



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

DIVISION OF INSURANCE

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**Addendum No. 2 to the Alaska 1332 Innovation Waiver Application**

The Alaska Division of Insurance seeks to waive Section 1312 (c)(1) of the Patient Protection and Affordable Care Act.

Section 1312. CONSUMER CHOICE.

(c)SINGLE RISK POOL

(1)INDIVIDUAL MARKET.-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.

**Rationale:** CMS offered guidance to the Division on May 3, 2017 requesting the division waive section 1312 (c)(1) and submit an addendum to the existing waiver application. The Alaska Division of Insurance seeks to waiver Section 1312 (c)(1) for the individual market single risk pool in connection with a Section 1332 waiver to implement a state-operated reinsurance program for 2018 and future years. Currently, that requirement at Section 1312 (c)(1) requires a health insurance issuer to consider "all enrollees in all health plans....offered by such issuer in the individual market....to be members of a single risk pool." To maximize the rate-lowering impact of the reinsurance program, the state would like to waive this single risk pool provision to the extent it would otherwise require excluding state reinsurance payments when determining the market wide index rate.

**Anticipated Impact:** The Division of Insurance will communicate with issuers participating on the Marketplace that issuers should include state-operated reinsurance dollars in rate setting. The reinsurance program will result in a reduction in premiums and premium tax credits which the state believes will result in pass-through funding that the state can use towards the reinsurance program.

Because Alaska assumed in preparing its application that Section 1312(c)(1) would not preclude inclusion of the reinsurance payments when determining the index rate, waiving this section will not require an additional economic analysis or actuarial analysis or certification. The Division anticipates the implementation of this waiver will be straightforward, as claims for enrollees through the reinsurance program for the high risk pool will still be collected and other programs such as Market Loss Ratio (MLR) will be unaffected.

A handwritten signature in blue ink, appearing to read "Lori Wing-Heier".

Lori Wing-Heier  
Director, Alaska Division of Insurance

May 9, 2017

Date