

Public Notice

Reinsurance and Georgia Access Model – State Relief and Empowerment Waiver (Section 1332 Waiver)

Pursuant to 31 CFR 33.112 and 45 CFR 155.1312, notice is hereby given that the State of Georgia has modified its Section 1332 Waiver previously submitted to the Department of Treasury (Treasury) and Centers for Medicare & Medicaid Services (CMS) in the Department of Health and Human Services (HHS) for a Reinsurance Program and the Georgia Access Model. This notice provides details about the updated waiver and serves to open a second 15-day public comment period closing on Thursday, July 23, 2020.

Executive Summary

Georgia previously submitted to CMS and Treasury a Section 1332 Waiver to implement a two-part approach consisting of a Reinsurance Program and the Georgia Access Model, to address the growing healthcare access and affordability challenges facing many residents across the State. During the ongoing approval process, there have been significant changes in the healthcare landscape across the country and in Georgia; as a result, Georgia has requested to make minor modifications to the waiver. Through these changes, Georgia seeks to ensure the success and sustainability of its program and increase access to affordable healthcare coverage for its residents. The first part seeks to implement a Reinsurance Program starting in Plan Year 2022 rather than plan year 2021. The second part seeks to transition the State's individual market to the Georgia Access Model, also starting in Plan Year 2022. The Section 1332 Waiver application is designed to reduce premiums, increase coverage, and promote a more competitive private insurance marketplace with the introduction of a state Reinsurance Program and the Georgia Access Model for Plan Years 2022 through 2026.

Changes from the 1332 Waiver Submitted December 23, 2019

Due to the unanticipated impact of COVID-19 on the State and its residents, Georgia has modified its waiver application previously submitted to CMS and Treasury in order to better address the current and future healthcare needs of Georgia residents. The duration of the waiver will still be five years, but for PY 2022 – 2026.

The implementation date of the Reinsurance Program has shifted to take effect in PY 2022. All other aspects of the Reinsurance Program remain as originally designed, including the attachment point, cap, and co-insurance rates submitted within the initial application for the first year of the program.

The Georgia Access Model retains the key elements proposed in Georgia's initial application. Modifications have been made to streamline operations to promote access in these challenging times. As stated in the original waiver submission, the State will leverage a network of private sector partners to provide front end operations and customer support for consumers to shop for, compare, and enroll in plans. The State will calculate consumers' eligibility and estimated APTC/PTC subsidy amount. In the revised application:

- The State will not directly issue the subsidies to consumers.
- The State will send enrollment and APTC/PTC eligibility information to the Federal government.
- The Federal government will continue to issue Advanced Premium Tax Credits (APTCs) and Premium Tax Credits (PTCs), as it does without the waiver, which will only be available for QHPs.
- The State is not seeking to certify and provide subsidies for Eligible non-QHPs.

Part I – Reinsurance

Program Overview

Georgia is seeking to waive Section 1312(c)(1) of the Patient Protection and Affordable Care Act (PPACA) requiring all enrollees in the individual market to be members of a single risk pool. The goal of the Reinsurance Program is to stabilize the individual market to reduce premiums and incentivize carriers to offer plans in more regions across the State. By mitigating high-cost individual health claims, the Reinsurance Program will help stabilize Georgia’s individual market and make premiums more affordable.

Georgia’s Reinsurance Program will be a claims-based model with an attachment point, cap, and a tiered co-insurance rate. The attachment point is where the program will begin to reimburse the carrier for a percentage of high-cost claims up to the cap amount. The coinsurance rate will be based upon rating region. Rating regions will be grouped into three tiers for applied co-insurance rates. Higher co-insurance rates will be applied to high-cost regions in order to bring the premiums in these regions closer to the statewide average. Tier one includes rating regions 2, 3, 5, 8, 14. Tier two includes rating regions 1, 7, 9, 12, 16. Tier three includes rating regions 4, 6, 10, 11, 13, 15.

For PY 2022, the program is projected to reimburse claims at an average coinsurance rate of 27% for claims between the attachment point of \$20,000 and an estimated \$500,000 cap.

