

## Washington: State Innovation Waiver

December 9, 2022

The U.S. Department of Health & Human Services and the U.S. Department of the Treasury (collectively, the Departments) approved Washington’s application for its State Innovation Waiver under section 1332 of the Affordable Care Act (ACA) (referred to as a “section 1332 waiver”). Washington has requested a waiver in order to expand access to qualified health plans (QHPs), stand-alone qualified dental plans (QDPs), and a state affordability program (Cascade Care Savings) to Washington residents regardless of immigration status. This will not impact eligibility for the federal premium tax credit (PTC). The waiver will help Washington work towards its goals of improving health equity and reducing racial disparities by expanding access to coverage for the uninsured population through the state Exchange, all the while not increasing costs for those currently enrolled.

The Departments have determined that Washington’s section 1332 waiver meets the requirements outlined in section 1332(b)(1) of the ACA. Specifically, the section 1332 waiver is projected:

- to provide coverage at least as comprehensive as coverage provided without the waiver;
- to provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable as would be provided without the waiver;
- to provide coverage to at least a comparable number of people as would be provided without the waiver; and
- to not increase the federal deficit.

Washington’s State Innovation Waiver under section 1332 of the ACA is approved subject to Washington accepting specific terms and conditions (STCs). This waiver approval is effective for January 1, 2024 through December 31, 2028.

### ***Summary of Washington’s Application for a State Innovation Waiver under Section 1332 of the ACA***

Washington’s application for a State Innovation Waiver under section 1332 of the ACA seeks to waive section 1312(f)(3) of the ACA to the extent it would otherwise require excluding certain Washington state residents from enrolling in QHPs and QDPs through the state Exchange, as described in the state’s waiver application. As such, this allows for all Washington residents, regardless of immigration status, to enroll in QHPs and QDPs through the same front door at the state Exchange, and to benefit from state subsidies that lower premium costs. Eligibility for the federal PTC will remain unchanged. Additionally, for the first time, this waiver will allow newly eligible Washington residents to enroll in a single health plan with a single deductible along with their currently eligible family members through the same plan shopping and enrollment process.<sup>1</sup> The waiver will also reduce the need for individuals and families to rely on less affordable or less comprehensive forms of coverage, or from remaining uninsured and relying on costly emergency room services and charity care, thereby reducing uncompensated care and improving the overall state economy.

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<sup>1</sup> This includes access to the online eligibility application, viewing and enrolling in available QHP and QDP options, access to state premium subsidies, and access to decision support tools.

For Plan Year (PY) 2023, prior to the waiver's first year, the state has allocated \$50 million for a state subsidy program called Cascade Care Savings, which is available for Washington residents with incomes at or below 250% of the Federal Poverty Level (FPL), inclusive of those who are and are not eligible for the federal Premium Tax Credit (PTC).<sup>2</sup> In PY 2024, with the approval of the section 1332 waiver, an additional \$5 million in state funding will become available for state subsidies for those who are not PTC-eligible, meet program requirements, and have incomes up to 250% FPL.

As a result of the Departments' approval of Washington's section 1332 waiver application, the waiver's target population will face lower contributions towards premiums, which should attract new consumers. The state projects that, under the waiver, average statewide premiums for individual health insurance coverage will be about 0.2% lower in PY 2024 than they would be without the waiver. In addition, Washington predicts that under the waiver, enrollment in individual health insurance coverage will be about 1% higher in PY 2024 than it would be without the waiver. These projections were certified by independent actuaries and reviewed by the Departments. Overall, the state's waiver plan is projected to reduce the number of uninsured, lower costs for some consumers, and improve health equity. The Departments do not project at this time that Washington's waiver will increase or decrease individual market premiums; however, the Departments will continue to assess the waiver's impact on the market during the waiver period.

### ***Section 1332: State Innovation Waivers***

Section 1332 of the ACA permits a state to apply for a State Innovation Waiver to pursue innovative strategies for providing residents with access to high-quality, affordable health insurance. These waivers provide states with the opportunity to develop strategies that best suit their individual needs. Through innovative thinking tailored to specific state circumstances, states can lower premiums for consumers, improve market stability, and increase consumer choice.

In order for a section 1332 waiver to be approved, the Departments must determine that the waiver meets statutory guardrails to provide coverage that is at least as comprehensive as the coverage provided without the waiver; provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable as without the waiver; provide coverage to at least a comparable number of residents as without the waiver; and not increase the federal deficit.

State Innovation Waivers have been available since January 1, 2017; are approved for up to five-year periods; and can be extended. The Departments welcome the opportunity to work with

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<sup>2</sup> Under state law, these state subsidies are only available to residents who purchase a QHP through *Washington Healthplanfinder*. Under Washington's approved section 1332 waiver, those newly eligible to purchase a QHP will also be able to benefit from Cascade Care Savings starting in PY 2024, because both those who are and are not PTC-eligible are eligible for the state subsidy program. Consumers who are newly eligible for Exchange coverage under the waiver will remain ineligible for PTC. For more information on Cascade Care Savings see: <https://www.wahbexchange.org/content/dam/wahbe-assets/cascade-care/10.27.2022%20Washington%20Health%20Benefit%20Exchange%20Cascade%20Care%20Savings%20Handout.pdf>

states on section 1332 waivers. States interested in applying for a section 1332 waiver can find application tools and resources, including an application checklist and application templates, on the CMS website [here](#).

The section 1332 waiver approval letter and STCs for Washington can be found here:

[https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section\\_1332\\_State\\_Innovation\\_Waivers-](https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers-)