

March 30, 2018

Secretary Alex Azar  
U.S. Department of Health & Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Secretary Azar,

The State of Ohio is submitting a 1332 innovation waiver application for your consideration and review. Ohio's 2018-2019 operating budget (House Bill 49) requires the Director of the Ohio Department of Insurance (ODI) to submit a 1332 innovation waiver application for the individual mandate. Specifically, Ohio is seeking to waive IRC §5000A(a) – more commonly known as the individual mandate.

Ohio has worked with actuarial firm Oliver Wyman (Wyman) to model the waiving of IRC §5000A(a) to ensure compliance with the 1332 waiver requirements. During the course of Wyman's work, Congress passed and the President signed into law sweeping tax reform legislation that included changes to the individual mandate. This legislation "zeroed out" the penalty that is associated with the individual mandate meaning there is no longer a fine for not having insurance. However, the legislation did not eliminate the mandate itself. That is why Ohio is submitting an application to waive IRC §5000A(a).

The Wyman analysis provides modeling for each of the four prongs required for a 1332 application. The analysis shows the application to waive IRC §5000A(a) will pass each of the four prongs:

- Scope of coverage: coverage will be provided to at least as many residents as would be provided absent the waiver.
- Affordability of coverage: coverage will be at least as affordable as would be provided absent the waiver.
- Comprehensiveness of coverage: coverage will be at least as comprehensive as would be absent the waiver.
- Deficit neutrality: the waiver must not increase the federal deficit

As part of Ohio's 1332 innovation waiver application the following is being submitted: the waiver checklist, a summary of comments and testimony received during the 30 day comment period and the Wyman analysis.

Thank you for considering Ohio's 1332 innovation waiver application. If you have any questions or need additional assistance as it relates to this application, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Jillian Froment". The signature is written in a cursive, flowing style.

Jillian Froment  
Director



# ODI

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## Ohio Department of Insurance

Ohio 1332 State Innovation Waiver Application

March 30, 2018

The Ohio Department of Insurance  
50 W. Town St. Suite 300  
Columbus, OH 43215

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## **Executive Summary of Ohio's 1332 Waiver Application**

Ohio's 2018-2019 operating budget (House Bill 49) required the Director of the Ohio Department of Insurance (ODI) to submit an application for a 1332 innovation waiver on behalf of the state of Ohio to the United States Department of Health and Human Services (HHS) and required the application to include a request to waive both the individual and the employer mandates.

Under the ACA, most Americans are required to either have health insurance or pay a tax penalty. This is often called the "Individual Mandate" or "Individual Shared Responsibility Fee." In addition, most employers are required to offer health insurance coverage to their employees or pay a fine, which is known as the "employer mandate."

Ohio has been working with actuarial firm Oliver Wyman to model different scenarios that could be submitted under 1332 waiver requirements. During the course of Wyman's work, Congress passed sweeping tax reform legislation that included changes to the individual mandate. The legislation "zeroed out" the penalty that is associated with the individual mandate meaning there is no longer a fine for not having insurance. However, it did not eliminate the mandate itself.

Because the federal tax reform legislation did not eliminate the actual requirement to have health insurance and because HB 49 requires ODI to pursue a waiver eliminating this individual mandate requirement, ODI is submitting an application to HHS requesting to waive the individual mandate in Ohio. As part of the application, ODI is including the following:

- 1) The checklist that outlines Ohio's waiver request and documents the application is complete. This checklist includes Ohio's description of what it is requesting to waive, along with links to the relevant Ohio law, among other items.
- 2) A summary of the public comments received during the 30 day public comment period which was open from February 16, 2018 to March 18, 2018. Also included are copies of all comments received.
- 3) A summary of the two public hearings that were held as part of the 30 day public comment period. Those hearings were on March 7, 2018 and March 14, 2018. Also included are copies of all testimony given during the hearings or received during the comment period.
- 4) An actuarial analysis by Oliver Wyman that projects there will not be a negative impact on Ohio's insurance market as a result of the waiver request.

## 1332 Waiver Application Checklist

Item number	HHS Citation and Description	Applicable HHS Comments	Ohio Information
1	<p>45 CFR 155.1308 (a),(b), (c), (d)</p> <p>States should submit applications with enough time to allow for an appropriate implementation timeline</p>		<p>Ohio is submitting this application along with all required information regarding implementation of Ohio's waiver request.</p>
2	<p>45 CFR 155.1308 (f)(2)</p> <p>Written evidence of the State's compliance with the public notice and comment requirements, set forth in 45 CFR 155.1312</p>	<p>Include:</p> <ol style="list-style-type: none"> <li>1. A copy of the web page and/or notice that was posted. The notice must include a comprehensive description of the Section 1332 waiver application where the application is available, how to submit written comment and the timeframe to submit comments (minimum 30 days). The notice should include the location, date and time of public hearings.</li> <li>2. A report on the issues raised during the public comment process.</li> </ol>	<p>Please see Attachment # 1 for Notice of Public Hearing and Copy of the Web Page.</p> <p>Please see Attachment #2 for a report on the issues raised during the public comment process.</p> <p>Please see Attachment #5 for a copy of all written comments.</p>
3	<p>Public Hearings</p>	<p>Include:</p> <ol style="list-style-type: none"> <li>1. Evidence that a minimum of 2 public hearings were convened on separate dates and locations.</li> <li>2. Report on the issues raised during the public hearings.</li> </ol>	<p>Two public hearings were held during the 30-day public comment period in two different locations. The first hearing was held on Wednesday, March 7 in Columbus, OH at the James A. Rhodes State Office Tower,</p>

			<p>Administrative Hearing Room, 30 E. Broad St, Columbus, OH 43215.</p> <p>The second public hearing was held on Wednesday, March 14 in Mason, OH at Sinclair Community College, Mason Campus, Community Room B, 5380 Courseview Dr. Mason, OH 45040.</p> <p>Please see Attachment #1 for Notice of Public Hearing.</p> <p>Please see Attachments #3 and #4 for a summary of the public hearings.</p> <p>Please see Attachment #5 for a copy of all written comments.</p>
4	Tribal Consultation and evidence of meaningful consultation (if the state has one or more Federally-recognized Indian tribes)	<p>Include:</p> <ol style="list-style-type: none"> <li>1. Evidence of an official meeting between the state and Tribal representatives.</li> <li>2. Report of the issues raised during the official meeting.</li> </ol>	Ohio does not have any federally recognized Indian tribes as confirmed by the most recent list of “Indian Entities Recognized and Eligible to Receive Services From the United States Bureau of Indian Affairs”, Volume 80, No. 9, dated January 14, 2015, as published by the Federal Register.

5	<p>45 CFR 155.1308(f)(3)(i), (ii)  Comprehensive description of State’s enacted legislation and program to implement a plan meeting the requirements for a Section 1332 wavier and a copy of the state’s enacted legislation</p>	<p>Include legislation establishing authority to pursue a Section1332 waiver and/or the program to implement a state plan for a waiver.</p>	<p>In 2015, the Ohio Legislature enacted Ohio Revised Code section 3901.052, requiring the Ohio Department of Insurance to apply for a 1332 waiver, and include in the application a request to waive both the individual and employer mandates.</p> <p>Please see Attachment #7 for O.R.C. 3901.052.</p>
6	<p>45 CFR 155.1308(f)(3)(iii)  List of provisions(s) of the law that the state seeks to waive and reason for the specific request(s).</p>		<p>Ohio Revised Code section 3901.052 requires the Ohio Department of Insurance to apply for a 1332 waiver, and include in the application a request to waive both the individual and employer mandates. With this application, Ohio intends to waive the individual mandate for Ohio residents, specifically Section 5000A(a) of the Internal Revenue Code, which provides:  <i>“Requirement to maintain minimum essential coverage. An applicable individual shall for each month beginning after 2013 ensure that the individual, and any dependent of the individual who is an applicable individual, is</i></p>

			<p><i>covered under minimum essential coverage for such month.”</i> Because of the law change made by Congress on December 22, 2017 that reduced the penalty for the shared responsibility payments to \$0, Ohio does not expect this waiver application to change the affordability, the number of residents with coverage, the comprehensiveness of the coverage or to negatively affect the federal deficit.</p>
7	<p>45 CFR 155.1308 (f)4(i)-(iii)</p> <p>Actuarial analysis and actuarial certifications, economic analysis, and data and assumptions</p>	<p>Include:</p> <ol style="list-style-type: none"> <li>1. An actuarial analysis and certification to support the state’s finding that the waiver complies with the coverage, comprehensiveness, and affordability requirements in each year of the waiver.</li> <li>2. An economic analysis to support the state’s finding that the waiver will not increase the federal deficit over the five year waiver period or in total over the ten-year budget period.</li> <li>3. The data and assumptions that the state relied upon to determine the effect of the waiver on coverage,</li> </ol>	<p>Please see Attachment #6 for the actuarial analysis provided by Oliver Wyman.</p>

		comprehensiveness, affordability and deficit neutrality requirements.	
8	45CFR 155.1308(f)(4)(iv)  Draft Timeline for implementation of the proposed waiver.	Include a timeline and discussion of implementation of waiver plan.	Ohio intends to implement the waiver of the individual mandate January 1, 2019 – December 31, 2023.  Waiving the individual mandate to purchase insurance coverage would remove the requirement <i>after</i> the incentive to purchase (the penalty) has been reduced to \$0 by Congressional action. For that reason, Ohio does not see a need for a plan beyond the beginning of the effective date of the waiver.
9	45 CFR 155.1308(f)(4)(v)(A)(B)(C)(D)&(E)	Additional information that is pertinent to your waiver.	Since the individual penalty for not purchasing health coverage has been reduced to \$0, Ohio does not foresee its waiver as having any impact on individuals, insurers or employers. As Ohio’s waiver request is simple and straightforward, Ohio does not have additional information.
10	State’s suggested reporting targets for the four statutory requirements	States must propose a plan for quarterly and/or annual reporting of data to demonstrate that the waiver remains in compliance with	As Ohio’s waiver request is simple and straightforward, Ohio suggests it will confirm both

		<p>the scope of coverage, affordability, comprehensiveness and deficit requirements. For example, a state might meet this requirement by proposing to continue to report the same data used to support the application findings required under 45 CFR 155.1308(f)(4).</p>	<p>quarterly and annually that this application to waive the individual mandate continues to have no impact on the scope, affordability, or comprehensiveness of the coverage, as well as, deficit requirements. While Ohio does not expect operational challenges as a result of this waiver application, it will confirm in its first quarterly report. In addition, Ohio will provide evidence of compliance with the public forum provisions, as required.</p>

**Attachment 1: Notice of Public Hearings & Copy of the Web Page**



**Public Notice and Request for Comment:**

Pursuant to 31 CFR 33.112 and 45 CFR 155.1312, the Ohio Department of Insurance (“Department”) opened a public comment period beginning on February 16, 2018 and ending on March 18, 2018, to provide a full 30 days for interested parties to learn about and submit comments on the contents of the Department’s application for a federal section 1332 waiver.

**Public Hearings:**

The Department will host two separate public hearings on March 7, 2018 and March 14, 2018. In order to give all interested parties the opportunity to speak, please limit oral testimony to 2-3 minutes. We encourage speakers to submit written testimony which will be included with the waiver application.

When: Wednesday, March 7<sup>th</sup> at 11:30am

Where: James A. Rhodes State Office Tower, 3<sup>rd</sup> floor Administrative Hearing Room  
30 E. Broad St, Columbus, OH 43215

When: Wednesday, March 14<sup>th</sup> at 11:30am

Where: Sinclair Community College Mason Campus, Community Room, Building B  
5380 Courseview Drive Mason, OH 45040

Public comment can be sent to:

**E-mail:**

[1332waiver@insurance.ohio.gov](mailto:1332waiver@insurance.ohio.gov).

**Mail:**

The Ohio Department of Insurance  
Director’s Office  
Attn: 1332 Waiver Application  
50 West Town Street, 3<sup>rd</sup> Floor, Suite 300  
Columbus, Ohio 43215

Additionally, the application and other information related to the waiver can be viewed online at [www.insurance.ohio.gov](http://www.insurance.ohio.gov).



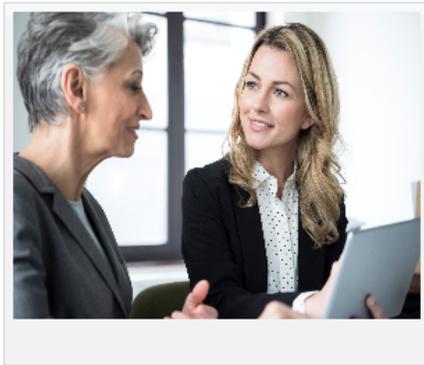
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## 1332 Waiver

# Understanding Ohio's State Innovation Waiver



Ohio's 2018-2019 operating budget (House Bill 49), required the Director of the Ohio Department of Insurance (ODI) to submit an application for a 1332 innovation waiver on behalf of the state of Ohio to the United States Department of Health and Human Services (HHS) and required the application to include waiving both the individual and the employer mandates.

Under the Affordable Care Act (ACA), most Americans are required to either have health insurance or pay a tax penalty. This is often called the "Individual Mandate" or "Individual Shared Responsibility Fee." In addition, most large employers are required to offer health insurance coverage to their employees or pay a fine which is known as the "employer mandate."

### Ohio's 1332 Waiver Request

After passage of the budget, the Department began working with actuarial firm Oliver Wyman to model different scenarios that could be submitted under 1332 waiver requirements while also following the requirements laid out in HB 49. Before modeling could begin, however, Oliver Wyman gathered data from variety of sources to construct a baseline understanding of Ohio's current health insurance market.

Those results provide detail about how Ohio's insured and uninsured population has changed in recent years. Using the baseline information, Oliver Wyman has been working on different options the state could pursue as part of waiving the individual and employers mandates. The direction of that work changed, however, at the end of 2017.

On December 22, 2017, Congress passed sweeping tax reform legislation that included changes to the individual mandate. The legislation "zeroed out" the penalty that is associated with the individual mandate meaning there is no longer a fine for not having insurance. However, it did not eliminate the mandate itself.

