HEALTH REFORM 2020:
MEDICAID FOR MORE AND STATE-BASED REFORMS

Health Reform 2020: Towards Affordable, Quality Care for All Americans

The Century Foundation and The American Prospect

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AGENDA: OPPORTUNITIES AND LIMITS OF STATE-BASED REFORMS

- Pre-ACA reforms
- Post-ACA reforms
- Looking ahead – potential of Section 1332 waivers?
- Key takeaways – ingredients for success
PRE-ACA EFFORTS: HAWAII, MINNESOTA AND MASSACHUSETTS

- Hawaii’s Prepaid Health Care Act enacted in 1974
  - Employer Mandate, highly standardized plans that undergo rigorous state review
  - State secured ERISA exemption and ACA Section 1332 waiver to protect program
- MinnesotaCare enacted in 1992: provides coverage for persons above Medicaid up to 275% FPL without access to ESI
  - Comprehensive benefit package (but $10,000 limit on hospital inpatient)
  - Program managed, and plans procured, by Department of Human Services (Medicaid Agency)
- Massachusetts reforms (mandate, subsidies, Connector) enacted in 2006 drove uninsured rate down to 3%, provide basis for structure of ACA
POST-ACA STATE EFFORTS

Comprehensive
- Vermont – effort to achieve single-payer

Targeted
- Minnesota – Basic Health Program (MinnesotaCare), 400-500% FPL rebates, Public Option/Buy-In Proposals
- New York – Basic Health Program
- California – expand coverage for undocumented residents
- Nevada – Medicaid Buy-in (legislation vetoed)
- Potential of 1332 waivers?
1332 WAIVERS: WHAT’S IN IT FOR STATES?

- Flexibility to waive major ACA coverage provisions and try out solutions tailored to the state’s specific needs
- Opportunity to stabilize insurance market and reduce premiums
- Access to federal funds that would otherwise be coming into the state through ACA programs
TYPES OF 1332 WAIVERS

Narrow/targeted
- Hawaii fix for pre-ERISA employer mandate
- California proposal to allow undocumented residents to purchase on Covered California (waiver withdrawn)

Reinsurance program (AK, IA, MN, OK, OR)
- Alaska stabilizes individual market through state-funded reinsurance program for high cost claims
  - 2017 rates expected to be +40% and ended up being +7%
  - 1332 waiver allows state to recoup (“pass-through”) some of the savings that would accrue to the federal government due to lower premiums
- HHS specifically encourages state consideration of reinsurance programs

Broader waivers
- Iowa proposal would have fundamentally reshaped subsidy structure, included elements of AHCA (waiver withdrawn)
- Other possibilities: public option or Medicaid buy-in
1332 WAIVER ACTIVITY: LATEST DEVELOPMENTS

**Approvals (4) - HI, AK, MN, OR**
- Hawaii waiver protects state’s employer mandate
- Alaska sets model for reinsurance program; Oregon waiver follows
- Minnesota reinsurance waiver also approved but pass-through funding for BHP denied ($258m/2 years loss)

**Withdrawals (2)**
- Oklahoma withdraws waiver due to lack of timely approval
  - “…lack of a timely waiver approval will prevent thousands of Oklahomans from realizing the benefits of significantly lower premiums in 2018.”
- Iowa waiver withdrawn
  - “Section 1332 waivers in the Affordable Care Act are unworkable.”
  - Public reports that President Trump directed CMS to disapprove Iowa waiver

**On Hold**
- Massachusetts waiver deemed incomplete
  - State can amend and attempt to move forward for plan year 2019
LOOKING AHEAD: THE FUTURE OF 1332 WAIVERS

- Federalism vs. actions that could be seen to support the ACA
- Will the Trump Administration issue new guidance relaxing rules?
- Prospects for Section 1332 waiver reforms in bipartisan fix legislation
- States planning for 2018 submissions (for plan year 2019)?
KEY TAKEAWAYS ON STATE-BASED REFORMS

- Energy at the state level, but . . .
  - Inherent structural challenges
  - Ongoing efforts to degrade coverage create speed bumps for states

- Ingredients for success
  - Commitment from leadership in state
  - Federal assistance
    - Dollars
    - Support for policy flexibility (or benign policy apathy)
  - Effective advocacy partners
  - Budget and regulatory stability
THANK YOU!

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