



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

*Administrator*  
Washington, DC 20201

April 24, 2025

Michael Humphreys  
Insurance Commissioner  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, PA 17120

Dear Commissioner Humphreys:

Thank you for your December 30, 2024, submission of Pennsylvania's application to extend its State Innovation Waiver under section 1332 of the Patient Protection and Affordable Care Act (ACA). Pennsylvania (also referred to as "the State") has requested an extension of its waiver in order to extend implementation of its reinsurance program for another five years beginning with plan year 2026.<sup>1</sup> I am pleased to send this letter from the Department of Health and Human Services (HHS), as well as on behalf of the Department of the Treasury (collectively, "the Departments").

This letter is to inform you that the Departments, having completed their review of the waiver extension application, approve Pennsylvania's extension application for its State Innovation Waiver under section 1332 of the ACA (also referred to as a "section 1332 waiver"). Described below are the specific terms and conditions (STCs) of this extended section 1332 waiver. The Departments' approval of the waiver extension is conditioned upon the State's acceptance of these STCs within 30 calendar days of this letter, or by May 24, 2025. This approval is effective for a waiver period of January 1, 2026, through December 31, 2030.

The Departments are granting Pennsylvania's waiver extension application to continue to waive the single risk pool requirement in the individual market under section 1312(c)(1) of the ACA to the extent it otherwise would require excluding total expected state reinsurance payments when establishing the market-wide index rate for the purposes described in the State's waiver extension application.

The Departments remain committed to working with state partners to advance health care coverage policies. Through section 1332 waivers, the Departments aim to assist states with developing health insurance markets that expand coverage, lower costs, and ensure that affordable health coverage is available for their residents. The Departments have determined that this waiver plan satisfies the statutory guardrails (as set forth in sections 1332(b)(1)(A)-(D) of the ACA) and also have determined that implementation of this reinsurance program will lower individual market premiums in the State and the premium tax credits (PTC) to which

---

<sup>1</sup> Pennsylvania's currently approved section 1332 waiver waives the individual market single risk pool requirement to the extent it would otherwise require excluding total expected state reinsurance payments when establishing the market-wide index rate. The approval of Pennsylvania's current waiver is effective from January 1, 2021, through December 31, 2025.

Pennsylvania residents would have been entitled absent the waiver.<sup>2</sup> These PTC savings will be passed through to the State to be used solely for implementation of the waiver plan.

The enclosed STCs further define the State's responsibilities with respect to implementation of the waiver and use of pass-through funding during the waiver extension period and the nature, character, and extent of anticipated federal oversight of the extended waiver. The State is encouraged to engage with the Departments early in the process if it is interested in amending or further extending its waiver plan. The required information and process may vary based on the complexity of the proposed change or additional extension. A breach of any of the STCs may lead to termination of Pennsylvania's section 1332 waiver.

Please send your written acceptance and any communications and questions regarding program matters or official correspondence concerning the waiver to [stateinnovationwaivers@cms.hhs.gov](mailto:stateinnovationwaivers@cms.hhs.gov).

Congratulations. We look forward to working with you and your staff. Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "DR" followed by a stylized flourish.

Dr. Mehmet Oz

Enclosure

CC: Kevin Salinger, Acting Assistant Secretary, Tax Policy, U.S. Department of the Treasury  
The Honorable Josh Shapiro, Governor, Commonwealth of Pennsylvania  
Shannen Logue, Deputy Commissioner of Insurance Product Regulation, Pennsylvania  
Insurance Department

---

<sup>2</sup> The Departments typically consider public comments in making this determination. However, the State did not receive any public comments during the state public comment period, and the Departments also did not receive any public comments during the Federal public comment period, which was open from January 29, 2025, through March 2, 2025.

DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)  
U.S. DEPARTMENT OF THE TREASURY  
PATIENT PROTECTION AND AFFORDABLE CARE ACT SECTION 1332 STATE  
INNOVATION WAIVER  
SPECIFIC TERMS AND CONDITIONS  
TITLE: Commonwealth of Pennsylvania—Patient Protection and Affordable Care Act  
Section 1332 Waiver Extension Approval  
AWARDEE: Commonwealth of Pennsylvania

I. PREFACE

The following are the specific terms and conditions (STCs) for the Commonwealth of Pennsylvania's (hereafter referred to as the "State") Patient Protection and Affordable Care Act (ACA)<sup>1</sup> section 1332 State Innovation Waiver to implement the Pennsylvania state reinsurance program (hereafter referred to as "the waiver" or "the waiver plan"), which has been approved by the U.S. Department of Health and Human Services (HHS) and the U.S. Department of the Treasury (collectively, the Departments). These STCs govern the operation of the waiver by the State. The STCs set forth, in detail, the State's responsibilities to the Departments related to the waiver. These STCs are effective beginning January 1, 2026, through December 31, 2030, unless the waiver is further extended, otherwise amended, suspended, or terminated by the parties in accordance with the applicable processes set forth in and provided by these STCs; however, the Departments reserve the right to amend these STCs when the Departments make the annual determination of the pass-through amount for plan years 2026 through 2030. The State's waiver plan extension application to continue to waive certain provisions of the ACA, dated December 30, 2024, is specifically incorporated by reference into these STCs, except with regard to any proposal or text in the waiver plan that is inconsistent with the Departments' approval of the waiver or these STCs.

**1. ACA Provisions Waived under Section 1332 State Innovation Waiver (Section 1332 waiver).** Section 1312(c)(1) of the ACA is waived 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 waiver.

**2. Changes in State Law and Technical Changes to the Waiver.** The State must inform the Departments of any change in state law or regulations that could impact the waiver, including any changes to the requirements of the State's waiver plan, or any proposed technical changes to the waiver occurring after the date of this approval letter, at least thirty (30) calendar days prior to the intended implementation date of the change. Changes might be considered technical changes if they are routine changes of an operational nature that do not impact whether the statutory guardrails (as set forth in sections 1332(b)(1)(A)-(D) of the ACA) are met, and which do not materially impact, such as by establishing or eliminating, any obligations of the State or the

---

<sup>1</sup> The Patient Protection and Affordable Care Act (Pub. L. 111-148) was enacted on March 23, 2010. The Healthcare and Education Reconciliation Act of 2010 (Pub. L. 111-152), which amended and revised several provisions of the Patient Protection and Affordable Care Act, was enacted on March 30, 2010. In these STCs, the two statutes are referred to collectively as the "Patient Protection and Affordable Care Act" or "ACA."

Departments with respect to the waiver.<sup>2</sup> The State must consult with the Departments well in advance of implementing any change, and must receive confirmation from the Departments that the change is a technical change prior to implementation of the change. The Departments will consider the facts and circumstances of each proposed change and reserve discretion to request additional information from a State when determining whether a proposed change is a technical change or requires submission of a waiver amendment request.<sup>3</sup> If the Departments determine that the change to the State's waiver plan is not a technical change but instead would be an amendment, the State must submit a waiver amendment request as set forth in STC 9 and receive approval from the Departments prior to implementing the change described in the waiver amendment request.

Consistent with the State's waiver, the State is responsible for any reconciliation of reinsurance payments that it wishes to make to account for any duplicative reimbursement through the State's reinsurance program for the same high-cost claims reimbursed through the HHS-operated risk adjustment program. This is also considered a technical change to the State's reinsurance program.

**3. Funds to Operate the Waiver.** The State's waiver plan will be funded through a combination of federal pass-through funding and state funding from the Pennsylvania Health Insurance Exchange Authority user fee. The State must ensure sufficient funds are available on an annual basis for the waiver to operate as described in the State's waiver plan.

**4. Compliance with Federal Non-Discrimination Statutes.** The State must comply with all applicable federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, titles I and II of the Genetic Information Nondiscrimination Act of 2008 and section 1557 of the ACA.

