



FOR IMMEDIATE RELEASE

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Contact: Austin Baird, Press Secretary – (907) 310-9761
Lori Wing-Heier, Division of Insurance Director – 907-465-2515

Federal government to distribute \$58 million to Alaska Reinsurance Program in 2018

February 9, 2018 ANCHORAGE—Governor Bill Walker is pleased to announce that the Centers for Medicare and Medicaid Services (CMS) has calculated the federal contribution to the Alaska Reinsurance Program for calendar year 2018 will be approximately \$58.5 million.

“Working together with the Alaska Legislature and the federal government, we have created an innovative solution to stabilize the market, which other states are now attempting to replicate,” said Governor Walker. “We are committed to developing smarter solutions like the Alaska Reinsurance Program so that all Alaskans have access to affordable health insurance.”

The Alaska Legislature established the [Alaska Reinsurance Program](#) in 2016 to reinsure claims for Alaskans with high-cost medical conditions, which reduces the premiums for over 18,000 Alaskans in the individual market. The Division of Insurance then pursued a [1332 innovation waiver](#) to pass the federal savings from reduced Affordable Care Act tax credits back to the state to offset the price of the reinsurance program.

“Alaska’s small population creates challenges,” said Lori Wing-Heier, director of the Division of Insurance, “but while premiums in the individual market are rising sharply in most states, because of the reinsurance program Alaskans saw only a modest rate increase in 2017 and a 22 percent *decrease* in the average individual market plan in 2018.”

When Alaska’s innovation waiver was approved in July 2017, the estimated award was \$322.6 million over five years, with the exact amount to be calculated by the federal government each year. The annual CMS calculation for 2018 funding is \$58.5 million, subject to final administrative determination by the U.S. Department of Treasury.

Attached: Letter from CMS.

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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



February 6, 2018

VIA ELECTRONIC MAIL: lori.wing-heier@alaska.gov

Lori K. Wing-Heier
Director
Alaska Division of Insurance
550 West 7th Avenue, Suite 1560
Anchorage, AK 99501-2567

Dear Ms. Wing-Heier:

On July 17, 2017, the Department of Health and Human Services (HHS) and the Department of the Treasury (collectively, the Departments) approved Alaska's section 1332 waiver application. Alaska's application sought waiver of the PPACA requirement for the single risk pool in order to implement the Alaska Reinsurance Program (ARP) for 2018 and future years. The Departments granted Alaska's application to waive the single risk pool requirement in the individual market under section 1312(c)(1) of the Patient Protection and Affordable Care Act (PPACA), to the extent it would otherwise require excluding total expected State reinsurance payments when establishing the market-wide index rate for the purposes described in the State's application.

In the letter, the Departments explained that the amount of pass-through funding for calendar years 2018 through 2022 will be calculated by the Departments annually (per PPACA section 1332(a)(3)) and reported to the State. The pass-through funding for calendar year 2018 is estimated to be \$58,484,978. This amount will be subject to a final administrative determination by the Department of the Treasury prior to payment.

If you have any questions regarding program matters or official correspondence concerning the waiver please contact Rachel Arguello at Rachel.Arguello@cms.hhs.gov or stateinnovationwaivers@cms.hhs.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Randy Pate", is written over a light blue horizontal line.

Randy Pate
Director, Center for Consumer Information and Insurance Oversight
Deputy Administrator, Centers for Medicare & Medicaid Services

Cc: David Kautter, Assistant Secretary for Tax Policy, U.S. Department of the Treasury
The Honorable Bill Walker, Governor of Alaska