### Waiving the Individual Mandate

Because the federal tax reform legislation did not eliminate the actual requirement to have health

### Top Consumer Links

- [Federal Medical Loss Ratio Rebate FAQs](#)
- [Consumer Questions or Comments](#)
- [Military Personnel](#)
- [Insurance Company Information](#)
- [Public Records Information and Request](#)
- [Company Premiums/Complaint Ratios](#)
- [Market Share Reports](#)

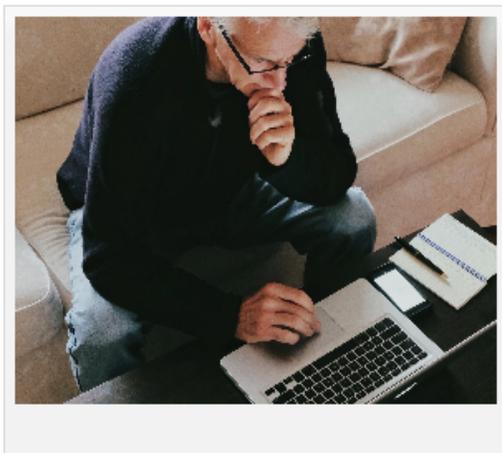
### Quick Links

- [Administrative Actions](#)
- [Agent/Agency Locator](#)
- [Authorized Companies](#)
- [Consumer Publications](#)
- [File a Complaint with ODI](#)
- [ODI Ombudsman](#)
- [ODI Forms](#)

insurance and because HB 49 requires ODI to pursue a waiver eliminating this individual mandate requirement, ODI will be submitting an application to HHS requesting to waive the individual mandate in Ohio. A copy of the [draft application](#) includes an actuarial analysis conducted by Oliver Wyman that projects the impacts of the waiver request on Ohio's insurance market. **Specifically, because of changes included in the federal tax reform package passed in December, 2017 – there will be no negative impact to the individual market in Ohio as a result of this waiver application.**

### **Notice of Public Hearing and Request for Comment**

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### **Additional Resources**

The actual process of filing a waiver application as well as the information required in such a waiver request are established by the federal Centers for Medicare and Medicaid Services (CMS). The guidance and regulations for that process are linked below.

- [CMS 1332 Waiver Guidance](#)
- [CMS 1332 Waiver Regulations](#)

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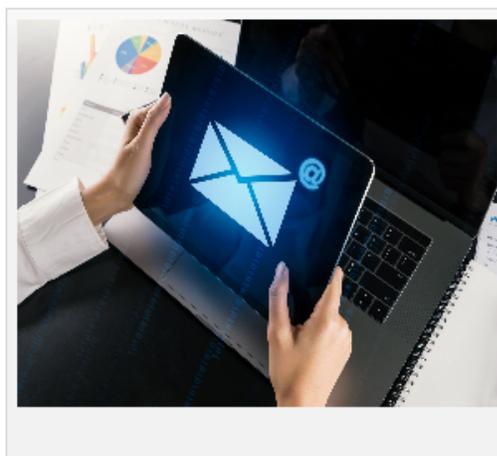
### **How to Comment on Ohio's Waiver Application**

ODI is now seeking comment related to its 1332 waiver application to waive the individual mandate requirement in Ohio. Consumers, interested parties and industry can provide feedback on the waiver. **Comments can be submitted to ODI for 30 days starting February 16 and ending March 18, 2018 by emailing [1332waiver@insurance.ohio.gov](mailto:1332waiver@insurance.ohio.gov).**

**Additionally, comments can be mailed to:**

**The Ohio Department of Insurance  
Director's Office  
Attention: 1332 Waiver Application  
50 West Town Street, 3rd Floor, Suite 300  
Columbus, Ohio 43215**

Sign up to receive periodic [waiver news](#).



## Attachment 2: Summary of Public Comment

Pursuant to 31 CFR 33.112 and 45 CFR 155.1312 the Ohio Department of Insurance (“Department”) opened a public comment period beginning on February 16, 2018 and concluding March 18, 2018 providing 30 days for interested parties to learn about and to provide oral and written comments on the contents of the Department’s application for a federal section 1332 waiver.

The Notice of Public Hearing and Request for Comment was posted to the Department’s Innovation Waiver website page:

<http://insurance.ohio.gov/Consumer/Documents/Public%20Notice%20and%20Comment%20Periods.pdf>.

The Department held two public hearings and also encouraged people to submit comments via email to [1332waiver@insurance.ohio.gov](mailto:1332waiver@insurance.ohio.gov) and directly to the Department at 50 W. Town St. Suite 300, Columbus, Ohio 43215.

During the two public hearings, the Department presented information on Ohio’s 1332 Waiver Application, providing details about the waiver application, and the actuarial analysis performed by Oliver Wyman regarding the impact of a waiver in Ohio. At the end of each hearing, the Department provided an opportunity for public testimony.

The first hearing was held March 7 in Columbus, Ohio at the Rhodes State Office Building, located at 30. E. Broad St. One member of the public testified and the individual’s testimony was submitted in writing to the Department. In that testimony, Steve Wagner of the Universal Health Care Action Network of Ohio (UHCAN) asserted Ohio’s individual mandate waiver application would have adverse impact on the market by removing the mandate, and that the Wyman analysis did not account for people who would comply with the mandate to purchase insurance – even though the penalty has been removed.

Observations in states like Massachusetts demonstrate a mandate has very little effect when there is no penalty associated with it. Once Congress took action in December to “zero out” the mandate’s penalty, its effectiveness was essentially eliminated. Furthermore, much of the media coverage of Congress’ action has mostly reported that the mandate has been eliminated giving consumers the impression the mandate is already gone. As a result, we believe the analysis produced by Oliver Wyman correctly projects there will not be any adverse impact as a result of Ohio’s 1332 waiver application.

The second hearing took place March 14 in Mason, Ohio at Sinclair Community College, located at 5386 Courseview Drive, Mason Campus in Rm B115. No members of the public provided testimony and written testimony was not submitted.

For a summary of both hearings, please see Attachments #3 and #4.

The Department received 17 written public comments on the waiver application via email to [1332waiver@insurance.ohio.gov](mailto:1332waiver@insurance.ohio.gov). Five of the comments were not related to the scope of the waiver application, three comments expressed support and nine comments expressed concern about the waiver application.

Three written public comments expressed support for Ohio's 1332 Waiver Application from both Ohio consumers and stakeholders. The comments expressed relief that consumers will no longer have to pay a penalty for health insurance, and hope that Ohio's 1332 Waiver Application will lead to more consumer choice and a more stable marketplace.

There were a number of written comments submitted that expressed opposition to Ohio's 1332 Waiver Application. A majority of the letters submitted by various stakeholders expressed concerns about the stability of Ohio's marketplace with the elimination of the individual mandate. There is a concern that Ohio's 1332 Waiver Application will lead to an older, sicker insurance pool potentially leading to premiums to be less affordable and the marketplace to be less stable and cause carriers to question their participation in the marketplace.

See Attachment #5 to review submitted public comments.

### Attachment 3: 1332 Waiver Application Public Hearing Summary - Columbus

The Ohio Department of Insurance held the first of two public hearings on the 1332 Waiver Application on Wednesday, March 7 at 11:30 AM at the Rhodes State Office Building, 30 E. Broad St. Columbus, Ohio.

The Department presented information on Ohio's 1332 Waiver Application, providing background, specific information on the waiver application and an overview of the actuarial analysis performed by Oliver Wyman. Following the presentation, the Department opened up the hearing for public testimony.

The Department received the following testimony on Ohio's 1332 Waiver Application:

Who: Steve Wagner, Executive Director of Universal Health Care Action Network of Ohio.

Summary: Mr. Wagner testified that he believes the Ohio 1332 Waiver Application analysis of a no change in coverage, enrollment and premiums costs does not account for human behavior. He cited a CBO score that analyzed what would happen to premiums and number of insured if the individual mandate zeroed out. He stated the CBO score called for a possible 10% increase in premiums that may cause individuals to drop their insurance, or not buy insurance, which may lead to a less stable insurance market.

After Mr. Wager's testimony, there were no other public comments, written or verbal and so the public hearing was closed.

The Department noted that it would accept public comment via email and mail through March 18 that will be considered a part of the waiver application process.

The Department also noted it would conduct a second public hearing on Wednesday, March 14 at 11:30 AM at Sinclair Community College, 5386 Courseview Dr. Mason, Ohio.

#### Attachment 4: 1332 Waiver Application Public Hearing Summary - Mason

The Ohio Department of Insurance held the second of two public hearings on the 1332 Waiver Application on Wednesday, March 14 at 11:30 AM at Sinclair Community College, Mason Campus, 5386 Courseview Dr. Mason, Ohio.

The Department presented information on Ohio's 1332 Waiver Application, providing background, specific information on the waiver application and an overview of the actuarial analysis performed by Oliver Wyman. Following the presentation, the Department opened up the hearing for public testimony.

The Department received no public comments, written or verbal and so the public hearing was closed.

The Department noted that it will accept public comment via email and mail through March 18 that will be considered a part of the waiver application process.

## **Attachment 5: Written Public Comment**

## Mottram, Molly

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**From:** Stephanie Gilligan <Stephanie.Gilligan@ohiohospitals.org>  
**Sent:** Friday, February 16, 2018 2:21 PM  
**To:** 1332 Waiver  
**Subject:** Text of waiver application?

Good afternoon,

After reading the information on the "Understanding Ohio's State Innovation Waiver" website, I still don't see the actual text of the waiver application. Can you please share that document?

Thanks,  
Stephanie

**Stephanie Gilligan | Director, Advocacy**  
[stephanie.gilligan@ohiohospitals.org](mailto:stephanie.gilligan@ohiohospitals.org)



155 E. Broad St., Suite 301  
Columbus, OH 43215-3640  
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Mission: OHA exists to collaborate with member hospitals and health systems to ensure a healthy Ohio.

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## Mottram, Molly

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**From:** Chuck Mintz <cm@chuckmintz.com>  
**Sent:** Sunday, February 18, 2018 10:16 AM  
**To:** 1332 Waiver  
**Subject:** Medicaid work requirement

Bad public policy I understand the concern for free riders. But these people need the effort required now to maintain Medicaid eligibility. We are dealing with a population that lacks skills, analytical, mathematical and literacy. If someone loses this coverage, it does not reduce health care costs, it transfers it to charity care which is paid off out of higher insurance costs. It only causes lower quality care for the people that lose it. The end result is not more people look for work. It is lowering the health of eligible families. It creates a larger bureaucracy. In the end, it costs the taxpayer/health insurance customer more. Bad public policy.

Charles a Mintz  
1301 W54th St  
Cleveland OH 44102

By the way, I am wealthy. This is not for me.

Chuck

<https://na01.safelinks.protection.outlook.com/?url=www.chuckmintz.com&data=02%7C01%7C1332waiver%40insurance.ohio.gov%7Cf40c7b60a3534111f78908d576e2861c%7C50f8fcc494d84f0784eb36ed57c7c8a2%7C0%7C1%7C636545637643933706&sdata=%2BvgmlVeXzKnWFGDsk8ALuK6VdZ4HpJ3UKnbWdJilBcw%3D&reserved=0>

Sent from my iPad

## **Mottram, Molly**

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**From:** jen patron <jenpatron@hotmail.com>  
**Sent:** Sunday, February 18, 2018 1:24 PM  
**To:** 1332 Waiver  
**Subject:** Obamacare exemption in Ohio

To the state of Ohio Department of Insurance,

This comment is in regard to the state of Ohio's request to the federal government to waive the Obamacare requirement mandating the purchase of health insurance coverage.

When the ACA went into effect, my husband and I unceremoniously lost our coverage because our policy did not meet the new ACA-mandated "10 essential benefits" coverage for services which neither of us needed. Coverage such as maternity and newborn care, pediatric dental, drug rehabilitation and mental health services. Our old policy had a monthly premium of \$550.00 for two healthy 40-year-old adults and a \$2500 deductible per person. Our new policy was astronomical, with a monthly premium of \$805 and a per person deductible of \$6500. We did not qualify for any subsidies to purchase insurance on the exchanges and even if we did, we did not want to receive any sort of federal assistance for our health care needs. We could not afford that sort of insurance and so, we were been forced to go without.

For the past 5 years, we have rolled the dice and have prayed not to get sick. We have been extremely lucky that we have not had any major health issues. We have successfully evaded the penalty these past 5 years due to an exemption, but that did not solve the major problem of being uninsured. This exemption was not available to us for 2018, however. Paying out of pocket for our minimal health care needs has saved us a considerable amount of money. As self-employed individuals, we do not have the luxury of having an employer offer us coverage, nor do we have the privilege of buying coverage which suits our needs because of the one-size-fits-all nature of the ACA.

Granted, there are a few who have benefited from the provisions of the ACA, in my experience and for the majority of those in my social circles, it has created far more trouble for us, than good.

In removing the penalty for not having mandated ACA-compliant insurance, the state of Ohio will assist millions of others like myself and my husband to potentially afford health coverage in the near future. Perhaps insurers will begin offering policies without this coverage we do not need at pre-ACA prices without the mandate in effect. Being punished and penalized for not being able to afford a product the federal government says I must buy goes against every fundamental personal freedom afforded to us as citizens of the United States. Adding insult to injury is that these penalties do nothing to address the core problem of the health care crisis in the United States which is the COST of care. Until this issue is addressed, no amount of mandates, penalties or insurance coverage will change that.

Therefore, the removal of the penalty restores each individual's freedom to choose what is best for their family. And isn't freedom of choice one of the pillars on which this country was founded?

It is my hope that our state representatives will put their constituents first and hear our pleas to do the right thing for the people of Ohio.

## Mottram, Molly

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**From:** Scott Seman <srs1@twc.com>  
**Sent:** Sunday, February 18, 2018 2:38 PM  
**To:** 1332 Waiver  
**Subject:** 1332 waiver comments

Thank you,

I fully endorse your request of an Obama care mandate waiver. Also make sure that health insurers in Ohio are allowed to offer health insurance that does not meet the 10 Obama care 'essential benefits'. In order to reduce my health care costs I would like to be able to buy health insurance without coverage for preventative and wellness services, pediatric care and maternity and new born care. You can contact me at this email address with any questions.

Scott Seman

## **Mottram, Molly**

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**From:** Doreen George-Thomas <doreengeorgethomas@gmail.com>  
**Sent:** Sunday, February 18, 2018 10:04 PM  
**To:** 1332 Waiver  
**Subject:** Waiver

I believe that the Individual Mandate is as important to health care as it is for everyone to have Auto insurance. The requirement for auto insurance came about due to individuals who had to bear the burden of medical costs because the offending driver did not have insurance. This is no different from the Individual Mandate. I and others like me, (including hospitals) have born the burden of carrying those who did not have insurance by increases in the cost of our own insurance and medical care. Personal responsibility is related to the Individual Mandate, it is not unreasonable, it simply requires that all contribute to the system they they will inevitable be using.  
Doreen George-Thomas

## Mottram, Molly

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**From:** Carole Warren <czwarren@centurytel.net>  
**Sent:** Monday, February 19, 2018 10:52 AM  
**To:** 1332 Waiver  
**Subject:** Medicare waiver

So, we have come to the point of omitting 36,000 people from health care because they are not working. This is who we are? In the same paper that reported that Ohio, run by the "right-to-life Republicans, is applying to omit 36,000 human beings from health care unless they work, or go to school, or something..... In the same paper, there is a family with one child, whose disabled father has been off drugs for 12 years because he can have methadone. The cost of that methadone has gone from \$1 to \$14.50 A DAY!!!! A total budget breaker for the mother who works, but her insurance is not accepted by the methadone clinic. They currently cannot even afford an occasional happy meal at McDonald's for the child as a treat. So, what? This man must go away from his family? How can we choose 36,000 people and say too bad, you are on your own and HOW MANY are falling through the cracks because they earn a few dollars over the Medicaid inclusion amount?