**5. Compliance with Applicable Federal Laws.** Per 31 C.F.R. § 33.120(a) and 45 C.F.R. § 155.1320(a), the State must comply with all applicable federal laws and regulations, unless a law or regulation has been specifically waived. The Departments' State Innovation Waiver authority is limited to requirements described in section 1332(a)(2) of the ACA. Further, section 1332(c) of the ACA states that while the Secretaries of the Departments have broad discretion to determine the scope of a waiver, no federal laws or requirements may be waived that are not within the Secretaries' authority. *See* 77 Fed. Reg. 11700, 11711 (February 27, 2012). Therefore, for example, section 1332 of the ACA does not grant the Departments authority to waive any provision of the Employee Retirement Income Security Act of 1974. The State must also comply with requirements of the Cash Management Improvement Act (CMIA).

**6. Changes to Applicable Federal Laws.** The Departments reserve the right to amend, suspend, or terminate the waiver, these STCs, or the pass-through funding amount as needed to reflect changes to applicable federal laws or changes of an operational nature without requiring the State

---

<sup>2</sup> Examples of routine changes of an operational nature that may constitute technical changes include changes to the State reinsurance program funding level or reinsurance program parameters such as altering the attachment point, cap, coinsurance rate, or eligible conditions.

<sup>3</sup> Failure to provide requested information in a timely manner may result in delays in the Departments' determination as to whether the change is a technical change or requires submission of a waiver amendment request.

to submit a new waiver proposal. In the event that any aspect, term, or provision of this waiver or these STCs is held invalid, illegal, or unenforceable by a court in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other aspect, term, or provision of this waiver or these STCs provided that the remaining aspects, terms, and provisions of the waiver continue to comply with the statutory guardrails. The Departments will notify the State at least thirty (30) days in advance of the expected implementation date of the amended STCs, if applicable, to allow the State to discuss the changes necessary to ensure compliance with law, regulation, and policy, to allow the State adequate time to come into compliance with state and federal requirements (including rate review and consumer noticing requirements), and to provide comment, if applicable. Changes will be considered in force upon the Departments' issuance of amended STCs. The State must accept the changes in writing within thirty (30) calendar days of the Departments' notification for the waiver to continue to be in effect. The State must, within the applicable timeframes, come into compliance with any changes in federal law or regulations affecting section 1332 waivers, unless the provision being changed has been expressly waived for the waiver period. If any of the waived provision(s) identified in STC 1 are eliminated under federal law, the Departments would re-evaluate the waiver to see if it still meets all of the section 1332 waiver requirements. If the Departments determine that the waiver needs to be suspended or terminated as a result of a change to federal law, the Departments will provide further guidance to the State as to that process.

**7. Finding of Non-Compliance.** The Departments will review and, when appropriate, investigate documented complaints that the State is failing to materially comply with requirements specified in the State's waiver and these STCs. In addition, the Departments will promptly share with the State any complaint that they may receive and will notify the State of any applicable monitoring and compliance issues.

**8. State Request for Suspension, Withdrawal, or Termination of a Waiver.** The State may only request to suspend, withdraw, or terminate all or portions of its waiver plan consistent with the following requirements:

- (a) Request for suspension, withdrawal, or termination: If the State wishes to suspend, withdraw, or terminate all or any portion(s) of the waiver, the State must submit a request to the Departments in writing specifying: the reasons for the requested suspension, withdrawal, or termination; the effective date of the requested suspension, withdrawal or termination; and the proposed phase-out plan (with the summary of comments received, as described below). The State must submit its request and draft phase-out plan to the Departments no less than six (6) months before the proposed effective date of the waiver's suspension, withdrawal, or termination. Prior to submitting the request and draft phase-out plan to the Departments, the State must publish on its website the draft phase-out plan for a thirty (30) day public comment period and conduct federal tribal consultation as applicable. The State must include with its request and proposed phase-out plan a summary of each public comment received, the State's response to the comment and whether or how the State incorporated measures into a revised phase-out plan to address the comment.
- (b) Departments' approval: The State must obtain the Departments' approval of the phase-out plan prior to the implementation of the phase-out activities. Implementation of phase-out activities must begin no sooner than fourteen (14)

calendar days after the Departments' approval of the phase-out plan, unless otherwise directed by the Departments.

