

Prepared Remarks
1332: State Innovation Waivers

- Senate Democrats want to overturn the Trump Administration’s efforts to give states more flexibility to offer affordable health insurance – using what is known as a 1332 waiver.
- Democrats say 1332 waivers allow states to approve health insurance plans that don’t protect people with pre-existing conditions.
- The only way to respond to this is to say – it just isn’t true.
- 12 states have 1332 waivers that use reinsurance.
- All 12 waivers were approved by the Trump Administration, and premiums have gone down in all 12 of these states.
- 7 waivers were approved under the Obama Administration’s guidance.
- 5 waivers were approved under the Trump Administration’s guidance.
- **None of the waivers changed pre-existing condition protections.**

Protections for Pre-Existing Conditions:

- Here is the full story:
- The 1332 State Innovation Waiver – which was created by Democrats in the Affordable Care Act of 2010 – gives states flexibility to create more affordable insurance plans.
- 1332 waivers do not change the law and do not allow states to change pre-existing condition protections.
- What we mean by protections for pre-existing conditions is that every American can buy health insurance, their pre-existing condition must be covered, and they can’t be charged more if they are sick.
- The way 1332 waivers work is that if someone gets helped, others can’t get hurt.
- In fact, Administrator Verma has been clear that if a state applied for a 1332 waiver that changed the protections for pre-existing conditions, she would not approve it. She said:
 - “To be very clear, the [Trump administration’s] 2018 guidance does nothing to erode the [Obamacare’s] pre-existing condition provisions, which cannot be

waived under section 1332. Section 1332 does not permit states to waive Public Health Service Act requirements such as guaranteed availability and renewability of health insurance, the prohibition on using health status to vary premiums, and the prohibition on pre-existing conditions exclusions. Furthermore, a section 1332 waiver cannot be approved that might otherwise undermine these requirements. This Administration stands committed to protecting people with pre-existing conditions.”

Background:

- Since Obamacare took effect, the average monthly premium has skyrocketed 163 percent in states that use the federal exchange.
- These sky-high rates have been particularly unaffordable for the five million Americans who purchase their own insurance but make too much to qualify for a federal subsidy.
 - One of those Americans is Marty, a farmer who came up to me at a Chick-fil-A in Nashville and said, “my monthly premium was \$300 a month and now it’s \$1,300 a month.”
 - These are Americans making \$60,000, \$70,000, \$80,000, \$90,000 a year and their insurance bills are \$15,000 or \$20,000 a year.
 - They’re rapidly approaching a point, if they haven’t already, where they have to make the hard decision to go without health insurance because they can’t afford it.
- Governors and states have tried to come up with creative solutions to help Marty and these Americans afford health insurance.
- In the four bipartisan health committee hearings I chaired in the fall of 2017, virtually every witness told our committee that the process of applying for a 1332 waiver was too cumbersome, inflexible, and expensive for states to use.
- In the fall of 2017, provisions to improve the 1332 waiver application process were included in bipartisan legislation that was proposed by 12 Republican senators and 12 Democratic senators.
- At one point, Senator Schumer said it was such good policy that every Democrat would vote for it.
- But in March 2018, after Senate Democrats blocked this bipartisan legislation which would have lowered insurance premiums up to 40 percent, it was clear that Democrats refused to change even a word of Obamacare.

- And so I urged Secretary Azar and Administrator Verma to take action to give states more flexibility to lower health insurance costs for people like Marty with the 1332 waivers that were created by Obamacare.
- 14 Governors also wrote Secretary Azar seeking help to make 1332 waivers work so they could start lowering premiums in their states.
- In October 2018, the Trump Administration issued new guidance with much needed flexibility so more states can use 1332 waivers to lower premiums.
- Now, Democrats who voted for Obamacare that created 1332 waivers and offered flexibility to states, now say that this flexibility will be used to take away health coverage for pre-existing conditions.

Flexibility Allows for Innovation:

- This is why the Trump Administration's guidance is important – without the new guidance, the application for a 1332 waiver is a one-size-fits-all process, leaving Administrator Verma unable to approve waivers that are supposed to allow states to come up with innovative solutions – remember they are called, in Obamacare, State Innovative Waivers.
- 13 states have approved 1332 waivers.
- 12 of the 13 waivers have been approved for just one solution: reinsurance.
- In each of those states, health insurance premiums have gone down – some as much as 43 percent.
 - North Dakota has seen their average Obamacare premium decrease 20 percent;
 - Colorado, 16 percent;
 - Delaware, 13 percent;
 - Montana, 8 percent; and
 - Rhode Island, 6 percent.
- While reinsurance is an effective solution, because the application process for these waivers was so inflexible, we have not yet seen what else states can do.
- There is no reason states shouldn't be able to do more than reinsurance to make health insurance more affordable.
- Let me give you an example:
 - In 2017, Iowa submitted a waiver application that would have restructured the premium subsidies.

- This would have made insurance affordable enough that 15,000 Iowans would have decided to buy insurance.
- These were Iowans who made too much to qualify for a federal subsidy and were left behind by Obamacare's skyrocketing premiums.
- Under the old guidance, Iowa's innovative waiver could not be approved.
- Now, with the new guidance, Iowa can work with Administrator Verma to get this kind of creative waiver approved so 15,000 more Iowans can afford health insurance.
- And to be clear – Iowa can't take away protections for pre-existing conditions.

Conclusion:

- It is simply not true that the Trump Administration's guidance would take away protections for pre-existing conditions.
- As I said earlier, the way 1332 waivers work is that if someone gets helped, others can't get hurt.
- In other words, if a state like Iowa figures out new ways to help more people afford health insurance, Iowans cannot lose access to health insurance that covers pre-existing conditions along the way.
- Democrats should allow states to use the flexibility created by Obamacare to lower premiums and help millions of Americans have access to more affordable health insurance.