

ALASKA 1332 WAIVER APPLICATION

ACTUARIAL ANALYSES AND CERTIFICATION

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Executive Summary

Premiums in the Alaska individual health insurance market have increased substantially since 2014 when many of the market reforms associated with the Patient Protection and Affordable Care Act (ACA) were implemented. Health insurers have suffered from significant losses as fewer individuals elected to purchase coverage in the individual health insurance market and those who purchased coverage were less healthy relative to initial expectations. Since 2015, insurance premiums in the Alaska individual market have been the highest in the nation. In an effort to stabilize and encourage insurers to offer coverage in the individual health insurance market, the State of Alaska (the State) legislature recently passed a law authorizing the Alaska Division of Insurance (Alaska DOI) to establish a reinsurance program for 2017 individual market enrollees. Additionally, the State has appropriated \$55 million to fund the reinsurance program in 2017.

Due to State budgetary pressures, the State is requesting that the Centers for Medicare and Medicaid Services (CMS), the United States Department of Health and Human Services (HHS) and the United States Department of Treasury consider its application for a State Innovation Waiver under Section 1332 of the ACA. Under the State Innovation Waiver, the Federal government would partially fund the Alaska Reinsurance Program (ARP) starting in 2018 based on the savings that would be generated as a result of a reduction in Advanced Premium Tax Credits (APTCs) due to the reinsurance program. The State would appropriate the remaining amount of funds necessary to ensure the ARP is fully funded, after adjusting for medical inflation. The State Innovation Waiver would be effective January 1, 2018 for an initial period of five years with an option to renew for an additional five year period.

Using Oliver Wyman's Healthcare Reform Microsimulation Model (HRM Model), our analysis demonstrates that the ARP will achieve the three guardrails we evaluated that a State Innovation Waiver must accomplish. That is, we expect more individuals to be covered in the individual market and we expect coverage in the individual market to be at least as comprehensive and affordable absent the reinsurance program for the individual market population in aggregate and for various vulnerable populations (e.g., individuals with high-cost conditions, etc.). Additionally, our analysis suggests that the ARP will have minimal impact on the other health insurance markets (e.g., employer-based coverage, Medicare, etc.). An analysis of the impact the State Innovation Waiver is expected to have on the Federal deficit, the fourth guardrail, is outside the scope of our analysis, but is contained in a separate report completed by the Institute for Social and Economic Research (ISER) at the University of Alaska Anchorage.

We estimate that the presence of the ARP will save the Federal government \$51.6 million in APTCs for 2018, and increase enrollment in the individual market by nearly 1,650 relative to what APTCs and enrollment would be absent the ARP. By 2026, assuming the reinsurance program remains in place, we estimate APTCs savings will grow to \$97.6 million; this growth includes the impact of about 750 additional individuals expected to take up coverage with the reinsurance program in place.

The following table summarizes the total APTCs anticipated to be paid by the Federal government and the anticipated enrollment in the individual market, under both the baseline and waiver scenarios by year:

APTCs and Individual Market Enrollment by Scenario and Year

Year	APTCs			Individual Market Enrollment		
	Baseline	Waiver	Difference	Baseline	Waiver	Difference
2015	94,468,271	94,468,271	-	28,159	28,159	-
2016	135,348,085	135,348,085	-	24,064	24,064	-
2017	185,716,278	185,716,278	-	23,822	23,822	-
2018	233,898,461	182,260,689	(51,637,772)	21,253	22,894	1,641
2019	258,351,449	202,372,542	(55,978,906)	21,993	23,558	1,565
2020	279,343,570	219,162,267	(60,181,304)	21,773	23,548	1,775
2021	312,617,789	247,210,983	(65,406,805)	22,176	23,410	1,234
2022	342,289,634	272,477,673	(69,811,961)	22,656	23,866	1,210
2023	380,127,501	303,407,137	(76,720,364)	23,539	24,721	1,182
2024	412,662,662	329,994,712	(82,667,950)	23,713	24,940	1,227
2025	449,544,666	359,539,993	(90,004,673)	24,196	24,937	741
2026	488,186,123	390,635,284	(97,550,838)	24,520	25,263	742

While our modeling suggests greater actions will be needed to increase the affordability of coverage, the reinsurance program will help bring some much needed stability to the individual health insurance market in Alaska.

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Introduction

Many challenges are threatening the long-term viability of Alaska's individual health insurance market. Insurers participating in the individual health insurance market have lost significant amounts of money since 2014 as a result of the insured population that enrolled in coverage being less healthy relative to initial expectations. Enrollment has also been lower than expected. In an effort to minimize losses, insurers have implemented steep rate increases for 2015 and 2016, and as a result, individual health insurance premiums in Alaska are now the highest in the nation.¹ In 2017, Premera will be the only insurer in the individual health insurance market after Moda announced it will exit the market.² Two other insurers, Assurant and Aetna, exited the individual health insurance market at the end of 2015.

In an effort to stabilize the individual health insurance market, the State of Alaska (the State) enacted a law by passing HB 374 which allows the Alaska Division of Insurance (Alaska DOI) to establish the Alaska Reinsurance Program (ARP) within the Alaska Comprehensive Health Insurance Association.³ Under the ARP, insurers will cede all premiums associated with individual market enrollees identified as having one or more high-cost condition specified as eligible for payment, in exchange for partial or total reimbursement of their claim costs.⁴ Thirty-three chronic conditions will be covered under the ARP for 2017, including HIV/AIDS, Multiple Sclerosis and Hemophilia.

According to the provisions of the enacted law, the legislature has the ability to appropriate funds to the ARP for fiscal years 2017 and 2018, with the program currently set to sunset after fiscal year 2018. For fiscal year 2017, the State legislature appropriated \$55 million to fund the ARP for calendar year 2017 enrollees. Given the State's fiscal challenges, it is unclear how much funding will be appropriated by the legislature in 2018, so the State is seeking a financial partnership with the Federal government through the approval of a Waiver for State Innovation under Section 1332 (1332 Waiver) of the Patient Protection and Affordable Care Act (ACA).

A 1332 Waiver gives a state the flexibility to implement innovative approaches to improving access to high-quality, affordable healthcare, by waiving one or more applicable provision of the ACA. A 1332 Waiver must meet the following guardrails:⁵

- 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

¹ "2017 Premium Changes and Insurer Participation in the Affordable Care Act's Health Insurance Marketplaces." Kaiser Family Foundation, 25 Oct. 2016, <http://kff.org/health-reform/issue-brief/2017-premium-changes-and-insurer-participation-in-the-affordable-care-acts-health-insurance-marketplaces/>

² "Moda Health Announces Exit from Alaska Individual Medical Market in 2017." State of Reform, 2 May 2016, <http://stateofreform.com/news/states/alaska/2016/05/moda-leaves-alaska-exchange/>

³ <http://www.akleg.gov/basis/Bill/Text/29?Hsid=HB0374Z>

⁴ <https://aws.state.ak.us/OnlinePublicNotices/Notices/Attachment.aspx?id=105097>

⁵ 80 Fed. Reg. 78131-78135 (December 16, 2015)

- Coverage must be as affordable as would be provided absent the waiver
- The waiver must not increase the Federal deficit

With the exception of evaluating whether a 1332 Waiver increases the Federal deficit, each of the guardrails is required to be met without adversely impacting “vulnerable” populations (e.g., low-income individuals, individuals with serious health conditions, etc.). An analysis of the impact the State Innovation Waiver is expected to have on the Federal deficit, the fourth guardrail, is outside the scope of our analysis, but is contained in a separate report completed by the Institute for Social and Economic Research (ISER) at the University of Alaska Anchorage.⁶

In its 1332 Waiver application, the State is requesting to receive financial assistance from the Federal government to partially fund the ARP. Approximately 66% of individual market enrollees in Alaska, including individuals enrolled in grandfathered and transitional plans, received Advanced Premium Tax Credits (APTCs) during the first nine months of 2016; however, when limited to Exchange enrollees, 90% of individual market enrollees received APTCs during the first nine months of 2016.⁷ APTCs are fully funded by the Federal government and are designed to limit the amount of premium individuals and families pay in relation to their income. APTCs are determined based on the second lowest-cost premium for Silver coverage sold through the Exchange, in the ZIP Code in which the individual resides. For example, the premium for a family of four with a household income that is 250% of the Federal poverty level (FPL) will be “capped” at 8.18% of their household income in 2016, regardless of the market-based premium, assuming the family enrolls in the second lowest-cost silver plan.⁸ The family may choose to enroll in a different plan, in which case the dollar value of the calculated APTC (i.e., the difference between the market-based premium for the second lowest cost Silver plan sold through the Exchange and the “capped” premium) will be applied to the selected plan. The ARP is expected to reduce market-based premiums relative to a scenario in which the ARP does not exist. This reduction in market-based premiums will generate fiscal savings to the Federal government in the form of reduced APTC levels.

Under the proposed arrangement, the State would receive an amount of money from the Federal government equal to the anticipated APTC savings the Federal government would realize, relative to an otherwise identical scenario but absent the ARP. The State would fund the remaining amount of money needed to maintain the overall funding level of the ARP relative to the amount appropriated by the State in 2017, after adjusting for inflation. If approved, the 1332 Waiver would be effective January 1, 2018 for an initial period of five years, with an option to renew for an additional five years.

In the following sections, we describe the micro-simulation model Oliver Wyman used to evaluate the impact of the ARP on APTCs, including a description of the data sources underlying the model, and we provide an analysis of the micro-simulation modeling results. The micro-simulation modeling focuses on the impact the ARP is expected to have on premiums in the individual market, the impact on enrollment in various health insurance market segments including an estimate of the number of uninsured individuals, and the potential savings to the Federal government as a result of changes in APTCs. The analysis also highlights the impact the ARP is expected to have relative to the guardrails a 1332 Waiver must achieve for approval.

⁶ “Alaska 1332 Waiver-Economic Analysis,” Prepared by the Institute for Social and Economic Research. University of Alaska Anchorage.

⁷ Based on an analysis of enrollment information provided by Moda and Premiera

⁸ Section 2.01, Applicable Percentage Table for 2016, <https://www.irs.gov/pub/irs-drop/rp-14-62.pdf>

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Microsimulation Modeling

Model Overview

We utilized Oliver Wyman's Healthcare Reform Microsimulation Model (HRM Model) to understand the impact that passage of HB 374 and establishment of the ARP is expected to have on enrollment and the affordability of health insurance coverage in the individual market, and on the number of uninsured individuals. Any potential effects on the employer-based markets are also captured by the HRM Model. 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 is made at the health insurance unit (HIU) level, with a health insurance unit defined as all related family members residing in the same household.

An employer-based economic utility function determines whether or not a given employer offers 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) to the benefits that would be received by the employee for purchasing insurance in the individual market (e.g., APTCs). If an employer does offer coverage, all employees and their dependents within the HIUs are assumed to take up health insurance coverage through the employer sponsored plan, unless the coverage is deemed unaffordable,⁹ or the individuals are eligible for health insurance coverage through government sponsored programs. If coverage is deemed unaffordable or the employer does not offer coverage, employees and their dependents will evaluate health insurance coverage options in the individual market.

The decision as to whether a given HIU will take up coverage in the individual market is based on the results from applying two economic utility functions.¹⁰ The first economic utility function calculates the utility associated with taking up coverage in the individual market, and is a function of the premium the HIU would be expected to pay (net of federal premium subsidies), any cost-sharing the HIU would be expected to pay out-of-pocket (net of any cost sharing subsidies), and the risk aversion¹¹ of the HIU. The second economic utility function calculates the utility associated with not taking up coverage, and is a function of the penalty the HIU would be assessed, total allowed claim costs for the HIU, and the risk aversion of the HIU. If the utility of being uninsured is greater than the utility associated with taking up coverage in the individual market, the HIU is assumed to be uninsured; otherwise, the HIU is assumed to take up coverage in the individual market.

Individuals that are eligible for Medicare, Medicaid and other government sponsored coverage (e.g., Military), were assumed to retain their government sponsored coverage and the economic utility

⁹ Under the ACA, coverage is considered unaffordable if the employee's required contribution toward employer sponsored coverage for self-only coverage is more than 9.50% of household income. This percentage increased to 9.69% in 2017.

¹⁰ The economic utility functions evaluate the economic costs and benefits associated with various coverage options. The economic utility functions are described in greater detail in Appendix A.

¹¹ Risk aversion is defined as the perceived added value of having health insurance coverage relative to the benefits expected to be utilized (e.g., a willingness to pay more to avoid catastrophic losses even when catastrophic losses are not believed to be imminent).

associated with employer-based coverage, individual market coverage or being uninsured were not evaluated. Additionally, if the primary adult or spouse is identified as being employed by the government, both military and 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. Appendix A provides additional insight into the technical aspects of the HRM Model.

General Model Assumptions and Sources

The basis for the population underlying the HRM Model is data from the 2014 American Community Survey (ACS). The ACS data provide detailed information for each individual in a surveyed household unit, including demographic, socioeconomic and employment information. The data also provides information regarding health insurance coverage type. The 2014 ACS data was calibrated to reflect the 2015 Alaskan population enrolled under each health insurance coverage type, including the uninsured population. This data was projected forward each year to 2026 by the HRM Model, based on a series of assumptions. The assumptions underlying the HRM Model are described in the paragraphs that follow.

2015 Model Calibration

As noted above, the 2014 ACS data was calibrated to reflect the 2015 Alaskan health insurance markets. Information from the 2015 Supplemental Health Care Exhibits (SHCEs) for Alaska enrollees was used to inform our estimates for premiums, claims and membership for the commercial markets (e.g., the individual market and the employer-based markets). A data call was issued to Premera, Moda, Aetna and the Assurant Health companies¹² to collect additional detailed information regarding individual and small employer-based market enrollees. This data summarized membership and claims information for January 2015 through September 2016, and provided additional insight into various aspects of the corresponding populations, such as the distribution of members enrolled in metallic plans and non-metallic plans (i.e., plans that are not compliant with the ACA, also known as non-ACA plans¹³), by cost-sharing reduction (CSR) variant, etc. The 2015 insurer data was compared to information published by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) regarding individuals enrolling during the 2015 open enrollment period, and data from the SHCEs, to assess the reasonability of the information associated with each source.

Allowed claim costs were calculated for the individual and employer-based markets, and for the uninsured. The assumed average allowed claim costs vary by health insurance coverage type and are dependent on the age, gender and health status assigned to individuals. We relied on information from the 2015 Current Population Survey (CPS) to assign health status information to each individual. Individuals were classified as having excellent, very good, good, fair or poor health based on the distribution of members with each health status as observed in the CPS data. The assumed distribution by health status varies by income level of the HIU, age, gender and whether an individual is insured or uninsured.

For the employer-based markets, the member liability for each HIU was determined based on a market average plan design, with the average plan design varying between small group and large

¹² Assurant Health is the brand name for products underwritten and issued in Alaska by Time Insurance Company and John Alden Life Insurance Company

¹³ Non-ACA plans refer to grandfathered benefit plans (i.e., health plans in effect prior to when the ACA was signed into law, or March 23, 2010) and transitional benefit plans (i.e., non-grandfathered health plans that were in effect on October 1, 2013)

group employers. For individual market ACA enrollees, member liability was calculated at the bronze and silver metal levels so that the economic utility of selecting a plan at each metal level may be evaluated. Due to the lack of enrollment at the gold and platinum levels, the HRM Model did not evaluate coverage at these metallic levels. For transitional and grandfathered enrollees in the individual market, the member liability for each HIU was determined based on a market average plan design. The difference between allowed claims and the member liability for an HIU represents incurred claims.

The HRM Model was calibrated for each type of health insurance coverage in 2015 as follows:

- **Individual Market:**

Enrollment estimates were based on information provided in response to an insurer data call and the SHCEs. To ensure the HRM Model accurately portrays the individual market, we calibrated the model to reflect the appropriate income, age, and benefit mix for 2015. Information published in the Health Insurance Marketplace 2015 Open Enrollment Period: March Enrollment Report¹⁴ by ASPE provided insight into the distribution of Exchange enrollees by metal level, income range and age, and provided the proportion of members receiving APTCs or enrolled in CSR variants. This information was supplemented with information from the insurer data call responses and information from rate filings provided by the Alaska DOI. Due to the lack of available information, actuarial judgment was used to assess the likely distribution of enrollees by FPL for individuals who enrolled in individual market coverage outside of the Exchange, including individuals enrolled in non-ACA plans. Given the availability of subsidies for coverage purchased through the Exchange, we believe a majority of individuals enrolled in non-ACA plans have incomes greater than 400% FPL.

Premium estimates per member per month (PMPM), including APTC levels, were calculated using information provided in response to the insurer data call, and were compared to information from the SHCEs and the March 2015 open enrollment report published by ASPE for consistency. Premium levels in the HRM Model vary between enrollees in ACA and non-ACA policies.

