

What is the 1332 Waiver and would Vermont need one for Universal Primary Care

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September 29, 2017

Section 1332 of the Affordable Care Act (ACA) 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 while retaining the basic protections of the ACA.

State Innovation Waivers allow states to implement ways to provide access to quality health care that is at least as comprehensive and affordable as would be provided absent the waiver, and does not increase the federal deficit. The federal government wants to achieve two things with this waiver program: save money and maintain administrative simplicity.

The U.S. Department of Health and Human Services and the U.S. Department of the Treasury are responsible for reviewing waiver applications. The Department of Health and Human Services and the Department of Treasury are interested in working with states on Section 1332 waivers that would lower premiums for consumers, improve market stability, and increase consumer choice.

Most states have applied for a 1332 waiver to stabilize their commercial insurance market by establishing a state reinsurance program. Vermont achieved the first 1332 waiver last year which allowed Vermonters to enroll directly with the insurance plan rather than through an online portal.

Section 1332 does not change existing waiver authority for provisions in other Federal health programs such as Medicaid or Medicare (including waiver authorities under section 1115 related to Medicaid and CHIP). Vermont has a recently renewed 1115 waiver know as the Global Commitment. States can coordinate section 1332 and Medicaid waivers: if a state wants to change Medicaid or CHIP at the same time as changing its individual health insurance market, it can simultaneously request approval of a Medicaid or CHIP demonstration project under section 1115.

1332 Waiver Requirements:

- The list of provisions the state seeks to waive, including the rationale for the specific requests;
(UPC would waive cost sharing provisions in the ACA, prior authorization requirements?)
- Data, assumptions, targets, and other information sufficient to determine that the proposed waiver will provide coverage that is at least as comprehensive as would be provided absent the waiver, will provide coverage and cost sharing protections that keep

care at least as affordable as would be provided absent the waiver, will provide coverage to at least a comparable number of residents as would be provided coverage absent the waiver, and will not increase the Federal deficit;

(The SIM grant payment reform workgroup defined coverage of a specific set of primary care services at least as comprehensive as those required by the ACA. In addition UPC would include mental health/substance abuse coverage)

- Actuarial analyses and actuarial certifications to support State estimates that the waiver will comply with the comprehensive coverage requirement, the affordability requirement, and the scope of coverage requirement;

(Wakely performed this analysis for UPC as part of Act 54 2015)

- A detailed 10-year budget plan that is deficit neutral to the Federal government;
- A detailed analysis of the impact of the waiver on health insurance coverage in the state;
- A description and copy of the enacted state legislation providing the state authority to implement the proposed waiver; and,

(Act 54-2015 and Senate 53, House 248)

- A detailed plan as to how the state will implement the waiver, including a timeline.

Would Vermont need to apply for a 1332 Waiver or alter the current 1115 Waiver to achieve publicly financed universal primary care?

1. This is difficult question to answer. Since primary care claim costs for six coverage groups (commercial, Medicare, Medicaid, military, federal, uninsured) would be impacted, I suspect a federal waiver would be necessary.
2. A well structured UPC program can meet the requirements of the 1332 waiver.
3. UPC will expand coverage and will reduce the total cost of care in Vermont.
4. Existing waiver applications do address the need to reduce cost sharing in the ACA, UPC would accomplish this.
5. UPC would be administered by the state (DVHA) which would not increase administrative complexity for the HHS.
6. Vermont has a regulatory authority in place, the GMCB, which could assure that the quality and cost control goals of UPC were being met.
7. Currently the Vermont legislature has two roles related to the all payer model:
 - a. Appropriate money for Medicaid (1115 waiver)
 - b. Oversight: Act 113 created regulation for ACOs administered by the GMCB
 - c. UPC would give the legislature a third APM responsibility- assuring the payment model fully supported primary care