Approval Notice
Alaska's Letter of Intent to Apply for a Waiver Extension and Response

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

DIVISION OF INSURANCE
Juneau Office

P.O. Box 110805
Juneau, Alaska 99811-0805
Main: 907.465.2515
Fax: 907.465.3422

January 5, 2022

SUBMITTED VIA EMAIL TO: MMARTIN@ANTHC.ORG

Valerie Nurr'araaluk Davidson
President/CEO
Alaska Native Tribal Health Consortium
4000 Ambassador Drive
Anchorage, AK 99508

Re: Alaska 1332 State Innovation Waiver Extension

Dear Ms. Davidson,

The Alaska Division of Insurance intends to apply for an extension of the existing 1332 State Innovation waiver, without any substantive changes to the program. We would appreciate ANTHC's assistance in notifying the tribal communities within the state.

In July 2017, the Alaska Division of Insurance was awarded a Section 1332 Innovation Waiver under the Patient Protection and Affordable Care Act. The waiver provided an estimated $322 million in federal funding to support the Alaska Reinsurance Program through 2022, which has helped to reduce premium costs and provide stability in Alaska's individual health care insurance market. The waiver took effect on January 1, 2018.

Under the specific terms and conditions of the award, the division has scheduled its annual forum to collect meaningful public comment on the progress of the waiver. At this hearing, the division will be gathering input on the existing waiver as well as the extension application request. Interested parties may attend the forum in person or by teleconference as listed below or may submit comments in writing up to 5:00 pm Alaska Time Zone on January 31, 2022.

When:	January 31, 2022	2:00 pm – 3:00 pm (Alaska Time Zone)
Where (Two Locations)	Alaska Division of Insurance 9th Floor State Office Building Conference Room B	Alaska Division of Insurance 550 West 7th Ave., Ste. 1560 Anchorage, Alaska
Teleconference Number:	1-800-315-6338 (Access Code: 42070#)	

For more information on the Alaska Section 1332 Innovation Waiver, visit: https://www.commerce.alaska.gov/web/ins/Section1332.aspx.

The contact for this application is Anna Latham, Deputy Director of the Division of Insurance, anna.latham@alaska.gov or (907)-465-2518.

Thank you for your input on our efforts to strengthen the individual health insurance market in Alaska.

Sincerely,

Lori Wing-Heier
Director
Alaska Division of Insurance