Allowed claim costs PMPM were derived from incurred claim costs PMPM based on actuarial value estimates developed using information from the insurer data call responses. The incurred claim estimates utilized were net of any CSR payments received from HHS. The allowed claim cost estimates in the HRM Model vary between enrollees in ACA and non-ACA policies. Member cost-sharing amounts PMPM are derived by the HRM Model. The HRM Model uses simplified plan designs for each available coverage option (e.g., transitional/grandfathered, bronze metallic level, etc.) to determine member cost-sharing for enrollees in the individual market.

- **Employer-based Market:**

The HRM Model utilizes information from the Medical Expenditure Panel Survey (MEPS) in conjunction with the employment information supplied on the ACS records to identify individuals with health insurance coverage in the employer-based market. The MEPS data provides information related to the distribution of employees, employer health insurance offer rates and employee take-up rates by group size for Alaska. Individuals identified as being employed in the private sector are randomly assigned into the appropriate mix of employer group sizes (e.g., small employer). The HRM Model projects the small employer

¹⁴ <https://aspe.hhs.gov/pdf-report/health-insurance-marketplace-2015-open-enrollment-period-march-enrollment-report>

market (i.e., 2 to 50 employees) independently from the large employer market (i.e., 51+ employees).

Fully-insured small employer-based health insurance enrollment estimates were based on information provided in response to the insurer data call and the SHCEs. We calibrated the model to reflect the appropriate mix of enrollees by plan type (e.g., ACA versus non-ACA). Information from the SHCEs was used to estimate the number of large employer-based fully-insured enrollees. Data from the 2016 Annual Health Insurance Survey collected by the Alaska Department of Commerce, Community, and Economic Development, a survey of 2015 health insurance enrollees, was used to estimate the number of self-funded employer-based enrollees.

Premium and incurred claim estimates PMPM for the small employer-based market were calculated using information provided in response to the insurer data call. These estimates were compared to information from the SHCEs. The incurred claim estimate PMPM was grossed up to an allowed claim estimate PMPM using estimates of actuarial values derived from responses to the insurer data call. Premium and allowed claim estimates PMPM utilized by the HRM Model vary between small employer-based enrollees in ACA and non-ACA policies. The actuarial value estimates derived from responses to the insurer data call were used to calculate member cost-sharing PMPM. Our projections assume the average actuarial value does not change over time for the small employer-based market (i.e., benefit buy-downs will equally offset the impact of deductible leveraging).

Premium and incurred claim estimates PMPM for the large employer-based market were calculated using information from the SHCEs. The incurred claim estimate PMPM was grossed up to an allowed claim estimate PMPM based on an estimated actuarial value for the large employer-based market. This estimate was derived based on actuarial judgment. While we acknowledge that the large employer data from the SHCEs reflect fully-insured members, due to the lack of available information, we assumed the average claim cost PMPM and corresponding “premium equivalents” are similar for self-funded groups. The actuarial value estimate used to calculate allowed claim costs PMPM was also used to calculate member cost-sharing PMPM. Our projections assume the average actuarial value does not change over the projection period for the large employer-based market (i.e., benefit buy-downs will equally offset the impact of deductible leveraging).

- ***Medicaid and the Children’s Health Insurance Program (CHIP):***
Medicaid and CHIP enrollment was estimated using information published by CMS for Alaska.¹⁵ The HRM Model identifies individuals who qualify for Medicaid based on family composition and income. Premium and claim cost estimates PMPM for Medicaid and CHIP enrollees were not projected by the HRM Model.
- ***Medicare:***
Medicare enrollment was estimated using the data from the Medicare Enrollment Dashboard published by CMS.¹⁶ The estimates include individuals enrolled in fee-for-service (FFS) Medicare and Medicare Advantage coverages. The HRM Model identifies individuals who

¹⁵ <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/monthly-reports/previous-monthly-medicaid-and-chip-application-eligibility-determination-and-enrollment-reports-and-updated-data.html>

¹⁶ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/Medicare-Enrollment/Enrollment%20Dashboard.html>

qualify for Medicare based on age. Premium and claim cost estimates PMPM for Medicare enrollees were not projected by the HRM Model.

- **Other Government:**

Other government sponsored coverage reflects individuals working for the military and any covered dependents. This includes individuals enrolled in TRICARE. TRICARE enrollment information was used to validate the number of individuals reported as having Military coverage according to the ACS data.

- **Uninsured:**

The remainder of the population reflects the estimated number of uninsured individuals. This number of individuals was compared to other publically available sources for reasonability.

- **Indian Health Services (IHS):**

American Indians and Alaskan Natives that are members of Federally recognized tribes may receive medical treatment at no cost when receiving services through an IHS provider or facility. They may also be eligible to enroll in a zero cost-sharing or limited cost-sharing plan. IHS is not a type of insurance coverage, and many individuals who receive care through IHS have health insurance coverage. Individuals who receive care through IHS and do not have health insurance coverage may obtain a coverage exemption to avoid paying an income tax penalty. Given the size of the Alaska Native population, we have separated out estimates of the number of individuals utilizing IHS services for select insurance coverage types. Our analysis relies on information provided on the ACS data to estimate the number of individuals receiving care through IHS.

2016 and Beyond

The HRM Model assumes a “steady state” population for 2016 and beyond. This means the overall distribution of the population by income as a percent of FPL, health status, occupation and family size is not expected to change significantly, with the exception that the overall population is expected to age slightly. Individuals eligible for government sponsored programs are assumed to continue to enroll in that coverage type, while the number of individuals enrolled in individual coverage, employer-based coverage or are uninsured is projected by the HRM Model based on projected changes in premium, demographics and the morbidity of each cohort.

The Alaskan population is projected to grow each year according to projections developed by the Alaska Department of Labor and Workforce Development;¹⁷ however, the estimated number of individuals enrolled in each type of health insurance was projected independently. Changes in enrollment in Medicare, Medicaid and other government sponsored health insurance types are largely based on expected changes in nationwide enrollment in these programs using National Health Expenditure Data (NHED) projections, with one exception. Alaska expanded its Medicaid program in September 2015 to adopt the income limits outlined in the ACA for childless adults (i.e., 138% FPL), but enrollment experience in the months immediately following the expansion suggest most of the newly eligible members did not enroll until December 2015 or early 2016. Therefore, the HRM Model assumes the Medicaid expansion occurred at the beginning of 2016 and captures the corresponding impact of Medicaid expansion on enrollment in the commercial and uninsured markets in 2016. Changes in enrollment in the individual, employer-based, and uninsured markets are based on the results of the HRM Model. The combined change in enrollment for these markets was calculated such that when accounting for the projected changes in enrollment for government sponsored programs, the overall projected change in the population is produced.

¹⁷ <http://live.laborstats.alaska.gov/pop/projections/pub/popproj.pdf>

For the individual, employer-based and uninsured markets, allowed claims were trended each year based on the NHED forecast of spending per enrollee for private health insurance and employer-sponsored private health insurance; however, an adjustment was made to reflect claim trends specific to Alaska. Health insurance costs in Alaska are significantly higher than the rest of the nation, and based on NHED data published by CMS, health insurance costs have risen at a faster rate in Alaska relative to the rest of the nation.¹⁸ The NHED data summarized annual per enrollee private health insurance costs by state between 2001 and 2009; more recent data was not available. This information shows that the annual increase in per enrollee private health insurance costs in Alaska were approximately 1.1% higher between 2001 and 2009 than the nationwide average; however, between 2005 and 2009, the annual increase in per enrollee private health insurance costs in Alaska were approximately 3.3% higher than the nationwide average. The HRM Model therefore assumes that over the projection period, trends in Alaska are 2.5% higher than the NHED forecasted change in spending per enrollee for private health insurance and employer-sponsored private health insurance. Member cost-sharing, CSR payments from HHS, and incurred claims are 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 NHED.

Premiums for the individual and small employer-based markets in 2016 and 2017 were projected based on the rate increases filed by insurers with the Alaska DOI. Projected premiums for the individual and small employer-based markets from 2018 through 2026 were calculated using a target loss ratio approach. We assumed a target traditional loss ratio (i.e., incurred claims divided by earned premiums) of 80% for the individual market, net of the impact of the ARP, and 80% for the small employer-based market. Under the baseline scenario, we made an adjustment to the target loss ratio for the individual market in 2018 and beyond. The traditional loss ratio noted in Premera's 2017 ACA individual market rate filing was approximately 85%, net of the impact of the ARP. Given that the impact of the ACA Health Insurer Tax (Provision 9010) will be included in the development of rates for 2018 and beyond and that premiums are expected to decrease in 2018 based on emerging 2016 experience, we believe it is reasonable to expect Premera to price to an 80% traditional loss ratio in 2018 and beyond under the waiver scenario. However, in the baseline scenario, our target loss ratio assumes Premera would not apply a non-benefit expense load to the claims that would have otherwise been ceded to the ARP under the waiver scenario. This adjustment causes the target loss ratio under the baseline scenario to be approximately four percentage-points higher relative to the waiver scenario. While we recognize this is not a perfect representation of non-benefit expenses (e.g., some non-benefit expenses are expressed as a percentage of premium), we believe this approach is sufficient for our purposes.

Premiums for the large employer-based market from 2016 through 2026 were also calculated using a loss ratio approach, with an assumed target traditional loss ratio of 85%. For all lines of business, we anticipate the Federal MLR requirements will be met based due to the treatment of Exchange fees, the ACA Health Insurer Tax, and premium taxes in the MLR calculation.

Federal premium tax credits for individual market enrollees were assumed to increase each year, with the Applicable Percentage Table adjusted each year according to the methodology outlined by the Internal Revenue Service (IRS).¹⁹ Premium and income growth rates utilized in developing the Adjustment Ratio that was applied to the projected Applicable Percentage Tables were based on

¹⁸ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/StatePHI-HighlightsMethodsTables.zip>

¹⁹ <https://www.irs.gov/pub/irs-drop/rp-14-37.pdf>

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, 2018. Additionally, the HRM Model does not account for any employer behavior changes that may occur as a result of the Cadillac tax that is expected to be implemented in the employer-based markets starting in 2020 given the lack of finalized 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 select leaner benefit plans, thereby reducing the cost of coverage, rather than electing to drop employer-sponsored coverage.

We have relied on several sources of information made available to us by the Alaska DOI to assess whether the funding level appropriated by the State for calendar year 2017 is sufficient to reimburse all ceded claims. Based on the analyses and information provided, we believe the fund will be exhausted in 2017. Therefore, the HRM Model assumes funding for the ARP will be exhausted each calendar year, and that premium rates will be set accordingly.

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Modeled Scenarios

To assess the impact the ARP will have on the individual health insurance market in Alaska, we modeled two scenarios: the baseline scenario and the waiver scenario. In both scenarios, the HRM Model was calibrated to reproduce 2015 enrollment by health insurance coverage type, consistent with levels observed in 2015, with the projections for 2016 modeled to closely replicate our expectations for 2016 based on emerging data. In both scenarios, we recognize that the State appropriated \$55 million in general funds to the ARP in 2017. Hence, the projections for 2015 through 2017 will be the same between the baseline and waiver scenarios.

Under the baseline scenario, we assume the State will not appropriate funds to the ARP in the fiscal year 2018 budget, meaning insurers will not be able to cede 2018 individual market enrollees to the ARP. Additionally, the baseline scenario assumes the ARP will be allowed to sunset at the end of fiscal year 2018.

Under the waiver scenario, we assume the ARP will be fully funded in 2018 and the legislature will enact new legislation extending the ARP beyond 2018. Funding levels for 2018 and beyond are assumed to be the same as the funding levels dedicated by the State for calendar year 2017; however, our projections incorporate an adjustment to reflect the impact of claim trends. The trend adjustment applied to the initial funding level of \$55 million is consistent with the trend adjustment used to project future allowed claim levels. The funding level is not projected to change with changes in enrollment levels. Under the waiver scenario, it is assumed that CMS will partially fund the ARP based on an amount equal to the APTC savings that would be realized by CMS. The State is assumed to fund the remainder of the ARP through the appropriation of general funds.

5

Analysis of Modeling Results

The projections from the HRM Model were analyzed to assess whether the following guardrails will be achieved by the ARP:

- **Scope of Coverage:** Coverage will be provided to at least as many residents as would be provided absent the ARP
- **Affordability of Coverage:** Coverage will be at least as affordable as would be provided absent the ARP
- **Comprehensiveness of Coverage:** Coverage will be at least as comprehensive as would be provided absent the ARP

Each of the three guardrails above were evaluated in aggregate across all enrollees in the State and for various sub-populations, including low-income HIUs and individuals with high health care costs. The three guardrails listed above are consistent with three of the four guardrails a 1332 Waiver is expected to achieve. The fourth guardrail requires a 1332 Waiver not increase the Federal deficit. The analysis related to this guardrail is addressed in a separate report developed by ISER.

In the sub-sections that follow, we discuss the impact the ARP is expected to have on each of the three key requirements of a 1332 Waiver evaluated by the HRM Model noted above. The results of the HRM Model have been summarized in various tables, which are included in Appendix B. As noted earlier, the projections for 2015 through 2017 will be the same between the baseline and waiver scenario given the assumptions are the same between the two scenarios for these years.

Scope of Coverage Requirement

Under the scope of coverage requirement²⁰, a comparable number of residents must be forecast to have coverage under the waiver as would have coverage absent the waiver. Coverage refers to minimum essential coverage. Comparable means each year the waiver would be in effect, the forecast number of covered individuals with the waiver in place would be no less than the forecast number of covered individuals absent the waiver.

As can be seen in Tables 1 through 6 in Appendix B, enrollment in the individual market decreased in 2016 as a result of large premium increases and the expansion of Medicaid to cover childless adults with incomes of 138% FPL and below. The decrease in the number of uninsured individuals was a result of the expansion of Medicaid. In 2017, all health insurance markets are largely expected to remain unchanged relative to 2016.

In 2018, we project approximately 1,650 additional enrollees will be covered in the individual market under the waiver scenario compared to baseline scenario. As can be seen in Table 3 of Appendix B, and summarized in Table A below, this number is expected to decrease to approximately 750 by 2026.

²⁰ Waivers for State Innovation, 45 CFR 155

Table A: Individual Membership by Scenario and Year

Year	Baseline	Waiver	Difference
2015	28,159	28,159	-
2016	24,064	24,064	-
2017	23,822	23,822	-
2018	21,253	22,894	1,641
2019	21,993	23,558	1,565
2020	21,773	23,548	1,775
2021	22,176	23,410	1,234
2022	22,656	23,866	1,210
2023	23,539	24,721	1,182
2024	23,713	24,940	1,227
2025	24,196	24,937	741
2026	24,520	25,263	742

Tables 7 through 9, 10 through 12, and 13 through 15 of Appendix B, respectively, show that a majority of the additional enrollees in the waiver scenario in 2018 are expected to have incomes above 400% FPL and are expected to be slightly younger and healthier relative to the individual market in the baseline scenario. These individuals would have otherwise elected to be uninsured in the baseline scenario. Over time, as increases in individual market health insurance premiums exceed changes in the penalty to forgo health insurance coverage, the number of additional enrollees covered under the waiver scenario relative to the baseline scenario will decrease. This results from the youngest and healthiest of those taking up coverage under the waiver scenario in 2018 gradually dropping their health insurance coverage over time; however, overall, the number of individuals covered under the waiver scenario will be greater than under the baseline.