- (c) Recovery of unused funding: Any unused pass-through funding will be recovered. The State will comply with all necessary steps to facilitate the recovery within a prompt timeframe.

#### **9. State Request for Amendment.**

- (a) Definition: For purposes of these STCs and per 31 C.F.R. § 33.130(a) and 45 C.F.R. § 155.1330(a), an amendment is a change to a waiver plan that is not otherwise allowable under these STCs, a change that could impact any of the statutory guardrails, or a change to the program design for an approved waiver.<sup>4</sup> Such potential changes could include, but are not limited to, changes to eligibility, coverage, benefits, premiums, out-of-pocket spending, and cost-sharing. See STC 2 for information on changes that could be considered technical changes instead of a change that would require a waiver amendment.
- (b) Amendment Request Submission Process: Consistent with 31 C.F.R. § 33.130 and 45 C.F.R. § 155.1330, to amend a waiver the State must comply with the following requirements:
  - (1) The State must submit a letter to the Departments notifying them in writing of its intent to request an amendment to its waiver plan(s). The State must include a detailed description of all of the intended change(s), including the proposed implementation date(s), in its letter of intent. The Departments encourage the State to submit its letter of intent at least fifteen (15) months prior to the waiver amendment's proposed implementation date and to engage with the Departments early in its development of a potential waiver amendment. The State may wish to submit this letter of intent more than fifteen (15) months prior to the waiver amendment's proposed implementation date, depending on the complexity of the amendment request and the timeline for implementation, among other factors.
  - (2) The Departments will review the State's letter of intent requesting changes to its waiver plan. Within approximately thirty (30) days of the Departments' receipt of the State's letter of intent, the Departments will respond to the State and confirm whether the change requested is a waiver amendment, as well as identify the information the State needs to submit in its waiver amendment request. This written response will also include whether the proposed waiver amendment(s) would be subject to any additional or different requirements consistent with STC 9(c)(7).
    - a. For example, depending on the complexity of the amendment request, scope of changes from the waiver plan, operational/technical changes, or implementation considerations, the Departments may impose requirements similar to those specified in 31 C.F.R. § 33.108(f) and 45 C.F.R. § 155.1308(f) for new section 1332 waiver applications.
  - (3) The State should generally plan to submit its waiver amendment request in writing

---

<sup>4</sup> Modifications to waivers that are determined by the Departments to be technical changes are not considered waiver amendments and are not subject to the requirements outlined in STC 9 or 31 C.F.R. § 33.130 and 45 C.F.R. § 155.1330.

in electronic format, as outlined in STC 9(c), no later than nine (9) months prior to the waiver amendment's proposed implementation date in order to allow for sufficient time for review of the waiver amendment request. Similar to the regulations at 31 C.F.R. § 33.108(b) and 45 C.F.R. § 155.1308(b) for new waiver applications, the State must submit the waiver amendment request sufficiently in advance of the requested waiver amendment implementation date, particularly when the waiver plan or requested amendment could impact premium rates, to allow for an appropriate review and implementation timeframe. Depending on the complexity of the amendment request, the State may want to submit the amendment request earlier than nine (9) months prior to implementation. In developing the implementation timeframe for its waiver amendment request, the State must maintain uninterrupted operations of the Exchange in the State and provide adequate notice to affected stakeholders and issuers of health insurance plans that would be (or may be) affected by the amendment to take necessary action based on approval of the waiver amendment request.

- (4) The Departments reserve the right to deny or withhold approval of a state waiver amendment request based on non-compliance with these STCs or any additional direction and information requests from the Departments, including a failure by the State to submit required reports and other deliverables in a timely fashion.
- (5) The State is not authorized to implement any aspect of the proposed amendment without prior approval from the Secretaries.

