

Federal Waivers in Health Care: What, Why and How

House Rural Development Council

Dahlonega – Dec. 4, 2018

Kyle Wingfield, Georgia Public Policy Foundation



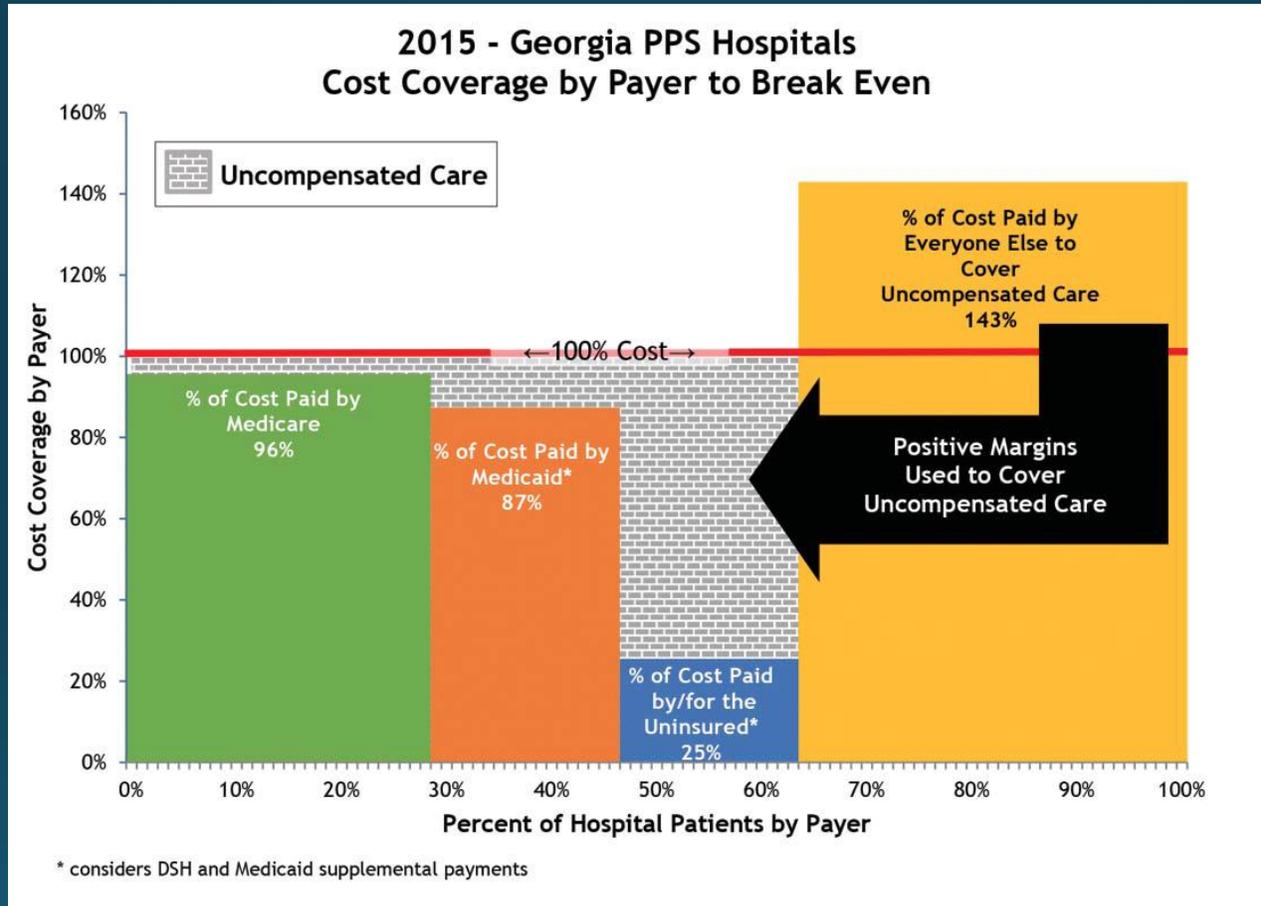
Where Georgia stands entering 2019

- Nation's 4th-highest uninsured rate (13.4% in 2017, per Census Bureau)
- Relatively high rates of chronic diseases such as hypertension and diabetes, as well as HIV
- Closed and endangered rural hospitals
- Large population on Medicaid/CHIP (1,775,549 in August 2018, per CMS)
- FY19 budget calls for \$10.7 billion for Medicaid/CHIP (over \$6,000 per recipient)
- About \$7.2 billion in federal spending