As can be seen in Tables 7 through 9, a small number of subsidized individuals with incomes between 300% and 400% FPL are modeled to become uninsured in the waiver scenario relative to the baseline scenario. The APTC an HIU is eligible to receive is a fixed dollar amount which is a function of the premium for the second lowest cost silver plan and the subsidized premium the HIU is required to pay for that coverage; the APTC the HIU is eligible to receive does not vary based on the plan the HIU chooses to enroll in through the Exchange. Some subsidized individuals are expected to select benefit plans that have a lower premium than the second lowest-cost silver plan. In some instances, the reduction in the APTC the HIU receives in the baseline scenario compared to the waiver scenario does not entirely offset the reduction in observed premium for the selected plan. In these cases the HIU would pay a higher premium, net of APTCs, in the waiver scenario relative to the baseline scenario.²¹ Overall, the number of subsidized individuals expected to pay higher premiums in the waiver scenario relative to the baseline scenario will be nominal, and

²¹ The following theoretical example, shown for illustrative purposes, demonstrates how the subsidized premium for an HIU may increase in the waiver scenario relative to the baseline scenario. The plan designs are assumed to be the same between the baseline and waiver scenarios. In the baseline scenario, assuming the annual premium of the second lowest-cost silver plan is \$10,000 and the maximum annual premium amount the HIU will pay for that plan, after subsidies, is \$2,500, the annual APTC in the baseline scenario would be \$7,500 (i.e., \$10,000 - \$2,500). Assuming the annual premium of the lowest-cost bronze plan in the baseline scenario is \$7,500, if the HIU elects to enroll in the lowest-cost bronze plan, the HIU's premium, net of APTCs, would be \$0. If premiums are reduced 20% in the waiver scenario relative to the baseline scenario, the annualized premium for the second lowest-cost silver plan is reduced to \$8,000 and the annualized premium for the lowest-cost bronze plan becomes \$6,000. However, because the maximum premium the HIU will pay for the second lowest-cost silver plan does not change (i.e., \$2,500), the APTC in the waiver scenario is \$5,500 (i.e., \$8,000 - \$2,500). If the HIU elects to enroll in the lowest-cost bronze plan, the HIU's annual premium, net of APTCs, would be \$500. This is a \$500 annualized increase from the \$0 premium observed in the baseline scenario.

overall, the ARP is expected to increase enrollment in the individual market and reduce the overall number of uninsured individuals. Additionally, for reasons discussed in the Affordability Requirement section, we believe these individuals are likely not “vulnerable” enrollees.²²

The decrease in individual market enrollment in 2018 for the baseline scenario is largely driven by the phase out of transitional benefit plans at the end of 2017. Premiums for transitional plan enrollees are significantly less than ACA enrollees, mostly due to the preferred health status of the transitional cohort (e.g., fully underwritten). Given the large premium differential, only transitional plan enrollees with costly health conditions are projected to maintain coverage in the baseline scenario. This anti-selection puts further upward pressure on premiums in the individual market in 2018 and beyond under the baseline scenario.

Under the waiver scenario, premiums for ACA compliant policies are projected to decrease in the individual market in 2018 relative to 2017. The decrease in premiums is in part a result of a greater number of transitional plan enrollees switching to ACA compliant coverage in the individual market. Additionally, claims experience through September 2016 suggests emerging experience is more favorable than initially anticipated. Due to these factors, we expect premiums for ACA compliant policies to be reduced by approximately 4% in 2018 for the individual market in order for insurers to maintain an 80% traditional loss ratio target; however, Table 20 shows a slight increase in average premiums PMPM in the entire individual market due to enrollees in transitional policies switching to ACA compliant policies. Premiums for transitional policies are much lower than premiums for ACA compliant policies in 2017, and when transitional policies are eliminated, the average premium across the entire individual market will rise, all else equal.

The employer-based markets are projected to be unchanged between the baseline and waiver scenarios. Over time, we expect the number of individuals enrolled in employer-based coverage to decrease as coverage becomes less affordable, with most of these individuals becoming uninsured due to having incomes that exceed the level at which they would qualify for subsidies. Table B below compares the number of individuals expected to have employer-sponsored coverage under both the baseline and waiver scenarios

Table B: Membership in Employer-Sponsored Coverage by Scenario and Year

Year	Baseline	Waiver	Difference
2015	283,303	283,303	-
2016	280,647	280,647	-
2017	281,293	281,293	-
2018	281,173	281,173	-
2019	280,293	280,293	-
2020	279,115	279,115	-
2021	278,309	278,309	-
2022	277,537	277,537	-
2023	276,759	276,759	-
2024	275,974	275,974	-
2025	275,192	275,192	-
2026	274,374	274,374	-

²² Based on guidance published by CMS, vulnerable enrollees or residents includes low-income individuals, elderly individuals and individuals with serious health issues or are at risk of developing serious health issues

Affordability Requirement

To meet the affordability requirement, health care coverage must be forecast to be as affordable overall 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.

As can be seen in Tables 19 through 21 of Appendix B, and summarized in Table C that follows, premiums PMPM are expected to be approximately 20% lower in the individual market under the waiver scenario compared to the baseline scenario in 2018. The premium differential PMPM is expected to decrease to 18% by 2026 due to greater aging of the individual market population in the waiver scenario relative to the baseline scenario.

Table C: Average Individual Market Premiums PMPM by Scenario and Year

Year	Baseline	Waiver	Difference
2015	\$587	\$587	\$0
2016	\$789	\$789	\$0
2017	\$947	\$947	\$0
2018	\$1,191	\$953	(\$238)
2019	\$1,261	\$1,011	(\$250)
2020	\$1,360	\$1,087	(\$273)
2021	\$1,457	\$1,186	(\$271)
2022	\$1,558	\$1,275	(\$282)
2023	\$1,657	\$1,362	(\$295)
2024	\$1,789	\$1,464	(\$326)
2025	\$1,904	\$1,563	(\$341)
2026	\$2,034	\$1,671	(\$363)

Individuals with incomes at or below 400% FPL who are enrolled in ACA compliant plans will see very little premium difference under the baseline and waiver scenarios due to the presence of APTCs (i.e., their premiums are a fixed percentage of their income and due to the high premium costs, nearly all individuals with incomes at or below 400% FPL are expected to receive APTCs). Individuals with incomes in excess of 400% FPL will experience premium reductions in the waiver scenario relative to the baseline scenario.

Tables 16 through 18 of Appendix B suggest average member out-of-pocket premium contributions in aggregate for individual market enrollees are increasing in the waiver scenario relative to the baseline scenario. This occurs as a result of more individuals being covered in the waiver scenario; however, Tables 24 through 26 of Appendix B suggest the average member out-of-pocket health care expenditures PMPM (excluding premium contributions) are increasing in the waiver scenario as well. This phenomenon occurs because the additional individuals insured under the waiver scenario are not eligible for subsidies; therefore, with the proportion of the non-subsidized population being higher under the waiver scenario than the baseline, the average insured premium contribution PMPM will increase as well, all else equal.

Tables 22 through 24 of Appendix B show the expected change in aggregate health care expenditures, split by the cost assumed by the insurer, the ARP, and the insured/employee. Average out-of-pocket spending PMPM for health care services for individual market enrollees is expected to increase 1% under the waiver scenario as shown in Tables 25 through 27 of Appendix B. The difference between the two scenarios is expected to grow to almost 9% by 2026. While this may seem counterintuitive, a majority of the additional individuals insured under the waiver scenario

are expected to enroll in bronze-level coverage, resulting in an average benefit level that is slightly less rich in the waiver scenario relative to the baseline scenario. For example, in the baseline scenario, 34% of individual market enrollees are expected to be enrolled in bronze-level coverage in 2026; however, in the waiver scenario, 43% of individual market enrollees are expected to be enrolled in bronze-level coverage.

Tables 28 through 30 of Appendix B summarize the expected change in the insured/employee aggregate out-of-pocket spending, split between premium contributions and out-of-pocket health care expenditure costs PMPM. Tables 31 through 33 of Appendix B show the expected changes on a PMPM basis.

The reduction in premium levels PMPM under the waiver scenario will have important financial implications for the Federal government as a result of changes in APTCs. As shown in Tables 34 through 36 of Appendix B, and summarized in Table D below, APTCs PMPM under the waiver scenario for APTC-eligible enrollees are projected to be approximately 22% lower than the baseline scenario in 2018.

Table D: Average APTCs PMPM by Scenario and Year

Year	Baseline	Waiver	Difference
2015	\$538	\$538	\$0
2016	\$750	\$750	\$0
2017	\$990	\$990	\$0
2018	\$1,223	\$954	(\$269)
2019	\$1,294	\$1,015	(\$279)
2020	\$1,392	\$1,094	(\$299)
2021	\$1,497	\$1,185	(\$311)
2022	\$1,598	\$1,274	(\$324)
2023	\$1,694	\$1,354	(\$340)
2024	\$1,824	\$1,457	(\$367)
2025	\$1,940	\$1,551	(\$390)
2026	\$2,075	\$1,659	(\$416)

We estimate that the existence of a fully-funded ARP will save the Federal government approximately \$51.6 million in 2018 due to a reduction in APTCs, with the potential saving projected to grow to \$97.6 million dollars in 2026.

Table E: Total APTCs by Scenario and Year

Year	APTCs		
	Baseline	Waiver	Difference
2015	94,468,271	94,468,271	-
2016	135,348,085	135,348,085	-
2017	185,716,278	185,716,278	-
2018	233,898,461	182,260,689	(51,637,772)
2019	258,351,449	202,372,542	(55,978,906)
2020	279,343,570	219,162,267	(60,181,304)
2021	312,617,789	247,210,983	(65,406,805)
2022	342,289,634	272,477,673	(69,811,961)
2023	380,127,501	303,407,137	(76,720,364)
2024	412,662,662	329,994,712	(82,667,950)
2025	449,544,666	359,539,993	(90,004,673)
2026	488,186,123	390,635,284	(97,550,838)

It is important to note that premiums under both scenarios for 2018 and beyond were determined based on the projected claims experience associated with HIUs modeled to take up coverage under each scenario. Under the baseline scenario, anti-selective behavior is projected to occur among individuals who were previously enrolled in transitional plans in 2017, putting upward pressure on the projected individual market rate increase in 2018, all else equal. This results in greater APTC savings than would otherwise be expected assuming the population remained the same in 2017 and 2018. Additionally, it is important to note that the change in APTCs will be leveraged relative to the overall rate change since the subsidized premiums APTC-eligible members pay are indexed to changes in FPL, which is expected to increase at a lower rate than premiums, with APTCs compensating for the difference (e.g., an overall premium rate increase of 20% will result in an APTC change that is greater than 20%).

The aggregate savings expected to be realized by the Federal government are net of any newly enrolled APTC-eligible enrollees (e.g., a greater number of APTC-eligible enrollees will offset some of the APTC savings realized by the Federal government). Given that APTCs will vary by income level, Table 36 in Appendix B shows the projected change in APTCs PMPM for various income ranges to provide greater context regarding the APTC PMPM change, regardless of total enrollment levels. Please note, the APTC PMPM changes shown in Table 36 have not been normalized for differences in age between the baseline and waiver scenarios.

As noted in the Scope of Coverage Requirement section, a small number of subsidy eligible individuals that select a benefit plan that is priced lower than the second lowest-cost silver plan may see a premium increase, net of APTCs, under the waiver scenario, due to the reduction in the dollar amount of the APTC between the baseline and waiver scenarios being greater than the reduction in the non-subsidized premium for the plan in which they enroll in through the Exchange. Based on our calculations, it is anticipated most subsidy eligible individuals will receive an APTC in 2017 and throughout the projection period given how high premium levels are in Alaska in both the baseline and the waiver scenarios.²³ In effect, this causes the subsidized premium amounts for the second lowest-cost silver plan for subsidy eligible individuals to be the same between the two scenarios for most individuals.

APTCs may be applied to any non-catastrophic benefit plan available through the Exchange. Assuming differences in premiums between benefit plans are only due to differences in benefits and induced demand, subsidy eligible individuals enrolling in a benefit plan that is leaner than the second lowest-cost silver plan are more likely to be healthier than average (e.g., the savings in out-of-pocket premium expenditures relative to the second lowest-cost silver plan will exceed the

²³ Individuals with incomes at 400% FPL receive the lowest APTC among subsidy eligible individuals since the maximum premium an individual will pay out-of-pocket is reduced as incomes decrease below 400% FPL. Twenty-one year olds are charged the lowest premium amongst individuals age 21 and older under the 2017 standardized age curve. For 2017, the premium for the second lowest-cost silver plan in the Exchange will be \$707 PMPM for a 21 year old in rating area 1, the Alaska rating area with the lowest premiums for the second lowest-cost silver plan. If we assume the FPL limits will increase 2.3% in 2017, consistent with the projected change in CPI-U as published by NHED, the income for an individual at 400% of FPL will translate to \$60,725 (i.e., $\$14,840 \times 1.023 \times 4.00$, where \$14,840 is 100% of the 2016 Alaska FPL for a family size of one, 1.023 is the trend factor applied to obtain the 2017 FPL, and 4 is the FPL multiplier), regardless of age since FPLs do not vary by age. The maximum premium PMPM an individual at 400% FPL will pay, net of subsidies, is capped at 9.69% of income, or approximately \$490 PMPM (i.e., $\$60,725 \times 0.0969 / 12$). The corresponding APTC amount PMPM will be \$217 PMPM (i.e., $\$707 - \490). Please note, the premium PMPM for a dependent-only policy in which the dependent is under the age of 21 and the household income is 400% FPL could produce a premium PMPM that is lower than the "capped" premium amount of \$490.

anticipated or perceived difference in out-of-pocket member cost-sharing expenditures). These individuals could potentially pay higher out-of-pocket premiums in the waiver scenario relative to the baseline scenario; however, this is most likely to occur only for individuals with incomes between 250% FPL and 400% FPL, given the availability of CSR plans for individuals with incomes below 250% FPL. Subsidy eligible individuals with significant healthcare expenditures are more likely to “buy up” coverage levels relative to the second lowest-cost silver plan in order to reduce their out-of-pocket cost-sharing expenditures (e.g., the anticipated or perceived reduction in out-of-pocket cost-sharing expenditures will exceed the increase in out-of-pocket premium expenditures). Premiums, net of any subsidies, would be lower in the waiver scenario relative to the baseline scenario for plans that are richer than the second lowest-cost silver plan (i.e., individuals with significant healthcare expenditures could access richer coverage levels at a lower premium in the waiver scenario). Additionally, virtually all individuals with incomes at or below 250% FPL are expected to enroll in CSR plans, which should minimize the potential impact for households with the lowest incomes. Given these expectations, the affordability guardrail is not only met in aggregate but also for the most vulnerable segments of the population.

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 1332 Waiver being sought by the State does not impact EHBs for the commercial markets, and no provisions of this waiver that will impact the scope of services required to be covered by the Medicaid or CHIP programs. Therefore, the comprehensiveness of coverage requirement is expected to remain unchanged across all markets.

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Considerations and Limitations

The State of Alaska, 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, also known as a 1332 Waiver. The actuarial services we provided consisted of analyses and forecasting in support of our actuarial certification of compliance with the 1332 Waiver requirements related to scope of coverage, affordability and comprehensiveness of coverage.

This report was prepared for the sole use of the State. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State. 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. 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 Alaska. Our work may not be used or relied upon by any other party or for any purpose other than for which they were issued by Oliver Wyman. Oliver Wyman is not responsible for the consequences of any unauthorized use.

For our analysis, we relied on a wide range of data and information and other sources of data as described throughout this report. This includes information received from insurers currently offering coverage in the State. 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 that 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 information and data available as of November 18, 2016, 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 State of Alaska representatives and other consultants assisting the State. While this analysis complies with applicable Actuarial Standards of Practice, 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. To the extent that 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.

The sources of uncertainty affecting our estimates are numerous and include factors internal and external to the State. The most significant external influences include, but are not limited to, changes in the legal, social, or regulatory environment surrounding the determination of premiums. Uncontrollable factors such as general economic conditions also contribute to the variability.

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 secure 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.

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Distribution and Use

This report was prepared for the sole use of the State of Alaska for the purpose of supporting their 1332 waiver application. 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, or the firm with which this report is connected, 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.

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Actuarial Certification

I, Tammy Tomczyk, 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 Alaska's application for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act. The State is seeking financial assistance from the Federal government to partially fund the Alaska Reinsurance Program. The requested funding levels would be consistent with the Advanced Premium Tax Credit savings the Federal government would have realized assuming the Alaska Reinsurance Program was not funded and allowed to sunset in 2018.

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 Alaska, information obtained from insurers currently offering coverage in the Individual and Small Employer-based markets in Alaska, and additional information published by the Federal government.

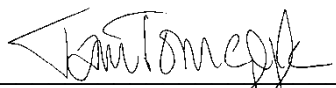
I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or audit, I have reviewed the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

Actuarial Certification

In my opinion, the State of Alaska 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 provided 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.

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



Tammy Tomczyk, FSA, FCA, MAAA

November 22, 2016

Date

Appendix A

Oliver Wyman Healthcare Reform Microsimulation Model

The Oliver Wyman Healthcare Reform Microsimulation Model (HRM Model) was used to assess potential premiums and enrollment in Alaska's health insurance markets under two scenarios. This model is a leading edge tool for analyzing the impact of various healthcare reforms or proposed legislation. Economic modeling that captures the flow of individuals across various markets based on their economic purchasing decisions is integrated with actuarial modeling designed to assess the impact various reforms are anticipated to have on the health insurance markets. It is this rare integration of economic and actuarial modeling that allows us to capture the complex migration likely to occur as a result of various market reforms.

The HRM Model has three primary modules. The first module characterizes the current population; the second module calibrates the simulated population to the current market; and the third module projects the simulated population in future years given coverage options, choice and market reforms.

Characterization of the Current Population

In the first module, the population module, the current population was built from several data sources. Data from the 2014 American Community Survey (ACS) was selected as the primary data source and serves as the population basis. The ACS includes information for each respondent's age, gender, income, insurance coverage type, employment status, geographic place of work, geographic place of residence, industry in which he/she is employed, and many other characteristics. The ACS requests information on households, however our model is built on decisions 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. Therefore, when preparing the ACS data for our model, it is adjusted to reflect HIUs.

