

# 1332 State Innovation Waiver Public Forum



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DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

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# Agenda

- 1332 Waiver Summary
- Alaska's Individual Market
- Alaska's 1332 Timeline
- Alaska's 1332 Waiver Concept
- Reinsurance Program Costs
- Federal legislation impacts for 2026
- Alaska's Public Forum Comments
- Questions?



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# What is a 1332 Waiver?

The Patient Protection and Affordable Care Act (PPACA) provided, in *Section 1332*:

“a State may apply to the Secretary for the waiver of all or any requirements described in paragraph (2) with respect to health insurance coverage within that State beginning on or after January 1, 2017.”

This provides flexibility to address state-specific issues and improve the health care insurance market.



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# What can be waived?

- Benefits and Subsidies
- Marketplace and Qualified Health Plans
- The Individual Mandate
- The Employer Mandate



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# 1332 Guardrails

Each waiver application must satisfy four criteria:

1. Comprehensive Coverage
2. Affordable Coverage
3. Scope of Coverage
4. Not increase the Federal Deficit

All criteria must be met simultaneously, which can be challenging because the factors impact each other.



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# Alaska's Individual Market

- Alaska has experienced several significant rate increases since the implementation of the Affordable Care Act (ACA) due to positive cost and utilization trends each year.
- In 2016, one of the two insurers left the market but returned in 2020.
- To stabilize the individual market, the state implemented a reinsurance program in 2017, with the 1332 waiver beginning in 2018.
- For 2025's open enrollment period in the individual market, there were 28,736 plan selections with an average premium of \$1,105/month, second highest average premium to West Virginia's \$1,170/month. The nationwide average is \$619/month.



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# Passage of Alaska's HB 374 (2016)

HB 374 was signed into law by Governor Walker in 2016:

- Created the Alaska Reinsurance Program (ARP)
- Appropriated \$55 million of existing premium assessments to get the program started (required no new taxes or fees)
- Authorized Section 1332 State Innovation Waiver application under ACA



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# Alaska's Timeline

- June 2016 – Legislature passed HB374 providing statutory authority for Section 1332 Innovation Waiver.
- January 3, 2017 – Alaska submitted a complete waiver application to CMS.
- January 17, 2017 – The US Department of Health and Human Services provided a preliminary determination of a complete application.
- July 2017 – CMS approved Alaska's 1332 waiver application for 2018 – 2022.
- March 17, 2022 – Alaska applied for a five-year 1332 waiver extension.
- July 13, 2022 – The Departments of HHS and Treasury approved the five-year extension for 2023 - 2027.



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# Alaska 1332 Waiver Concept

- The Alaska Reinsurance Program (ARP) reimburses individual market insurers for claims in 35 hierarchical condition categories (HCCs), provided the insurer cedes all associated premium revenues to the ARP. These include earned premiums, prescription drug rebates, and high-cost risk pool payments.
- By isolating claims known to have high costs from the risk pool, premiums in the individual market are reduced producing savings for all participants.
- Because most Alaskans (over 87%) in the individual market receive a federal Advance Premium Tax Credit (APTC) subsidy, the federal government saves money as premium costs are reduced.
- Through the 1332 Waiver process, these federal savings must be passed back to the state to maintain market reforms that keep costs low.



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# Alaska's 1332 Waiver - Reinsurance

Calendar Year	Suggested Level of Reinsurance from Oliver Wyman	Level of Reinsurance Allowed by DOI	Federal Pass-Through Funding Providing for the Increased Level of Reinsurance	State Contribution to Level of Reinsurance
2017	\$55,000,000	\$55,000,000	\$0	\$55,000,000
2018	\$59,983,000	\$59,983,000	\$58,484,978	\$1,498,022
2019	\$64,126,326	\$64,126,326	\$68,689,234	\$0
2020	\$68,950,229	\$75,500,000	\$76,699,460	\$0
2021	\$74,137,010	\$80,000,000	\$122,270,217	\$0
2022	\$79,789,956	\$100,000,000	\$119,410,740	\$0
2023	\$85,873,941	\$120,000,000	\$129,085,466	\$0
2024	\$92,333,808	\$140,000,000	\$110,138,024	\$29,861,976*
2025	\$96,711,766	\$140,000,000	\$118,431,812	\$21,586,188*

\* This amount is federal pass-through from prior years' excess.



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## Federal legislation impacts for 2026 plan year

- The US Congress is still working on several provisions that will impact the 2026 plan year, including possible funding of Cost Sharing Reductions.
- Insurers have already submitted their initial rate and form filings, based on current federal guidance.
- The Division of Insurance will monitor federal changes and adjust the rate review accordingly.



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# Alaska's Public Forum Comments

- Under the terms and conditions of Alaska's 1332 Waiver, the division must hold a public forum annually to allow for meaningful public comment on the progress of the waiver in accordance with 45 CFR 155.1320(c).
- We encourage anyone attending to provide their input.
- Comments will be accepted until 5PM AKDT later today (June 23<sup>rd</sup>).



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# Questions?

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