Uncompensated care is a problem

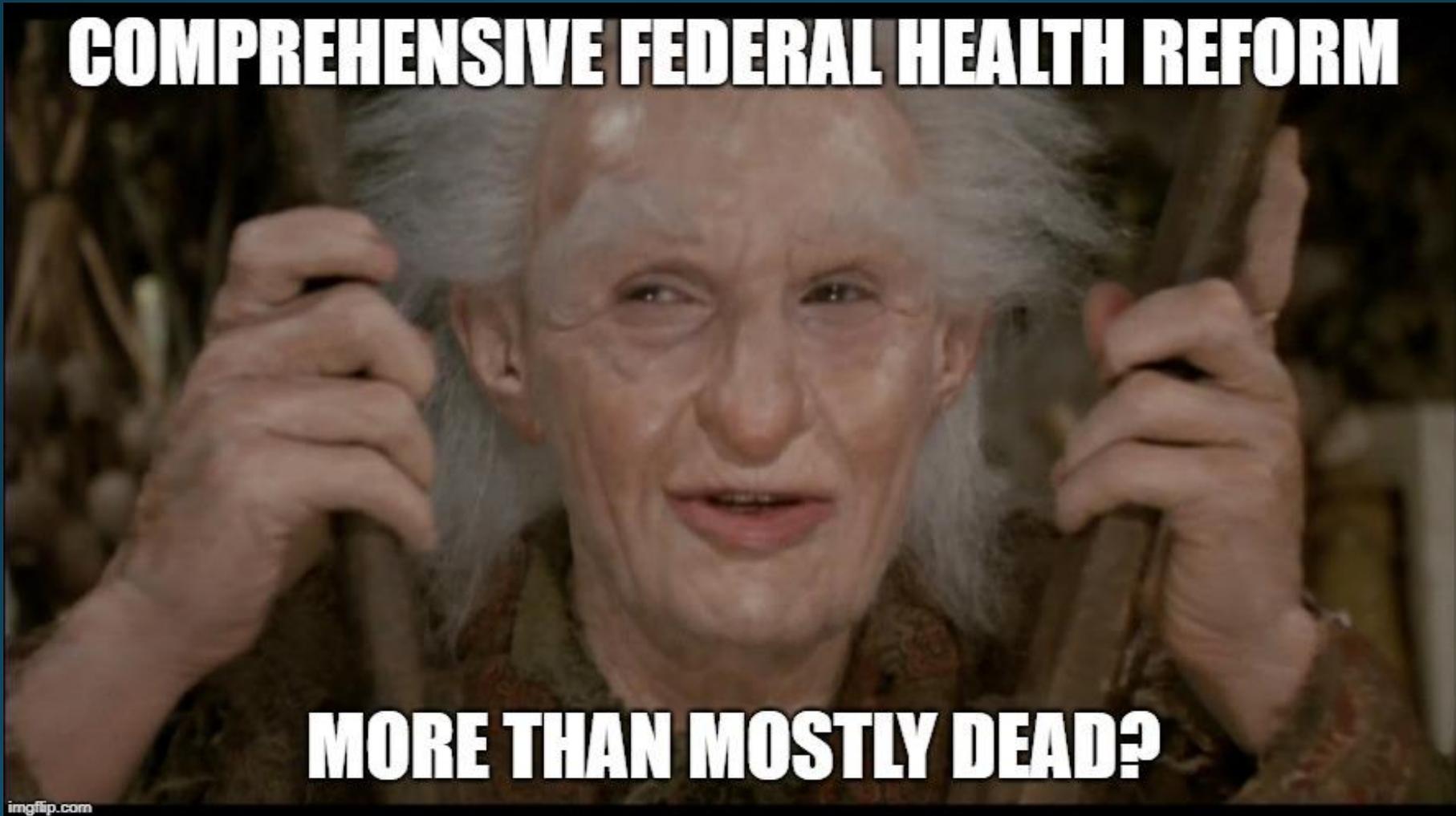
- Indigent/Charity/Free Care in 2015 = \$1.03 billion
- Bad Debt in 2015 = \$710 million
- Total = \$1.74 billion

Source: [Hospitals 101, Seventh Edition](#)



Source: [Hospitals 101, Seventh Edition](#). Georgia Hospital Association. June 2017. Accessed Sept. 12, 2018.

COMPREHENSIVE FEDERAL HEALTH REFORM



MORE THAN MOSTLY DEAD?

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What about expanding Medicaid?