While there are various sources of data that could be used as a primary data source, we chose to rely on the ACS data for several reasons. First, there is a documented bias in most survey data where Medicaid enrollment is substantially lower than administrative counts. National analysis of this "Medicaid undercount" indicates that many individuals enrolled in Medicaid report their status as either privately insured or uninsured,²⁴ and the ACS applies logical edits to the data to adjust for this. Second, the ACS questionnaire includes the question, "Is this person CURRENTLY covered by any...health insurance or health coverage plans?"²⁵ In contrast, the Current Population Survey (CPS) conducted by the Census Bureau assesses insured status over an entire year. The presentation of the question by ACS is more consistent with the HRM Model since it examines the population at a single point in time. Third, enrollees are legally obligated to respond to the ACS,²⁶ so the response rate is quite high (i.e., 97% in 2014).²⁷ Finally, the ACS includes measures that permit the calculation of standard errors from the sample.

The ACS data is supplemented and synthesized with several other data sources in order to approximate the current marketplace. Information from the Medical Expenditure Panel Survey

²⁴ <http://www.shadac.org/publications/snacc-phase-v-report>

²⁵ <http://www2.census.gov/programs-surveys/acs/methodology/questionnaires/2014/quest14.pdf>

²⁶ <http://www.census.gov/programs-surveys/acs/about/why-was-i-selected.html>

²⁷ <https://www.census.gov/acs/www/methodology/sample-size-and-data-quality/response-rates/>

(MEPS) is used to create the current Alaskan employer market. Individuals identified as working for private employers are randomly categorized into employer group size segment (e.g., small employer groups) based on the distribution of group size using the MEPS data. Information from the insurer/employer component of MEPS is used to determine which employed individuals will be offered insurance coverage. The results from the 2014 MEPS insurance/employer component data were used to establish the distribution of groups by group size (i.e., small employers and large employers) and the rates at which coverage was offered in Alaska at various group sizes. Membership reports from CMS are used to size the current Medicaid and Medicare populations.

Definition of Insurance Coverage Types

Individual

Major medical health insurance coverage purchased by HIUs from health insurers, whether purchased directly from health insurers, through an agent or broker, or via the federal Exchange. This purchasing option is evaluated for all individuals, with the exception of those eligible for Medicare, Medicaid, Military and other government sponsored coverage. Individuals enrolled in transitional and grandfathered plans will be allowed to maintain such coverage as allowed by federal regulations.

Small Employer

Major medical health insurance coverage purchased by small group employers (i.e., employers with 2 to 50 employees) from health insurers, whether purchased directly from health insurers, through an agent or broker, or through the federal SHOP. This includes non-military government employees at the local, state and federal level. This purchasing option is evaluated for an HIU if the primary or spouse is currently employed or is an early retiree (i.e., under the age of 65) according to the employment information on the ACS record. The employer must be identified as offering health insurance coverage to employees in order for the HIU to evaluate employer-based coverage.

Large Employer

Major medical health insurance coverage either purchased by large group employers (i.e., employers with more than 50 employees) from health insurers, whether directly or through an agent or broker, or administered by a third party administrator (TPA). This includes non-military government employees at the local, state and federal level. This purchasing option is evaluated for an HIU if the primary or spouse is currently employed or is an early retiree (i.e., under the age of 65) according to the employment information on the ACS record; however, the employer must be identified as offering health insurance coverage to employees in order for the HIU to evaluate employer-based coverage.

Medicare

All individuals age 65 and older are assumed to be eligible for and enrolled in Medicare. Individuals eligible for Medicare are assumed to remain eligible for Medicare, and no other purchasing options are evaluated for them. In the tables shown in Appendix B, the “Medicare” segment is included in the “Government Coverage” cohort.

Medicaid/CHIP

This purchasing option is evaluated if the requirements for Medicaid eligibility are met based on family income reported on the ACS record. This option is not evaluated for those receiving Military coverage as indicated on their ACS record, regardless of income.

It is important to note that not all individuals eligible for Medicaid or CHIP choose to enroll in such coverage. There are many possible reasons why an individual may choose not to enroll in Medicaid. A Government Accountability Office study found that many do not enroll because of the perceived stigma associated with filing for public assistance.²⁸ Others may choose not to enroll because they do not need access to medical services. As such, the HRM Model attempts to replicate that not all individuals who qualify for Medicaid or CHIP will elect to be covered under Medicaid or CHIP. In the tables shown in Appendix B, the “Medicaid” segment is included in the “Government Coverage” cohort.

Other Government Coverage

This includes individuals who are enrolled in TRICARE and other military coverage types. HIUs are identified as being eligible for military coverage types based on the ACS data. In the tables shown in Appendix B, the “Other Government Coverage” segment is included in the “Government Coverage” cohort.

Uninsured

Residents who are not covered by any of the health insurance coverage types described above or have coverage that does not comply with the federal minimum essential coverage requirement are considered uninsured.

Health Status

Health status is strategically assigned to various sub-populations based on a statistical analysis of self-reported health status obtained from the CPS. The CPS 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, 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.

It is important to note that the CPS data lacks credibility for select cohorts by age and gender for Alaska residents. As a result, the HRM Model uses nationwide CPS data as the basis for assigning health status to Alaska enrollees. Additionally, adjustments have been made to the nationwide CPS data to reflect our expectations of market average morbidity. Individual market claims experience through September 2016 suggests newly eligible Medicaid enrollees that were previously insured in the individual market may have had significantly higher morbidity levels than implied by the nationwide CPS data.

Synthetic Insurance Insurers

The HRM Model assumes there will be one insurer in each of the individual, small group and large group health insurance markets. Information obtained from rate filings, the Supplemental Health Care Exhibits, and the Office of the Assistant Secretary for Planning and Evaluation (ASPE) were used to determine premium levels in the market and to assess the adequacy of the premium levels from 2015 through 2017.

For the individual market, the HRM Model assumes the synthetic insurer offers select metallic-level plans and one transitional/grandfathered plan. For metallic-level plans, the HRM Model allows individual market enrollees to select between the lowest-cost bronze plan and the lowest and second lowest-cost silver plans available on the individual Exchange. Premiums for gold and platinum metallic-level plans in Alaska have not been included in the HRM Model due to low

²⁸ <http://archive.gao.gov/t2pbat4/150626.pdf>

enrollment in these metallic levels. Premiums for the transitional/grandfathered plan are assumed to represent average benefit levels and are based on premiums obtained through rate filings. Additionally, premiums for the transitional/grandfathered plan are assumed to comply with the rating rules of non-ACA plans (e.g., full underwriting, etc.). Individuals modeled to take up individual health insurance coverage are randomly assigned to metallic or transitional/grandfathered coverage, with the distribution of enrollees consistent with the distribution of individual market enrollees observed in 2015 in aggregate and by income range and age group.

For the group health insurance market, the HRM Model assumes the synthetic insurer offers one silver metallic-level plan and one transitional/grandfathered plan for small employer-based coverage. The silver metallic-level plan is based on the lowest-cost silver plan available in the Small Business Health Options Program (SHOP). Premiums for the transitional/grandfathered plan are assumed to represent average benefit levels and are based on premiums obtained through rate filings. Additionally, premiums for the transitional/grandfathered plan are assumed to comply with the rating rules of non-ACA plans (e.g., rating bands, etc.). Individuals working for small employers offering health insurance coverage are randomly assigned metallic or transitional/grandfathered coverage, with the distribution of enrollees consistent with the distribution of small group market enrollees by product type (e.g., metallic) observed in 2015. For large employer-based coverage, the synthetic insurer is assumed to offer one plan that reflects market average benefit and premium levels. It is important to note that premium levels for a given employer-based group will be reflective of the modeled demographic and risk mix, using the demographic information from the ACS data and the assigned health status factors.

Premium levels for 2018 and beyond have been developed using a target loss ratio approach, and assumes the synthetic insurer will price to the following target loss ratios by market:

Health Insurance Market	Traditional Loss Ratio
Individual	80%
Small Employer	80%
Large Employer	85%

The traditional loss ratios for the individual health insurance market have been adjusted in 2015 and 2016 to account for the impact of the temporary federal transitional reinsurance and risk corridor programs. Additionally, in the waiver scenario, the traditional loss ratio for the individual health insurance market was adjusted in 2017 and beyond to be net of any claims ceded to the Alaska Reinsurance Program.

Calibration of the HRM Model

Once the current market landscape is known, the market migration module of the HRM Model is calibrated to reflect the current market landscape. The calibrated market migration module projects the market into which HIUs will enroll, based on the options and corresponding premiums available to them.

The purpose of the calibration is to solve for the model parameters that replicate the characteristics (e.g., size, premium, claims cost, etc.) of the known insurance markets during the base period. This step is critical to ensure that the appropriate utility functions are utilized in the market migration module. While a utility function can model people's desire for consumption of healthcare services, as well as their aversion to financial risk, it cannot predict certain behaviors, such as why people eligible to enroll in Medicaid do not enroll, or why individuals with sufficient financial means to

purchase health insurance chose to be uninsured. It is because of these behaviors that the model calibration is important and necessary.

To perform this calibration, all of the information resulting from the simulation module is considered except the known market in which the individual was enrolled in 2015. Individuals with coverage through Medicare, military coverage and coverage through local, state or Federal government employers were excluded from the calibration, as individuals with these types of coverage are assumed to continue with those coverages throughout the projection. Individuals with Medicaid were also excluded because a majority of individuals with this coverage are also assumed to continue to be covered by Medicaid.

For each of the remaining HIUs, the various coverage options available to them in 2015 are examined and the utility associated with each option is calculated. If the primary and the spouse have access to employer-based coverage, the utility curves assume the HIU would select the lowest-cost premium option. The cost of individual health insurance coverage is calculated for each HIU, including HIUs that have access to employer-based coverage. HIUs with household incomes greater than the Medicaid income requirements are not allowed to evaluate the option of enrolling in Medicaid. Once an HIU has evaluated all premium options, the lowest premium is chosen, and the economic utility is calculated for that coverage and compared to the economic utility of being uninsured. The option with the greatest utility is selected and the HIU is assumed to enroll in that health insurance option.

The results were examined to ensure the appropriate number of people is simulated to have each type of current coverage (e.g., individual, small group, etc.). If the projected enrollment results did not replicate the known 2015 distribution, the various parameters in the utility function were revised until the projected enrollment was consistent with the known enrollment at several key sub-population levels. This step is critical to the modeling as without such calibration the reliability of the results is diminished significantly. The model is calibrated to ensure the known market is replicated at several levels, such as by broad age and income ranges within various markets.

Projection of the Future Populations

Once the model was calibrated, the model is ready to be used to project the markets into which individuals will enroll based on the coverage options available to them, and the resulting premiums for those markets. The process of determining which coverage option each HIU elects to enroll in is based on the application of economic utility maximization. Employers that decide to offer coverage in 2015, the base year, are assumed to continue offering coverage in the future; however, the model will determine whether each HIU with employer-based coverage continues to meet the affordability requirement. The response from employers and individuals to changes in premiums and other financial incentives is a critical element of the model.

The model incorporates the various aspects of the ACA and other economic assumptions that will impact premiums and enrollment. These items include but are not limited to:

- Premium and cost sharing subsidies available to low income individuals
- Individual coverage mandate and penalties for not taking coverage (unless exempt)
- Medicaid eligibility rules, including changes in Medicaid eligibility in Alaska that occurred on September 1, 2015
- Application of an affordability test to determine whether individuals offered employer coverage are eligible for subsidized coverage in the individual Exchange
- Changes in FPL in future years

- Population growth estimates consistent with projections developed by the Alaska Department of Labor and Workforce Development and the NHED
- Medical inflation, adjusted to reflect higher inflation trends in Alaska
- Consumer Price Index for All Urban Consumers (CPI-U) growth consistent with the National Health Expenditure Data (NHED)
- Wage inflation is assumed to be consistent with CPI-U growth
- Income tax rates specific to the state including state, Federal, FICA, and Medicare taxes
- Pent-up demand for newly insured individuals
- Differences in utilization between individuals with insurance and similarly situated individuals without insurance
- An inertia factor to model the likelihood of an individual switching to alternate coverage
- Transitional health benefit plans are assumed to terminate at the end of 2017

The resulting simulated population is input into the calibrated market migration module, and the purchasing decisions for each HIU are modeled each year from 2015 through 2026. Individuals currently enrolled in Medicaid or Medicare, those having coverage through the military and those receiving coverage as a result of being an employee or a dependent of an employee that works for a local government entity or the state or Federal government are assumed to retain that coverage.

Incomes are assumed to increase with annual changes in the CPI-U, consistent with the statutory formula for projecting changes in FPL levels in Alaska. Based on the income, family size and composition of each HIU, income as a percentage of FPL is calculated for each projection year. These FPL percentages are then used for:

- Determining whether the HIU is eligible for Medicaid or children within the HIU are eligible for CHIP
- Determining whether the HIU is eligible for premium subsidies within the Individual Exchange
- Determining whether the HIU is eligible for cost sharing subsidies within the Individual Exchange
- Determining whether the HIU is eligible for exemption from the individual mandate penalty if they elect not to enroll in coverage
- Determining whether the employer-sponsored coverage made available to the HIU is deemed “unaffordable” and as a result the HIU is eligible to enroll in the Individual Exchange and receive premium and potentially cost sharing subsidies

The market migration module evaluates several different options in which the HIU is eligible to enroll. The model calculates the utility for each one of these options. HIUs are only allowed to evaluate employer-sponsored coverage if they are currently enrolled in this market as the model does not assume new offerings of employer-sponsored coverage.

The potential options that are evaluated for each HIU (where eligible) include:

- All individuals in the HIU enroll in employer-sponsored coverage made available by the employer for the year modeled
 - o Small employer groups offering transitional or grandfathered coverage will evaluate whether to switch to ACA compliant coverage based on the employer economic utility function, with the employee evaluating the selected premium amounts (net of employer contributions); please note, transitional plans are assumed to terminate at the end of 2017

- All individuals in the HIU enroll in coverage within the Individual Exchange and receive premium subsidies and cost sharing subsidies, where applicable; the metal level purchased in the Individual Exchange will be based on the economic utility associated with the lowest-cost bronze plan and the two lowest-cost silver plans
- All individuals in the HIU enroll in ACA compliant coverage with no subsidies; the metal level purchased will be based on the economic utility associated with the lowest-cost bronze plan and the two lowest-cost silver plans
- All individuals enrolled in transitional or grandfathered plans enroll maintain their current coverage; please note, transitional plans are assumed to terminate at the end of 2017
- All individuals in the HIU elect to remain uninsured

The HRM Model assumes a steady state population. This means the distribution of the overall population by income, gender, health status, occupation, family size and other variables is assumed to remain relatively constant over the projection period. For example, we have not attempted to project rates of employment in 2016 and beyond, but have assumed that rates of employment in 2016 and beyond will be the same as 2015. The steady state population assumptions can be summarized as follows:

- The distribution of the population by income level (i.e. as a percent of FPL) in aggregate remains unchanged. Incomes are modeled to increase each year based on salary inflation assumptions which are consistent with the change in CPI-U
- The population is projected to grow each year, with the population growth varying by type of health insurance coverage. Significant migration of individuals of a specific age or gender into or out of Alaska is not assumed to occur. Instead, the distribution by age and gender changes slightly to reflect the aging of the population in aggregate. This is primarily due to growth in the Medicare cohort exceeding general population growth
- The distribution of the overall population by health status, occupation, and family size are assumed to remain relatively constant through 2026, with the exception of the impact aging of the population will have. The steady state assumption does not mean the health status of specific individuals will remain unchanged over time, only that the overall relative health status by specific subsets of the population (e.g., by FPL and age) do not change. However, as described below, we expect that people will move between various modes of insurance (e.g., small group, individual and uninsured) and that this migration will result in changes to the average morbidity of those markets. Similarly, the family composition of a given household may change; however, it is assumed that the overall distribution of the State's population by family composition does not change

The overall rate of employment over the period between 2016 through 2026 is assumed to be consistent with 2015 employment levels.

HIU Utility

HIUs are assumed to make insurance purchasing decisions by evaluating the various options above and making an economically rational decision to select the option that maximizes the utility for the HIU. The utilities for all members of the HIU are aggregated to develop the corresponding utility for the HIU under that 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 eligible for Medicaid and Medicare are assumed to enroll in such coverage and have been removed from the decision-making process for each HIU.