WE ARE REALLY TERRIBLE PEOPLE, IF WE DO THIS. HOW CAN THESE REPUBLICANS SLEEP AT NIGHT IN THEIR WARM COMFORTABLE BEDS, IN THE BIG HOUSES WITH REFRIGERATORS FILLED WITH FOOD AND CLOSETS FULL OF CLOTHES AND, YES, ABSOLUTELY THE BEST CADILLAC HEALTH CARE THERE IS.

Carole Warren, Lorain,  
Ohio

## **Mottram, Molly**

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**From:** Lisa Brohl <lakbrohl@gmail.com>  
**Sent:** Tuesday, February 20, 2018 7:21 AM  
**To:** 1332 Waiver  
**Subject:** Insurance Waivers for Ohio

I am not in favor of the State of Ohio asking to waive the requirement that nearly everyone get health insurance. Please do not make Medicaid recipients have a work requirement of 20 hours..i am upset that the State of Ohio would do this. We have been moving forward on health care coverage for everyone. Do not take this step backwards.

We have a son who has struggled to have health insurance over the years. He is a hard worker but there are only low paying jobs for most residents. H!!

I am glad that the Plain Dealer wrote about this opportunity to comment. Otherwise, I would not have known that the State of Ohio was about to ask for these waivers.

Shame on you for trying to reduce the health coverage that we have all worked so hard to see happen for all who need it!!!!

Lisa Kutschbach Brohl  
P. O. Box 155  
Put-in-Bay, Ohio 43456

## **Mottram, Molly**

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**From:** Mike Ahrens <meahrens66@gmail.com>  
**Sent:** Friday, February 23, 2018 9:31 AM  
**To:** 1332 Waiver  
**Subject:** Affordable Care exemptions

To affect 5% of the people affected by new work requirements it may cost more just to administer the new program?  
It amazes me that we will go to so much trouble to add burdens to the less fortunate in our society for political reasons.

Sent from my iPhone

## **Mottram, Molly**

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**From:** Nate Hammer <n8dogg2611@gmail.com>  
**Sent:** Sunday, February 25, 2018 6:40 PM  
**To:** 1332 Waiver  
**Subject:** Medicaid Waiver

Hello, my name is Nate Hammer and I am a resident of NW Ohio. I recently saw where the state of Ohio was trying to implement work requirements for Medicaid coverage & also file to not have to cover those with pre-existing conditions. I am a diabetic who is insulin dependent. I need 4 shots of insulin a day to live. If you file the paperwork to get a waiver so I will no longer be able to get coverage, I will die. You let prescription companies charge astronomical prices for medication but yet I am the 1 who gets screwed. Its not easy for me to find a job I can do with no problems as well. I need to keep track of by blood sugars at all times & not all jobs allow me to do so. I'm asking you as someone with a pre-existing condition to reconsider this waiver. Its a step backwards. We should be working hard to help more people, not hurt the most vulnerable. This is not a good idea...many people will die as a result. Please don't take my coverage because of a pre-existing condition & a high unemployment rate. Thank you for your time.

Nate Hammer

## **Mottram, Molly**

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**From:** William <wmhks@bex.net>  
**Sent:** Tuesday, February 27, 2018 7:29 PM  
**To:** 1332 Waiver  
**Subject:** Health Insurance in Ohio

I won't pretend to understand the inner workings of the insurance market. What I can tell you is that the Affordable Care Act has been very beneficial for my wife and I. Without it, I'm not sure how we could keep our coverage. Looking at the Wyman report, it appears that tens of thousands of Ohioans have benefited like we have. As you consider making changes to health insurance in Ohio, please realize that you have the lives of many in your hands. Please choose carefully.

Sincerely,  
William & Michelle Hakius

**Mottram, Molly**

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**From:** Steven Wagner <swagner@uhcanohio.org>  
**Sent:** Friday, March 2, 2018 4:17 PM  
**To:** 1332 Waiver  
**Cc:** Marie Curry  
**Subject:** Where have you posted the full proposal?

Is this the full waiver proposal? <http://insurance.ohio.gov/Consumer/Documents/Waiver%20Application%20and%20Analysis.pdf>

<p><b>STEVEN A. WAGNER, MPH, JD</b> EXECUTIVE DIRECTOR UNIVERSAL HEALTH CARE ACTION NETWORK OF OHIO 614-441-9145 Ext 2 <a href="http://www.uhcanohio.org">www.uhcanohio.org</a></p>	
<p><i>Working for affordable quality health care for all Ohioans</i></p>	

## **Mottram, Molly**

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**From:** Richard M Muccio <rich@rmmfinancial.com>  
**Sent:** Monday, March 5, 2018 11:21 AM  
**To:** 1332 Waiver  
**Subject:** 1332 Waiver for Ohio

I am an owner of a life/health brokerage firm in Cleveland and I am on the board of the Ohio Association of Health Underwriters. This filing of 1332 Waiver from the ACA affects me and my business.

I read the analysis from Oliver Wyman and I believe there are no valid assumptions in this analysis.

First, they assume that if the mandate for 2019 is gone, enrollment will stay the same. But they give no reason for it. Did they look at not just the fact that healthy individuals will drop coverage if they believe it is too expensive. If so, they will simply drop coverage or go onto a short term health plan. Yet, their report shows basically consistent enrollment.

Second, their past and future projections of increases are very low. Are they looking at an average of all plans? That is not fully described. However, 20% has been a norm – or at least in the 10% plus range. However, if only the sick stay on the plans, do you seriously believe rates will have a 5% increase??

Why did we pay them hundreds of thousands of dollars for what looks like they made up projections with no explanation?

Further, I know we have to file a 1332 because of the requirement – but just to eliminate the mandate – when the federal law has zero penalty? That is the only assumption they have it right that their will be little or no difference between the two.

However, why not have an Ohio branded health care reform? This is our chance. Take a look at the Ohio Association of Health Underwriters' recommendations that include information on: Eligibility/Benefits/Plan Design, Cost Containment, Reinsurance, and the Role of the Agent/Broker.

Don't let this opportunity die!

Your current proposal is meaningless and a waste of tax payer money.

Richard M Muccio  
***RMM Financial Services, Inc.***  
24976 Center Ridge Road  
Westlake, OH 44145  
440-250-9460  
440-521-5566 (cell)  
440-835-6991 (fax)  
[rich@rmmfinancial.com](mailto:rich@rmmfinancial.com)

**Mottram, Molly**

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**From:** Betty Mendelsohn Watson <msbettywatson@gmail.com>  
**Sent:** Monday, March 5, 2018 1:00 PM  
**To:** 1332 Waiver  
**Subject:** Medicaid

Please do require able bodied people not be eligible for Medicaid. It is not fair for small businesses who can't afford health insurance. We work 7 days a week and can't afford it. ACA is a joke. It is a very bad joke.  
Sincerely Betty Watson



March 8, 2018

Ms. Jillian Froment  
Director  
Ohio Department of Insurance  
50 W. Town Street  
Third Floor - Suite 300  
Columbus, Ohio 43215

Re: Ohio Section 1332 State Innovation Waiver

Dear Ms. Froment:

The American Lung Association in Ohio appreciates the opportunity to submit comments on Ohio's Section 1332 State Innovation Waiver.

The American Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease, through research, education and advocacy.

The Lung Association believes everyone should have quality and affordable healthcare coverage. This coverage is dependent on a robust, stable marketplace. Unfortunately, the proposed waiver shows Ohio is not working to stabilize the state's marketplace, but rather moving in the wrong direction.

**Market Stability**

Ohio is requesting permission to waive the Affordable Care Act's (ACA) individual mandate that requires most Americans to have health insurance or pay a penalty. In December of 2017, Congress eliminated the penalty for not having health insurance, but they did not eliminate the mandate. Ohio is asking for permission to waive the mandate itself. This will serve to further destabilize health insurance marketplace.

The American Lung Association recognizes that a stable marketplace is essential for people with lung disease to have healthcare coverage that is adequate, accessible and affordable. The Congressional Budget Office (CBO) estimated 13 million Americans will be uninsured as a result of the repeal of the individual mandate<sup>1</sup>. A recent report found that 137,000 Ohio residents will lose healthcare coverage as a result of the mandate penalty repeal.<sup>2</sup> This is a 23.7 percent drop.

The proposed 1332 State Innovation Waiver would continue the policies that are acting to reduce coverage and destabilize the market. This is the wrong direction for people with lung disease and for Ohio.

The American Lung Association in Ohio believes healthcare should be affordable, accessible, and adequate. This is dependent on a strong, robust market. The proposed 1332 State Innovation Waiver will not protect patients and consumers.

Thank you for the opportunity to provide comments.

Sincerely,



Kenneth Fletcher,  
Director of Advocacy  
[Ken.fletcher@lung.org](mailto:Ken.fletcher@lung.org)  
248-220-5213

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<sup>1</sup> United States. Congressional Budget Office. (2017). Repealing the Individual Health Insurance Mandate: An Updated Estimate. Retrieved on 27 February 2018 from the Congressional Budget Office website. <https://www.cbo.gov/publication/53300>

<sup>2</sup> Blumberg, L.J., Buettgens, M., & Wang, R. (February 26, 2018). The Potential Impact of Short-Term Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending. Retrieved from: <https://www.urban.org/research/publication/potential-impact-short-term-limited-duration-policies-insurance-coverage-premiums-and-federal-spending>

Testimony  
**Group VIII Work Requirement and Community Engagement**  
**1115 Demonstration Waiver**  
Steven A Wagner, MPH, JD  
Executive Director of the Universal Health Care Action Network of Ohio

I offer my comment in opposition to the 1132 waiver proposed by the Ohio Department of Insurance. I am Steve Wagner, Executive Director of the Universal Health Care Action Network of Ohio. UHCAN Ohio is a non-profit organization committed to assuring everyone's access to affordable, quality health care.

An 1132 waiver requires that the changes provide coverage to a comparable number of state residents as would be provided absent the waiver. The Ohio Department of Insurance does not meet this requirement.

The Ohio Department of Insurance pretends to meet this requirement by explicitly assuming that nothing will change. This is no different your sixteen year old saying she should be able to stay out until two because she deserves a later curfew. It is circular reasoning. The waiver proposal states<sup>1</sup>:

Specifically, it is expected that consumers will behave the same in a scenario where an individual mandate is in effect with a penalty of \$0 for non-compliance as they would in a scenario where there is no mandate to maintain minimum essential coverage, all else equal. Therefore, the scope of coverage, enrollment, premium, and claims cost are all expected to be the same between the baseline and waiver scenarios for each health insurance market.

Translated – ODI assumes people will still buy insurance, therefore coverage will not change. However, everyone will not behave identically if the individual mandate is repealed. There is a compliance effect of the individual mandate that is separate from the tax penalty. In assessing the impact of repealing the tax mandate, the Congressional Budget Office (CBO) notes that there will be people who will continue to purchase insurance because the mandate remains in place despite the lack of a tax penalty.<sup>2</sup> The 1132 proposal ignores this compliance effect recognized in the CBO analysis and supporting material.<sup>3</sup> In fact, the proposal provides no evidence

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<sup>1</sup> Ohio's 1332 Waiver Application

<http://insurance.ohio.gov/Consumer/Documents/Waiver%20Application%20and%20Analysis.pdf>

<sup>2</sup> Congressional Budget Office Repealing the Individual Health Insurance Mandate: An Updated Estimate, November 2017 <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>

<sup>3</sup> Alexandra Minicozzi, Unit Chief, Health Insurance Modeling Unit, Congressional Budget Office, Modeling the Effect of the Individual Mandate on Health Insurance Coverage (presentation to CBO's Panel of Health Advisers, Washington, D.C., September 15, 2017), [www.cbo.gov/publication/53105](http://www.cbo.gov/publication/53105); and Congressional Budget Office, "Panel of Health Advisers" (accessed November 7, 2017), [www.cbo.gov/about/processes/panel-health-advisers](http://www.cbo.gov/about/processes/panel-health-advisers).

Testimony  
Group VIII Work Requirement and Community Engagement  
1115 Demonstration Waiver  
Steven A Wagner, MPH, JD  
Executive Director of the Universal Health Care Action Network of Ohio

supporting the assumption of no behavioral change. Because of the compliance effect, repeal of the individual mandate will cause fewer people to be covered.

~~Second, people have because people will have different knowledge. The majority of the public is not sure that the tax penalty is repealed; only 36% are certain.<sup>4</sup>~~

~~The tax reform law repealed the individual penalty for not having health insurance, but that provision doesn't take effect until 2019. So for 2018 you may be charged the greater of \$695 or 2.5 percent of your household income.~~

~~On average, enrollees who said they would not have purchased insurance had about 36 percent lower predicted spending compared with those who still would have purchased insurance or were unaware of the mandate penalty (95 percent confidence interval: 25 percent to 46 percent lower spending).~~

The State of Ohio should improve access to health care for all of its citizens not pursue policies that will result in fewer people with quality health coverage. I oppose this waiver.

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<sup>4</sup>Kaiser Health Tracking Poll—January 2018: The Public's Priorities and Next Steps for the Affordable Care Act  
<https://www.kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-january-2018-publics-priorities-next-steps-affordable-care-act/>

Helping Ohioans with  
Healthcare Benefit  
**Choices**



March 16, 2018

Jillian Froment  
Ohio Department of Insurance  
50 W. Town Street  
Third Floor - Suite 300  
Columbus, Ohio 43215

RE: Ohio Section 1332 Waiver Application

Dear Director Froment:

I am writing on behalf of the Ohio Association of Health Underwriters (OAHU), a professional association representing 600 licensed health insurance agents, brokers, general agents, consultants and employee benefits specialists. We are pleased to have the opportunity to provide comments in response to the proposed application for a Section 1332 waiver to the individual mandate under the Affordable Care Act (ACA).

The members of OAHU work on a daily basis to help individuals and employers of all sizes purchase, administer and utilize health insurance coverage. Our expertise lies in the technicalities of health plan purchasing and administration. OAHU members are exceptionally well-versed on all of the coverage options that small and large businesses, as well as individual consumers and sole proprietors, have available to them. Our agents and brokers are also experts on the prices associated with all of these coverage choices. We are glad to share our expertise with the Department as it applies to the proposed waiver.

We agree that a waiver of the individual mandate will not have a significant impact on enrollment in the Ohio individual market. The limited impact will occur when the removal of the penalty for failure to carry individual coverage takes effect January 1, 2019.