(c) Content of Amendment Application: All amendment applications are subject to approval at the discretion of the Secretaries in accordance with section 1332 of the ACA. The State must furnish such information and analysis regarding the proposed waiver amendment that is necessary to permit the Departments to evaluate the request. A waiver amendment request must include the following:

- (1) A detailed description of the requested amendment, including the time period for the proposed amended waiver, impact on the statutory guardrails, the scope of the proposed amendment to the waiver plan—including whether the State seeks to waive any new provisions and the rationale for the waiver—and related changes to the waiver plan elements as applicable, including sufficient supporting documentation;
- (2) An explanation and evidence of the process used by the State to ensure meaningful public input on the proposed waiver amendment request. The State must conduct the state public notice process that is specified for new applications at 31 C.F.R. § 33.112 and 45 C.F.R. § 155.1312. It may be permissible for a state to use its annual public forum required under 31 C.F.R. § 33.120(c) and 45 C.F.R. § 155.1320(c) for the dual purpose of soliciting public input on a proposed waiver amendment request and on the progress of its waiver plan;
- (3) Evidence of sufficient authority under state law(s) in order to meet the requirement in section 1332(b)(2)(A) of the ACA for purposes of pursuing the waiver amendment request;
- (4) An implementation plan with operational details (if appropriate) to demonstrate that the waiver would maintain uninterrupted operations of the Exchange in the State, and provision of adequate notice for stakeholders and issuers of health

insurance plans that would be (or may be) affected by the proposed amendment to take necessary action based on approval of the waiver amendment request;

- (5) An updated actuarial and/or economic analysis demonstrating how the waiver, as amended, will meet the statutory guardrails. Such analysis must identify the “with waiver” impact of the requested amendment on the statutory guardrails. Such analysis must include a “with waiver” and “without waiver” status on both a summary and detailed level through the current approval period using data from recent experience, as well as a summary of and detailed projections of the change in the “with waiver” scenario;
- (6) An explanation of the estimated impact, if any, of the waiver amendment on pass-through funding, as well as any new proposed uses for pass-through funding if applicable; and
- (7) Any further requested information and/or analysis that is determined necessary by the Departments to evaluate the waiver amendment request.

#### **10. State Request for Waiver Extension.**

- (a) Definition: For purposes of these STCs and per 31 C.F.R. § 33.132 and 45 C.F.R. § 155.1332, a waiver extension is an extension of an approved waiver under the existing waiver terms.

The waiver extension request and approval process is separate from the waiver amendment request and approval process described in STC 9, with separate timelines and requirements. An extension request can only include an extension of the existing waiver terms, not other changes to the existing waiver plan. If a state also seeks to make substantive changes to its waiver plan along with seeking an extension, the Departments will treat those changes as amendments and the requirements of STC 9 will also apply.

- (b) Extension Request Submission Process: Consistent with 31 C.F.R. § 33.132 and 45 C.F.R. § 155.1332, to extend the waiver the State must comply with the following requirements:
  - (1) The State must inform the Departments if the State will apply for an extension of its waiver at least one (1) year prior to the waiver’s end date. The State must submit a letter of intent in electronic format to the Departments to notify them in writing of its intent to request an extension of its waiver plan. The State must include a detailed description of the requested extension period in the letter of intent. The Departments will then review the State’s letter of intent request. Within approximately thirty (30) days of the Departments’ receipt of the letter of intent, the Departments will respond to the State and confirm whether the extension request will be considered an extension request and, if applicable, whether the request includes changes that would be considered an amendment request subject to the separate process and requirements set forth in STC 9. The Departments’ response will also identify the information the State needs to submit in its waiver extension request.
  - (2) The State must submit its waiver extension request in writing in electronic format, consistent with the format and manner requirements applicable to initial waiver applications under 31 C.F.R. § 33.108(a) and 45 C.F.R. § 155.1308(a).