In order to model this behavior, a utility function and the associated parameters were selected. As previously described, the utility function and parameters selected were those that replicated the

status quo upon application of the market migration module to the simulated population. The underlying utility functions utilized are as follows:

$$U1_{i,j} = -E(OOP_{i,j}) - premium_{i,j} - r * VAR(OOP_{i,j}) + u * (H_{i,j})$$

$$U2_{i,j} = -w * E(HEP_{i,j}) - Penalty_i - w * r * VAR(HEP_{i,j}) + \frac{1}{2} * u * (H_{i,j})$$

In the equations above, U1 represents the utility of having health insurance and U2 represents the utility of being uninsured. If U1 is greater than U2, the HIU selects coverage option j. If U1 is smaller than U2, the HIU selects being uninsured. $OOP_{i,j}$ is the out-of-pocket health care expenditures for HIU i under purchasing option j, HEP_i represents the expected health care expenditures to be incurred if the HIU elects to be uninsured, r is the risk aversion coefficient, u is the perceived value of having access to health insurance and $(H_{i,j})$ is the perceived value associated with consuming health services.

In calibrating the model, we elected to vary the parameters r and u at seven different ranges of incomes to reflect the fact that individuals with higher incomes are more risk averse and have different perceptions of accessing health care services. We also varied the parameters for six different age ranges to reflect the fact that individuals with similar incomes may behave differently at different ages. For example, an early retiree with greater accumulated assets drawing income from a lifetime of investments may be more risk averse than a young individual with a similar income but more limited assets. We also applied a separate parameter w for health expenditure for HIUs between Group and Individual coverages to account for higher perceived cost of not having a comprehensive Group coverage versus leaner coverage usually available in the Individual market.

Inertia Factors

In many cases, the evaluation of multiple competing options using the selected utility function results in utility values that are very similar. For example, the utility associated with purchasing Bronze level coverage in the individual market may be only marginally different than the utility associated with being uninsured. From year to year, the impact of medical trend and the change in the penalty under the individual mandate for not taking coverage do not change at the same rate. This can result in individuals alternating back and forth between these two options in subsequent years under a pure utility maximization approach.

Several studies have documented the inertia related to individual decision making, where people elect the status quo even though utility theory indicates it is rational to elect an alternate option.^{29, 30} Therefore, to reflect this behavior and add stability to the modeled results, we have built inertia factors into the model.

²⁹ Su, X. (2009). "A Model of Consumer Inertia with Applications to Dynamic Pricing. Production and Operations Management." 18: 365–380. doi: 10.1111/j.1937-5956.2009.01038.x

³⁰ "The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior." Brigitte Madrian and Dennis Shea.

Appendix B

Modeling Results

AK 1332 Waiver Application

Actuarial Analysis and Certification

Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 1 - Alaska Coverage By Category - Baseline Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Individual Market - Non Native Population	27,402	23,631	23,389	20,818	21,541	21,326	21,720	22,188	23,051	23,220	23,692	24,009
Individual Market - Native Population	757	433	433	435	452	447	457	468	488	492	504	511
Total Individual Market	28,159	24,064	23,822	21,253	21,993	21,773	22,176	22,656	23,539	23,713	24,196	24,520
Employer Based												
Small Group Employer Market	17,370	17,746	16,924	16,426	16,471	16,496	16,511	16,559	16,602	16,637	16,676	16,679
Large Group Employer Market	265,933	262,902	264,368	264,747	263,821	262,620	261,799	260,978	260,157	259,337	258,516	257,695
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
Uninsured - Non Native Population	84,144	73,373	73,530	75,621	76,190	77,615	78,387	79,233	79,632	80,640	81,346	82,055
Uninsured - Native Population	30,370	26,483	26,540	27,294	27,499	28,014	28,292	28,598	28,742	29,106	29,361	29,616
Total Uninsured	114,515	99,856	100,070	102,915	103,689	105,629	106,679	107,831	108,374	109,746	110,707	111,671
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: AK DOI, Carrier Survey, CMS Medicare Enrollment, AK Medicaid Enrollment, American Community Survey, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 2 - Alaska Coverage By Category - Waiver Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Individual Market - Non Native Population	27,402	23,631	23,389	22,422	23,071	23,061	22,926	23,371	24,206	24,420	24,418	24,736
Individual Market - Native Population	757	433	433	472	487	487	484	495	514	519	519	527
Total Individual Market	28,159	24,064	23,822	22,894	23,558	23,548	23,410	23,866	24,721	24,940	24,937	25,263
Employer Based												
Small Group Employer Market	17,370	17,746	16,924	16,426	16,471	16,496	16,511	16,559	16,602	16,637	16,676	16,679
Large Group Employer Market	265,933	262,902	264,368	264,747	263,821	262,620	261,799	260,978	260,157	259,337	258,516	257,695
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
Uninsured - Non Native Population	84,144	73,373	73,530	74,016	74,659	75,880	77,180	78,050	78,476	79,440	80,621	81,328
Uninsured - Native Population	30,370	26,483	26,540	27,257	27,464	27,974	28,265	28,571	28,716	29,079	29,345	29,601
Total Uninsured	114,515	99,856	100,070	101,274	102,124	103,854	105,445	106,622	107,192	108,519	109,966	110,929
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: AK DOI, Carrier Survey, CMS Medicare Enrollment, AK Medicaid Enrollment, American Community Survey, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 3 - Alaska Coverage By Category - Change Baseline to Waiver

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Individual Market - Non Native Population	0	0	0	1,605	1,530	1,735	1,207	1,183	1,156	1,200	725	727
Individual Market - Native Population	0	0	0	37	35	40	27	27	26	27	16	16
Total Individual Market	0	0	0	1,641	1,565	1,775	1,234	1,210	1,182	1,227	741	742
Employer Based												
Small Group Employer Market	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	0	0	0	0	0	0	0	0	0	0	0	0
Total Government Coverage	0	0	0	0	0	0	0	0	0	0	0	0
Uninsured												
Uninsured - Non Native Population	0	0	0	-1,605	-1,530	-1,735	-1,207	-1,183	-1,156	-1,200	-725	-727
Uninsured - Native Population	0	0	0	-37	-35	-40	-27	-27	-26	-27	-16	-16
Total Uninsured	0	0	0	-1,641	-1,565	-1,775	-1,234	-1,210	-1,182	-1,227	-741	-742
Total AK	0	0	0	0	0	0	0	0	0	0	0	0

Sources: AK DOI, Carrier Survey, CMS Medicare Enrollment, AK Medicaid Enrollment, American Community Survey, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 4 - Alaska Coverage Distribution By Category - Baseline Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Individual Market - Non Native Population	3.71%	3.17%	3.11%	2.74%	2.81%	2.76%	2.79%	2.83%	2.92%	2.92%	2.95%	2.97%
Individual Market - Native Population	0.10%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Total Individual Market	3.81%	3.23%	3.17%	2.80%	2.87%	2.82%	2.85%	2.89%	2.98%	2.98%	3.02%	3.04%
Employer Based												
Small Group Employer Market	2.35%	2.38%	2.25%	2.16%	2.15%	2.14%	2.12%	2.11%	2.10%	2.09%	2.08%	2.07%
Large Group Employer Market	36.01%	35.27%	35.15%	34.89%	34.47%	34.02%	33.64%	33.27%	32.91%	32.57%	32.23%	31.91%
Total Employer Based	38.37%	37.66%	37.40%	37.06%	36.62%	36.16%	35.76%	35.38%	35.02%	34.66%	34.31%	33.97%
Total Government Coverage	42.31%	45.72%	46.12%	46.58%	46.96%	47.33%	47.68%	47.98%	48.30%	48.58%	48.87%	49.16%
Uninsured												
Uninsured - Non Native Population	11.39%	9.84%	9.78%	9.97%	9.95%	10.06%	10.07%	10.10%	10.07%	10.13%	10.14%	10.16%
Uninsured - Native Population	4.11%	3.55%	3.53%	3.60%	3.59%	3.63%	3.64%	3.65%	3.64%	3.66%	3.66%	3.67%
Total Uninsured	15.51%	13.40%	13.31%	13.56%	13.55%	13.69%	13.71%	13.75%	13.71%	13.78%	13.80%	13.83%
Total AK	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Sources: AK DOI, Carrier Survey, CMS Medicare Enrollment, AK Medicaid Enrollment, American Community Survey, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 5 - Alaska Coverage Distribution By Category - Waiver Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Individual Market - Non Native Population	3.71%	3.17%	3.11%	2.96%	3.01%	2.99%	2.95%	2.98%	3.06%	3.07%	3.04%	3.06%
Individual Market - Native Population	0.10%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.07%	0.07%	0.06%	0.07%
Total Individual Market	3.81%	3.23%	3.17%	3.02%	3.08%	3.05%	3.01%	3.04%	3.13%	3.13%	3.11%	3.13%
Employer Based												
Small Group Employer Market	2.35%	2.38%	2.25%	2.16%	2.15%	2.14%	2.12%	2.11%	2.10%	2.09%	2.08%	2.07%
Large Group Employer Market	36.01%	35.27%	35.15%	34.89%	34.47%	34.02%	33.64%	33.27%	32.91%	32.57%	32.23%	31.91%
Total Employer Based	38.37%	37.66%	37.40%	37.06%	36.62%	36.16%	35.76%	35.38%	35.02%	34.66%	34.31%	33.97%
Total Government Coverage	42.31%	45.72%	46.12%	46.58%	46.96%	47.33%	47.68%	47.98%	48.30%	48.58%	48.87%	49.16%
Uninsured												
Uninsured - Non Native Population	11.39%	9.84%	9.78%	9.75%	9.75%	9.83%	9.92%	9.95%	9.93%	9.98%	10.05%	10.07%
Uninsured - Native Population	4.11%	3.55%	3.53%	3.59%	3.59%	3.62%	3.63%	3.64%	3.63%	3.65%	3.66%	3.67%
Total Uninsured	15.51%	13.40%	13.31%	13.35%	13.34%	13.46%	13.55%	13.59%	13.56%	13.63%	13.71%	13.74%
Total AK	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Sources: AK DOI, Carrier Survey, CMS Medicare Enrollment, AK Medicaid Enrollment, American Community Survey, Oliver Wyman Healthcare Reform Microsimulation Model.

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A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 6 - Alaska Coverage Distribution By Category - Change Baseline to Waiver

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Individual Market - Non Native Population	0.00%	0.00%	0.00%	0.21%	0.20%	0.22%	0.16%	0.15%	0.15%	0.15%	0.09%	0.09%
Individual Market - Native Population	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Individual Market	0.00%	0.00%	0.00%	0.22%	0.20%	0.23%	0.16%	0.15%	0.15%	0.15%	0.09%	0.09%
Employer Based												
Small Group Employer Market	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Group Employer Market	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Employer Based	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Government Coverage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Uninsured												
Uninsured - Non Native Population	0.00%	0.00%	0.00%	-0.21%	-0.20%	-0.22%	-0.16%	-0.15%	-0.15%	-0.15%	-0.09%	-0.09%
Uninsured - Native Population	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Uninsured	0.00%	0.00%	0.00%	-0.22%	-0.20%	-0.23%	-0.16%	-0.15%	-0.15%	-0.15%	-0.09%	-0.09%
Total AK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Sources: AK DOI, Carrier Survey, CMS Medicare Enrollment, AK Medicaid Enrollment, American Community Survey, Oliver Wyman Healthcare Reform Microsimulation Model.

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A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 7 - Alaska Coverage Distribution By Category and Income to Poverty Ratio - Baseline Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
0% to 199%	10,293	7,262	7,505	7,687	8,281	8,350	8,963	9,090	9,161	9,299	9,352	9,592
200% to 299%	4,279	3,758	3,992	4,077	4,166	4,172	4,236	4,543	5,302	5,314	5,703	5,758
300% to 400%	3,662	4,581	4,547	4,684	4,687	4,698	4,707	4,715	4,716	4,724	4,730	4,735
More than 400%	9,926	8,464	7,778	4,805	4,859	4,553	4,271	4,308	4,359	4,376	4,411	4,435
Total Individual Market	28,159	24,064	23,822	21,253	21,993	21,773	22,176	22,656	23,539	23,713	24,196	24,520
Employer Based												
0% to 199%	35,048	26,119	25,822	26,708	25,274	23,865	22,454	21,499	21,248	20,871	20,455	19,728
200% to 299%	58,220	61,044	61,270	61,029	61,162	61,217	59,789	59,623	59,500	59,371	59,016	58,306
300% to 400%	59,828	60,914	61,139	60,898	61,031	61,086	61,727	61,836	61,709	61,621	61,618	61,813
More than 400%	130,207	132,571	133,062	132,537	132,826	132,946	134,340	134,579	134,302	134,110	134,103	134,527
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Government Coverage												
0% to 199%	204,962	232,562	236,769	241,231	245,304	249,348	253,226	256,861	260,542	264,042	267,503	271,014
200% to 299%	31,623	31,823	32,398	33,009	33,566	34,120	34,650	35,148	35,651	36,130	36,604	37,084
300% to 400%	35,485	35,709	36,355	37,040	37,665	38,286	38,882	39,440	40,005	40,542	41,074	41,613
More than 400%	40,385	40,639	41,374	42,154	42,866	43,573	44,250	44,885	45,529	46,140	46,745	47,359
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
0% to 199%	59,687	41,408	41,310	39,980	40,698	42,089	41,991	43,005	43,758	44,392	45,090	45,412
200% to 299%	38,009	37,863	37,391	37,143	37,128	37,183	38,373	38,382	37,797	38,247	38,307	39,025
300% to 400%	10,415	9,686	9,661	9,562	9,588	9,603	9,416	9,462	9,596	9,699	9,771	9,744
More than 400%	6,403	10,899	11,709	16,230	16,275	16,754	16,900	16,982	17,223	17,408	17,538	17,490
Total Uninsured	114,515	99,856	100,070	102,915	103,689	105,629	106,679	107,831	108,374	109,746	110,707	111,671
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: 2014 American Community Survey for AK, Oliver Wyman Healthcare Reform Microsimulation Model.

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Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 8 - Alaska Coverage Distribution By Category and Income to Poverty Ratio - Waiver Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
0% to 199%	10,293	7,262	7,505	7,700	8,294	8,365	8,974	9,101	9,172	9,310	9,359	9,598
200% to 299%	4,279	3,758	3,992	4,083	4,172	4,179	4,241	4,549	5,309	5,320	5,707	5,762
300% to 400%	3,662	4,581	4,547	4,624	4,628	4,637	4,650	4,659	4,661	4,723	4,732	4,737
More than 400%	9,926	8,464	7,778	6,487	6,464	6,366	5,545	5,558	5,579	5,587	5,140	5,165
Total Individual Market	28,159	24,064	23,822	22,894	23,558	23,548	23,410	23,866	24,721	24,940	24,937	25,263
Employer Based												
0% to 199%	35,048	26,119	25,822	26,708	25,274	23,865	22,454	21,499	21,248	20,871	20,455	19,728
200% to 299%	58,220	61,044	61,270	61,029	61,162	61,217	59,789	59,623	59,500	59,371	59,016	58,306
300% to 400%	59,828	60,914	61,139	60,898	61,031	61,086	61,727	61,836	61,709	61,621	61,618	61,813
More than 400%	130,207	132,571	133,062	132,537	132,826	132,946	134,340	134,579	134,302	134,110	134,103	134,527
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Government Coverage												
0% to 199%	204,962	232,562	236,769	241,231	245,304	249,348	253,226	256,861	260,542	264,042	267,503	271,014
200% to 299%	31,623	31,823	32,398	33,009	33,566	34,120	34,650	35,148	35,651	36,130	36,604	37,084
300% to 400%	35,485	35,709	36,355	37,040	37,665	38,286	38,882	39,440	40,005	40,542	41,074	41,613
More than 400%	40,385	40,639	41,374	42,154	42,866	43,573	44,250	44,885	45,529	46,140	46,745	47,359
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
0% to 199%	59,687	41,408	41,310	39,967	40,684	42,074	41,980	42,994	43,747	44,381	45,084	45,406
200% to 299%	38,009	37,863	37,391	37,136	37,121	37,175	38,368	38,377	37,791	38,240	38,303	39,021
300% to 400%	10,415	9,686	9,661	9,622	9,647	9,664	9,472	9,518	9,651	9,700	9,770	9,742
More than 400%	6,403	10,899	11,709	14,548	14,671	14,941	15,625	15,733	16,003	16,197	16,809	16,760
Total Uninsured	114,515	99,856	100,070	101,274	102,124	103,854	105,445	106,622	107,192	108,519	109,966	110,929
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: 2014 American Community Survey for AK, Oliver Wyman Healthcare Reform Microsimulation Model.