It is our hope that Ohio will continue to search for alternatives available to restructure the delivery of health care and health insurance in both the individual and small group market. We regularly advocate for greater flexibility for states applying for 1332 waivers under the ACA in order for states to be able to obtain the greatest benefits of the waivers. Our concern for the stability of the individual market has increased significantly with changes that occurred in Ohio for 2018 coverage effective dates and those planned for 2019 effective dates. These include the potential loss of carrier participation in the Ohio market and the loss of transitional plan status effective January 1, 2019.

The Ohio Department of Insurance (ODI) worked diligently to ensure that every county in Ohio had at least one insurance carrier option for the 2018 enrollment period. Despite this effort, many of our clients struggled to find coverage that is both affordable in premium as well as in benefits and provider options. The loss of the individual mandate penalty, and resulting individual mandate, could force the few remaining carriers to question their participation in the 2019 market. It is imperative to prepare for alternate structures that provide carriers with the assurances of a balanced risk pool and adequate recovery of catastrophic losses.

In November 2013 President Obama announced a transition relief policy for non-grandfathered plans in the small group and individual health insurance markets. If permitted by the state, health insurers had the option of renewing policies without certain ACA market reforms beginning with 2014 effective dates. These plans would not be required to include community rating or the Essential Health Benefits (EHB). The ability to retain these transitional plans, also referred to as grandmothers plans, was extended on numerous occasions and is currently set to expire for all plans no later than December 31, 2018. Individuals and employers in transitional plans will be required to move to ACA compliant plans effective January 1, 2019. The change will require the addition of the Essential Health Benefits (EHB) package and conversion to community rating standards. Community rating changes the way that premiums are established. Under transitional plans, insurers are able to consider medical history and also charge older individuals at least five times more than a younger individual. Under community rating, insurers are no longer able to base premiums on medical history and the rating differential for age is capped at no more than three times that of a younger individual. These two changes produce large swings in medical insurance premiums. Younger, healthier individuals, and employers with a younger, healthier workforce, will experience significant increases. Older individuals and those with high claim utilization will not see as great of an increase and may see decreases in premiums. The majority of clients benefitting from the new community rating standards were moved to these plans at earlier renewals. Our clients who are anticipated to receive significant increases were counseled to remain in their transitional plans. At each renewal, brokers and advisors are reviewing available options with both ACA compliant plans and transitional plans. Our experience indicates that a large majority of individuals and small employers would experience a significant reduction in their benefits with larger deductibles and larger out-of-pocket maximums. These reduced benefits would come at a much higher cost than the offerings available in the transitional plans.

In the small group market, we have seen swings in premiums as high as 120% increase in premiums. It is our concern that employers will no longer be able to absorb the cost of these increases and will choose to end their employer-sponsored plans sending additional participants into the already distressed individual market.

While we note the same risk of premium increases in the individual market, a separate, and critical, issue in the individual market relates to the change in network from transitional plans to the ACA compliant plans. Most ACA compliant plans have significantly altered the network options. Most use an HMO network with no out-of-network benefit. Transitional plans, in contrast, tend to offer benefits through a PPO network allowing members to seek care outside of the network with additional out-of-pocket costs.

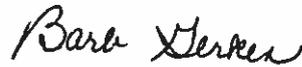
Failing to extend the transition relief past December 31, 2018 will have a devastating impact on the Ohio individual and small group health insurance market. A permanent policy allowing individuals and small groups to keep their plans would prevent this unnecessary disruption. Our members will continue to advocate for the extension of the transitional plans. We trust that ODI will further the discussions with Oliver Wyman to file a successful Section 1332 waiver to address the aforementioned affordability concerns in our market.

OAHU sincerely appreciates the opportunity to provide comments on the proposed waiver and we look forward to working with you in the year ahead. If you have any questions or need additional information, please do not hesitate to let us know.

Sincerely,



Carol Conway  
President  
Ohio Association of Health Underwriters



Barb Gerken  
Vice Legislative Chair  
Section 1332 Task Force Chair  
Ohio Association of Health Underwriters



## OHIO SENATE DEMOCRATIC CAUCUS

### VIA ELECTRONIC SUBMISSION

Jillian Froment, Director  
The Ohio Department of Insurance  
Director's Office  
Attention: 1332 Waiver Application  
50 West Town Street, 3<sup>rd</sup> Floor, Suite 300  
Columbus, Ohio 43215

Submitted through [1332waiver@insurance.ohio.gov](mailto:1332waiver@insurance.ohio.gov)

March 16, 2018

**RE: Ohio's Proposed 1332 Waiver of the Affordable Care Act Individual Insurance Mandate**

Dear Director Froment:

We, the members of the Ohio Senate Democratic Caucus, write to oppose the pending Section 1332 State Innovation Waiver application to eliminate the individual insurance mandate included as part of the Affordable Care Act.<sup>1</sup> We understand that the Department of Insurance is required to seek such a waiver pursuant to R.C. § 3901.052 enacted through Ohio H.B. 49,<sup>2</sup> the most recent state operating budget. This waiver application should not go forward as it does not seek to make any change or improvement in the provision of healthcare in Ohio, but would only exempt Ohio from the individual mandate. In addition, we disagree with the Department of Insurance assertion that there will be no effect on the numbers of residents with qualifying coverage.

This comment will review first, that the proposal simply does not bring any innovation or change to the delivery of healthcare in Ohio; second, that despite the Department's asserted lack of

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<sup>1</sup> The specific language of the section being waived is found in Internal Revenue Code Section 5000A(a): "Requirement to maintain minimum essential coverage. An applicable individual shall for each month beginning after 2013 ensure that the individual, and any dependent of the individual who is an applicable individual, is covered under minimum essential coverage for such month."

<sup>2</sup> 2017 Am.Sub.H.B. No. 49. The bill analysis is available here:  
<https://www.legislature.ohio.gov/download?key=7593&format=pdf>

change the waiver will bring it is still likely to reduce the number of residents with qualifying coverage failing to meet the requirements for a waiver.

*The proposed waiver fails to include any innovation or program for healthcare delivery in Ohio.*

The State Innovation Waivers should not be confused with an option for a state to simply opt-out of the requirements of the Affordable Care Act. It was intended to allow states to experiment and provide tailored options to meet the goals of increasing access to affordable, quality healthcare. “States can use the flexibility granted by 1332 waiver authority to shore up fragile insurance markets, address unique state insurance market issues, or experiment with alternative models of providing coverage to state residents.”<sup>3</sup> Other states have used this to create reinsurance programs<sup>4</sup> or target the unique needs of small businesses in their communities.<sup>5</sup>

In contrast, directly within the application itself, Ohio’s waiver acknowledges there is no intent or expectation to innovate, improve, or tailor healthcare coverage or delivery. “Since the individual penalty for not purchasing health coverage has been reduced to \$0, Ohio does not foresee its waiver as having any impact on individuals, insurers or employers.”<sup>6</sup> By its own terms, the waiver seeks to create in Ohio the ability to pretend federal law does not exist. This is not what Section 1332 waivers were intended to allow.

The Department of Insurance should rescind this proposed waiver and only pursue an option that would allow true innovation as intended by the waiver process and achievable from the example of other states.

*Waiving the individual insurance mandate will likely result in fewer Ohioans covered.*

A requirement of a Section 1332 waiver is documentation that “[t]he proposal will provide coverage to at least a comparable number of the state’s residents as would be provided absent the waiver.”<sup>7</sup> The proposed waiver fails to meet this requirement by assuming there will be no drop

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<sup>3</sup> “Tracking Section 1332 State Innovation Waivers,” Kaiser Family Foundation, Dec. 12, 2017.

<https://www.kff.org/health-reform/fact-sheet/tracking-section-1332-state-innovation-waivers/>

<sup>4</sup> Alaska’s program was the first and sent a model for other states to follow. “Navigating The Section 1332 Waiver Process: For States, A Treacherous Road Ahead,” Health Affairs, Wynne, Billy, Cowey, Taylor, Nov. 29, 2017. <https://www.healthaffairs.org/doi/10.1377/hblog20171128.217593/full/>

<sup>5</sup> Hawaii sought exemption from a small business exchange and used the resulting pass through funds to reduce insurance cost for small businesses. “FACT SHEET: Hawai’i: State Innovation Waiver,” Centers for Medicare & Medicaid Services, Dec. 30, 2016. <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/Hawaii-1332-Waiver-Fact-Sheet-12-30-16-FINAL.pdf>

<sup>6</sup> Waiver application Item number 9.

<http://insurance.ohio.gov/Consumer/Documents/Waiver%20Application%20and%20Analysis.pdf>

<sup>7</sup> 80 FR 78131 at 78132. <https://www.federalregister.gov/documents/2015/12/16/2015-31563/waivers-for-state-innovation>

off in purchasing under the waiver. This ignores the reality that most individuals, all things being equal, will comply with the law.

There is a value to the marketplace in the individual insurance mandate even without the related tax penalty. We agree with the analysis of the Congressional Budget Office and the testimony of the Universal Health Care Action Network of Ohio that this waiver will eliminate the compliance effect of the mandate.<sup>8</sup> The existence of the mandate is an important final backstop against further erosion of the individual market.

Certainly, the federal elimination of enforcement penalties for the individual insurance mandate does the bulk of the damage to the healthcare system that would result from a full repeal.<sup>9</sup> Of greatest concern is of course the reduced access to care and resulting health and financial consequences for individuals and the healthcare system. Given the harm already done to the individual insurance market, we should guard against any further erosion. The waiver does not include any analysis of the possible impact or how the state will monitor and counter any drop in enrollment.

The proposed waiver fails to meet the first required guardrail that applies to all State Innovation Waivers: it cannot reasonably guarantee that at least the same number of people will have coverage with the waiver as without. We oppose the waiver for this reason.

### *Conclusion*

We oppose the proposed Section 1332 State Innovation Waiver of the individual insurance mandate. The plan by its own terms does nothing to innovate or increase access to healthcare. In addition, the proposal fails to consider any loss of coverage that is likely to result from the waiver. We understand the department has a statutory mandate to seek a waiver of the individual insurance mandate, but this proposal should be rejected as it fails to meet both the goals and requirements of Section 1332 waivers.

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<sup>8</sup> "Repealing the Individual Health Insurance Mandate: An Updated Estimate," Congressional Budget Office, Nov. 2017. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf> See also UHCAN Ohio testimony submitted at the public hearing on March 7, 2018.

<sup>9</sup> "Repealing the individual mandate would do substantial harm," USC-Brookings Schaeffer on Health Policy, Fiedler, Matthew, Nov. 21, 2017. <https://www.brookings.edu/blog/usc-brookings-schaeffer-on-health-policy/2017/11/21/repealing-the-individual-mandate-would-do-substantial-harm/>

Thank you for your consideration.



Kenny Yuko  
25th Senate District  
Senate Minority Leader



Charleta B. Tavares  
15<sup>th</sup> Senate District  
Assistant Senate Minority Leader



Edna Brown  
11<sup>th</sup> Senate District  
Senate Minority Whip



Cecil Thomas  
9<sup>th</sup> Senate District  
Assistant Senate Minority Whip



Sandra Williams  
21<sup>st</sup> Senate District



Michael J. Skindell  
23<sup>rd</sup> Senate District



Vernon Sykes  
28<sup>th</sup> Senate District



Sean O'Brien  
32<sup>nd</sup> Senate District



Joe Schiavoni  
33<sup>rd</sup> Senate District



# THE BUCKEYE INSTITUTE

## **Public Comments Ohio's 1332 Medicaid Waiver Request**

**March 16, 2018**

**Rea S. Hederman Jr., Executive Director of the Economic  
Research Center and Vice President of Policy  
The Buckeye Institute**

The Affordable Care Act requires individuals to purchase health insurance coverage or pay a penalty for failing to do so. The recent federal tax reform legislation has reduced the penalty—or tax—for violating the “individual mandate” to \$0, but the mandate itself remains in federal law and the penalty could be raised again someday.

On February 18, 2018, Ohio took advantage of another provision of the Affordable Care Act that allows states to apply for “innovation waivers.” Section 1332 of the act permits states to request exemptions or waivers from certain aspects of the law provided that states meet the following four criteria:

- Coverage must be at least as comprehensive as would be provided without the waiver;
- Coverage must be provided to a comparable number of state residents as would be provided without the waiver;
- Coverage and cost sharing provisions must be at least as affordable as they would be without the waiver; and
- The waiver must not increase the federal deficit.<sup>1</sup>

Rigid policy guidance issued by the Obama Administration in 2015, however, discouraged states from pursuing innovation waivers.<sup>2</sup> The Trump Administration has not yet revised the earlier guidance, but it has granted several waiver requests and encouraged states to think strategically about health insurance markets, promising some new flexibility with respect to Section 1332 waiver requests.<sup>3</sup>

Ohio’s February waiver request takes a measured step by seeking a five-year exemption from the Affordable Care Act’s individual mandate. The Buckeye Institute commends policymakers for this most recent waiver application, but encourages the state to take greater advantage of the innovation waiver process and pursue bolder reforms on behalf of citizens and businesses alike.

The proposed waiver exempting Ohioans from the individual mandate satisfies the four waiver requirements under Section 1332 and, if approved, it will help stabilize the state’s insurance market. Oliver Wyman’s actuarial analysis of the proposed waiver on Ohio’s insurance market concurs with the Congressional Budget Office’s (CBO) assessment estimating no change in insurance coverage, affordability, or the federal deficit. As the CBO has explained, there is no substantive difference between eliminating the mandate and eliminating the mandate’s penalty.<sup>4</sup>

Therefore, because federal law reduces the penalty for violating the individual mandate to \$0 in 2019, Ohio’s proposed innovation waiver exempting the state from the mandate itself will not have an adverse effect on Ohio’s insurance market—indeed, an approved waiver will not affect the insurance market at all. Thus, Ohio’s waiver request merely clarifies in law what is already clear in the marketplace, which will have a stabilizing effect on the insurance market.

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<sup>1</sup> 42 U.S.C. 18052 § 1332 (2010).

<sup>2</sup> Rea S. Hederman Jr. and Dennis G. Smith, *Recommendations for Freeing State Health Care Through 1332 Waivers*, The Buckeye Institute, July 29, 2016.

<sup>3</sup> *Letter to State Governors* from Secretary Thomas E. Price, U.S. Department of Health and Human Services, March 13, 2017.

<sup>4</sup> Congressional Budget Office, *Repealing the Individual Health Insurance Mandate: An Updated Estimate*, November 2017.

### **Bolder Steps, Bigger Strides**

State innovation waivers give states flexibility in managing their health care and health insurance markets. With the Trump Administration's stated openness to Section 1332 waiver applications, more states have pursued waivers for relief from the damage that the Affordable Care Act has done to their health care markets. Alaska, for example, successfully used a reinsurance waiver to reduce its individual health insurance premiums by more than 20 percent.<sup>5</sup> Oklahoma and Iowa have also proposed broad waivers to help make insurance more affordable in their individual insurance markets.<sup>6</sup>

Beyond seeking a formal exemption from the now-toothless individual mandate, Ohio should use the Section 1332 process aggressively to explore new alternatives to the status quo. Policymakers could, for instance, request a waiver from the Affordable Care Act's employer mandate. Combining such a waiver with a reinsurance waiver like Alaska's could help the individual market while alleviating a significant burden for small businesses. Ohio should use the waiver process boldly and creatively to lower individual insurance premiums and stabilize the state's insurance market.