Table 1: Summary of Projected Attachment Point, Cap, and Co-insurance for PY 2022

Projected Attachment	Projected Cap	Projected Co-Insurance
\$20,000	\$500,000	Tier 1: 15% Tier 2: 45% Tier 3: 80%

The Reinsurance Program is anticipated to reduce premiums on the individual market statewide by 10.2% and subsequently increase enrollment by 0.4% in Plan Year (PY) 2022. The cost for the Reinsurance Program for PY 2022 is estimated to be \$399 million, generating \$306 million dollars in APTC/PTC savings for the federal government which the State is requesting as pass-through funding. The remainder of the program will be funded by the State General Fund.

The Reinsurance Program will be implemented and administrated by the Office of Health Strategy and Coordination, working in coordination with the Georgia Office of Insurance and Safety Fire Commissioner.

Alignment with Principles

Georgia's Section 1332 Waiver aligns with and advances the principles discussed in CMS' 2018 Guidance, as described below:

- **Increased Access to Affordable Private Market Coverage:** The implementation of a Reinsurance Program will drive down costs for consumers, increase access to affordable private market coverage options, and create incentives for carriers to expand options within high-cost areas of the State. The premium reduction will be most acutely felt by individuals over 400% of the FPL who are not eligible for federal APTC/PTC subsidies and therefore pay the full out-of-pocket cost for premiums.
- **Encourage Sustainable Spending Growth:** The Reinsurance Program encourages sustainable spending growth by stabilizing the individual market within the State and promoting more cost-effective health coverage. By reducing premiums, federal spending on tax credits is also reduced.
- **Foster State Innovation:** Georgia's tiered coinsurance approach to market stabilization fosters innovation by reshaping the traditional claims reinsurance program to target high-cost regions of the State that currently lack competition and affordable products. This program will provide Georgia consumers with greater access to affordable plan options in regions where it is most needed.

Part II – Georgia Access Model

Program Overview

Georgia is seeking to waive in part PPACA Title I, Subtitle D, Part II Section 1311. Section 1311 would be waived only to the extent that it is inconsistent with the operation of the Georgia Access Model. The goal of the Georgia Access Model is to increase affordability and spur innovation in the individual market while maintaining access to QHPs and ensuring consumer protections for individuals with pre-existing conditions. The Georgia Access Model will create a competitive private insurance marketplace that provides Georgia's residents with better access, improved customer service, and expanded choice of affordable coverage options.

The Georgia Access Model will be implemented by the Office of Health Strategy and Coordination, working in coordination across state agencies including the Office of Insurance and Safety Fire Commissioner. The State will transition responsibility for front-end functions of consumer outreach, customer service, plan shopping, selection, and enrollment from the FFE to the commercial market.

The Georgia Access Model is estimated to increase enrollment in the individual market by 25,000 for PY 2022 which could further reduce marketplace premiums by 3.5%. Increased enrollment by APTC/PTC – eligible individuals may increase federal outlay, which the State is requesting be deducted from the APTC/PTC savings generated by the Reinsurance Program. The net federal

passthrough due to both the Reinsurance Program and Georgia Access is estimated to be \$270 million. State required funding for the Reinsurance Program and Georgia Access Model is estimated to be \$144 million for PY 2022, with funding from the State General Fund and a user fee established by the State.

Georgia Access Model design aspects:

- **Access** – Georgia will support a diverse network of private sector entities to deliver front-end functions of outreach, customer service, plan shopping, selection, and enrollment by leveraging privately funded mechanisms and incentives that already exist in the commercial market today. Web-brokers and carriers licensed and in good standing with the State that meet defined standards will be able to participate.
- **APTC Eligibility and Issuance**- The State will determine APTC/PTC subsidy eligibility for a consumer to receive federal subsidies and will send plan enrollment and eligibility information to the Federal government to continue to issue APTCs on consumers’ behalf to plans and reconcile PTCs at individual tax filing.
- **State IT Infrastructure**- Georgia will leverage its current IT infrastructure and implement enhanced capabilities to provide eligibility and APTC determination capabilities for consumers. These advancements will streamline eligibility processing and referrals of consumers to/from the State’s Medicaid program.

