

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 intends to submit a Section 1332 Waiver 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 waiver submission and serves to open the 30-day public comment period, which closes on Tuesday, December 3, 2019.

Executive Summary

Georgia is requesting approval of a Section 1332 Waiver to implement a two-phased approach to address the growing healthcare access and affordability challenges facing many residents across the State. The first phase seeks to implement a reinsurance program starting in Plan Year 2021. The second phase seeks to transition the State's individual market to the Georgia Access Model 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 for Plan Years 2021 through 2025 and the Georgia Access Model for Plan Years 2022 through 2025.

Phase 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, 4, 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 2021, 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 2021

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% and subsequently increase enrollment by 0.4%. Total funding for the reinsurance program for Plan Year 2021 is estimated to be approximately \$368 million, with partial funding by the federal government of \$264 million dollars passed through to the State from the estimated net Advance Premium Tax Credit and Premium Tax Credit savings. 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 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.

Phase II – Georgia Access Model

Program Overview

Georgia is seeking to waive the PPACA Title I, Subtitle D, Part II Sections 1301(a), 1311, 1402, and Internal Revenue Code (IRC) Section 36B to transition its individual market from the Federal

Facilitated Exchange (FFE) to the Georgia Access Model with state subsidies for Plan Years 2022 through 2025. 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, Department of Community Health, and Department of Revenue. 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 State will establish standards, determine subsidy eligibility, and issue subsidies. Funding for the program will be provided by both federal pass-through dollars and the State General Fund

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.
- **Plan Certification** – The State will be responsible for setting standards and certifying individual plans sold within the State which are eligible for state subsidies. The State intends to increase access to affordable health care coverage options while maintaining access to QHPs and ensuring consumer protections for individuals with pre-existing conditions. The State will certify metal level QHPs and Catastrophic Plans offered today in the individual market. Under this waiver, these QHPs and Catastrophic Plans will continue to look exactly the same as they do today. In addition, the State will certify Eligible non-QHPs which offer a more limited set of Essential Health Benefits (EHBs) in order to provide residents with expanded access to affordable health care coverage options. Eligible non-QHPs must be in the same risk pool, maintain protections for those with pre-existing condition, and may not medically underwrite in order to be eligible for state subsidies.
- **State Subsidies** – The State will develop state subsidy policies, processes, and infrastructure to support administration, including technology solutions. Subsidies will be available for individuals selecting metal level QHPs and Eligible non-QHPs. Starting in PY 2022, the first year of the Georgia Access Model, the State will implement a subsidy structure for both QHPs and Eligible non-QHPs that is the same as the federal subsidy structure for individuals between 100% and 400% of the FPL.

The State will supplement federal pass through dollars in order to provide assistance to more eligible consumers than are currently purchasing coverage on the FFE. However, the State will implement a program budget cap to ensure responsible financial stewardship regarding State funds. The State's total 1332 program cap is projected to be \$255 million in

state funds for PY 2022 and will be adjusted on an annual basis in subsequent years. The funding cap will cover state funding for both the reinsurance program and state subsidies under Georgia Access. The State is projecting an enrollment increase of approximately 30,000 individuals under the new model for FY 2022.

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 diverse plan types 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 options across the State, without eroding the QHP market to provided consumers expanded options.
- **Encourage Sustainable Spending Growth:** Georgia's innovative Georgia Access Model promotes sustainable spending growth by infusing the system with market competition to drive more cost-effective health coverage and ultimately reduce federal spending commitments. 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. This model will foster innovation for consumer enrollment and the types of health plans that carriers offer (e.g., Eligible non-QHPs).
- **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 state subsidies. 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 the 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 and the state relief and empowerment application are available on the Office of Governor Brian P. Kemp's website, at <https://gov.georgia.gov/> as well as the Department of Community Health's website, at <https://medicaid.georgia.gov/patientsfirst>.

Public Hearings and Public Input Procedure

Six opportunities for in-person public comment will be held where oral comments will be received. The hearings are as follows:

- **Savannah, Georgia**
Thursday, November 7, 2019, 1:00 p.m. EST
Mercer School of Medicine – Savannah Campus
Hoskins Center for Biomedical Research (*corner of 66th and Ranger Street*)
1250 East 66th Street, Savannah, GA 31404
- **Macon, Georgia**
Wednesday, November 13, 2019, 1:00 p.m. EST
Mercer University School of Medicine – Macon Campus
Mercer Auditorium
1550 College Street, Macon GA 31207
- **Bainbridge, Georgia**
Thursday, November 14, 2019, 1:00 p.m. EST
Southern Regional Technical College
The Charles H. Kirbo Regional Center, Dining Room 112
2500 East Shotwell Street, Bainbridge, Georgia 39819
- **Gainesville, Georgia**
Monday, November 18, 2019, 1:00 p.m. EST
Gainesville Civic Center, Chattahoochee Room
830 Green Street, N.E., Gainesville, Georgia 30501
- **Rome, Georgia**
Thursday, November 21, 2019, 1:00 p.m. EST
West-Rome Baptist Church, The Well Building
914 Shorter Avenue, Rome, Georgia 30165
- **Kennesaw, Georgia**
Friday, November 22, 2019, 2:00 p.m. EST
North Cobb Regional Library, Multi-Purpose Room
3535 Old 41 HWY, Kennesaw, Georgia 30144

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 **December 3, 2019** 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 **December 3, 2019** to be accepted.

NOTICE IS HEREBY GIVEN THIS 4TH DAY OF NOVEMBER 2019
Brian P. Kemp, Governor