Federal Questions and State Responses on New York's 1332 Waiver Amendment Application

CCIIO Questions Sent 7/22/2024 State Answers 7/24/2024

1. What criteria would be used to determine changes in the size and structure of subsidies over the course of the amendment?

   State Response: Each year the State will assess available funding to ensure the core purpose of the approved waiver – coverage for the Essential Plan (EP) Expansion – is fully funded. If there is excess funding available from passthrough or state funds, the State will consider implementing additional policies to improve affordability through subsidies for Qualified Health Plan enrollees. Key considerations for the size and structure of the subsidies will include whether the enhanced premium tax credits under the Inflation Reduction Act are extended beyond 2025 and how proposed policies may impact specific populations from a health equity perspective.

   As part of the annual executive budget development process, which begins in the fall and goes through January, the State will determine available funding based on enrollment projections, EP and QHP rates, and estimated passthrough. The State will propose policies to improve affordability for the population for consideration by key stakeholders, including consumers groups, health insurers, and the legislature. Finalized policy proposals will be advanced in early Spring within the State's budget and included in the State's annual solicitation for Essential Plan and Qualified Health Plan participation ("Plan Invitation"). Any new subsidies in the Plan Invitation would take effect the following calendar year.

2. How many enrollees does New York project will be eligible for more than one subsidy?

   State Response: We're assuming this question is specifically asking how many projected enrollees would be eligible for more than one of the proposed Cost Sharing Reductions (CSRs) in the amended application. We estimate 5,293 QHP enrollees will be eligible for more than of the proposed CSRs. However, individuals enrolled in plans with a higher AV than their respective CSR plan offering are assumed to maintain their current plan enrollment rather than switching to the CSR 87 and 73 Silver plans. As a result, we estimate actual overlap for the CSR 87 and 73 Silver plans and the diabetes and pregnancy cost sharing wraps to encompass 4,486 QHP enrollees.

3. In table 1, the average CSR enrollment overall significantly exceeds the sum of average enrollment in each subsidy type. Can you please provide the total, unduplicated number of enrollees who will be impacted by CSRs?

   State Response: The row 'On-Exchange CSR Enrollment' of Table 1 represents the total on-exchange QHP enrollment for each year, which is assumed to be 241,672 for 2025. The expected overlap of enrollment has been detailed in the response to the question above.

4. Do you expect the provisions of the amendment to impact premium rates in the individual market? If so, please provide the details of the development of the estimated impact.

State Response: No. The premium rates in the individual market are expected to be no different as a result of the provisions of the amendment as the State will pay plans for the expected portion of cost-sharing they would otherwise collect from consumers to make the plan financially whole directly offsetting any potential premium impact.

The CSR Silver 73 and 87 plans will offer premiums at the standard silver plan premium rate. Consistent with federal guidance released in Federal Register Vol. 79, No. 47.[1] as released on March 11, 2014 and how CSRs for silver plans were previously administered at the federal level, the assumed costs in the waiver amendment include factors for induced utilization and enrollment. The state intends to follow this methodology to implement the CSRs. The elimination of cost-sharing for diabetic and pregnancy care services will maintain the same benefit structure, and the waiver amendment includes factors for induced utilization and enrollment.

CCIIO Questions Sent 8/20/2024 and State Answers 8/22/2024

1. In the additional information provided on July 24th, 2024, the State clarified (on p. 2 and in response to question 4) that the "assumed costs in the waiver amendment include factors for induced utilization and enrollment." Could the State please elaborate on how it calculated the cost savings to enrollees relative to the cost to the State (both are estimated to be $307 million in 2025, per Table E1 in the actuarial analysis)? Do the consumer savings cited in the application represent the savings on cost-sharing alone, or are they also capturing the value to consumers (e.g., the cost of additional services utilized)? If the former, should the cost to the State be slightly higher than the consumer savings, given the reimbursement methodology would account for induced demand?

   State Response: The $307 million in consumer savings reflects the value to the consumers, which is both savings for baseline service utilization without the CSRs as well as costs associated with induced utilization with the CSRs. This is why the cost to the state and consumer savings is the same figure.

   - For the pregnancy CSR wrap, there is no assumed induced utilization.
   - For the Diabetes CSR wrap, the consumer enrollment mix was assumed to shift from higher metal tiers to lower metal tiers, and utilization of diabetic preventative services was assumed to increase.
   - For the up to 400% CSR, changes in utilization with additional CSRs were included.

2. For the cost-sharing subsidies for those with incomes up to 400% of FPL, how do the per-consumer savings for individuals enrolled in silver plans in the without-waiver baseline (who would be automatically enrolled in the new CSR variant) compare to the per-consumer savings for individuals enrolled in non-silver plans in the baseline and expected to migrate to silver plans in response to the subsidy? In other words, how sensitive are the estimated average

[1] https://www.govinfo.gov/content/pkg/FR-2014-03-11/pdf/2014-05052.pdf

consumer savings per enrollee (i.e., the $3,456 per enrollee and $734 per enrollee cited on p. 14 of the actuarial analysis) to the estimated rate of metal-level switching?

State Response: There will significant savings at all ages, regardless of baseline plan selection. The presence of the Essential Plan has nearly eliminated Silver loading (it is estimated to be less than 1 percent in New York), so inversion of Silver and Gold that can occur in other states has not occurred historically in NY.

- For those choosing Gold, the AV will be higher and the premium lower, so savings will be higher.
- For those choosing Bronze, they will pay more in premiums, but less in cost sharing. The result will vary by age. Savings will be lower for younger adults and greater for older adults because New York premiums do not vary by age.

a. Is the correct interpretation of these consumer savings that they reflect the net consumer savings after accounting for any differences in enrollee premium contributions (e.g., increases in enrollee premium contributions for enrollees switching from bronze to silver), in addition to changes in cost-sharing?

State Response: Yes, the consumer savings reflect the net savings accounting for changes in both enrollee premiums and cost sharing.