- Urban Institute study (May 2018)
- About 726,000 new Medicaid recipients under expansion
- BUT: Number of uninsured only down by 473,000

- Cost: Over \$3 billion/year (federal), \$246 million/year (state)
- AND: Still 1.3 million Georgians still uninsured
- Cost per newly insured Georgian: About \$6,900

Another option: Waivers

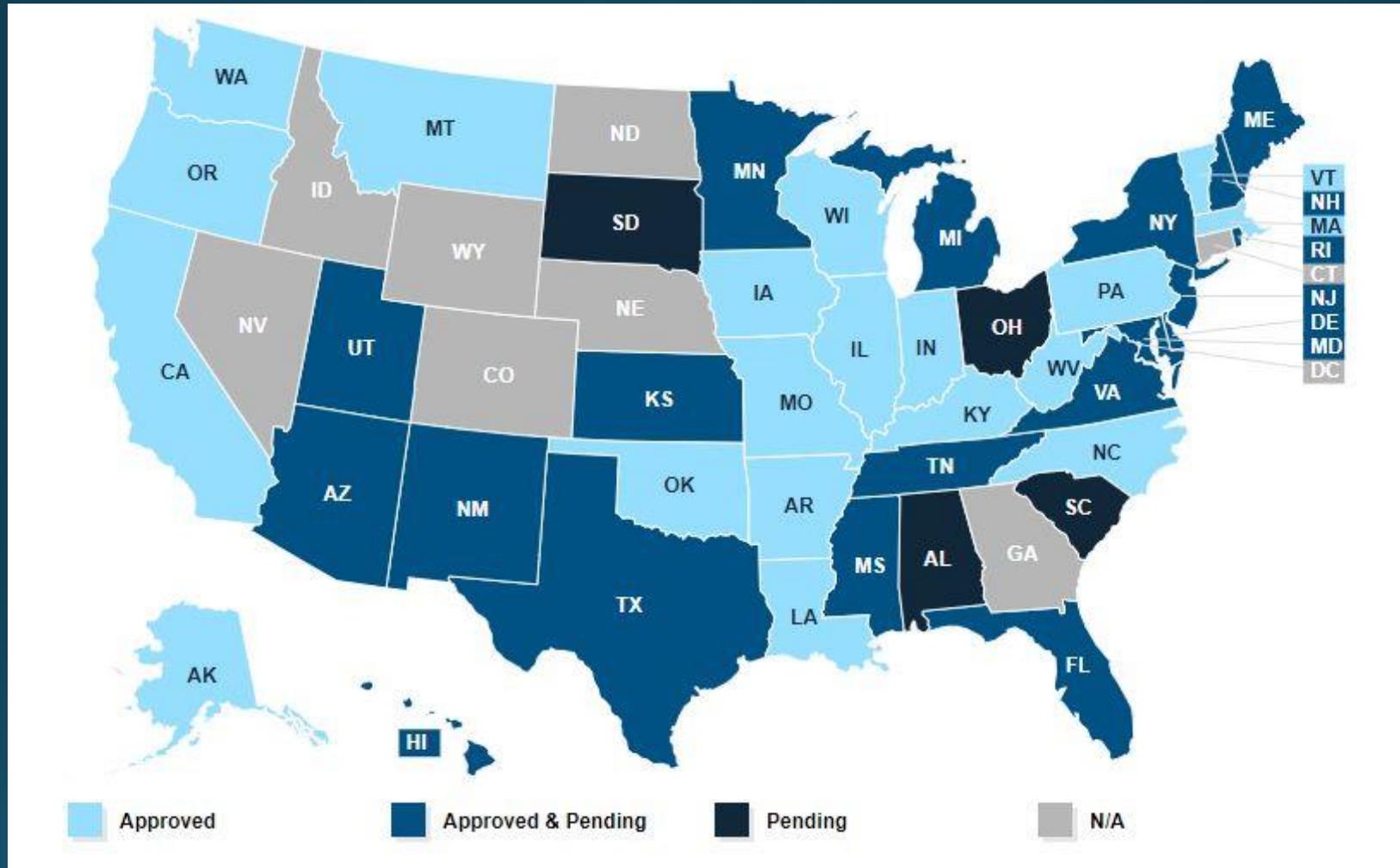
1115 Medicaid Waivers

- Part of the Social Security Act
- Secretary of HHS has “authority to approve experimental, pilot, or demonstration projects ... likely to assist in promoting the objectives of the Medicaid program. The purpose ... is to demonstrate and evaluate state-specific policy approaches to better serving Medicaid populations.”

1332 Waivers

- Part of the Affordable Care Act
- These “allow states to implement innovative ways to provide access to quality health care that (1) is at least as comprehensive and affordable ... (2) provides coverage to a comparable number of residents ... and (3) does not increase the federal deficit.”

