Q: What is CMS releasing today?
A: The Centers for Medicare & Medicaid Services (CMS) has developed this series of waiver concepts in an effort to spur state discussion and innovation. CMS and the Department of the Treasury (collectively, the Departments) look forward to engaging with states on these waiver concepts, which demonstrate concepts that the Administration supports and that fit within the framework outlined in section 1332 of the Patient Protection and Affordable Care Act (PPACA). States are not required to use these concepts in their waiver applications; states that opt to utilize waiver concepts, may use waiver concepts alone or in combination with other waiver concepts, state proposals, or policy changes. These waiver concepts are offered to serve as a springboard for innovative ideas that may improve the health care markets in individual states. The four waiver concepts are:

- State-Specific Premium Assistance;
- Adjusted Plan Options;
- Account-Based Subsidies; and
- Risk Stabilization Strategies.

Q: Why are you releasing waiver options?
A: States and other stakeholders have requested that the Departments come up with model waiver ideas. We believe State Relief and Empowerment Waivers are a critical tool for states to improve access to care for patients across the country and to stabilize health insurance markets. We are releasing these waivers now to give states ideas as they consider ways to improve their health insurance markets.

Q: Is a state required to use a waiver concept when submitting an application?
A: No, states are not required to use these concepts in their waiver applications. States that opt to utilize waiver concepts may use waiver concepts alone, in combination with other waiver concepts, or in combination with other state proposals or policy changes.

Q: What Waiver Concepts are outlined in today's guidance?
A: There are four Waiver Concepts outlined in today's announcement:

- **State-Specific Premium Assistance**: States can use the State-Specific Premium Assistance waiver concept to create a new, state-administered subsidy program. A state may design a subsidy structure that meets the unique needs of its population in order to provide more affordable health care options to a wider range of individuals, attract more young and healthy consumers into their market, or to address structural issues that create perverse incentives, such as the subsidy cliff.[1] States can receive federal pass-through funding by waiving the Premium Tax Credit (PTC) under section 36 B of the Internal Revenue Code (IRC) to help fund the state subsidy program.

- **Account-Based Subsidies:** Under this waiver concept, a state can direct public subsidies into a defined-contribution, consumer-directed account that an individual uses to pay for health insurance premiums or other health care expenses. The account could be funded with pass-through funding made available by waiving the PTC under section 36B of the IRC or the small business health care tax credit under section 45R of the Internal Revenue Code. The account could also allow individuals to aggregate funding from additional sources, including individual and employer contributions. An account-based approach could give beneficiaries more choices and require them to take responsibility for managing their health care spending. This approach could also allow a consumer greater ability to select a plan based on the individual's or their family's needs, including a higher deductible plan with lower premiums.

- **Adjusted Plan Options:** Under this waiver concept, states would be able to provide financial assistance for different types of health insurance plans, including non-Qualified Health Plans, potentially increasing consumer choice and making coverage more affordable for individuals. For example, states could choose to expand the availability of catastrophic plans beyond the current eligibility limitations by waiving section 1302(e)(2) of the PPACA. Used in conjunction with the Account-based Subsidy waiver concept, states could provide subsidies in the form of contributions to accounts, allowing individuals to use the funds to purchase coverage that is right for them and use any remaining funds in the account to offset out-of-pocket health care expenses.

- **Risk Stabilization Strategies**: To address risk associated with individuals with high health care costs, this waiver concept gives states more flexibility to implement reinsurance programs or high-risk pools. For example, a state can implement a state-operated reinsurance program or high-risk pool by waiving the single risk pool requirement under section 1312(c)(1) of the PPACA. Reinsurance programs have lowered premiums for consumers, improved market stability, and increased consumer choice. To date, States have chosen to use a variety of models to operate their state-based reinsurance programs, using flexibility available under section 1332. These models include a claims cost-based model, a conditions-based model, and a hybrid conditions and claims cost-based model. If the state shows an expected reduction in federal spending on PTC, the state can receive federal pass-through funding to help fund the state's high-risk pool/reinsurance program. Such flexibility can be particularly important to maintain rates in the individual market for states allowing the sale of short-term, limited-duration coverage.

Q: Will a waiver application based on one of these waiver concepts be automatically accepted?

A: These waiver concepts are offered as a springboard for innovative ideas that may operate to improve the health care markets in individual states. A state's incorporation of any waiver concepts into a waiver application is not a guarantee that the Departments will approve the waiver. The Departments retain discretion to decide whether to grant a 1332 waiver based on the particular circumstances of each state's application, and the Departments must in all cases evaluate each application for compliance with section 1332 statutory requirements, including the four guardrails under section 1332(b)(1) (coverage, comprehensiveness, affordability, and federal deficit neutrality).

Q: Will the Administration approve waivers that erode protections for Americans with pre-existing conditions?

A: No. Nothing in the new guidance or the waiver concepts changes the requirements for health insurance issuers to provide protections for people with pre-existing conditions. Pre-existing condition protections are not waivable under the statute and will remain firmly in place. This Administration remains firmly committed to maintaining protections for all Americans with pre-existing conditions.