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Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 9 - Alaska Coverage Distribution By Category and Income to Poverty Ratio - Change Baseline to Waiver

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
0% to 199%	0	0	0	13	13	15	11	11	11	11	6	7
200% to 299%	0	0	0	7	7	8	5	5	6	6	4	4
300% to 400%	0	0	0	-61	-59	-61	-57	-56	-55	-1	2	2
More than 400%	0	0	0	1,682	1,604	1,813	1,275	1,250	1,220	1,211	729	730
Total Individual Market	0	0	0	1,641	1,565	1,775	1,234	1,210	1,182	1,227	741	742
Employer Based												
0% to 199%	0	0	0	0	0	0	0	0	0	0	0	0
200% to 299%	0	0	0	0	0	0	0	0	0	0	0	0
300% to 400%	0	0	0	0	0	0	0	0	0	0	0	0
More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	0	0	0	0	0	0	0	0	0	0	0	0
Government Coverage												
0% to 199%	0	0	0	0	0	0	0	0	0	0	0	0
200% to 299%	0	0	0	0	0	0	0	0	0	0	0	0
300% to 400%	0	0	0	0	0	0	0	0	0	0	0	0
More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Government Coverage	0	0	0	0	0	0	0	0	0	0	0	0
Uninsured												
0% to 199%	0	0	0	-13	-13	-15	-11	-11	-11	-11	-6	-7
200% to 299%	0	0	0	-7	-7	-8	-5	-5	-6	-6	-4	-4
300% to 400%	0	0	0	61	59	61	57	56	55	1	-2	-2
More than 400%	0	0	0	-1,682	-1,604	-1,813	-1,275	-1,250	-1,220	-1,211	-729	-730
Total Uninsured	0	0	0	-1,641	-1,565	-1,775	-1,234	-1,210	-1,182	-1,227	-741	-742
Total AK	0	0	0	0	0	0	0	0	0	0	0	0

Sources: 2014 American Community Survey for AK, Oliver Wyman Healthcare Reform Microsimulation Model.

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A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 10 - Alaska Coverage Distribution By Category and Age - Baseline Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
0 to 17	3,788	3,155	2,954	2,277	2,341	2,346	2,381	2,489	2,653	2,658	2,661	2,664
18 to 34	7,535	6,513	6,803	5,910	6,377	6,455	6,882	7,000	7,591	7,644	7,688	7,901
35 to 49	6,076	5,205	5,043	4,195	4,229	3,905	3,960	4,163	4,170	4,250	4,637	4,660
50+	10,760	9,190	9,022	8,871	9,047	9,067	8,953	9,005	9,125	9,161	9,210	9,295
Total Individual Market	28,159	24,064	23,822	21,253	21,993	21,773	22,176	22,656	23,539	23,713	24,196	24,520
Employer Based												
0 to 17	70,985	71,964	72,230	71,946	72,102	72,168	72,853	72,983	72,832	72,728	72,725	72,955
18 to 34	69,045	66,979	66,834	66,664	65,926	65,811	63,458	62,977	62,683	62,414	62,132	60,898
35 to 49	72,965	71,467	71,732	72,702	72,835	71,645	72,219	71,800	71,609	71,363	71,308	71,472
50+	70,308	70,237	70,497	69,862	69,429	69,492	69,779	69,779	69,635	69,468	69,027	69,049
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Government Coverage												
0 to 17	127,045	128,804	131,134	133,606	135,861	138,101	140,249	142,262	144,301	146,239	148,156	150,101
18 to 34	51,784	65,358	66,540	67,794	68,939	70,075	71,165	72,187	73,221	74,205	75,177	76,164
35 to 49	33,503	38,479	39,175	39,914	40,588	41,257	41,898	42,500	43,109	43,688	44,261	44,841
50+	100,123	108,092	110,047	112,121	114,014	115,894	117,696	119,386	121,096	122,723	124,332	125,964
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
0 to 17	14,585	15,234	15,441	16,394	16,354	16,379	16,087	16,027	16,033	16,205	16,326	16,281
18 to 34	48,812	38,711	38,528	39,717	40,071	40,217	41,807	42,443	42,407	42,987	43,538	44,559
35 to 49	21,476	20,483	20,601	20,587	20,626	22,356	22,028	22,402	22,753	23,040	22,738	22,712
50+	29,642	25,428	25,499	26,217	26,637	26,677	26,757	26,960	27,182	27,514	28,105	28,119
Total Uninsured	114,515	99,856	100,070	102,915	103,689	105,629	106,679	107,831	108,374	109,746	110,707	111,671
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: 2014 American Community Survey for AK, Oliver Wyman Healthcare Reform Microsimulation Model.

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A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 11 - Alaska Coverage Distribution By Category and Age - Waiver Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
0 to 17	3,788	3,155	2,954	2,324	2,389	2,394	2,423	2,531	2,652	2,657	2,662	2,665
18 to 34	7,535	6,513	6,803	6,783	7,252	7,329	6,854	6,943	7,545	7,641	7,691	7,904
35 to 49	6,076	5,205	5,043	4,446	4,482	4,372	4,432	4,637	4,645	4,726	4,781	4,804
50+	10,760	9,190	9,022	9,341	9,435	9,453	9,702	9,756	9,879	9,916	9,803	9,889
Total Individual Market	28,159	24,064	23,822	22,894	23,558	23,548	23,410	23,866	24,721	24,940	24,937	25,263
Employer Based												
0 to 17	70,985	71,964	72,230	71,946	72,102	72,168	72,853	72,983	72,832	72,728	72,725	72,955
18 to 34	69,045	66,979	66,834	66,664	65,926	65,811	63,458	62,977	62,683	62,414	62,132	60,898
35 to 49	72,965	71,467	71,732	72,702	72,835	71,645	72,219	71,800	71,609	71,363	71,308	71,472
50+	70,308	70,237	70,497	69,862	69,429	69,492	69,779	69,779	69,635	69,468	69,027	69,049
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Government Coverage												
0 to 17	127,045	128,804	131,134	133,606	135,861	138,101	140,249	142,262	144,301	146,239	148,156	150,101
18 to 34	51,784	65,358	66,540	67,794	68,939	70,075	71,165	72,187	73,221	74,205	75,177	76,164
35 to 49	33,503	38,479	39,175	39,914	40,588	41,257	41,898	42,500	43,109	43,688	44,261	44,841
50+	100,123	108,092	110,047	112,121	114,014	115,894	117,696	119,386	121,096	122,723	124,332	125,964
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
0 to 17	14,585	15,234	15,441	16,346	16,306	16,331	16,046	15,986	16,034	16,206	16,325	16,280
18 to 34	48,812	38,711	38,528	38,844	39,196	39,343	41,836	42,500	42,453	42,989	43,535	44,556
35 to 49	21,476	20,483	20,601	20,336	20,373	21,889	21,556	21,928	22,278	22,564	22,595	22,568
50+	29,642	25,428	25,499	25,747	26,249	26,291	26,008	26,208	26,428	26,760	27,512	27,525
Total Uninsured	114,515	99,856	100,070	101,274	102,124	103,854	105,445	106,622	107,192	108,519	109,966	110,929
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: 2014 American Community Survey for AK, Oliver Wyman Healthcare Reform Microsimulation Model.

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A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 12 - Alaska Coverage Distribution By Category and Age - Change Baseline to Waiver

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
0 to 17	0	0	0	48	49	48	41	42	-1	-1	1	1
18 to 34	0	0	0	873	875	874	-28	-57	-46	-2	3	3
35 to 49	0	0	0	251	253	467	472	474	475	476	144	144
50+	0	0	0	470	388	385	749	751	754	755	593	594
Total Individual Market	0	0	0	1,641	1,565	1,775	1,234	1,210	1,182	1,227	741	742
Employer Based												
0 to 17	0	0	0	0	0	0	0	0	0	0	0	0
18 to 34	0	0	0	0	0	0	0	0	0	0	0	0
35 to 49	0	0	0	0	0	0	0	0	0	0	0	0
50+	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	0	0	0	0	0	0	0	0	0	0	0	0
Government Coverage												
0 to 17	0	0	0	0	0	0	0	0	0	0	0	0
18 to 34	0	0	0	0	0	0	0	0	0	0	0	0
35 to 49	0	0	0	0	0	0	0	0	0	0	0	0
50+	0	0	0	0	0	0	0	0	0	0	0	0
Total Government Coverage	0	0	0	0	0	0	0	0	0	0	0	0
Uninsured												
0 to 17	0	0	0	-48	-49	-48	-41	-42	1	1	-1	-1
18 to 34	0	0	0	-873	-875	-874	28	57	46	2	-3	-3
35 to 49	0	0	0	-251	-253	-467	-472	-474	-475	-476	-144	-144
50+	0	0	0	-470	-388	-385	-749	-751	-754	-755	-593	-594
Total Uninsured	0	0	0	-1,641	-1,565	-1,775	-1,234	-1,210	-1,182	-1,227	-741	-742
Total AK	0	0	0	0	0	0	0	0	0	0	0	0

Sources: 2014 American Community Survey for AK, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 13 - Alaska Coverage Distribution By Category and Health Status - Baseline Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Excellent	8,739	7,233	6,811	6,244	6,751	6,496	6,618	6,828	7,545	7,646	8,021	8,083
Very Good	7,742	6,357	6,370	4,694	4,719	4,730	4,907	5,017	5,025	5,053	5,075	5,104
Good	8,088	7,606	7,811	7,331	7,530	7,547	7,599	7,754	7,921	7,960	8,042	8,094
Fair	2,321	2,406	2,388	2,363	2,372	2,378	2,428	2,432	2,433	2,437	2,440	2,622
Poor	1,268	462	441	621	621	622	624	625	615	616	617	618
Total Individual Market	28,159	24,064	23,822	21,253	21,993	21,773	22,176	22,656	23,539	23,713	24,196	24,520
Employer Based												
Excellent	107,311	106,676	107,070	106,649	106,042	106,138	106,205	105,337	105,120	104,776	104,770	105,010
Very Good	87,263	89,596	89,745	89,464	89,615	89,521	87,934	87,966	87,764	87,527	87,299	87,493
Good	65,842	62,765	62,787	63,792	63,346	62,147	62,729	62,756	62,462	62,288	61,793	61,090
Fair	16,873	16,114	16,173	16,110	16,120	16,134	16,212	16,241	16,207	16,184	16,131	15,566
Poor	6,014	5,497	5,517	5,159	5,170	5,175	5,229	5,239	5,206	5,199	5,198	5,215
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Government Coverage												
Excellent	87,751	96,100	97,839	99,683	101,366	103,037	104,639	106,141	107,662	109,109	110,539	111,990
Very Good	95,839	101,898	103,741	105,697	107,481	109,253	110,952	112,545	114,157	115,691	117,208	118,746
Good	77,789	86,106	87,664	89,316	90,824	92,321	93,757	95,103	96,466	97,762	99,043	100,343
Fair	35,241	38,680	39,379	40,122	40,799	41,471	42,116	42,721	43,333	43,915	44,491	45,075
Poor	15,835	17,949	18,274	18,618	18,932	19,244	19,544	19,824	20,108	20,378	20,646	20,917
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
Excellent	39,224	35,742	36,160	37,005	37,253	37,676	37,802	38,741	38,321	38,805	38,590	38,503
Very Good	31,701	27,409	27,434	29,729	29,825	30,043	31,662	31,801	32,264	32,695	33,141	33,098
Good	29,765	26,179	25,955	25,494	25,879	27,163	26,651	26,673	26,988	27,329	27,924	28,682
Fair	10,163	7,487	7,467	7,541	7,577	7,588	7,467	7,503	7,609	7,691	7,801	8,147
Poor	3,661	3,040	3,055	3,146	3,155	3,160	3,098	3,113	3,192	3,226	3,250	3,241
Total Uninsured	114,515	99,856	100,070	102,915	103,689	105,629	106,679	107,831	108,374	109,746	110,707	111,671
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: Current Population Survey, 2015 Annual Social and Economic (ASEC) Supplement; Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 14 - Alaska Coverage Distribution By Category and Health Status - Waiver Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Excellent	8,739	7,233	6,811	6,465	6,974	6,933	7,205	7,416	8,135	8,290	8,167	8,229
Very Good	7,742	6,357	6,370	5,847	5,790	5,801	5,286	5,397	5,363	5,392	5,418	5,448
Good	8,088	7,606	7,811	7,534	7,736	7,750	7,801	7,928	8,097	8,136	8,224	8,276
Fair	2,321	2,406	2,388	2,429	2,438	2,443	2,496	2,501	2,502	2,506	2,511	2,692
Poor	1,268	462	441	620	620	621	623	624	625	616	617	618
Total Individual Market	28,159	24,064	23,822	22,894	23,558	23,548	23,410	23,866	24,721	24,940	24,937	25,263
Employer Based												
Excellent	107,311	106,676	107,070	106,649	106,042	106,138	106,205	105,337	105,120	104,776	104,770	105,010
Very Good	87,263	89,596	89,745	89,464	89,615	89,521	87,934	87,966	87,764	87,527	87,299	87,493
Good	65,842	62,765	62,787	63,792	63,346	62,147	62,729	62,756	62,462	62,288	61,793	61,090
Fair	16,873	16,114	16,173	16,110	16,120	16,134	16,212	16,241	16,207	16,184	16,131	15,566
Poor	6,014	5,497	5,517	5,159	5,170	5,175	5,229	5,239	5,206	5,199	5,198	5,215
Total Employer Based	283,303	280,647	281,293	281,173	280,293	279,115	278,309	277,537	276,759	275,974	275,192	274,374
Government Coverage												
Excellent	87,751	96,100	97,839	99,683	101,366	103,037	104,639	106,141	107,662	109,109	110,539	111,990
Very Good	95,839	101,898	103,741	105,697	107,481	109,253	110,952	112,545	114,157	115,691	117,208	118,746
Good	77,789	86,106	87,664	89,316	90,824	92,321	93,757	95,103	96,466	97,762	99,043	100,343
Fair	35,241	38,680	39,379	40,122	40,799	41,471	42,116	42,721	43,333	43,915	44,491	45,075
Poor	15,835	17,949	18,274	18,618	18,932	19,244	19,544	19,824	20,108	20,378	20,646	20,917
Total Government Coverage	312,455	340,732	346,896	353,434	359,402	365,326	371,008	376,335	381,727	386,855	391,926	397,070
Uninsured												
Excellent	39,224	35,742	36,160	36,783	37,030	37,239	37,216	38,152	37,731	38,161	38,444	38,356
Very Good	31,701	27,409	27,434	28,576	28,754	28,972	31,283	31,421	31,926	32,356	32,798	32,755
Good	29,765	26,179	25,955	25,291	25,674	26,960	26,449	26,500	26,813	27,153	27,743	28,500
Fair	10,163	7,487	7,467	7,476	7,510	7,523	7,399	7,435	7,541	7,622	7,731	8,076
Poor	3,661	3,040	3,055	3,147	3,156	3,161	3,099	3,114	3,182	3,226	3,250	3,241
Total Uninsured	114,515	99,856	100,070	101,274	102,124	103,854	105,445	106,622	107,192	108,519	109,966	110,929
Total AK	738,432	745,299	752,082	758,775	765,377	771,844	778,173	784,360	790,399	796,288	802,021	807,635

Sources: Current Population Survey, 2015 Annual Social and Economic (ASEC) Supplement; Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Coverage Requirement

A comparable number of state residents must be forecast to have coverage under the waiver as would have coverage absent the waiver.

