

State Innovation Waiver Authorization

SB1386 has been introduced to address emerging issues facing Oklahoma's healthcare system due to health reform efforts. These waivers are meant to achieve the following: 1) ease insurance regulations that are driving up premiums and deductibles, leaving individuals with unaffordable health insurance and providers with increasing bad debt and 2) provide supplemental support to healthcare providers in order to moderate the impacts of transitioning to value based healthcare payments.

PROPOSAL

- Provides waiver authorization across a variety of federal waiver authorities including a 1332, 1115 or 1915 waiver
- Waivers must be consistent with the Oklahoma State Innovation Model (OSIM) design plan developed through the Oklahoma Health Improvement Plan (OHIP 2020)
- Waivers will be presented to the legislature along with the public comments received throughout the process
- Waivers, particularly 1332, must specifically identify the portions of the Affordable Care Act (ACA) being waived
- Participating agencies include, but are not limited to, the following:
 - Oklahoma Health Care Authority
 - Oklahoma State Department of Health
 - Oklahoma Department of Mental Health and Substance Abuse Services
 - Oklahoma Insurance Department
- Authorizes the Oklahoma Insurance Department to conduct rate review for individual and small group insurance plans

1332 State Innovation Waivers (1332 Waivers)

1332 waivers allow states to modify or waive certain provisions of the ACA. These renewable five-year waivers may propose minor modifications to the ACA or they can propose sweeping changes that could alter the way tax credits or subsidies are delivered in a state. 1332 waivers do **NOT** impact Medicaid; rather they modify insurance regulations imposed by the ACA.

Why consider a 1332 waiver?

The impact of the changes in the ACA has increased premiums and deductibles, leading to increasingly unaffordable insurance options for Oklahomans and increasing bad debt for healthcare facilities. The 1332 waiver allows the state to explore and propose changes to ACA regulations in an effort to make quality health care coverage more affordable. 1332 proposals may alter the following four ACA regulatory areas:

- **Benefits and Subsidies:** States can modify rules related to covered benefits and subsidies
- **Exchanges and Qualified Health Plans:** States can modify or eliminate insurance exchanges and qualified health plans as the means for determining subsidy eligibility and insurance enrollment
- **Individual Mandate:** States can modify or eliminate tax penalties for individuals
- **Employer Mandate:** States can modify or eliminate penalties for large employers

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What criteria must a 1332 waiver meet?

CMS has provided criteria or “guardrails” that must be met in a 1332 waiver:

- **Affordable:** Insurance options must be as affordable as those on the Federal exchange
- **Scope:** The waiver must provide insurance to at least as many people as the ACA
- **Comprehensive Coverage:** Coverage has to be as comprehensive as the ACA from an actuarial standpoint
- **Federal Deficit:** The waiver must not increase the federal deficit

In addition, the agency submitting the waiver must demonstrate they have the authority to create and submit a 1332 waiver on behalf of the state.

What is the impact of passing this legislation?

The legislation will allow the named agencies to begin working with a group of stakeholders to develop a 1332 waiver. Currently no plan or process exists to develop a response to the impacts of the ACA on Oklahoma’s healthcare system.

The process will follow the OHIP/OSIM stakeholder processes including the following:

- An entirely open process including any interested stakeholders
- Posted for public view and comment prior to submission and finalization
- Vetted across all multi-disciplinary OHIP/OSIM teams including:
 - OHIP/OSIM leadership team
 - Health Finance
 - Health Workforce
 - Efficiency and Effectiveness
 - Health Information Technology
 - Tribal Public Health Advisory Committee

The resultant waiver would be presented to the legislature for review along with the public comments received.

The legislation also allows the Oklahoma Insurance Department to conduct rate review on individual and small group insurance plans offered in Oklahoma. Currently, CMS is conducting rate review of insurance premium increases equal to or greater than 10% as a result of provisions of the ACA. Oklahoma is one of only 5 states without effective rate review of their health insurance plans.

