
REQUEST FOR INFORMATION: Section 1332 Waiver Concepts

QUESTIONS TO ADDRESS

1. From the perspective of your organization, what are the three greatest challenges the State of Missouri faces over the next five years that threaten the stability of the fully-insured health insurance market in the state?

- **Availability of non-ACA plans:** There is a push to make limited-duration health plans available in the individual market and association health plans available to the small business market. The availability of these plans threaten the stability of the individual and small group markets because these plans operate under a different set of rules, creating an uneven playing field, which will undermine the market and cause premiums to rise. What's more, these plans are only able to offer cheaper plans than ACA-compliant plans by shifting costs to older, sicker consumers and/or by offering plans with skimpier benefits. This is not a real solution to addressing small businesses' healthcare needs.
- **Continued rising costs for small business owners:** While the ACA has increased the number of people insured in the individual market, most Missourians still receive coverage from their employer or a dependent's employer. More must be done to address cost so that small businesses can continue to offer health insurance to their employees. Indeed, nearly half of Missouri small businesses (48%) cite healthcare costs as a top issue that could harm their business, according to a recent survey. Offering health benefits is an essential tool of small employers to attract and retain a talented workforce and to compete with larger businesses. However, offering skimpier benefits to small businesses is not a sustainable way to address costs. Instead, we must look at how to cut costs out of the healthcare delivery system as a whole.
- **Lack of competition in the insurance market:** Some areas of Missouri, particularly rural areas, lack sufficient competition in the health insurance marketplace. In some instances, consumers have just one insurer available to them. One solution the State of Missouri should consider is allowing individuals and small businesses to purchase a Medicaid plan with their own money. Making this option available increases choice for consumers and creates more competition in the marketplace at no net cost to the government.

2. Does the Task Force have adequate and accurate information about the health insurance market around the state? Are there data or other information that your organization can provide to the Task Force in order to provide a comprehensive picture of the challenges faced around the state?

We would like to be sure the state is aware of the current healthcare landscape for small businesses and how the ACA has impacted coverage for small firms. Nationwide more than [5.7 million small business employees](#) or self-employed workers are enrolled in the ACA marketplaces, and more than half of all ACA marketplace enrollees are small business owners, self-employed individuals or small business employees. Given recent debate regarding 1332 waivers and other healthcare measures proposed by the Trump Administration, it is critically important for policymakers to understand the law's benefits to the small business community.

3. The Governor's Executive Order encouraged innovations that would have a positive impact on the rural areas of the state, increasing access to health insurance

coverage and health care generally. What innovative measures could the state take in terms of a Section 1332 waiver that could be specifically targeted to rural Missouri?

One critical issue impacting Missouri small businesses is the lack of insurance options, specifically in rural parts of the state. In many rural communities, insurance companies have concluded there are simply not enough potential customers in the area to justify them setting up business there in a way that would allow them to make a profit. The state can help increase competition in these areas by allowing small businesses and individuals to purchase Medicaid plans. Making this option available to those who are interested is a common-sense measure the state can take to increase choice and competition in the marketplace. What's more, this proposal is strongly supported by Missouri small businesses. In a [recent survey](#), 81% of Missouri small businesses said they support a policy to allow individuals to buy in to Medicaid or Medicare at no net cost to the government.

4. For parties with experience outside the State of Missouri, what have your experiences been in states that have been granted Section 1332 waivers? How have you seen the marketplace change – good or bad – as a result of a state obtaining a waiver? Have you seen health care innovations in other states that are impactful, but that have not required a Section 1332 waiver?

We are pleased to see states like Colorado studying a Medicaid buy-in option to allow more options for small businesses, particularly those in rural communities as noted above. We're also pleased to see states like California exploring ways to increase premium assistance for consumers. We support these types of efforts that explicitly seek to increase choice and decrease costs.

What's more, we're encouraged to see states like Maryland, Colorado and others apply for and receive waivers to implement reinsurance programs to help stabilize premiums in the health insurance marketplaces by providing support for insurers facing high financial losses. These programs are also strongly supported by small businesses—in a recent [four-state survey](#) that included Missouri, 77% of small businesses said they support the creation of reinsurance programs to create more stability in the marketplace.

However, we are concerned by some states' interest in rolling back benefits or increasing medical underwriting as a mechanism to address cost. We believe this simply shifts costs to consumers who are older and sicker rather than actually cutting costs out of the system, which would greatly impact small businesses, especially as their workforce ages. Similarly, we are concerned about states looking to offer non-ACA compliant plans. While these plans increase choice, they do so in a way that undermines the entire insurance market. We cannot have a functioning marketplace where some plans operate under one set of rules and other plans operate under another set of rules.

5. Are there other issues that your organization sees that create barriers to consumers accessing health care that could be addressed through a Section 1332 waiver?

In our recent survey of Missouri small businesses, respondents ranked several actions that they'd like to see their government officials tackle in order to help small businesses like their, and making healthcare more accessible and affordable was listed as the top issue. We encourage the state to consider policies that will address healthcare costs for small firms, but any policies must promote stability and fairness in the marketplace. In sum, we encourage the State of Missouri to consider Section 1332 waiver proposals that 1) reduce costs, rather than shift costs to other consumers, 2) maintain the essential health benefits that are provided under the ACA and 3) do not create parallel insurance markets that would cause premiums to skyrocket for some. We are

happy to discuss these issues further and provide additional feedback on affordability issues for small businesses.

About Small Business Majority

Small Business Majority is a national small business advocacy organization, founded and run by small business owners to ensure America's entrepreneurs are a key part of a thriving and inclusive economy. We actively engage small business owners and policymakers in support of public policy solutions, and deliver information and resources to entrepreneurs that promote small business growth and drive a strong, sustainable job-creating economy. Our extensive scientific opinion polling, focus groups and economic research help us educate and inform policymakers, the media and other stakeholders about key issues impacting small businesses and freelancers, including healthcare, access to capital, taxes, retirement, paid leave and other workforce issues.