- (3) An extension request shall be deemed granted unless the Secretaries, within ninety (90) days after the date of the State's submission of a complete waiver extension request, either deny such request in writing or inform the State in writing with respect to any additional information needed to make a final determination with respect to the request.
  - (4) The Departments reserve the right to deny a state's waiver extension request based on non-compliance with these STCs or any additional direction and information requests from the Departments, including a failure by the State to submit required reports and other deliverables in a timely fashion.
- (c) Content of Extension Application: All extension applications are subject to approval at the discretion of the Secretaries in accordance with section 1332 of the ACA. The State must furnish information and analysis regarding the proposed waiver extension that is necessary to permit the Departments to evaluate the request. In addition to the periodic reports required by 31 C.F.R. § 33.124 and 45 C.F.R. § 155.1324, the Departments may require additional data and information to be submitted to review the extension request in accordance with 31 C.F.R. § 33.120(f)(2) and 45 C.F.R. § 155.1320(f)(2). A waiver extension request may be required to include the following information:
- (1) Updated economic or actuarial analyses for the requested extension period in a format and manner specified by the Departments;
  - (2) Preliminary evaluation data and analysis from the existing waiver;
  - (3) Evidence of sufficient authority under state law(s) to meet the requirement in section 1332(b)(2)(A) of the ACA for purposes of pursuing the waiver extension request;
  - (4) An explanation of the process followed by the State to ensure meaningful public input on the proposed waiver extension request at the state level. It may be permissible for the State to use its annual public forum under 31 C.F.R. § 33.120(c) and 45 C.F.R. § 155.1320(c) for the dual purpose of soliciting public input on a proposed waiver extension request and on the progress of its waiver plan; and
  - (5) Other information as requested by the Departments that is necessary to reach a decision on the waiver extension request.

The Departments will identify the information the State needs to submit as part of its waiver extension request in its response to the State's letter of intent.

- (d) Temporary Extension of Waivers: The Departments may extend an existing waiver program on a temporary basis for an additional year while a waiver extension request is under review, without regard to the date when the extension application was submitted.
- (e) End of Waiver Period: If the State does not submit an extension request before the end of the waiver period consistent with STC 10(b)(1) and (2), the Departments will provide guidance on wind-down of the State's waiver.

**11. Reporting.** The State must submit quarterly and annual reports as specified in 31 C.F.R. § 33.124 and 45 C.F.R. § 155.1324.

*Annual Reports:* The State must submit a draft annual report to the Departments within ninety (90) days after the end of the first waiver year and each subsequent year that the waiver is in effect. The State will publish the draft annual report on the State's public website within thirty (30) days of submission to the Departments. Within sixty (60) days of receipt of comments from the Departments on the report, the State must submit to the Departments the final annual report for the waiver year, summary of the comments, and all public comments received as part of the post-award forum process. The State must publish the final annual report on the State's public website within thirty (30) days of approval by the Departments.

*Report Contents:* Each such annual report must include:

- (a) The progress of the waiver;
- (b) Data and metrics sufficient to show compliance and assist evaluation of the waiver's compliance with sections 1332(b)(1)(A) through (D) of the ACA:
  - (1) Projected and actual individual market enrollment in the State, both on-Exchange and off-Exchange.
  - (2) Projected and actual average individual market premium rate (i.e., total individual market premiums divided by total member months of all enrollees).
  - (3) Projected and actual Second Lowest Cost Silver Plan (SLCSP) premium under the waiver and an estimate of the SLCSP premium as it would have been without the waiver, for a representative consumer (e.g., a 21-year old non-smoker) in each rating area.
- (c) A summary of the annual post-award public forum, held in accordance with 31 C.F.R. § 33.120(c) and 45 C.F.R. § 155.1320(c), including all public comments received at such forum regarding the progress of the waiver and action taken in response to such concerns or comments;
- (d) Technical changes to the State's waiver plan, including the funding level the program will be operating at for the next plan year, or other waiver plan changes as specified in STC 2.
- (e) Notification of changes to state law or regulations that may impact the waiver as specified in STC 2.
- (f) Reporting of:
  - (1) Federal pass-through funding spent on reinsurance claim payments to issuers from the waiver and/or operation of the reinsurance program.
  - (2) The unspent balance of federal pass-through funding for the reporting year, if applicable.
- (g) The amount of state funding from the State's premium assessment, or other funding

to support the waiver, specifically: any funds designated by the State to provide reinsurance to issuers that offer individual health benefit plans in the State or any other money from any other source accepted for the benefit of the State to fully fund the State's reinsurance program for the reporting year.