The Buckeye Institute applauds Ohio's recent waiver request, but we encourage policymakers to take bigger, bolder strides, and to blaze a trail of innovative health insurance reforms that the rest of the country can follow.

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<sup>5</sup> Timothy Jost, **Insurer Participation Down, Premiums Up in Uncertainty-Plagued Marketplaces**, *Health Affairs*, October 30, 2017.

<sup>6</sup> Doug Badger and Rea S. Hederman Jr., **Federal Efforts to Stabilize ACA Individual Markets through State Innovation**, the Mercatus Center at George Mason University, February 27, 2018.

***About The Buckeye Institute***

*Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.*

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The Ohio Department of Insurance  
Director's Office  
50 West Town Street, 3<sup>rd</sup> Floor, Suite 300  
Columbus, OH 43215

March 16, 2018

Re: Ohio Section 1332 State Innovation waiver

Dear Director Froment,

The Cystic Fibrosis Foundation appreciates the opportunity to comment on Ohio's Section 1332 State Innovation waiver. While we understand that in December of 2017, Congress eliminated the penalty for not having health insurance, they did not eliminate the mandate. With this Section 1332 State Innovation Waiver, the state is seeking to waive the mandate itself, which will serve to further destabilize the health insurance marketplace. Any changes the state makes to the health care system should be focused upon expanding access to quality, affordable health coverage for all Ohioans.

Cystic fibrosis (CF) is a life-threatening genetic disease that affects 1,534 people in Ohio and 30,000 children and adults in the United States. CF causes the body to produce thick, sticky mucus that clogs the lungs and digestive system, which can lead to life-threatening infections. As a complex, multi-system condition, CF requires targeted, specialized treatment and medications. The CF Foundation supports CF research, supports the development of cystic fibrosis therapies, and represents people with CF in efforts to gain access to quality specialized health care

People with CF benefit from marketplaces with plans that are adequate, accessible, and affordable. Policies like the individual mandate, which requires all individuals to get health insurance, are critical to encouraging a healthy marketplace and keeping premiums affordable for people with CF and other chronic conditions. Without the individual mandate or a similar mechanism, some healthy, younger people may choose to not sign up for insurance. This would make the insurance pool sicker and older overall, which would, in turn increase premiums and make insurance less affordable for everyone, including people with CF.

The Cystic Fibrosis Foundation appreciates the opportunity to provide input on these important policy changes. As the health care landscape continues to evolve, we look forward to working with the state of Ohio to ensure access to high-quality, specialized CF care and improve the lives of all people with cystic fibrosis. Please consider us a resource moving forward.

Sincerely,

**Mary B. Dwight**  
Senior VP of Policy & Patient Assistance Programs  
Cystic Fibrosis Foundation

**Lisa Feng, DrPH**  
Senior Director of Access Policy & Innovation  
Cystic Fibrosis Foundation

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## **Attachment 6: Oliver Wyman Actuarial Analysis & Certification**

# OHIO SECTION 1332 STATE INNOVATION WAIVER

## ACTUARIAL ANALYSIS AND CERTIFICATION

FEBRUARY 26, 2018

Tammy Tomczyk, FSA, FCA, MAAA

Ryan Mueller, FSA, MAAA

Josh Sober, FSA, MAAA

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# 1. Introduction

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Ohio's 2018-2019 operating budget (House Bill 49), required the Director of the Ohio Department of Insurance to submit an application for a State Innovation Waiver under Section 1332 (1332 Waiver) of the Affordable Care Act (ACA), on behalf of the State of Ohio (the State), to the United States Department of Health and Human Services (HHS) related to waiving §5000A(a) of the Internal Revenue Code (IRC), more commonly referred to as the individual mandate. §5000A(a) of the Internal Revenue Code (IRC) requires that most individuals maintain minimum essential coverage, a basic level of health insurance coverage specified under the ACA.

Individuals who fail to comply with §5000A(a) of the IRC are required to make an “individual shared responsibility payment” as detailed in §5000A(c) of the IRC. The Tax Cuts and Jobs Act of 2017, signed into law on December 22, 2017, will effectively eliminate the impact of the individual mandate provisions of the ACA by setting the penalty amount to \$0 for all individuals. However, it does not eliminate the mandate itself. By waiving §5000A(a) of the IRC, the individual mandate provisions of the ACA will not apply in Ohio beginning January 1, 2019.

## Provision Proposed to be Waived

The State of Ohio is applying for a 1332 Waiver that seeks to waive the following provision of the ACA:

- §5000A(a) of the Internal Revenue Code (IRC) – Requirement to maintain minimum essential coverage

## Waiver Requirements

If approved, the 1332 Waiver as proposed would be effective January 1, 2019, for an initial period of five years with an option to renew for an additional five years. As directed under 45 CFR 155.1308(f)(4)(i)-(iii), the Centers for Medicare and Medicaid Services (CMS) regulations require the State include as part of its 1332 Waiver application actuarial and economic analyses, along with actuarial certifications, to support the State's estimates that the proposed 1332 Waiver will satisfy the following guardrail requirements:<sup>1</sup>

- Coverage must be provided to a comparable number of residents as would be provided absent the waiver
- Coverage must be at least as comprehensive as would be provided absent the waiver
- Coverage must be as affordable as would be provided absent the waiver
- The waiver must not increase the federal deficit

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) was hired by the State of Ohio to perform the required actuarial and economic analysis in support of their waiver application. The results of our analysis demonstrate that the baseline scenario (i.e., the current environment absent the proposed 1332 Waiver) and the waiver scenario (i.e., assuming the proposed 1332

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<sup>1</sup> 80 Fed. Reg. 78131-78135 (December 16, 2015)

Waiver is approved) are the same for each year of the waiver. Therefore, we are able to certify that Ohio's 1332 Waiver application meets the scope of coverage, affordability of coverage, and comprehensiveness of coverage requirements, along with demonstrating that the deficit neutrality requirement specified under the regulations is expected to be met.

The purpose of this report is to outline the assumptions and methodology used to generate the actuarial and economic projections that support the actuarial certification of compliance with the 1332 Waiver guardrails outlined above. This report is intended to be used in support of the State's application for a 1332 Waiver. Any other use of this report may be inappropriate and is prohibited by Oliver Wyman.

## 2. Analysis

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Oliver Wyman assessed the impact that the proposed 1332 Waiver is expected to have on each insurance market in the State of Ohio and in meeting each of the guardrails. Given the nature of the proposed 1332 Waiver, premiums and costs to the federal government are expected to be the same under the baseline and waiver scenarios for all markets (e.g., Medicaid, Medicare, commercial). Specifically, it is expected that consumers will behave the same in a scenario where an individual mandate is in effect with a penalty of \$0 for non-compliance as they would in a scenario where there is no mandate to maintain minimum essential coverage, all else equal. Therefore, the scope of coverage, enrollment, premium, and claims cost are all expected to be the same between the baseline and waiver scenarios for each health insurance market.

Given the null effect that Ohio's 1332 Waiver is expected to have on all health insurance markets in the State, the modeling results presented in this report are focused solely on the proposed 1332 Waiver's expected impact on the individual and non-government employer-based commercial markets. The analysis demonstrates that expected payments for Advanced Premium Tax Credits (APTCs) and Cost Sharing Reduction (CSR) payments are the same under both the baseline and waiver scenarios. Our analysis assumes current law, regulations and other federal policies remain unchanged into the future under both the baseline and waiver scenarios. Therefore we have assumed that CSR payments will remain unfunded and that carriers will continue to load their on-Exchange silver premium rates to the same extent they did when developing their final 2018 rates.

We utilized Oliver Wyman's Healthcare Reform Microsimulation Model (HRM Model) to assess the impact that elimination of §5000A(a) of the IRC starting in 2019 is expected to have on the individual and non-government employer-based health insurance markets in Ohio. The HRM Model is an economic utility model that captures the flow of individuals across various markets based on their economic purchasing decisions and is integrated with actuarial modeling designed to assess the impact that various reforms are expected to have on the health insurance markets. This model is a leading edge tool for analyzing the impact of various healthcare reforms or proposed legislation and has been used for many purposes, including the development of actuarial analyses to support 1332 Waiver applications in other states. For more information regarding the specifications and functionality underlying the HRM Model, please refer to Appendix A.

The projections from the HRM Model were analyzed to assess whether the following guardrails would be achieved under the proposed 1332 Waiver:

- **Scope of coverage:** coverage will be provided to at least as many residents as would be provided absent the waiver
- **Affordability of coverage:** coverage will be at least as affordable as would be provided absent the waiver
- **Comprehensiveness of coverage:** coverage will be at least as comprehensive as would be absent the waiver
- **Deficit neutrality:** the waiver must not increase the federal deficit

Each of the guardrails above was evaluated in aggregate across all enrollees in the individual and non-government employer-based markets, and for various sub-populations including low-income households, age groupings, and individuals with high health care costs.

Table 1 below summarizes the expected impact of the proposed 1332 Waiver on the guardrail requirements outlined above in 2019. Additionally, the expected impact of the proposed 1332 Waiver on the federal deficit is shown for the five-year waiver period and the ten-year deficit neutrality period. Table A1 in Appendix B details the expected impact of the proposed 1332 Waiver and its effect on the guardrails above for each year between 2019 and 2028. Our analysis shows that the 1332 Waiver, as proposed, is expected to meet each of the guardrails in 2019 as well as each year thereafter for the ten-year period ending in 2028.

Table 1: Summarized Expected Impact of the Proposed 1332 Waiver

Guardrail	2019 Impact of Proposed 1332 Waiver (unless otherwise specified)
Scope of Coverage	No change in enrollment
Affordability of Coverage	No change in premiums
Comprehensiveness of Coverage	Not impacted by the proposed 1332 Waiver
Deficit Neutrality - 2019 to 2023	No change in the Federal deficit
Deficit Neutrality - 2019 to 2028	No change in the Federal deficit

## Scope of Coverage and Affordability of Coverage Requirements

Under the scope of coverage requirement, a comparable number of residents must be forecast to have coverage under the waiver as would be expected to have coverage absent the waiver. Coverage refers to minimum essential coverage. Comparable means each year the waiver would be in effect, the projected number of covered individuals with the waiver in place would be no less than the projected number of covered individuals absent the waiver.

To meet the affordability of coverage requirement, health care coverage must be forecast to be as affordable for State residents as coverage absent the waiver. Affordability refers to the ability of State residents to pay for health care, and is measured by comparing their net out-of-pocket spending for health coverage and services to their incomes. Out-of-pocket expenses include premium contributions and any cost-sharing that is the responsibility of the individual.

Tables 2 and 3 below summarize the projected average enrollment and premium by year under the baseline and waiver scenarios for the individual and employer-based markets, respectively. Changes in the projected average premiums per member per month (PMPM) shown in Tables 2 and 3 include the impact of changes in demographics, benefits, and geographic mix. For each year, the projected enrollment and average premiums PMPM are expected to be the same under the proposed 1332 Waiver relative to the baseline scenario.

Since the proposed 1332 Waiver does not directly impact member cost-sharing, the focus of the affordability requirement is centered on changes in average premiums PMPM and does not include changes in member cost-sharing. Table A2 shown in Appendix B summarizes the projected changes in enrollment in the individual market by metal level under the baseline scenario and the waiver scenarios. Tables A3 and A4 in Appendix B summarize the projected changes in enrollment in the individual and employer-based markets by income range under the

baseline scenario and the waiver scenarios. All of these exhibits demonstrate the proposed 1332 Waiver is not expected to have any impact on enrollment by metal level or by income range.

**Table 2: Summary of Individual Market Enrollment and Premium Baseline and Waiver Scenarios**

Year	Baseline			Waiver			Change	
	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM
2017	342,000	\$392.97	\$1,612.8	342,000	\$392.97	\$1,612.8	0.0%	0.0%
2018	307,000	\$493.55	\$1,818.3	307,000	\$493.55	\$1,818.3	0.0%	0.0%
2019	257,000	\$562.74	\$1,735.5	257,000	\$562.74	\$1,735.5	0.0%	0.0%
2020	252,000	\$582.18	\$1,760.5	252,000	\$582.18	\$1,760.5	0.0%	0.0%
2021	248,000	\$587.27	\$1,747.7	248,000	\$587.27	\$1,747.7	0.0%	0.0%
2022	248,000	\$599.34	\$1,783.6	248,000	\$599.34	\$1,783.6	0.0%	0.0%
2023	249,000	\$628.71	\$1,878.6	249,000	\$628.71	\$1,878.6	0.0%	0.0%
2024	249,000	\$659.52	\$1,970.6	249,000	\$659.52	\$1,970.6	0.0%	0.0%
2025	249,000	\$691.17	\$2,065.2	249,000	\$691.17	\$2,065.2	0.0%	0.0%
2026	250,000	\$724.35	\$2,173.1	250,000	\$724.35	\$2,173.1	0.0%	0.0%
2027	250,000	\$759.12	\$2,277.4	250,000	\$759.12	\$2,277.4	0.0%	0.0%
2028	250,000	\$795.56	\$2,386.7	250,000	\$795.56	\$2,386.7	0.0%	0.0%

Note: Individual market transitional and grandfathered enrollees are included in the table above.

**Table 3: Summary of Non-Government Employer-Based Market Enrollment and Premium Baseline and Waiver Scenarios**

Year	Baseline			Waiver			Change	
	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM
2017	4,472,000	\$432.41	\$23,204.7	4,472,000	\$432.41	\$23,204.7	0.0%	0.0%
2018	4,488,000	\$449.63	\$24,215.5	4,488,000	\$449.63	\$24,215.5	0.0%	0.0%
2019	4,407,000	\$470.33	\$24,872.7	4,407,000	\$470.33	\$24,872.7	0.0%	0.0%
2020	4,462,000	\$478.99	\$25,647.1	4,462,000	\$478.99	\$25,647.1	0.0%	0.0%
2021	4,459,000	\$505.23	\$27,034.1	4,459,000	\$505.23	\$27,034.1	0.0%	0.0%
2022	4,494,000	\$520.38	\$28,063.1	4,494,000	\$520.38	\$28,063.1	0.0%	0.0%
2023	4,501,000	\$544.84	\$29,427.9	4,501,000	\$544.84	\$29,427.9	0.0%	0.0%
2024	4,507,000	\$570.45	\$30,852.1	4,507,000	\$570.45	\$30,852.1	0.0%	0.0%
2025	4,512,000	\$596.69	\$32,307.1	4,512,000	\$596.69	\$32,307.1	0.0%	0.0%
2026	4,516,000	\$624.14	\$33,823.1	4,516,000	\$624.14	\$33,823.1	0.0%	0.0%
2027	4,521,000	\$652.85	\$35,418.2	4,521,000	\$652.85	\$35,418.2	0.0%	0.0%
2028	4,526,000	\$682.88	\$37,088.4	4,526,000	\$682.88	\$37,088.4	0.0%	0.0%

### Comprehensiveness of Coverage Requirement

To meet the comprehensiveness of coverage requirement, health care coverage under the waiver must be forecast to be at least as comprehensive overall for residents of the State as coverage absent the waiver. Comprehensiveness refers to coverage requirements for ACA

essential health benefits (EHBs) and as appropriate, Medicaid and CHIP standards. The proposed 1332 Waiver does not impact the scope of services covered by insurers in the commercial markets or the scope of services covered by Medicaid or CHIP programs. Therefore, the 1332 Waiver will have no impact on the comprehensiveness of coverage available to Ohio residents.

