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Funding Mechanism and Pass-Through Funding for Section 1332 Waivers

- Section 1332 of the Affordable Care Act (ACA) permits a state to apply for a State Relief and Empowerment Waiver to pursue innovative strategies for providing its residents with access to high quality, affordable health insurance while retaining the basic protections of the ACA.
- These waivers allow the federal government to “pass through” the money that it would have spent on premium tax credits, cost-sharing reductions, and small employer tax credits to the state. For state-based reinsurance programs, states receive pass-through funding based on the amount of premium tax credits that the federal government would have otherwise provided to eligible individuals absent the waiver.

	Date Approved	Funding Mechanism for Reinsurance Program	2018 Pass-Through Funding	2019 Pass-Through Funding
Alaska 1332 Waiver Application	July 7, 2017	<ul style="list-style-type: none"> • Federal Pass-Through Funding to finance Alaska Reinsurance Program (ARP). • Base Market Assessment: Assessment across the broader state-regulated insurance system, including the group market. 	\$58.5 million	\$68.7 million
Hawaii 1332 Waiver Application	December, 30 2016	<ul style="list-style-type: none"> • Federal Pass-Through Funding: Waive ACA Small Business Health Options Program (SHOP) requirements that conflict with the state’s Prepaid Health Care Act. Enacted in 1974, the Prepaid Health Care Act requires employers to provide more generous coverage than is required under the ACA. Additionally, waive the requirement that the small business tax credits only be available through the SHOP. 	\$1 million	\$300,000
Maine 1332 Waiver Application	July 30, 2018	<ul style="list-style-type: none"> • Organizational Assessment: One-time nominal \$500 fee for each insurer licensed in 2012 for medical insurance, whether or not active in that market (not applicable prospectively). • Base Market Assessment: Assessment to health insurers and third-party administrators based on the number of insured lives covered by each in the individual, small group, large group, and self-insured markets (excluding state and federal employees), at a rate of up to \$4 per covered person per month. • Reinsurance Premium: Insurers ceding covered 	N/A	\$65 million

		<p>persons to the Maine Guaranteed Access Reinsurance Association pay a ceding premium, currently set at 90% of the premium received from the enrollee.</p> <ul style="list-style-type: none"> • Deficit Assessment: Optional assessments to cover any net losses — up to a maximum of \$2 per covered person per month assessed to health insurers based on the number of insured lives covered by each. • Federal Pass-Through Funding 		
Maryland 1332 Waiver Application	August 22, 2018	<ul style="list-style-type: none"> • State Health Plan Assessment: HB 1782 applies a 2.75% assessment on certain health insurance plans and Medicaid managed care organizations that are regulated by the state. Estimated to collect \$365 million. • Federal Pass-Through Funding 	N/A	\$373 million
Minnesota 1332 Waiver Application	September 22, 2017	<ul style="list-style-type: none"> • State Appropriations from Minnesota’s Health Care Access Fund and General Fund. • Federal Pass-Through Funding 	\$130.7 million	\$84.7 million
New Jersey 1332 Waiver Application	August 16, 2018	<ul style="list-style-type: none"> • New Jersey Health Insurance Market Preservation Act: State individual mandate penalty; all funds collected by the state pursuant to P.L.2018, c.31 which establishes a state shared responsibility tax equal to a taxpayer’s federal penalty that would apply for the taxable year under section 5000A of the Internal Revenue Code of 1986 will go to reinsurance program. • Annual appropriation out of the general fund of the state in an amount as the board, in consultation with the commissioner, determine necessary to fully fund the plan. • Federal Pass-Through Funding 	N/A	\$180 million
Oregon 1332 Waiver Application	October 18, 2017	<ul style="list-style-type: none"> • State Health Plan Assessment: HB 2391 creates a 1.5% assessment on fully insured commercial major medical premiums, including premiums for self-insured public plans, for eight calendar quarters beginning at plan renewal on or after Jan. 1, 2018. Commercial market insurers subject to the assessment are permitted to raise member premiums by 1.5%. • Federal Pass-Through Funding 	\$54.5 million	\$41.8 million
Wisconsin 1332 Waiver Application	July 29, 2018	<ul style="list-style-type: none"> • State General Purpose Revenue (GPR): The Wisconsin Office of the Commissioner of Insurance is estimating an 83% federal pass-through rate and therefore anticipates state GPR funding of approximately \$34 million. • Federal Pass-Through Funding 	N/A	\$127.7 million