1115 Waivers



Source: Kaiser Family Foundation, State Health Facts, [Approved Section 1115 Medicaid Waivers](#) and [Pending Section 1115 Medicaid Waivers](#), November 27, 2018.

Types of 1115 Waivers

Work Requirements

- Relatively new
- Approved in AR, IN, KY (re-approved Nov. 20), NH, WI
- Pending: AL, AZ, KS, ME, MI, MS, OH, SD, UT

Premiums/Contributions

- Approved in AR, AZ, IN, IA, KY, MI, MT, WI
- Pending: ME, MI, NM

Healthy Behavior Incentives

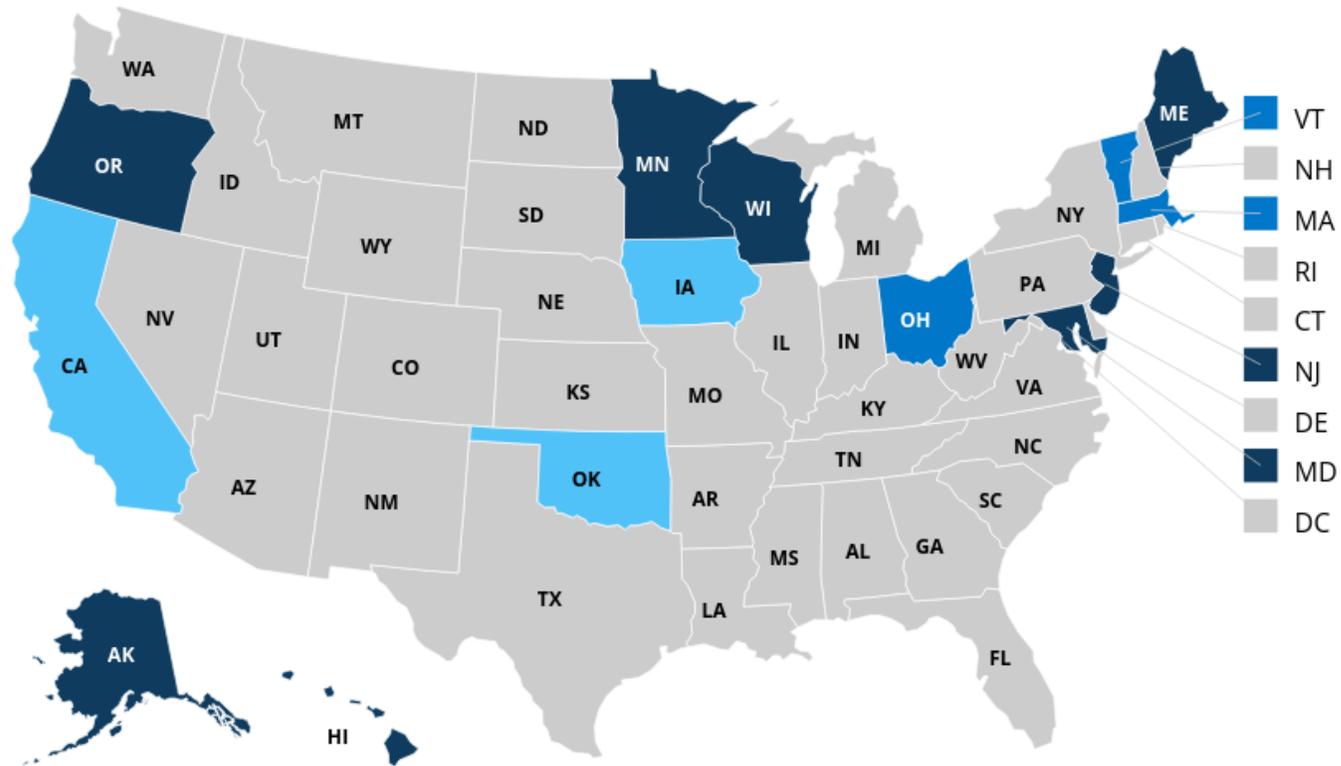
- Approved in AZ, FL, IN, IA, KY, MI, NM, WI
- Pending: MI, NH

Possibilities:

- Freeze and Cap
- Re-Determine Eligibility
- Embrace Direct Primary Care
- Use HSAs
- Fee for Missed Appointments