## Deficit Neutrality

Under the deficit neutrality requirement, the projected federal spending net of federal revenues under the State Innovation Waiver must be equal to or lower than projected federal spending net of federal revenues in the absence of the waiver. The proposed 1332 Waiver was analyzed to determine the expected impact it will have on changes in APTCs, a significant federal expenditure related to the individual market. Given CSRs are not currently being funded by the federal government and are assumed to remain unfunded in the future, there is no change to CSR payments between the baseline and waiver scenarios. We note that even if CSRs were to be funded in the future, our modeling would still have produced identical results under the baseline and waiver scenarios.

Additionally, the proposed 1332 Waiver was analyzed to determine the expected impact it will have on various sources of federal revenue, including Exchange user fees and individual and employer shared responsibility payments. Table 4 summarizes the expected impact of the proposed 1332 Waiver on federal revenue and spending for each year through 2028. A discussion of each of these items impacting the federal deficit, including items not shown in the table below, follows.

Table 4: Impact of the Proposed 1332 Waiver on the Federal Deficit  
(Amounts shown in millions)

Year	Change in APTC Savings	Change in ISRP and ESRP	Change in Exchange User Fees	Change in Federal Deficit
2017	\$0.0	\$0.0	\$0.0	\$0.0
2018	\$0.0	\$0.0	\$0.0	\$0.0
2019	\$0.0	\$0.0	\$0.0	\$0.0
2020	\$0.0	\$0.0	\$0.0	\$0.0
2021	\$0.0	\$0.0	\$0.0	\$0.0
2022	\$0.0	\$0.0	\$0.0	\$0.0
2023	\$0.0	\$0.0	\$0.0	\$0.0
2024	\$0.0	\$0.0	\$0.0	\$0.0
2025	\$0.0	\$0.0	\$0.0	\$0.0
2026	\$0.0	\$0.0	\$0.0	\$0.0
2027	\$0.0	\$0.0	\$0.0	\$0.0
2028	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

Individual shared responsibility payments were estimated using 2015 tax return data published by the IRS for individuals residing in Ohio. Individual shared responsibility payment estimates were developed by income range and trended forward to 2016 and beyond based on projected changes in personal income by year from the most recent National Health Expenditure Data

(NHED) projections. For our analysis, individual shared responsibility payments were assumed to increase with changes in personal income per capita. Employer shared responsibility payments were estimated using recent projections from the Congressional Budget Office (CBO) and data from the Medical Expenditure Panel Survey (MEPS).

The aggregate employer shared responsibility payments estimated by the CBO were allocated to Ohio based on the proportion of employees located in Ohio relative to all employees nationwide in 2016. For simplicity, we have assumed the employer offer rate of coverage in Ohio is similar to the employer offer rate of coverage nationwide. Additionally, the CBO's projections were adjusted from a fiscal year basis to a calendar year basis by prorating the fiscal year amounts on a monthly basis. For years where CBO projections were not available (e.g., 2028), employer shared responsibility payments were estimated by applying a trend factor to the most recently known calendar year of data. The annualized trend estimates were based on changes in per enrollee spending on healthcare for individuals enrolled in employer-based private health insurance using the most recent projections published by NHED.

### Advance Premium Tax Credits

Changes in premium for the second lowest cost silver plan have a direct impact on APTCs paid by the federal government. As was shown in Table 2, the proposed 1332 Waiver is not expected to have an impact on premiums in the individual market; therefore, we do not expect average APTCs to change due to the proposed 1332 Waiver. Table A5 in Appendix B summarizes the projected average second lowest cost silver plan premiums by rating region and year for a 21 year old non-tobacco user under the baseline and waiver scenarios.

Table 5 below summarizes projected APTC enrollment, average APTC payments PMPM, and total APTC payments for each year. We anticipate the proposed 1332 Waiver will have no impact on APTC enrollment or APTCs.

Table 5 - Summary of APTC Enrollment and APTC Payments  
Baseline and Waiver Scenarios

Year	Baseline			Waiver			Change
	APTC Enrollment	Avg APTC PMPM	Total APTCs (millions)	APTC Enrollment	Avg APTC PMPM	Total APTCs (millions)	
2017	174,000	\$265.36	\$554.1	174,000	\$265.36	\$554.1	\$0.0
2018	176,000	\$432.45	\$913.3	176,000	\$432.45	\$913.3	\$0.0
2019	160,000	\$503.23	\$966.2	160,000	\$503.23	\$966.2	\$0.0
2020	157,000	\$517.50	\$975.0	157,000	\$517.50	\$975.0	\$0.0
2021	155,000	\$518.51	\$964.4	155,000	\$518.51	\$964.4	\$0.0
2022	157,000	\$525.20	\$989.5	157,000	\$525.20	\$989.5	\$0.0
2023	157,000	\$553.53	\$1,042.9	157,000	\$553.53	\$1,042.9	\$0.0
2024	157,000	\$583.03	\$1,098.4	157,000	\$583.03	\$1,098.4	\$0.0
2025	157,000	\$613.15	\$1,155.2	157,000	\$613.15	\$1,155.2	\$0.0
2026	158,000	\$645.12	\$1,223.2	158,000	\$645.12	\$1,223.2	\$0.0
2027	158,000	\$678.58	\$1,286.6	158,000	\$678.58	\$1,286.6	\$0.0
2028	158,000	\$713.58	\$1,352.9	158,000	\$713.58	\$1,352.9	\$0.0

## Exchange User Fees

Ohio utilizes the Federal Facilitated Marketplace (FFM) as a portal for selling health insurance plans to individuals and families. In order to fund FFM operations, the federal government will collect 3.5% of premium revenue associated with health plans sold through the FFM (i.e., the Exchange user fee) in 2018. We have assumed this percentage does not change in the future. Premium and membership levels are not expected to change under the proposed 1332 Waiver, relative to the baseline. As a result, we do not expect Exchange user fee collected by the federal government to change under the proposed 1332 Waiver.

## Individual and Employer Shared Responsibility Payments

Under the ACA, most individuals are required to maintain a minimum level of health insurance coverage. Similarly, employers meeting the federal definition of a large employer group are required to offer affordable, comprehensive health insurance to their employees. Individuals and employers who fail to comply with these mandates may be subject to pay a financial penalty. Under the Tax Cut and Jobs Act of 2017, starting in 2019 the penalty amount for individuals will be reduced to \$0. The penalty amount for employers was not impacted by the Tax Cut and Jobs Act of 2017. The proposed 1332 Waiver would eliminate the individual mandate in Ohio. Since the individual penalty will be \$0 starting in 2019, the proposed 1332 Waiver will have no impact on federal revenue. We do not expect the proposed 1332 Waiver to have any impact on the employer-based market.

## Other Items Affecting Deficit Neutrality

We recognize other federal revenue and spending categories could be impacted by a 1332 Waiver. These categories include, but are not limited to the following: federal income tax collections, small business health care tax credits, the Cadillac tax, the ACA Health Insurer Tax (ACA Provision 9010), and CSR payments. We do not believe these items will have an impact on the deficit neutrality requirement as a result of implementing the proposed 1332 Waiver.

## Program Funding

Given the scope of coverage, membership, and premium rates are expected to be the same in both the baseline and waiver scenarios, it is not expected that the State would be required to fund any program or make any payments to the federal government to ensure deficit neutrality. Therefore, no program funding is required by the State.

## Pass-Through Funding

The State of Ohio is not requesting any pass-through funding associated with its proposed 1332 Waiver.

### 3. Data Sources and Modeling Methodology

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As noted earlier, the projections underlying our analysis are based on results from Oliver Wyman's HRM Model. The HRM Model assesses the impact that various reforms are expected to have on the health insurance markets. For our analysis, since it is expected that anyone eligible for government sponsored health insurance (i.e., Medicaid, Medicare, or coverage through a government employer) is unaffected by the proposed 1332 Waiver and will therefore continue to enroll in that type of coverage, we did not present detailed modeling results for these markets. As a result, only the commercial and uninsured populations have been analyzed using the HRM Model.

The primary basis for the population underlying the HRM Model is data from the 2015 American Community Survey (ACS).<sup>2</sup> The ACS data provide detailed information for each individual in a surveyed household unit, including demographic, socioeconomic, geographic, and employment information. The data also provides information regarding health insurance coverage type. The ACS data was supplemented and synthesized with several other data sources in order to replicate the Ohio populations enrolled under each health insurance coverage type in 2015, including the uninsured population.

Pursuant to Ohio Revised Code 3901.011, the Ohio Department of Insurance's Market Conduct Division issued a data call to a majority of Ohio health insurers to collect detailed information for the analysis of the individual and fully-insured employer-based markets. This data included premium, claims, and enrollment information from January 2015 through June 2017.

The insurer data was augmented with information from the Supplemental Health Care Exhibits (SHCEs) and CMS' Medical Loss Ratio (MLR) data, where available, to determine average annual enrollment in each market and to validate the insurer data, where appropriate (e.g., average premiums PMPM). Data from CMS' open enrollment reports was also used to validate the insurer data and to supplement the insurer data for information not captured by insurers, such as the distribution of Exchange enrollees by income range.

Health status was assigned to various sub-populations based on a statistical analysis of self-reported health status obtained from the Current Population Survey (CPS). The CPS data provides the starting assumptions for the population morbidity, because the data includes a self-reported health status indicator as well as fields classifying income, age, gender, geography, coverage type, and other categories. Respondents to the survey classify their health into one of five categories: excellent, very good, good, fair and poor. The model reflects these classifications numerically by assigning a morbidity load to each category.

Information from the Agency for Health Care Research and Quality's 2015 MEPS was used to simulate the 2015 Ohio employer-based market. MEPS identifies key statistics for the employer-based market for every state by group size, including employer offer rates, employee take-up rates, and self-funding rates among employers. Individuals identified as working for private employers were randomly categorized into employer group size segments (e.g., small employer groups) based on the distribution of employees by group size according to MEPS. Additionally

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<sup>2</sup> 2016 ACS data was not available at the time the microsimulation modeling was completed.

the 2015 MEPS data was used to determine the number of individuals enrolled in self-funded plans to estimate the total size of the 2015 employer-based market. MEPS data from 2014 to 2016 was used to inform our estimates of employer offer rates and self-funding rates for 2016 and 2017.

The utility functions underlying the HRM Model were calibrated to replicate the number of individuals in each of the individual, employer-based, and uninsured markets in Ohio for 2015, 2016, and 2017. The purpose of the calibration process is to solve the model parameters to replicate the known characteristics (e.g., overall size, average premiums PMPM, average claims PMPM, etc.) of each modeled market. The various parameters of the utility function were adjusted until the projected enrollment in each of 2015, 2016, and 2017 was consistent with actual enrollment each year for several sub-populations (e.g., by broad age range, income range, etc.).

The HRM Model assumes a “steady state” population beyond 2017. This means the overall distribution of the Ohio commercial and uninsured populations by income, health status, employer size, and family composition is not expected to change significantly. Changes in enrollment in the individual, employer-based, and uninsured markets are based on the results of the HRM Model. The model assumes some population growth for the commercial and uninsured segments based on expected changes in nationwide enrollment for the commercial health insurance and uninsured populations combined using NHED projections. Some adjustments were made to the population growth estimates derived from NHED data to ensure the total population growth was reasonable.

Average allowed claim costs for each market for 2015 and 2016 were based on information provided in the insurer data call. Average allowed claim costs PMPM in 2016 for the individual and employer-based markets were projected forward to 2017 assuming a 6% increase in claim costs due to trends. The trended allowed claim amounts were adjusted to reflect changes in demographic mix, based on data from the insurer data call, and expected changes in morbidity. The impact of expected changes in morbidity was estimated using output from the HRM Model and actuarial judgment. An additional adjustment was made to individual ACA claim costs in 2017 to reflect the increased presence of narrow network products, and a more adverse demographic and morbidity mix relative to 2016 due to a decline in enrollment. The narrow network adjustment was supported by changes in product offerings made available through the Exchange in 2017 relative to 2016.

Beyond 2017, allowed claims for the individual, employer-based, and uninsured markets were trended each year based on the NHED forecast of spending per enrollee for individual and employer-based health insurance. Member cost-sharing and incurred claims were calculated by the HRM Model, with the assumed annual limitation on cost-sharing indexed for inflation each year according to federal regulations using the most recent projections published by the NHED.

Premium rate changes for the ACA individual and small employer-based markets in 2018 were estimated using information from rate filings submitted by insurers to the Ohio Department of Insurance. Final approved 2018 premium rates were not available at the time the HRM Model was initially calibrated. An additional adjustment was made to individual market silver Exchange premiums to reflect the premium impact associated with CSRs no longer being funded. A separate off-Exchange silver plan was included in the HRM Model to more accurately replicate off-Exchange premium rates in the individual market (with no load for the lack of CSR funding). Premiums for the individual non-ACA, small employer-based non-ACA, and large employer-

based markets in 2018 were estimated based on historical premium rate changes PMPM observed between 2015 and 2017.

Premium rates beyond 2018 were calculated by the HRM Model using a traditional loss ratio approach (i.e., incurred claims PMPM divided by earned premiums PMPM). The target loss ratio for each year beyond 2018 for each market was assumed to be equal to the loss ratio projected by the HRM Model in 2018. This approach assumes insurers adequately priced their products in each market in 2018. Please note, an adjustment was not made to premiums in 2019 to reflect the one year moratorium on the ACA Health Insurer Fee (Provision 9010) as this moratorium was implemented after our modeling was completed.

Federal premium tax credits for eligible individual market enrollees were assumed to change each year based on premium changes associated with the second lowest cost silver plan available in each rating region and changes in the Applicable Percentage Tables. The Applicable Percentage Tables, while known for 2015 through 2018, were adjusted each year beyond 2018 according to the methodology outlined by the Internal Revenue Service (IRS).<sup>3</sup> Premium and income growth rates utilized in developing the Adjustment Ratio that was applied to the projected Applicable Percentage Tables were based on the most recent projections published by NHED. Employee contributions as a percentage of premiums PMPM were projected to remain steady relative to current levels.