- (h) A description of any incentives for providers, enrollees, and issuers to continue managing health care cost and claims for individuals eligible for reinsurance.
- (i) *If applicable:* A report on the reconciliation (if any) of reinsurance payments that are duplicative of reimbursement through the HHS-operated risk adjustment program high-cost risk pooling mechanism. The report should include the state reinsurance program reinsurance payment (before reconciliation) for high-cost claims to issuers who also receive payment through the HHS-operated risk adjustment program under the high-cost risk pooling mechanism, the high-cost risk pool payment amount made by HHS for those claims, and the reinsurance true-up amount applied.
- (j) Other information the Departments determine is necessary to calculate pass-through amounts or to evaluate the waiver.

*Payment Schedule:* If appropriate, the State will inform the Departments of any updates to the State's reinsurance program payment schedule by January 1, 2026.

*Quarterly and Other Reports:* Under 31 C.F.R. § 33.120(b), 31 C.F.R. § 33.124(a), 45 C.F.R. § 155.1320(b), and 45 C.F.R. § 155.1324(a), the State must conduct periodic reviews related to the implementation of the waiver. The State must report on the operation of the waiver quarterly, including, but not limited to reports of any ongoing operational challenges and plans for and results of associated corrective actions, no later than sixty (60) days following the end of each calendar quarter. The State can submit its annual report in lieu of the fourth quarter report.

**12. Post Award Forum.** Per 31 C.F.R. § 33.120(c) and 45 C.F.R. § 155.1320(c), within six (6) months of the waiver's effective date and annually thereafter, the State will afford the public an opportunity to provide meaningful comment on the progress of the waiver. The State is required to publish the date, time, and location of the public forum in a prominent location on the State's public web site at least thirty (30) days prior to the date of the planned public forum. Per 31 C.F.R. § 33.120(c) and 45 C.F.R. § 155.1320(c), the State must also include a summary of this forum as part of the quarterly report for the quarter in which the forum was held and the annual report as required under 31 C.F.R. § 33.124 and 45 C.F.R. § 155.1324 and as specified in STC 11.

**13. Monitoring Calls.** The State must participate in monitoring calls with the Departments that are deemed necessary by the Departments. The purpose of these monitoring calls is to discuss any significant actual or anticipated developments affecting the waiver. Areas to be addressed include the impact on the statutory guardrails set forth under sections 1332(b)(1)(A) – (D) of the ACA and state legislative or policy changes. The Departments will update the State on any federal policies and issues that may affect any aspect of the waiver. The State and the Departments will jointly develop the agenda for the calls. It is anticipated that these calls will occur at least semi-annually.

**14. Federal Evaluation.** The Departments will evaluate the waiver using federal data, state reporting, and the application itself to ensure that the Secretaries can exercise appropriate oversight of the approved waiver. Per 31 C.F.R. § 33.120(f) and 45 C.F.R. § 155.1320(f), if requested by the Departments, the State must fully cooperate with the Departments or an independent evaluator selected by the Departments to undertake an independent evaluation of any component of the waiver. As part of this required cooperation, the State must submit all requested data and information to the Departments or the independent evaluator. The Departments may charge the State for evaluation costs to the federal government.

**15. Pass-through Funding.** Under section 1332(a)(3) of the ACA, pass-through funding is based on the amount of premium tax credits (PTC) that would have been provided to individuals under section 36B of the Internal Revenue Code in the State absent the waiver, but that will not be provided under the State's waiver, reduced, if necessary, to ensure deficit neutrality as required by section 1332(b)(1)(D) of the ACA. The State will receive pass-through funding for the purpose of implementing the waiver, including administration of the waiver, when the requirements described below are met.