Alignment with Principles

The Georgia Access Model aligns with and advances the principles discussed in CMS’ 2018 Guidance, as described below:

- **Increased Access to Affordable Private Market Coverage:** By enabling all plans licensed in the state to be offered side-by-side with QHPs and Catastrophic Plans, consumers will be able to view the full range of options available to them within the State and select the plan that best suits their needs and price point. The goal is to increase healthcare coverage across the State, without eroding the QHP market to provided consumers expanded options.
- **Encourage Sustainable Spending Growth:** Georgia’s innovative Georgia Access Model promotes increased enrollment to drive down average premiums across the market. By engaging the private sector to deliver front-end services, the State anticipates that Georgians will receive more direct and meaningful services at a lower cost.
- **Foster State Innovation:** The Georgia Access Model aligns market incentives as private entities are responsible for, and motivated to perform, effective and efficient customer outreach, education, and enrollment.
- **Promote Consumer-Driven Healthcare:** The innovative Georgia Access Model reimagines the marketplace experience, placing the consumer at the center. The Georgia

Access Model creates a no wrong door approach by allowing the consumer to purchase plans on the open market that best meet their needs while also receiving APTCs/PTCs. Vendors across the ecosystem—from web-brokers to carriers—are encouraged to participate in the market and are incentivized to tailor their outreach and communication efforts to meet the unique needs of customers. Local brokers may discuss plan options with residents, and if asked, help navigate web broker or plan websites. This model creates a competitive environment based on the consumer experience—fostering growth and innovation in the private market to increase consumer tools, information, and customer service to help individuals in their healthcare coverage journey.

Locations to Access Copies of Public Notice and Waiver Application

This public notice, an abbreviated public notice, and the waiver application are available on the State’s Patients First website, at <https://medicaid.georgia.gov/patientsfirst>.

Public Hearings and Public Input Procedure

Two public hearings will be held with options for in-person and virtual attendance where oral comments will be received on Georgia’s modified Section 1332 Waiver Application. To comply with Governor Brian Kemp’s Executive Order 06.29.20.02, attendance in the hearing room will be limited to 50 people at a time in order to maintain social distancing of at least six (6) feet. Any individual attending the public hearing is strongly encouraged to wear a face covering while in attendance. Additionally, anyone that has symptoms of COVID-19 shall not attend the hearing in person. Members of the public that wish to participate in the public hearing are strongly encouraged to participate virtually via WebEx.

To attend the public hearings virtually and provide oral comment, log on to WebEx at the link provided on <https://medicaid.georgia.gov/patientsfirst> at the dates and times listed below.

The hearings will be held as follows:

- **Atlanta, Georgia**
Monday, July 13, 2020, 10:00 a.m. EST
2 Peachtree Street
2 Peachtree St, 5th Floor Boardroom
Atlanta, GA 30303
Or attend virtually via WebEx
- **Atlanta, Georgia**
Wednesday, July 22, 2020, 10:00 a.m. EST
2 Peachtree Street
2 Peachtree St, 5th Floor Boardroom
Atlanta, GA 30303
Or attend virtually via WebEx

Individuals or groups with disabilities, who require special accommodations, including auxiliary

communicative aids and services during these meetings should notify Matthew Krull at Matthew.Krull@dch.ga.gov or (404) 651-5016 no later than 24 hours ahead of the scheduled public hearing to ensure any necessary accommodation can be provided.

Individuals wishing to provide written comments on or before **July 23, 2020** may submit comments through an online webform located at: <https://medicaid.georgia.gov/patientsfirst> or to Ryan Loke, c/o The Office of the Governor at the following address, 206 Washington Street, Suite 115, State Capitol, Atlanta, Georgia 30334. Comment letters must be postmarked by **July 23, 2020** to be accepted.

NOTICE IS HEREBY GIVEN THIS 9TH DAY OF JULY 2020
Brian P. Kemp, Governor