The HRM Model assumes transitional plans in the individual and small employer-based markets will no longer be in-force effective January 1, 2019. The HRM Model also assumes CSRs will continue to not be funded in 2019 and beyond. The HRM Model does not account for any employer behavior changes that may occur as a result of the Cadillac tax that is scheduled to be implemented in the employer-based markets in 2022, given the lack of final regulations regarding the implementation of the tax. We believe the Cadillac tax will not have a material impact on enrollment in the individual market, given the richness of coverage currently offered in the employer-based market. Over the period covered by the projections, we anticipate employers would most likely offer leaner benefit plan options to employees thereby reducing the cost of coverage rather than electing to drop coverage altogether. We note that any recognition of the Cadillac tax in our modeling would still have produced identical results under the baseline and waiver scenarios.

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<sup>3</sup> <https://www.irs.gov/pub/irs-drop/rp-14-37.pdf>

## 4. Distribution and Use

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This report was prepared for the sole use of the State of Ohio. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State of Ohio. This report is not intended for general circulation or publication, nor is it to be used or distributed to others for any purpose other than those that may be set forth herein or in the definitive documentation pursuant to which this report was issued. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State.

Oliver Wyman's consent to any distribution of this report (whether herein or in the written agreement pursuant to which this report has been issued) to parties other than the State does not constitute advice by Oliver Wyman to any such third parties and shall be solely for informational purposes and not for purposes of reliance by any such third parties. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.

Neither all nor any part of the contents of this report, any opinions expressed herein, shall be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communications, without the prior written consent of Oliver Wyman.

## 5. Disclosures and Limitations

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The State of Ohio engaged Oliver Wyman Actuarial Consulting, Inc. to assist in performing actuarial analyses as part of their State Innovation Waiver application under Section 1332 of the Patient Protection and Affordable Care Act. The actuarial services provided consisted of analyses and forecasting in support of our actuarial certification of compliance with the 1332 Waiver guardrail requirements.

Tammy Tomczyk, Ryan Mueller and Josh Sober are responsible for this actuarial communication. They are Fellows of the Society of Actuaries and Members of the American Academy of Actuaries, and meet the requirements to issue this report.

The estimates included within are based on regulations issued by the United States Department of Health and Human Services and the applicable laws and regulations of the State of Ohio. Further, our estimates assume that current law as it relates to the Affordable Care Act, and other statutes and regulations that impact the health insurance markets, will continue in the future years without material change that would impact the results included in this report.

For our analysis, we relied on a wide range of data and information as described throughout this report. This includes information received from insurers currently offering coverage in the individual and/or employer-based markets in Ohio. Though we have reviewed the data for reasonableness and consistency, we have not independently audited or otherwise verified this data. Our review of data may not reveal errors or imperfections. We have assumed the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information are inaccurate or incomplete, our findings and conclusions may need to be revised. All projections are based on data and information available as of February 5, 2018, and the projections are not a guarantee of results which might be achieved.

In addition, the projections we show in this report are dependent upon a number of assumptions regarding the future economic environment, medical trend rates, insurer behavior, the behavior of individuals and employers in light of incentives and penalties, and a number of other factors. These assumptions are disclosed within the report and have been discussed with the State of Ohio representatives.

While this analysis complies with the applicable Actuarial Standards of Practice, in particular ASOP No. 23, Data Quality and ASOP No 41, Actuarial Communication, users of this analysis should recognize that our projections involve estimates of future events, and are subject to economic, statistical and other unforeseen variations from projected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect our projections. For these reasons, no assurance can be given that the emerging experience will correspond to the projections in this analysis. To the extent future conditions are at variance with the assumptions we have made in developing these projections, actual results will vary from our projections, and the variance may be substantial.

Oliver Wyman is not engaged in the practice of law and this report, which may include commentary on legal issues and regulations, does not constitute, nor is it a substitute for, legal

advice. Accordingly, Oliver Wyman recommends that the State secures the advice of competent legal counsel with respect to any legal matters related to this report or otherwise.

This report is intended to be read and used as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.

## 6. Actuarial Certification

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I, Tammy Tomczyk, am a Partner with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow in the Society of Actuaries, and a member of the American Academy of Actuaries, and am qualified to provide the following certification.

This actuarial certification applies to the State of Ohio's application for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act. The State is seeking to waive §5000A(a) of the Internal Revenue Code, which requires an individual to maintain minimum essential coverage or pay a monetary penalty.

### Reliance

In performing the analyses outlined in this report and arriving at my opinion, I used and relied on information provided by the State of Ohio, information obtained from insurers currently offering coverage in the individual and employer-based markets in Ohio, financial statement information, and additional information published by various agencies of the federal government.

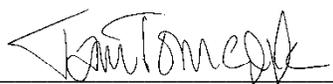
I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or audit, I have reviewed the data for consistency and reasonableness. Where I found the data inconsistent or unreasonable, I requested clarification.

### Actuarial Certification

In my opinion, the State of Ohio's 1332 Waiver application complies with the following requirements:

- **Scope of Coverage Requirement** – The 1332 Waiver will provide coverage to at least a comparable number of the State's residents as would be covered absent the 1332 Waiver.
- **Affordability Requirement** - The 1332 Waiver will provide coverage and cost-sharing protections against excessive out-of-pocket spending that results in coverage which is at least as affordable for the State's residents as would be provided absent the 1332 Waiver.
- **Comprehensiveness of Coverage Requirement** – The 1332 Waiver will provide coverage that is at least as comprehensive for the State's residents as would be provided absent the 1332 Waiver.
- **Deficit Neutrality Requirement** – The 1332 Waiver will not increase the federal deficit.

This certification conforms to the applicable Actuarial Standards of Practice promulgated by the Actuarial Standards Board.



Tammy Tomczyk, FSA, FCA, MAAA

February 26, 2018

Date

# Appendix A. Overview of Oliver Wyman's Healthcare Reform Microsimulation Model

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We utilized Oliver Wyman's HRM Model to assess the impact that the elimination of §5000A(a) of the IRC is expected to have on the individual health insurance market, the employer-based health insurance markets, and the uninsured population in Ohio. The HRM Model is an economic utility model that captures the flow of individuals across various markets based on their economic purchasing decisions and is integrated with actuarial modeling designed to assess the impact various reforms are expected to have on the health insurance markets. This model is a leading edge tool for analyzing the impact of various healthcare reforms or proposed legislation.

The HRM Model projects the number of individuals expected to seek coverage under each health insurance coverage type through the use of economic utility functions. The decision-making process for determining which health insurance coverage type is selected is made at the health insurance unit (HIU) level. An HIU is defined as any grouping of family members where each person within the HIU might be eligible for coverage under the same policy.

HIUs are assumed to make economically rational decisions in selecting the health insurance option that maximizes the economic utility for the HIU. The economic utilities for all members of the HIU are aggregated to develop the corresponding utility for the HIU under each health insurance option. The HRM Model assumes the decision to take up coverage is based on the utility of the HIU and does not allow individual members within an HIU to enroll in different markets, with one exception. Individuals who are identified as being eligible for Medicare, Medicaid, CHIP, and other government sponsored coverage (e.g., government workers) are assumed to retain their government sponsored coverage, and the economic utility associated with employer-based coverage, individual market coverage or being uninsured is only evaluated by the HRM Model for the remaining individuals within an HIU. Individuals who are eligible for government sponsored coverage are removed from the HRM Modeling process.

Generally, Medicaid eligible enrollees are identified based on the HIU's income, and Medicare eligible enrollees are identified as individuals age 65 and older. A small portion of individuals under the age of 65 whose ACS record indicates they have health insurance coverage through Medicare are also categorized as Medicare enrollees. If the primary adult or spouse is identified as being employed by the government, either as military or non-military personnel, and the HIU is identified as having employer-based coverage or military coverage, the HRM Model assumes health insurance coverage for the HIU is provided through a government employer for individuals who do not qualify for any other government sponsored program.

Individuals identified as working for private employers are randomly categorized into synthetic employer groups of varying group sizes based on the distribution of group size from MEPS. An employer-based economic utility function determines whether or not a given employer will offer health insurance coverage to its employees and their dependents. The employer-based economic utility function compares the additional costs that would be incurred by the employer

as a result of not offering coverage (e.g., the penalty for not offering coverage, if applicable) to the benefits that would be received by its employees if purchasing insurance in the individual market (e.g., APTCs). If an employer offers coverage, all eligible employees and their dependents within the HIUs (i.e., individuals who are not eligible for health insurance coverage through a government sponsored program) are assumed to evaluate the health insurance coverage options offered by the employer, unless the employer-based coverage is deemed unaffordable or more affordable coverage with similar benefit levels is available in the individual market. If the employer does not offer coverage, the employer-based coverage is deemed unaffordable, or more affordable coverage is available in the individual market, employees and their dependents are assumed to only evaluate health insurance coverage options in the individual market.

The decision as to whether an HIU will take up coverage in either the employer-based market, the individual market, or choose to be uninsured is based on the results from applying two economic utility functions. The first economic utility function calculates the utility associated with taking up coverage in either the employer-based market or the individual market, depending on whether the employer of the primary or spouse within an HIU is modeled to offer coverage, and is a function of the premium the HIU would be expected to pay (net of employer subsidies or federal premium subsidies, respectively), any cost-sharing the HIU would be expected to pay out-of-pocket (net of any cost sharing subsidies for applicable individual market coverage), and the risk aversion of the HIU. If multiple coverage options are modeled within a given market (e.g., bronze-level coverage or silver-level coverage), the utility of each coverage option is evaluated. The second economic utility function calculates the utility associated with not taking up coverage and is a function of the tax penalty the HIU would be assessed, total allowed claim costs for the HIU (assuming a reduced level of utilization due to the lack of insurance coverage), and the risk aversion of the HIU. If the utility of being uninsured is greater than the utility associated with taking up health insurance coverage, the HIU is assumed to be uninsured. Otherwise, the HIU is assumed to take up coverage in either the employer-based market or the individual market for the coverage option that provides the maximum utility for the HIU.

# Appendix B. Supporting Exhibits

Table A1: Summary of Impact to Individual Market - Baseline and Waiver Scenarios

Baseline - Average Premium by Rating Area												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Enrollment	4,814,000	4,795,000	4,664,000	4,714,000	4,707,000	4,742,000	4,750,000	4,756,000	4,761,000	4,766,000	4,771,000	4,776,000
Individual Market - APTC Enrollment	174,000	176,000	160,000	157,000	155,000	157,000	157,000	157,000	157,000	158,000	158,000	158,000
Individual Market - Non-APTC Enrollment	168,000	131,000	97,000	95,000	93,000	91,000	92,000	92,000	92,000	92,000	92,000	92,000
Group Market	4,472,000	4,488,000	4,407,000	4,462,000	4,459,000	4,494,000	4,501,000	4,507,000	4,512,000	4,516,000	4,521,000	4,526,000
Total Premiums (millions)	\$24,817.5	\$26,033.8	\$26,608.2	\$27,407.6	\$28,781.8	\$29,846.7	\$31,306.5	\$32,822.7	\$34,372.3	\$35,996.2	\$37,695.6	\$39,475.1
Average Premiums PMPM	\$429.61	\$452.45	\$475.43	\$484.52	\$509.56	\$524.52	\$549.23	\$575.11	\$601.64	\$629.39	\$658.41	\$688.78
Total APTCs (millions)	\$554.1	\$913.3	\$966.2	\$975.0	\$964.4	\$989.5	\$1,042.9	\$1,098.4	\$1,155.2	\$1,223.2	\$1,286.6	\$1,352.9
Average APTCs PMPM	\$265.36	\$432.45	\$503.23	\$517.50	\$518.51	\$525.20	\$553.53	\$583.03	\$613.15	\$645.12	\$678.58	\$713.58
ISRP and ESRP (millions)	\$388.8	\$517.1	\$347.2	\$282.4	\$305.6	\$338.0	\$356.5	\$379.6	\$412.0	\$431.4	\$451.7	\$473.0
Exchange User Fees (millions)	\$2.8	\$3.6	\$3.8	\$3.8	\$3.8	\$3.9	\$4.1	\$4.3	\$4.5	\$4.7	\$5.0	\$5.2

Waiver - Average Premium by Rating Area												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Enrollment	4,814,000	4,795,000	4,664,000	4,714,000	4,707,000	4,742,000	4,750,000	4,756,000	4,761,000	4,766,000	4,771,000	4,776,000
Individual Market - APTC Enrollment	174,000	176,000	160,000	157,000	155,000	157,000	157,000	157,000	157,000	158,000	158,000	158,000
Individual Market - Non-APTC Enrollment	168,000	131,000	97,000	95,000	93,000	91,000	92,000	92,000	92,000	92,000	92,000	92,000
Group Market	4,472,000	4,488,000	4,407,000	4,462,000	4,459,000	4,494,000	4,501,000	4,507,000	4,512,000	4,516,000	4,521,000	4,526,000
Total Premiums (millions)	\$24,817.5	\$26,033.8	\$26,608.2	\$27,407.6	\$28,781.8	\$29,846.7	\$31,306.5	\$32,822.7	\$34,372.3	\$35,996.2	\$37,695.6	\$39,475.1
Average Premiums PMPM	\$429.61	\$452.45	\$475.43	\$484.52	\$509.56	\$524.52	\$549.23	\$575.11	\$601.64	\$629.39	\$658.41	\$688.78
Total APTCs (millions)	\$554.1	\$913.3	\$966.2	\$975.0	\$964.4	\$989.5	\$1,042.9	\$1,098.4	\$1,155.2	\$1,223.2	\$1,286.6	\$1,352.9
Average APTCs PMPM	\$265.36	\$432.45	\$503.23	\$517.50	\$518.51	\$525.20	\$553.53	\$583.03	\$613.15	\$645.12	\$678.58	\$713.58
ISRP and ESRP (millions)	\$388.8	\$517.1	\$347.2	\$282.4	\$305.6	\$338.0	\$356.5	\$379.6	\$412.0	\$431.4	\$451.7	\$473.0
Exchange User Fees (millions)	\$2.8	\$3.6	\$3.8	\$3.8	\$3.8	\$3.9	\$4.1	\$4.3	\$4.5	\$4.7	\$5.0	\$5.2

Change - Baseline Scenario to Waiver Scenario												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Enrollment (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average Premiums PMPM (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average APTCs PMPM (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Demonstration of Deficit Neutrality Requirement (amounts shown in millions)												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Change in Total APTCs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Change in ISRP and ESRP	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Change in Exchange User Fees	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Savings to Federal Government</b>	<b>\$0.0</b>											

Note: ISRP amounts shown are allocated back to the plan year in which the penalty was incurred and not assigned to the year in which they are collected by the federal government. Individual market transitional and grandfathered enrollees are included as Individual Market – Non-APTC Enrollment.