What is the timeline for waiver submission?

CMS recommends submission of a 1332 waiver one year in advance of enactment. Authorization is needed in this legislative session for waiver submission by January 1, 2017. If approved, the waiver would be effective January 1, 2018.

What if the ACA is modified before January 1, 2018?

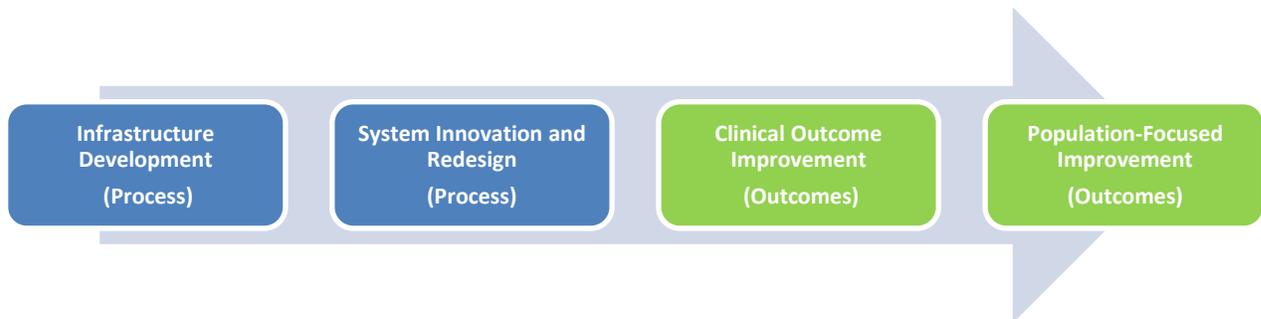
This effort allows a group of Oklahomans to explore what Oklahoma needs to ensure an affordable and robust health system through enacting health insurance regulatory changes. The goal is to create a regulatory environment that provides affordable, high quality healthcare options in Oklahoma’s commercial insurance market. This process and the information gained will be valuable with or without changes in the ACA.

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Delivery System Reform Incentive Payment (DSRIP) 1115 Waivers

DSRIP waivers create a separate supplemental incentive pool(s) for providers to help with the transition into new value based insurance programs. They can be implemented alongside any payment delivery system but are meant to assist providers during the transition from fee for service to new or innovative payment models.

In DSRIP waivers, Medicaid creates a separate funding pool to encourage healthcare providers to invest in the tools and infrastructure necessary to be successful under new value-based payment models and helps buffer the financial impacts of making the transition to population or outcome based healthcare models.



What are examples of process or outcome measures or investments for DSRIP?

Infrastructure Development – Technology and training, telemedicine and disease registries

System Innovation and Redesign – Patient navigation, chronic care and medication management

Clinical Outcome Improvement – Payment for hypertension or diabetes control among patients

Population-Focused Improvement – Community wide efforts to reduce chronic disease (e.g., obesity and tobacco prevention and cessation initiatives)

Which providers are eligible for DSRIP?

In keeping with the coordinated care delivery models proposed by OSIM, Oklahoma would request a DSRIP waiver that includes coordinated networks of care and a variety of healthcare providers achieving common outcome goals.

How is a DSRIP waiver funded?

In order to receive federal funding, states must demonstrate the 1115 waiver will generate savings in Medicaid delivery relative to not having the waiver. States are then able to “tap” the savings and reinvest in delivery system reform.

States are required to participate in DSRIP via state matching requirements, but there is some flexibility in providing the match. Depending on the negotiation and approval from CMS, states may use the following:

- State appropriation or specified tax revenue
- Inter-governmental transfers
- State funding used for safety net health programs
- New or repurposed providers fees

What are the criteria CMS places on states applying for a DSRIP waiver?

Beyond matching and budget neutrality requirements, CMS has increasingly required state DSRIP programs be held to Medicaid cost savings projections or have their DSRIP funding reduced.