

## **Georgia: State Innovation Waiver under section 1332 of the PPACA**

*November 1, 2020*

The U.S. Department of Health and Human Services and the U.S. Department of the Treasury (the Departments) approved Georgia's application for a State Innovation Waiver under section 1332 of the Patient Protection and Affordable Care Act (PPACA) (the waiver). Georgia's waiver implements a two-part program: Part I is a Reinsurance Program for plan years (PY) 2022 through 2026, and Part II is a new Georgia Access Model for PY 2023 through 2026. As a result of the waiver approval, more consumers in Georgia are expected to have healthcare coverage and face lower premiums, as well as experience greater consumer choice with the involvement of private entities on the Georgia Access Model. Furthermore, Georgia will receive Federal funds to cover a substantial portion of state costs for the waiver.

Georgia's State Innovation Waiver under section 1332 of the PPACA is approved subject to Georgia accepting the specific terms and conditions (STCs). This approval is effective for January 1, 2022 through December 31, 2026.

### ***Summary of Georgia's Application for a State Innovation Waiver under section 1332 of the PPACA***

For Part I of Georgia's State Innovation Waiver under section 1332 of the PPACA, the state waives section 1312(c)(1) of the PPACA, the requirement to consider all enrollees in a market to be part of a single risk pool, to the extent it would otherwise require excluding total expected state reinsurance payments when establishing the market-wide rate. This will allow Georgia to implement a state reinsurance program for up to five years beginning with PY 2022. The Georgia Reinsurance Program will operate with a traditional, claims-based attachment point model by reimbursing qualifying non-grandfathered individual health insurance coverage for a percentage of an enrollee's claims costs exceeding a specified threshold (attachment point) and up to a specified ceiling (reinsurance cap). The Georgia Reinsurance Program will have a tiered coinsurance structure to provide greater premium relief to targeted areas of the state and to encourage more carriers to participate in parts of the state where there is less carrier participation. Specifically, in PY 2022, the program will reimburse claims at an average 27 percent coinsurance rate for claims between the attachment point of \$20,000 and a \$500,000 cap.

For Part II of Georgia's waiver, the state waives section 1311 of the PPACA only to the extent that it is inconsistent with the operation of the Georgia Access Model. Under Part II of its waiver, the state seeks to transition the state's individual market from the Federally-facilitated Exchange to the Georgia Access Model, where private entities such as carriers, web-brokers, and agents will conduct marketing and outreach to consumers, as well as provide the front-end shopping experience. Through replacing HealthCare.gov with the Georgia Access Model, private entities will be incentivized to participate and compete, offering improved plan/product selection and enrollment assistance to consumers, as well as local, customized customer service to attract uninsured individuals to the market. Meanwhile, the state will validate eligibility information and determine if an applicant is eligible for QHPs, advance premium tax credits (APTC), and cost-sharing reductions (CSRs). The state will then send that information to the Centers for Medicare & Medicaid Services (CMS) and the IRS, which will continue to issue applicable APTC to carriers on behalf of qualified individuals and administer the reconciliation of APTC on individual

tax returns, respectively. The state also will integrate the Georgia Access Model with its Medicaid eligibility system, maintaining the single streamlined application process and enhancing the Medicaid referral and determination process for consumers.

Georgia will fund its waiver through a combination of its state general fund, a state user fee assessed on issuers participating in the Georgia Access Model, and federal pass-through funding. Georgia will receive federal pass-through funding to help offset a substantial portion of state costs for the waiver. Because the Georgia waiver is expected to lower premiums on the second lowest cost silver plan (i.e., the plan used to establish the value of premium tax credits), the Federal government will spend less in premium tax credits under the waiver. As such, Georgia will receive pass-through funding to support the waiver based on the amount of premium tax credits that would have been provided to Georgia absent the waiver. The pass-through funding amount may be reduced, if necessary, to ensure deficit neutrality.

As a result of the waiver, consumers are expected to see lower premiums, which is anticipated to attract new consumers while also keeping current consumers in the individual market. The state's analysis indicates that for PY 2022, individual market premiums are estimated to decrease by an average of 10.2% statewide due to the Georgia Reinsurance Program. For PY 2023, individual market metal level QHP premiums are estimated to decrease by an average of 10.4% statewide due to the Georgia Reinsurance Program, and individual market metal level QHP premiums are estimated to decrease an additional 3.4% due to the Georgia Access Model. In terms of enrollment, the state's analysis indicates that enrollment in the individual market is estimated to increase 0.4% in PY 2022 due to the Georgia Reinsurance Program. For PY 2023, enrollment in the individual market is estimated to increase 0.4% due to the Georgia Reinsurance Program and 6.8% due to the Georgia Access Model, for a total of 7.2% when Parts I and II are combined. These projections were certified by independent actuaries and reviewed by the Departments.

The Departments have determined that Georgia's State Innovation Waiver under section 1332 of the PPACA meets the requirements outlined in section 1332(b)(1) of the PPACA. Specifically, the waiver is projected to:

- provide coverage at least as comprehensive as the coverage defined in section 1302(b);
- provide coverage as affordable as would otherwise be provided;
- provide coverage to at least a comparable number of people as would otherwise be covered;
- and
- not increase the Federal deficit.

***Section 1332: State Innovation Waivers***

Section 1332 of the PPACA permits a state to apply for a State Innovation Waiver to pursue innovative strategies for providing their residents with access to high quality, affordable health insurance. These waivers provide states with the opportunity to develop strategies that best suit their individual needs. Through innovative thinking, tailored to specific state circumstances, states can lower premiums for consumers, improve market stability, and increase consumer choice.

State Innovation Waivers allow states to implement innovative ways to provide access to quality health care that is at least as comprehensive and affordable as would be provided absent the waiver, provides

coverage to a comparable number of residents of the state as would be provided coverage absent a waiver, and does not increase the Federal deficit.

State Innovation Waivers are available beginning January 1, 2017. State Innovation Waivers are approved for up to five-year periods, and can be renewed. The Departments welcome the opportunity to work with states on Section 1332 State Innovation Waivers. Read more about State Innovation Waivers [here](#). States interested in applying for a section 1332 waiver can find application tools and resources, including an application checklist and application templates, on our website [here](#).

The approval letter and STCs for Georgia can be found here: [https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section\\_1332\\_State\\_Innovation\\_Waivers-.html](https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers-.html)