Table A2: Projected Individual ACA Market Membership by Metal Level - Baseline and Waiver Scenarios

Baseline Scenario													
Metal Level	Avg Metal AV	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Catastrophic	0.570	5,000	5,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Bronze	0.600	103,000	129,000	123,000	123,000	120,000	120,000	120,000	120,000	121,000	121,000	121,000	121,000
Silver	0.700	142,000	107,000	100,000	95,000	94,000	94,000	94,000	94,000	95,000	95,000	95,000	95,000
Gold	0.800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Platinum	0.900	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>253,000</b>	<b>244,000</b>	<b>230,000</b>	<b>225,000</b>	<b>221,000</b>	<b>221,000</b>	<b>221,000</b>	<b>221,000</b>	<b>223,000</b>	<b>223,000</b>	<b>223,000</b>	<b>223,000</b>
Average Actuarial Value		0.658	0.646	0.646	0.644	0.645	0.645	0.645	0.645	0.645	0.645	0.645	0.645

Waiver Scenario													
Metal Level	Avg Metal AV	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Catastrophic	0.570	5,000	5,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Bronze	0.600	103,000	129,000	123,000	123,000	120,000	120,000	120,000	120,000	121,000	121,000	121,000	121,000
Silver	0.700	142,000	107,000	100,000	95,000	94,000	94,000	94,000	94,000	95,000	95,000	95,000	95,000
Gold	0.800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Platinum	0.900	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>253,000</b>	<b>244,000</b>	<b>230,000</b>	<b>225,000</b>	<b>221,000</b>	<b>221,000</b>	<b>221,000</b>	<b>221,000</b>	<b>223,000</b>	<b>223,000</b>	<b>223,000</b>	<b>223,000</b>
Average Actuarial Value		0.658	0.646	0.646	0.644	0.645	0.645	0.645	0.645	0.645	0.645	0.645	0.645

Change in Number of Enrollees and Actuarial Value - Baseline Scenario to Waiver Scenario													
Metal Level	Avg Metal AV	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Catastrophic	0.570	0	0	0	0	0	0	0	0	0	0	0	0
Bronze	0.600	0	0	0	0	0	0	0	0	0	0	0	0
Silver	0.700	0	0	0	0	0	0	0	0	0	0	0	0
Gold	0.800	0	0	0	0	0	0	0	0	0	0	0	0
Platinum	0.900	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>											
Average Actuarial Value		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Note: Individual market transitional and grandfathered enrollees are not included in the table above.

Table A3: Projected Individual Market Membership by Income Range (% of FPL) - Baseline and Waiver Scenarios

Baseline Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	28,000	28,000	27,000	26,000	26,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
151%-200%	52,000	52,000	46,000	44,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
201%-250%	41,000	41,000	37,000	37,000	36,000	35,000	36,000	36,000	36,000	36,000	36,000	36,000
251%-300%	26,000	25,000	24,000	24,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
301%-400%	35,000	30,000	27,000	28,000	28,000	28,000	29,000	29,000	29,000	29,000	29,000	29,000
401%+	160,000	131,000	97,000	95,000	93,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000
<b>Total</b>	<b>342,000</b>	<b>307,000</b>	<b>257,000</b>	<b>252,000</b>	<b>248,000</b>	<b>248,000</b>	<b>249,000</b>	<b>249,000</b>	<b>249,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	28,000	28,000	27,000	26,000	26,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
151%-200%	52,000	52,000	46,000	44,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
201%-250%	41,000	41,000	37,000	37,000	36,000	35,000	36,000	36,000	36,000	36,000	36,000	36,000
251%-300%	26,000	25,000	24,000	24,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
301%-400%	35,000	30,000	27,000	28,000	28,000	28,000	29,000	29,000	29,000	29,000	29,000	29,000
401%+	160,000	131,000	97,000	95,000	93,000	92,000	92,000	92,000	92,000	92,000	92,000	92,000
<b>Total</b>	<b>342,000</b>	<b>307,000</b>	<b>257,000</b>	<b>252,000</b>	<b>248,000</b>	<b>248,000</b>	<b>249,000</b>	<b>249,000</b>	<b>249,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

Change in Number of Enrollees - Baseline Scenario to Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	0	0	0	0	0	0	0	0	0	0	0	0
151%-200%	0	0	0	0	0	0	0	0	0	0	0	0
201%-250%	0	0	0	0	0	0	0	0	0	0	0	0
251%-300%	0	0	0	0	0	0	0	0	0	0	0	0
301%-400%	0	0	0	0	0	0	0	0	0	0	0	0
401%+	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>											

Note: Individual market transitional and grandfathered enrollees are included in the table above.

Table A4: Projected Non-Government Employer-Based Market Membership by Income Range (% of FPL) - Baseline and Waiver Scenarios

Baseline Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	371,000	377,000	336,000	373,000	373,000	379,000	380,000	381,000	381,000	381,000	382,000	382,000
151%-200%	262,000	259,000	249,000	248,000	243,000	252,000	252,000	253,000	253,000	253,000	253,000	254,000
201%-250%	396,000	396,000	384,000	389,000	384,000	390,000	390,000	391,000	391,000	392,000	392,000	393,000
251%-300%	396,000	399,000	388,000	390,000	391,000	394,000	395,000	396,000	396,000	396,000	397,000	397,000
301%-400%	809,000	812,000	802,000	807,000	809,000	812,000	813,000	814,000	815,000	816,000	817,000	817,000
401%+	2,237,000	2,245,000	2,247,000	2,255,000	2,258,000	2,267,000	2,270,000	2,273,000	2,276,000	2,278,000	2,280,000	2,283,000
<b>Total</b>	<b>4,472,000</b>	<b>4,488,000</b>	<b>4,407,000</b>	<b>4,462,000</b>	<b>4,459,000</b>	<b>4,494,000</b>	<b>4,501,000</b>	<b>4,507,000</b>	<b>4,512,000</b>	<b>4,516,000</b>	<b>4,521,000</b>	<b>4,526,000</b>

Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	371,000	377,000	336,000	373,000	373,000	379,000	380,000	381,000	381,000	381,000	382,000	382,000
151%-200%	262,000	259,000	249,000	248,000	243,000	252,000	252,000	253,000	253,000	253,000	253,000	254,000
201%-250%	396,000	396,000	384,000	389,000	384,000	390,000	390,000	391,000	391,000	392,000	392,000	393,000
251%-300%	396,000	399,000	388,000	390,000	391,000	394,000	395,000	396,000	396,000	396,000	397,000	397,000
301%-400%	809,000	812,000	802,000	807,000	809,000	812,000	813,000	814,000	815,000	816,000	817,000	817,000
401%+	2,237,000	2,245,000	2,247,000	2,255,000	2,258,000	2,267,000	2,270,000	2,273,000	2,276,000	2,278,000	2,280,000	2,283,000
<b>Total</b>	<b>4,472,000</b>	<b>4,488,000</b>	<b>4,407,000</b>	<b>4,462,000</b>	<b>4,459,000</b>	<b>4,494,000</b>	<b>4,501,000</b>	<b>4,507,000</b>	<b>4,512,000</b>	<b>4,516,000</b>	<b>4,521,000</b>	<b>4,526,000</b>

Change in Number of Enrollees - Baseline Scenario to Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	0	0	0	0	0	0	0	0	0	0	0	0
151%-200%	0	0	0	0	0	0	0	0	0	0	0	0
201%-250%	0	0	0	0	0	0	0	0	0	0	0	0
251%-300%	0	0	0	0	0	0	0	0	0	0	0	0
301%-400%	0	0	0	0	0	0	0	0	0	0	0	0
401%+	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>											

Table A5: Projected Individual Market Second Lowest Cost Silver Plan Premiums by Rating Area for a 21 year old non-tobacco user – Baseline and Waiver Scenarios

Baseline - Average Second Lowest Cost Silver Plan Premium Rate by Rating Area (21 year old)												
Rating Area	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	\$218.57	\$314.54	\$345.18	\$359.55	\$364.34	\$373.69	\$392.00	\$411.21	\$430.95	\$451.64	\$473.31	\$496.03
2	\$242.09	\$348.39	\$382.33	\$398.24	\$403.55	\$413.91	\$434.19	\$455.47	\$477.33	\$500.24	\$524.25	\$549.42
3	\$239.75	\$345.02	\$378.63	\$394.38	\$399.64	\$409.90	\$429.98	\$451.05	\$472.70	\$495.39	\$519.17	\$544.09
4	\$211.60	\$304.51	\$334.18	\$348.08	\$352.72	\$361.78	\$379.50	\$398.10	\$417.21	\$437.24	\$458.22	\$480.22
5	\$249.74	\$359.40	\$394.42	\$410.83	\$416.30	\$426.99	\$447.91	\$469.86	\$492.41	\$516.05	\$540.82	\$566.78
6	\$251.50	\$361.93	\$397.19	\$413.72	\$419.23	\$429.99	\$451.06	\$473.16	\$495.88	\$519.68	\$544.62	\$570.76
7	\$274.84	\$395.52	\$434.06	\$452.12	\$458.14	\$469.90	\$492.93	\$517.08	\$541.90	\$567.91	\$595.17	\$623.74
8	\$252.76	\$363.75	\$399.18	\$415.79	\$421.34	\$432.15	\$453.33	\$475.54	\$498.37	\$522.29	\$547.36	\$573.63
9	\$251.39	\$361.78	\$397.02	\$413.54	\$419.05	\$429.81	\$450.87	\$472.96	\$495.66	\$519.46	\$544.39	\$570.52
10	\$311.68	\$448.53	\$492.23	\$512.71	\$519.54	\$532.88	\$558.99	\$586.38	\$614.53	\$644.03	\$674.94	\$707.34
11	\$225.99	\$325.22	\$356.90	\$371.75	\$376.71	\$386.37	\$405.31	\$425.17	\$445.57	\$466.96	\$489.38	\$512.87
12	\$233.27	\$335.70	\$368.40	\$383.73	\$388.84	\$398.83	\$418.37	\$438.87	\$459.93	\$482.01	\$505.15	\$529.39
13	\$262.33	\$377.52	\$414.29	\$431.53	\$437.28	\$448.51	\$470.49	\$493.54	\$517.23	\$542.06	\$568.07	\$595.34
14	\$265.77	\$382.47	\$419.72	\$437.19	\$443.02	\$454.39	\$476.65	\$500.01	\$524.01	\$549.16	\$575.52	\$603.15
15	\$233.78	\$336.43	\$369.21	\$384.57	\$389.70	\$399.70	\$419.28	\$439.83	\$460.94	\$483.07	\$506.25	\$530.55
16	\$278.37	\$400.60	\$439.63	\$457.92	\$464.03	\$475.94	\$499.26	\$523.72	\$548.86	\$575.21	\$602.82	\$631.75
17	\$316.81	\$455.92	\$500.33	\$521.15	\$528.10	\$541.66	\$568.20	\$596.04	\$624.65	\$654.63	\$686.05	\$718.98

Waiver - Average Second Lowest Cost Silver Plan Premium Rate by Rating Area (21 year old)												
Rating Area	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	\$218.57	\$314.54	\$345.18	\$359.55	\$364.34	\$373.69	\$392.00	\$411.21	\$430.95	\$451.64	\$473.31	\$496.03
2	\$242.09	\$348.39	\$382.33	\$398.24	\$403.55	\$413.91	\$434.19	\$455.47	\$477.33	\$500.24	\$524.25	\$549.42
3	\$239.75	\$345.02	\$378.63	\$394.38	\$399.64	\$409.90	\$429.98	\$451.05	\$472.70	\$495.39	\$519.17	\$544.09
4	\$211.60	\$304.51	\$334.18	\$348.08	\$352.72	\$361.78	\$379.50	\$398.10	\$417.21	\$437.24	\$458.22	\$480.22
5	\$249.74	\$359.40	\$394.42	\$410.83	\$416.30	\$426.99	\$447.91	\$469.86	\$492.41	\$516.05	\$540.82	\$566.78
6	\$251.50	\$361.93	\$397.19	\$413.72	\$419.23	\$429.99	\$451.06	\$473.16	\$495.88	\$519.68	\$544.62	\$570.76
7	\$274.84	\$395.52	\$434.06	\$452.12	\$458.14	\$469.90	\$492.93	\$517.08	\$541.90	\$567.91	\$595.17	\$623.74
8	\$252.76	\$363.75	\$399.18	\$415.79	\$421.34	\$432.15	\$453.33	\$475.54	\$498.37	\$522.29	\$547.36	\$573.63
9	\$251.39	\$361.78	\$397.02	\$413.54	\$419.05	\$429.81	\$450.87	\$472.96	\$495.66	\$519.46	\$544.39	\$570.52
10	\$311.68	\$448.53	\$492.23	\$512.71	\$519.54	\$532.88	\$558.99	\$586.38	\$614.53	\$644.03	\$674.94	\$707.34
11	\$225.99	\$325.22	\$356.90	\$371.75	\$376.71	\$386.37	\$405.31	\$425.17	\$445.57	\$466.96	\$489.38	\$512.87
12	\$233.27	\$335.70	\$368.40	\$383.73	\$388.84	\$398.83	\$418.37	\$438.87	\$459.93	\$482.01	\$505.15	\$529.39
13	\$262.33	\$377.52	\$414.29	\$431.53	\$437.28	\$448.51	\$470.49	\$493.54	\$517.23	\$542.06	\$568.07	\$595.34
14	\$265.77	\$382.47	\$419.72	\$437.19	\$443.02	\$454.39	\$476.65	\$500.01	\$524.01	\$549.16	\$575.52	\$603.15
15	\$233.78	\$336.43	\$369.21	\$384.57	\$389.70	\$399.70	\$419.28	\$439.83	\$460.94	\$483.07	\$506.25	\$530.55
16	\$278.37	\$400.60	\$439.63	\$457.92	\$464.03	\$475.94	\$499.26	\$523.72	\$548.86	\$575.21	\$602.82	\$631.75
17	\$316.81	\$455.92	\$500.33	\$521.15	\$528.10	\$541.66	\$568.20	\$596.04	\$624.65	\$654.63	\$686.05	\$718.98



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**Attachment 7: Ohio Revised Code 3901.052**

**3901.052 Application for innovative waiver.**

The superintendent of insurance shall apply to the United States secretary of health and human services and the United States secretary of the treasury for an innovative waiver regarding health insurance coverage in this state as authorized by section 1332 of the "Patient Protection and Affordable Care Act," 42 U.S.C. 18052. The superintendent shall include in the application a request for waivers of the employer and individual mandates in sections 4980H and 5000A of the "Internal Revenue Code of 1986," 26 U.S.C. 4980H and 5000A. The application shall provide for the establishment of a system that provides access to affordable health insurance coverage for the residents of this state.

Added by 131st General Assembly File No. TBD, HB 64, §101.01, eff. 9/29/2015.

**End of Application**