Table 15 - Alaska Coverage Distribution By Category and Health Status - Change from Baseline to Waiver Scenario

Source of Health Insurance Coverage	Baseline Year		Waiver Period									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market												
Excellent	0	0	0	222	224	437	586	588	590	645	146	146
Very Good	0	0	0	1,153	1,071	1,071	378	380	338	338	343	343
Good	0	0	0	203	206	203	202	174	175	175	181	182
Fair	0	0	0	65	66	65	68	68	69	69	71	71
Poor	0	0	0	-1	-1	-1	0	0	9	0	0	0
Total Individual Market	0	0	0	1,641	1,565	1,775	1,234	1,210	1,182	1,227	741	742
Employer Based												
Excellent	0	0	0	0	0	0	0	0	0	0	0	0
Very Good	0	0	0	0	0	0	0	0	0	0	0	0
Good	0	0	0	0	0	0	0	0	0	0	0	0
Fair	0	0	0	0	0	0	0	0	0	0	0	0
Poor	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	0	0	0	0	0	0	0	0	0	0	0	0
Government Coverage												
Excellent	0	0	0	0	0	0	0	0	0	0	0	0
Very Good	0	0	0	0	0	0	0	0	0	0	0	0
Good	0	0	0	0	0	0	0	0	0	0	0	0
Fair	0	0	0	0	0	0	0	0	0	0	0	0
Poor	0	0	0	0	0	0	0	0	0	0	0	0
Total Government Coverage	0	0	0	0	0	0	0	0	0	0	0	0
Uninsured												
Excellent	0	0	0	-222	-224	-437	-586	-588	-590	-645	-146	-146
Very Good	0	0	0	-1,153	-1,071	-1,071	-378	-380	-338	-338	-343	-343
Good	0	0	0	-203	-206	-203	-202	-174	-175	-175	-181	-182
Fair	0	0	0	-65	-66	-65	-68	-68	-69	-69	-71	-71
Poor	0	0	0	1	1	1	0	0	-9	0	0	0
Total Uninsured	0	0	0	-1,641	-1,565	-1,775	-1,234	-1,210	-1,182	-1,227	-741	-742
Total AK	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Current Population Survey, 2015 Annual Social and Economic (ASEC) Supplement; Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Affordability Requirement

Health care coverage under the waiver must be forecast to be as affordable overall for state residents as coverage absent the waiver. We only consider residents with Individual Market and Employer Based coverage. Residents under Government coverage are not affected by the 1332 Waiver and no projection is provided. For Uninsured residents net out of pocket spending is not readily available and no projection is provided. Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 16 - Alaska Premium Contribution - Baseline Scenario

Source of Health Insurance Coverage	Premium Contribution Source	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Other (APTC)	94,468,271	135,348,085	185,716,278	233,898,461	258,351,449	279,343,570	312,617,789	342,289,634	380,127,501	412,662,662	449,544,666	488,186,123
Individual Market	Insured Contribution	103,747,964	92,418,138	84,903,527	69,973,761	74,513,114	76,066,237	75,127,736	81,235,397	87,809,785	96,476,384	103,294,375	110,286,692
Total Individual Market	Total	198,216,235	227,766,223	270,619,805	303,872,222	332,864,563	355,409,807	387,745,525	423,525,031	467,937,286	509,139,047	552,839,041	598,472,814
Employer Based													
Small Group Employer Market	Employer + Other	111,536,276	118,279,134	129,054,628	138,310,776	149,559,397	159,976,982	173,609,361	187,762,816	202,797,524	218,727,421	235,735,125	253,046,732
Small Group Employer Market	Employee	22,216,324	24,358,415	25,559,606	27,451,869	29,684,467	31,752,323	34,418,137	37,224,292	40,204,561	43,362,831	46,734,491	50,174,779
Small Group Employer Market	Total	133,752,599	142,637,549	154,614,234	165,762,644	179,243,864	191,729,305	208,027,498	224,987,108	243,002,085	262,090,252	282,469,616	303,221,512
Large Group Employer Market	Employer + Other	1,581,635,579	1,793,611,404	1,925,307,631	2,076,727,324	2,226,012,317	2,363,883,724	2,557,165,384	2,744,670,840	2,946,674,596	3,160,132,736	3,384,262,810	3,621,047,702
Large Group Employer Market	Employee	410,202,083	465,178,669	498,606,089	539,470,525	581,618,338	618,927,589	665,986,818	717,751,103	770,927,936	826,903,693	886,192,802	949,435,015
Large Group Employer Market	Total	1,991,837,662	2,258,790,074	2,423,913,720	2,616,197,849	2,807,630,655	2,982,811,313	3,223,152,202	3,462,421,944	3,717,602,532	3,987,036,429	4,270,455,613	4,570,482,717
Total Employer Based	Employer + Other	1,693,171,855	1,911,890,539	2,054,362,259	2,215,038,099	2,375,571,714	2,523,860,706	2,730,774,745	2,932,433,657	3,149,472,120	3,378,860,158	3,619,997,935	3,874,094,434
Total Employer Based	Employee	432,418,407	489,537,085	524,165,695	566,922,394	611,302,805	650,679,912	700,404,955	754,975,395	811,132,497	870,266,524	932,927,294	999,609,795
Total Employer Based	Total	2,125,590,262	2,401,427,623	2,578,527,954	2,781,960,493	2,986,874,519	3,174,540,618	3,431,179,700	3,687,409,052	3,960,604,617	4,249,126,682	4,552,925,229	4,873,704,229

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 17 - Alaska Premium Contribution - Waiver Scenario

Source of Health Insurance Coverage	Premium Contribution Source	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Other (APTC)	94,468,271	135,348,085	185,716,278	182,260,689	202,372,542	219,162,267	247,210,983	272,477,673	303,407,137	329,994,712	359,539,993	390,635,284
Individual Market	Insured Contribution	103,747,964	92,418,138	84,903,527	79,559,167	83,397,983	87,941,611	86,096,017	92,771,610	100,543,268	108,069,560	108,180,968	115,862,686
Total Individual Market	Total	198,216,235	227,766,223	270,619,805	261,819,856	285,770,525	307,103,878	333,307,000	365,249,283	403,950,405	438,064,272	467,720,961	506,497,970
Employer Based													
Small Group Employer Market	Employer + Other	111,536,276	118,279,134	129,054,628	138,310,776	149,559,397	159,976,982	173,609,361	187,762,816	202,797,524	218,727,421	235,735,125	253,046,732
Small Group Employer Market	Employee	22,216,324	24,358,415	25,559,606	27,451,869	29,684,467	31,752,323	34,418,137	37,224,292	40,204,561	43,362,831	46,734,491	50,174,779
Small Group Employer Market	Total	133,752,599	142,637,549	154,614,234	165,762,644	179,243,864	191,729,305	208,027,498	224,987,108	243,002,085	262,090,252	282,469,616	303,221,512
Large Group Employer Market	Employer + Other	1,581,635,579	1,793,611,404	1,925,307,631	2,076,727,324	2,226,012,317	2,363,883,724	2,557,165,384	2,744,670,840	2,946,674,596	3,160,132,736	3,384,262,810	3,621,047,702
Large Group Employer Market	Employee	410,202,083	465,178,669	498,606,089	539,470,525	581,618,338	618,927,589	665,986,818	717,751,103	770,927,936	826,903,693	886,192,802	949,435,015
Large Group Employer Market	Total	1,991,837,662	2,258,790,074	2,423,913,720	2,616,197,849	2,807,630,655	2,982,811,313	3,223,152,202	3,462,421,944	3,717,602,532	3,987,036,429	4,270,455,613	4,570,482,717
Total Employer Based	Employer + Other	1,693,171,855	1,911,890,539	2,054,362,259	2,215,038,099	2,375,571,714	2,523,860,706	2,730,774,745	2,932,433,657	3,149,472,120	3,378,860,158	3,619,997,935	3,874,094,434
Total Employer Based	Employee	432,418,407	489,537,085	524,165,695	566,922,394	611,302,805	650,679,912	700,404,955	754,975,395	811,132,497	870,266,524	932,927,294	999,609,795
Total Employer Based	Total	2,125,590,262	2,401,427,623	2,578,527,954	2,781,960,493	2,986,874,519	3,174,540,618	3,431,179,700	3,687,409,052	3,960,604,617	4,249,126,682	4,552,925,229	4,873,704,229

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 18 - Alaska Premium Contribution - Change from Baseline to Waiver Scenario

Source of Health Insurance Coverage	Premium Contribution Source	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Other (APTC)	0	0	0	(51,637,772)	(55,978,906)	(60,181,304)	(65,406,805)	(69,811,961)	(76,720,364)	(82,667,950)	(90,004,673)	(97,550,838)
Individual Market	Insured Contribution	0	0	0	9,585,406	8,884,869	11,875,374	10,968,281	11,536,213	12,733,482	11,593,175	4,886,593	5,575,995
Total Individual Market	Total	0	0	0	(42,052,366)	(47,094,038)	(48,305,929)	(54,438,525)	(58,275,748)	(63,986,881)	(71,074,774)	(85,118,080)	(91,974,844)
Employer Based													
Small Group Employer Market	Employer + Other	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Employee	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employer + Other	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employer + Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Total	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Affordability Requirement

Health care coverage under the waiver must be forecast to be as affordable overall for state residents as coverage absent the waiver. We only consider residents with Individual Market and Employer Based coverage.

Residents under Government coverage are not affected by the 1332 Waiver and no projection is provided. For Uninsured residents net out of pocket spending is not readily available and no projection is provided.

Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 19 - Alaska Premium Contribution PMPM - Baseline Scenario

Source of Health Insurance Coverage	Premium Contribution Source	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Other (APTC)	280	469	650	917	979	1,069	1,175	1,259	1,346	1,450	1,548	1,659
Individual Market	Insured Contribution	307	320	297	274	282	291	282	299	311	339	356	375
Total Individual Market	Total	587	789	947	1,191	1,261	1,360	1,457	1,558	1,657	1,789	1,904	2,034
Employer Based													
Small Group Employer Market	Employer + Other	535	555	635	702	757	808	876	945	1,018	1,096	1,178	1,264
Small Group Employer Market	Employee	107	114	126	139	150	160	174	187	202	217	234	251
Small Group Employer Market	Total	642	670	761	841	907	969	1,050	1,132	1,220	1,313	1,412	1,515
Large Group Employer Market	Employer + Other	496	569	607	654	703	750	814	876	944	1,015	1,091	1,171
Large Group Employer Market	Employee	129	147	157	170	184	196	212	229	247	266	286	307
Large Group Employer Market	Total	624	716	764	823	887	946	1,026	1,106	1,191	1,281	1,377	1,478
Total Employer Based	Employer + Other	498	568	609	656	706	754	818	880	948	1,020	1,096	1,177
Total Employer Based	Employee	127	145	155	168	182	194	210	227	244	263	283	304
Total Employer Based	Total	625	713	764	825	888	948	1,027	1,107	1,193	1,283	1,379	1,480

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 20 - Alaska Premium Contribution PMPM - Waiver Scenario

Source of Health Insurance Coverage	Premium Contribution Source	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Other (APTC)	280	469	650	663	716	776	880	951	1,023	1,103	1,201	1,289
Individual Market	Insured Contribution	307	320	297	290	295	311	306	324	339	361	362	382
Total Individual Market	Total	587	789	947	953	1,011	1,087	1,186	1,275	1,362	1,464	1,563	1,671
Employer Based													
Small Group Employer Market	Employer + Other	535	555	635	702	757	808	876	945	1,018	1,096	1,178	1,264
Small Group Employer Market	Employee	107	114	126	139	150	160	174	187	202	217	234	251
Small Group Employer Market	Total	642	670	761	841	907	969	1,050	1,132	1,220	1,313	1,412	1,515
Large Group Employer Market	Employer + Other	496	569	607	654	703	750	814	876	944	1,015	1,091	1,171
Large Group Employer Market	Employee	129	147	157	170	184	196	212	229	247	266	286	307
Large Group Employer Market	Total	624	716	764	823	887	946	1,026	1,106	1,191	1,281	1,377	1,478
Total Employer Based	Employer + Other	498	568	609	656	706	754	818	880	948	1,020	1,096	1,177
Total Employer Based	Employee	127	145	155	168	182	194	210	227	244	263	283	304
Total Employer Based	Total	625	713	764	825	888	948	1,027	1,107	1,193	1,283	1,379	1,480

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 21 - Alaska Premium Contribution PMPM - Change from Baseline to Waiver Scenario

Source of Health Insurance Coverage	Premium Contribution Source	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Other (APTC)	0	0	0	(254)	(263)	(294)	(295)	(308)	(323)	(348)	(347)	(371)
Individual Market	Insured Contribution	0	0	0	15	13	20	24	25	28	22	6	7
Total Individual Market	Total	0	0	0	(238)	(250)	(273)	(271)	(282)	(295)	(326)	(341)	(363)
Employer Based													
Small Group Employer Market	Employer + Other	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Employee	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employer + Other	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employer + Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Total	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

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Actuarial Analysis and Certification

Affordability Requirement
Health care coverage under the waiver must be forecast to be as affordable overall for state residents as coverage absent the waiver.
We only consider residents with Individual Market and Employer Based coverage.
Residents under Government coverage are not affected by the 1332 Waiver and no projection is provided. For Uninsured residents net out of pocket spending is not readily available and no projection is provided.
Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 22 - Alaska Health Expenditure Source of Funds - Baseline Scenario

Source of Health Insurance Coverage	Source of Funds	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insurer & Other (e.g., CSRs)	205,342,737	187,872,747	174,120,595	254,131,054	278,604,608	299,126,027	327,276,893	357,235,621	392,017,363	425,409,584	460,107,208	497,721,537
Individual Market	AK Reinsurance Fund	0	0	55,000,000	0	0	0	0	0	0	0	0	0
Individual Market	Insured Out-of-Pocket	57,248,085	53,252,906	59,479,345	60,502,780	64,836,384	68,580,131	73,061,038	78,531,359	86,984,082	87,673,653	95,009,818	101,945,266
Total Individual Market	Total	262,590,821	241,125,653	288,599,940	314,633,834	343,440,992	367,706,159	400,337,931	435,766,979	479,001,445	513,083,237	555,117,026	599,666,803
Employer Based													
Small Group Employer Market	Insurer	117,787,157	123,245,446	125,870,738	132,853,522	143,532,769	153,657,742	166,377,073	180,299,467	194,741,190	210,106,573	226,019,395	243,239,861
Small Group Employer Market	Employee Out-of-Pocket	45,620,766	48,337,876	49,150,697	54,240,198	58,607,744	62,746,308	67,943,038	73,638,478	79,546,153	85,830,754	92,341,084	99,377,345
Small Group Employer Market	Total	163,407,923	171,583,322	175,021,436	187,093,720	202,140,513	216,404,049	234,320,111	253,937,945	274,287,343	295,937,327	318,360,479	342,617,206
Large Group Employer Market	Insurer	1,830,256,795	1,919,618,451	2,069,212,264	2,228,610,480	2,392,601,208	2,545,875,734	2,745,533,528	2,957,112,597	3,175,682,728	3,408,149,381	3,646,097,176	3,910,759,518
Large Group Employer Market	Employee Out-of-Pocket	375,106,260	393,220,268	423,863,503	456,515,101	490,107,442	521,504,645	562,403,133	605,743,609	650,516,155	698,135,306	746,877,229	801,091,439
Large Group Employer Market	Total	2,205,363,055	2,312,838,720	2,493,075,767	2,685,125,580	2,882,708,651	3,067,380,379	3,307,936,661	3,562,856,206	3,826,198,883	4,106,284,687	4,392,974,405	4,711,850,957
Total Employer Based	Insurer	1,948,043,952	2,042,863,898	2,195,083,002	2,361,464,001	2,536,133,978	2,699,533,476	2,911,910,601	3,137,412,065	3,370,423,918	3,618,255,954	3,872,116,571	4,153,999,380
Total Employer Based	Employee Out-of-Pocket	420,727,026	441,558,144	473,014,201	510,755,299	548,715,186	584,250,953	630,346,171	679,382,087	730,062,308	783,966,060	839,218,313	900,468,783
Total Employer Based	Total	2,368,770,978	2,484,422,042	2,668,097,203	2,872,219,300	3,084,849,163	3,283,784,429	3,542,256,772	3,816,794,152	4,100,486,226	4,402,222,014	4,711,334,884	5,054,468,163

Sources: Carrier survey, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 23 - Alaska Health Expenditure Source of Funds - Waiver Scenario

Source of Health Insurance Coverage	Source of Funds	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insurer & Other (e.g., CSRs)	205,342,737	187,872,747	174,120,595	208,645,078	228,388,683	245,640,146	268,069,862	293,301,021	323,769,458	350,223,214	375,550,008	407,261,333
Individual Market	AK Reinsurance Fund	0	0	55,000,000	59,983,000	64,126,326	68,950,229	74,137,010	79,789,956	85,873,941	92,333,808	98,711,766	106,530,281
Individual Market	Insured Out-of-Pocket	57,248,085	53,252,906	59,479,345	65,919,090	70,250,907	74,791,254	78,302,222	84,047,103	93,078,821	99,927,683	106,199,481	114,044,039
Total Individual Market	Total	262,590,821	241,125,653	288,599,940	334,547,168	362,765,916	389,381,628	420,509,094	457,138,080	502,722,219	542,484,705	580,461,255	626,835,653
Employer Based													
Small Group Employer Market	Insurer	117,787,157	123,245,446	125,870,738	132,853,522	143,532,769	153,657,742	166,377,073	180,299,467	194,741,190	210,106,573	226,019,395	243,239,861
Small Group Employer Market	Employee Out-of-Pocket	45,620,766	48,337,876	49,150,697	54,240,198	58,607,744	62,746,308	67,943,038	73,638,478	79,546,153	85,830,754	92,341,084	99,377,345
Small Group Employer Market	Total	163,407,923	171,583,322	175,021,436	187,093,720	202,140,513	216,404,049	234,320,111	253,937,945	274,287,343	295,937,327	318,360,479	342,617,206
Large Group Employer Market	Insurer	1,830,256,795	1,919,618,451	2,069,212,264	2,228,610,480	2,392,601,208	2,545,875,734	2,745,533,528	2,957,112,597	3,175,682,728	3,408,149,381	3,646,097,176	3,910,759,518
Large Group Employer Market	Employee Out-of-Pocket	375,106,260	393,220,268	423,863,503	456,515,101	490,107,442	521,504,645	562,403,133	605,743,609	650,516,155	698,135,306	746,877,229	801,091,439
Large Group Employer Market	Total	2,205,363,055	2,312,838,720	2,493,075,767	2,685,125,580	2,882,708,651	3,067,380,379	3,307,936,661	3,562,856,206	3,826,198,883	4,106,284,687	4,392,974,405	4,711,850,957
Total Employer Based	Insurer	1,948,043,952	2,042,863,898	2,195,083,002	2,361,464,001	2,536,133,978	2,699,533,476	2,911,910,601	3,137,412,065	3,370,423,918	3,618,255,954	3,872,116,571	4,153,999,380
Total Employer Based	Employee Out-of-Pocket	420,727,026	441,558,144	473,014,201	510,755,299	548,715,186	584,250,953	630,346,171	679,382,087	730,062,308	783,966,060	839,218,313	900,468,783
Total Employer Based	Total	2,368,770,978	2,484,422,042	2,668,097,203	2,872,219,300	3,084,849,163	3,283,784,429	3,542,256,772	3,816,794,152	4,100,486,226	4,402,222,014	4,711,334,884	5,054,468,163