1332 Waivers

Section 1332 State Innovation Waivers



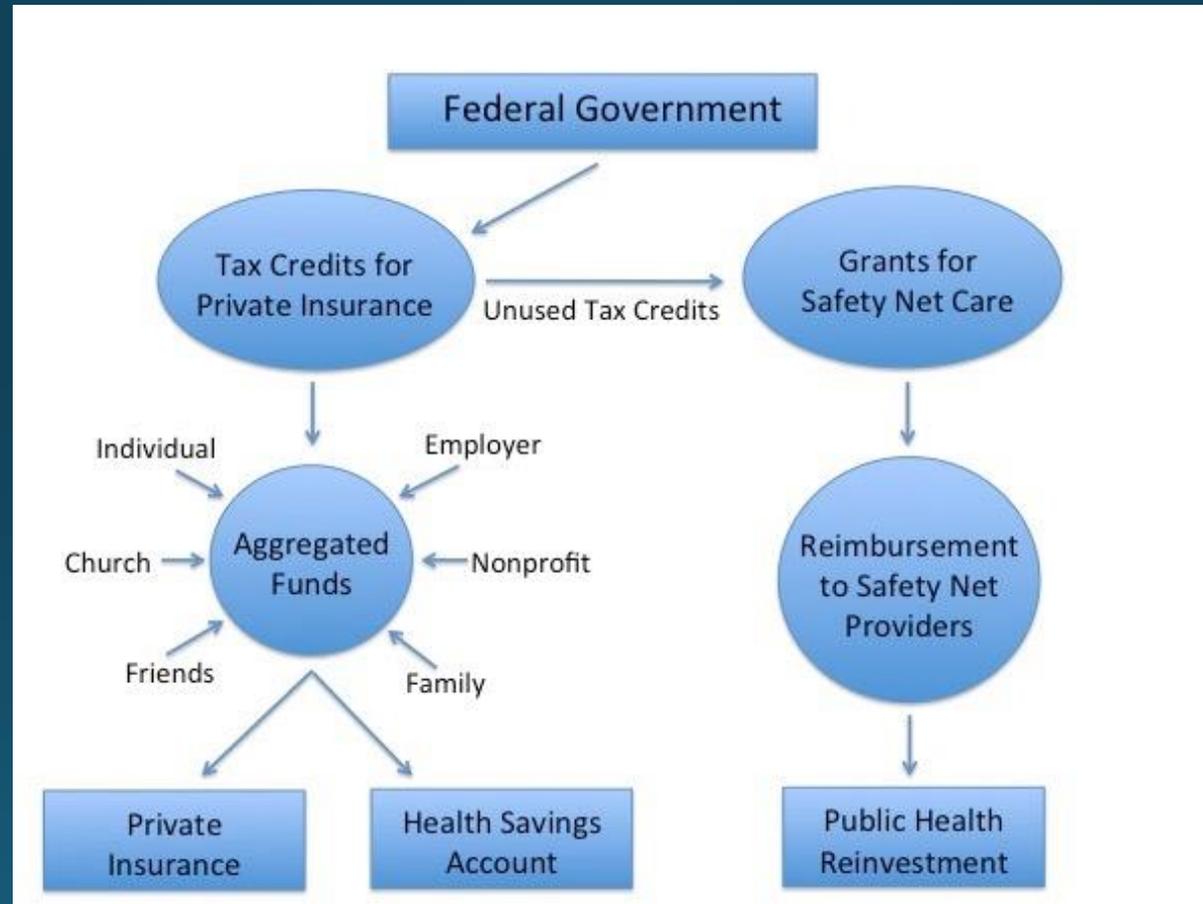
■ Approved ■ Request Deemed Incomplete ■ Withdrawn

SOURCE: Kaiser Family Foundation, kff.org

New guidance on 1332 Waivers

1. Provide increased access to affordable private market coverage
 2. Encourage sustainable spending growth
 3. Foster state innovation
 4. Support and empower those in need
 5. Promote consumer-driven health care
- Account-based subsidies (HSAs, HRAs)
 - State-specific premium assistance (address subsidy cliffs, adjust on age not income)
 - Adjusted plan options (STLD plans, AHPs, other non-compliant)
 - Risk stabilization strategies (reinsurance, high-risk pools)

What could 1332 look like in Georgia?



What are Waivers NOT?

- Medicaid expansion
- More welfare, generally
- A way to discourage people from looking for work
- Something the General Assembly should ignore
- Something the General Assembly should legislate in great detail
- A silver bullet

What else is out there?

Dec. 3: New Trump administration report: [Reforming America's Healthcare System Through Choice and Competition](#)

- Effects of market consolidation, scope of practice restrictions, telehealth, CON, lack of price transparency ... and much more

Any day now: *Texas v. Azar*

- Challenges ACA on taxation basis
- Unlikely to have an immediate effect, but [we all need to know the state of the law in Georgia if the ACA is thrown out](#)

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