Starting with the 2026 plan year and for each plan year thereafter, by September 15 of the preceding year or once the State has finalized rates for the applicable plan year, whichever is later, the State will provide the following information to the Departments:

- (a) The final SLCSPP rates for individual health insurance coverage for a representative individual (e.g., a 21-year-old non-smoker) in each rating area or service area (if premiums vary by geographies smaller than rating areas) for the applicable plan year;
- (b) The estimate of what the final SLCSPP rates for individual health insurance coverage for a representative individual in each rating area or service area (if premiums vary by geographies smaller than rating areas) would have been absent approval of this waiver for the applicable plan year. The State must include with this information the methods and assumptions the State used to estimate the final SLCSPP rates and State's estimate of what the final SLCSPP rates would have been absent approval of the waiver for each rating area or service area absent approval of this waiver;
- (c) The total amount of all premiums expected to be paid for individual health insurance coverage for the applicable plan year;
- (d) What total premiums for individual health insurance coverage would have been for the applicable plan year without the waiver;
- (e) The amount of advance premium tax credit (APTC) paid by month and rating area for the current plan year to date;
- (f) The number of APTC recipients by month and rating area for the current plan year to date;
- (g) The state-specific age curve premium variation for the current and upcoming plan year;

- (h) Reports of the estimated total reinsurance reimbursements for the upcoming plan year;
- (i) Reports of the total enrollment estimates for individual health insurance coverage, both with and without the waiver for the upcoming plan year;
- (j) An explanation of why the experience for the upcoming plan year may vary from previous estimates and how assumptions used to estimate the impact have changed. This includes an explanation of changes in the estimated impact of the waiver on aggregate premiums, the estimated impact to the SLCSP rates, and the estimated impact on enrollment. The State should also explain changes to the estimated reinsurance estimates relative to prior estimates; and
- (k) Any other information or data requested by the Departments.

The estimated amount of pass-through funding for plan years 2026 through 2030 will be communicated to the State as soon as practicable, conditional on receipt of items (a) through (k) in the paragraph above by the date specified above, and reported to the State on the earliest date practicable. Pass-through amounts are subject to a final administrative determination by the Department of the Treasury prior to payment and will be made available no later than April of the applicable calendar year. The pass-through amount for plan years 2026 through 2030 will be calculated by the Departments annually (per section 1332(a)(3) of the ACA) and reported to the State on the earliest date practicable, conditional on receipt of information identified in items (a) through (k) in the paragraph above by the applicable deadline.

The pass-through funds cannot be obligated prior to the effective date for the waiver. The State agrees to use the full amount of pass-through funding for purposes of implementing the State's waiver. Moreover, to the extent pass-through funding exceeds the amount necessary for the State to implement the waiver in a given plan year, the remaining funds must be carried forward and used for purposes of implementing the State's waiver in a subsequent year.

If the waiver is not extended, the Departments will promptly recover unused pass-through funds following the end of the waiver period, December 31, 2030. The State must comply with all necessary steps to facilitate the recovery of such amounts by the Departments within a prompt timeframe.

**16. The Departments' Right to Amend, Suspend, or Terminate.** Consistent with 31 C.F.R. § 33.120(d) and 45 C.F.R. § 155.1320(d), the Departments reserve the right to amend, suspend, or terminate the waiver (in whole or in part) at any time before the date of expiration if the Departments determine that the State has materially failed to comply with these STCs, or if the State fails to meet the statutory guardrails.

- (a) The Departments will promptly notify the State in writing of the determination and the reasons for the amendment, suspension, or termination, together with the effective date.
- (b) In the event that all of or a portion of the waiver is suspended or terminated by the

Departments, federal funding available after the effective date of the suspension, or termination will be limited to normal closeout costs associated with an orderly suspension or termination including service costs during any approved transition period and administrative costs of transitioning participants, as described in 31 C.F.R. § 33.120(e) and 45 C.F.R. § 155.1320(e).

- (c) The Departments will recover unused pass-through funding. The State must comply with all necessary steps to facilitate the recovery of such amounts by the Departments within a prompt timeframe.



Michael Humphreys  
Insurance Commissioner  
Pennsylvania Insurance Department  
Commonwealth of Pennsylvania

Date: May 8, 2025



Dr. Mehmet Oz  
Administrator  
Centers for Medicare & Medicaid Services

Date: April 24, 2025



Kevin Salinger  
Acting Assistant Secretary, Tax Policy  
U.S. Department of the Treasury

Date: 5/14/2025