Sources: Carrier survey, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Affordability Requirement
Health care coverage under the waiver must be forecast to be as affordable overall for state residents as coverage absent the waiver.
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Residents under Government coverage are not affected by the 1332 Waiver and no projection is provided. For Uninsured residents net out of pocket spending is not readily available and no projection is provided.
Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 24 - Alaska Health Expenditure Source of Funds - Change from Baseline to Waiver Scenario

		Baseline Year		Waiver Period									
Source of Health Insurance Coverage	Source of Funds	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insurer & Other (e.g., CSRs)	0	0	0	(45,485,976)	(50,215,925)	(53,485,882)	(59,207,031)	(63,934,600)	(68,247,905)	(75,186,371)	(84,557,200)	(90,460,204)
Individual Market	AK Reinsurance Fund	0	0	0	59,983,000	64,126,326	68,950,229	74,137,010	79,789,956	85,873,941	92,333,808	98,711,766	105,530,281
Individual Market	Employee Out-of-Pocket	0	0	0	5,416,310	5,414,523	6,211,122	5,241,184	5,515,744	6,094,739	12,254,030	11,189,664	12,098,773
Total Individual Market	Total	0	0	0	19,913,334	19,324,924	21,675,469	20,171,163	21,371,101	23,720,774	29,401,467	25,344,230	27,168,850
Employer Based													
Small Group Employer Market	Insurer	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Insurer	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Insurer	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Total	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Carrier survey, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

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Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 25 - Alaska Health Expenditure Source of Funds PMPM - Baseline Scenario

Source of Health Insurance Coverage	Source of Funds	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insurer & Other (e.g., CSRs)	608	651	609	996	1,056	1,145	1,230	1,314	1,388	1,495	1,585	1,692
Individual Market	AK Reinsurance Fund	0	0	192	0	0	0	0	0	0	0	0	0
Individual Market	Insured Out-of-Pocket	169	184	208	237	246	262	275	289	308	308	327	346
Total Individual Market	Total	777	835	1,010	1,234	1,301	1,407	1,504	1,603	1,696	1,803	1,912	2,038
Employer Based													
Small Group Employer Market	Insurer	565	579	620	674	726	776	840	907	977	1,052	1,129	1,215
Small Group Employer Market	Employee Out-of-Pocket	219	227	242	275	297	317	343	371	399	430	461	497
Small Group Employer Market	Total	784	806	862	949	1,023	1,093	1,183	1,278	1,377	1,482	1,591	1,712
Large Group Employer Market	Insurer	574	608	652	701	756	808	874	944	1,017	1,095	1,175	1,265
Large Group Employer Market	Employee Out-of-Pocket	118	125	134	144	155	165	179	193	208	224	241	259
Large Group Employer Market	Total	691	733	786	845	911	973	1,053	1,138	1,226	1,319	1,416	1,524
Total Employer Based	Insurer	573	607	650	700	754	806	872	942	1,015	1,093	1,173	1,262
Total Employer Based	Employee Out-of-Pocket	124	131	140	151	163	174	189	204	220	237	254	273
Total Employer Based	Total	697	738	790	851	917	980	1,061	1,146	1,235	1,329	1,427	1,535

Sources: Carrier survey, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 26 - Alaska Health Expenditure Source of Funds PMPM - Waiver Scenario

Source of Health Insurance Coverage	Source of Funds	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insurer & Other (e.g., CSRs)	608	651	609	759	808	869	954	1,024	1,091	1,170	1,255	1,343
Individual Market	AK Reinsurance Fund	0	0	192	218	227	244	264	279	289	309	330	348
Individual Market	Insured Out-of-Pocket	169	184	208	240	249	265	279	293	314	334	355	376
Total Individual Market	Total	777	835	1,010	1,218	1,283	1,378	1,497	1,596	1,695	1,813	1,940	2,068
Employer Based													
Small Group Employer Market	Insurer	565	579	620	674	726	776	840	907	977	1,052	1,129	1,215
Small Group Employer Market	Employee Out-of-Pocket	219	227	242	275	297	317	343	371	399	430	461	497
Small Group Employer Market	Total	784	806	862	949	1,023	1,093	1,183	1,278	1,377	1,482	1,591	1,712
Large Group Employer Market	Insurer	574	608	652	701	756	808	874	944	1,017	1,095	1,175	1,265
Large Group Employer Market	Employee Out-of-Pocket	118	125	134	144	155	165	179	193	208	224	241	259
Large Group Employer Market	Total	691	733	786	845	911	973	1,053	1,138	1,226	1,319	1,416	1,524
Total Employer Based	Insurer	573	607	650	700	754	806	872	942	1,015	1,093	1,173	1,262
Total Employer Based	Employee Out-of-Pocket	124	131	140	151	163	174	189	204	220	237	254	273
Total Employer Based	Total	697	738	790	851	917	980	1,061	1,146	1,235	1,329	1,427	1,535

Sources: Carrier survey, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

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Affordability Requirement
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Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 27 - Alaska Health Expenditure Source of Funds PMPM - Change from Baseline to Waiver Scenario

Source of Health Insurance Coverage	Source of Funds	Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insurer & Other (e.g., CSRs)	0	0	0	(237)	(248)	(276)	(276)	(290)	(296)	(325)	(330)	(348)
Individual Market	AK Reinsurance Fund	0	0	0	218	227	244	264	279	289	309	330	348
Individual Market	Insured Out-of-Pocket	0	0	0	3	3	2	4	5	6	26	28	30
Total Individual Market	Total	0	0	0	(16)	(18)	(29)	(8)	(7)	(1)	10	28	30
Employer Based													
Small Group Employer Market	Insurer	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Insurer	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Total	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Insurer	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Total	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Carrier survey, Oliver Wyman Healthcare Reform Microsimulation Model.

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Affordability Requirement
Health care coverage under the waiver must be forecast to be as affordable overall for state residents as coverage absent the waiver.
We only consider residents with Individual Market and Employer Based coverage.
Residents under Government coverage are not affected by the 1332 Waiver and no projection is provided. For Uninsured residents net out of pocket spending is not readily available and no projection is provided.
Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 28 - Alaska Total Net Out-of-Pocket Spending - Baseline Scenario

		Baseline Year		Waiver Period									
Source of Health Insurance Coverage		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insured Premium Contribution	103,747,964	92,418,138	84,903,527	69,973,761	74,513,114	76,066,237	75,127,736	81,235,397	87,809,785	96,476,384	103,294,375	110,286,692
Individual Market	Insured Out-of-Pocket	57,248,085	53,252,906	59,479,345	60,502,780	64,836,384	68,580,131	73,061,038	78,531,359	86,984,082	87,673,653	95,009,818	101,945,266
Total Individual Market	Total Insured	160,996,049	145,671,044	144,382,871	130,476,541	139,349,498	144,646,368	148,188,774	159,766,756	174,793,867	184,150,037	198,304,192	212,231,957
Employer Based													
Small Group Employer Market	Employee Premium Contribution	22,216,324	24,358,415	25,559,606	27,451,869	29,684,467	31,752,323	34,418,137	37,224,292	40,204,561	43,362,831	46,734,491	50,174,779
Small Group Employer Market	Insured Out-of-Pocket	45,620,766	48,337,876	49,150,697	54,240,198	58,607,744	62,746,308	67,943,038	73,638,478	79,546,153	85,830,754	92,341,084	99,377,345
Small Group Employer Market	Total Employee	67,837,090	72,696,291	74,710,303	81,692,067	88,292,211	94,498,630	102,361,175	110,862,770	119,750,714	129,193,585	139,075,575	149,552,124
Large Group Employer Market	Employee Premium Contribution	410,202,083	465,178,669	498,606,089	539,470,525	581,618,338	618,927,589	665,986,818	717,751,103	770,927,936	826,903,693	886,192,802	949,435,015
Large Group Employer Market	Insured Out-of-Pocket	375,106,260	393,220,268	423,863,503	456,515,101	490,107,442	521,504,645	562,403,133	605,743,609	650,516,155	698,135,306	746,877,229	801,091,439
Large Group Employer Market	Total Employee	785,308,343	858,398,938	922,469,592	995,985,626	1,071,725,780	1,140,432,234	1,228,389,951	1,323,494,713	1,421,444,091	1,525,038,998	1,633,070,031	1,750,526,454
Total Employer Based	Employee Premium Contribution	432,418,407	489,537,085	524,165,695	566,922,394	611,302,805	650,679,912	700,404,955	754,975,395	811,132,497	870,266,524	932,927,294	999,609,795
Total Employer Based	Insured Out-of-Pocket	420,727,026	441,558,144	473,014,201	510,755,299	548,715,186	584,250,953	630,346,171	679,382,087	730,062,308	783,966,060	839,218,313	900,468,783
Total Employer Based	Total Employee	853,145,433	931,095,229	997,179,895	1,077,677,693	1,160,017,991	1,234,930,865	1,330,751,126	1,434,357,482	1,541,194,805	1,654,232,584	1,772,145,606	1,900,078,578

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 29 - Alaska Total Net Out-of-Pocket Spending - Waiver Scenario

		Baseline Year		Waiver Period									
Source of Health Insurance Coverage		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insured Premium Contribution	103,747,964	92,418,138	84,903,527	79,559,167	83,397,983	87,941,611	86,096,017	92,771,610	100,543,268	108,069,560	108,180,968	115,862,686
Individual Market	Insured Out-of-Pocket	57,248,085	53,252,906	59,479,345	65,919,090	70,250,907	74,791,254	78,302,222	84,047,103	93,078,821	99,927,683	106,199,481	114,044,039
Total Individual Market	Total Insured	160,996,049	145,671,044	144,382,871	145,478,257	153,648,890	162,732,865	164,398,238	176,818,713	193,622,089	207,997,243	214,380,449	229,906,725
Employer Based													
Small Group Employer Market	Employee Premium Contribution	22,216,324	24,358,415	25,559,606	27,451,869	29,684,467	31,752,323	34,418,137	37,224,292	40,204,561	43,362,831	46,734,491	50,174,779
Small Group Employer Market	Employee Out-of-Pocket	45,620,766	48,337,876	49,150,697	54,240,198	58,607,744	62,746,308	67,943,038	73,638,478	79,546,153	85,830,754	92,341,084	99,377,345
Small Group Employer Market	Total Employee	67,837,090	72,696,291	74,710,303	81,692,067	88,292,211	94,498,630	102,361,175	110,862,770	119,750,714	129,193,585	139,075,575	149,552,124
Large Group Employer Market	Employee Premium Contribution	410,202,083	465,178,669	498,606,089	539,470,525	581,618,338	618,927,589	665,986,818	717,751,103	770,927,936	826,903,693	886,192,802	949,435,015
Large Group Employer Market	Employee Out-of-Pocket	375,106,260	393,220,268	423,863,503	456,515,101	490,107,442	521,504,645	562,403,133	605,743,609	650,516,155	698,135,306	746,877,229	801,091,439
Large Group Employer Market	Total Employee	785,308,343	858,398,938	922,469,592	995,985,626	1,071,725,780	1,140,432,234	1,228,389,951	1,323,494,713	1,421,444,091	1,525,038,998	1,633,070,031	1,750,526,454
Total Employer Based	Employee Premium Contribution	432,418,407	489,537,085	524,165,695	566,922,394	611,302,805	650,679,912	700,404,955	754,975,395	811,132,497	870,266,524	932,927,294	999,609,795
Total Employer Based	Employee Out-of-Pocket	420,727,026	441,558,144	473,014,201	510,755,299	548,715,186	584,250,953	630,346,171	679,382,087	730,062,308	783,966,060	839,218,313	900,468,783
Total Employer Based	Total Employee	853,145,433	931,095,229	997,179,895	1,077,677,693	1,160,017,991	1,234,930,865	1,330,751,126	1,434,357,482	1,541,194,805	1,654,232,584	1,772,145,606	1,900,078,578

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 30 - Alaska Total Net Out-of-Pocket Spending - Change from Baseline to Waiver Scenario

		Baseline Year		Waiver Period									
Source of Health Insurance Coverage		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insured Premium Contribution	0	0	0	9,585,406	8,884,869	11,875,374	10,968,281	11,536,213	12,733,482	11,593,175	4,886,593	5,575,995
Individual Market	Insured Out-of-Pocket	0	0	0	5,416,310	5,414,523	6,211,122	5,241,184	5,515,744	6,094,739	12,254,030	11,189,664	12,098,773
Total Individual Market	Total Insured	0	0	0	15,001,716	14,299,391	18,086,496	16,209,465	17,051,957	18,828,221	23,847,206	16,076,257	17,674,768
Employer Based													
Small Group Employer Market	Employee Premium Contribution	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Total Employee	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee Premium Contribution	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Total Employee	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee Premium Contribution	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Total Employee	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

AK 1332 Waiver Application

Actuarial Analysis and Certification

Affordability Requirement

Health care coverage under the waiver must be forecast to be as affordable overall for state residents as coverage absent the waiver. We only consider residents with Individual Market and Employer Based coverage.

Residents under Government coverage are not affected by the 1332 Waiver and no projection is provided. For Uninsured residents net out of pocket spending is not readily available and no projection is provided.

Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 31 - Alaska Total Net Out-of-Pocket Spending PMPM - Baseline Scenario

		Baseline Year		Waiver Period									
Source of Health Insurance Coverage		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insured Premium Contribution	307	320	297	274	282	291	282	299	311	339	356	375
Individual Market	Insured Out-of-Pocket	169	184	208	237	246	262	275	289	308	308	327	346
Total Individual Market	Total Insured	476	504	505	512	528	554	557	588	619	647	683	721
Employer Based													
Small Group Employer Market	Employee Premium Contribution	107	114	126	139	150	160	174	187	202	217	234	251
Small Group Employer Market	Insured Out-of-Pocket	219	227	242	275	297	317	343	371	399	430	461	497
Small Group Employer Market	Total Employee	325	341	368	414	447	477	517	558	601	647	695	747
Large Group Employer Market	Employee Premium Contribution	129	147	157	170	184	196	212	229	247	266	286	307
Large Group Employer Market	Insured Out-of-Pocket	118	125	134	144	155	165	179	193	208	224	241	259
Large Group Employer Market	Total Employee	246	272	291	314	339	362	391	423	455	490	526	566
Total Employer Based	Employee Premium Contribution	127	145	155	168	182	194	210	227	244	263	283	304
Total Employer Based	Insured Out-of-Pocket	124	131	140	151	163	174	189	204	220	237	254	273
Total Employer Based	Total Employee	251	276	295	319	345	369	398	431	464	500	537	577

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 32 - Alaska Total Net Out-of-Pocket Spending PMPM - Waiver Scenario

		Baseline Year		Waiver Period									
Source of Health Insurance Coverage		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insured Premium Contribution	307	320	297	290	295	311	306	324	339	361	362	382
Individual Market	Insured Out-of-Pocket	169	184	208	240	249	265	279	293	314	334	355	376
Total Individual Market	Total Insured	476	504	505	530	544	576	585	617	653	695	716	758
Employer Based													
Small Group Employer Market	Employee Premium Contribution	107	114	126	139	150	160	174	187	202	217	234	251
Small Group Employer Market	Employee Out-of-Pocket	219	227	242	275	297	317	343	371	399	430	461	497
Small Group Employer Market	Total Employee	325	341	368	414	447	477	517	558	601	647	695	747
Large Group Employer Market	Employee Premium Contribution	129	147	157	170	184	196	212	229	247	266	286	307
Large Group Employer Market	Employee Out-of-Pocket	118	125	134	144	155	165	179	193	208	224	241	259
Large Group Employer Market	Total Employee	246	272	291	314	339	362	391	423	455	490	526	566
Total Employer Based	Employee Premium Contribution	127	145	155	168	182	194	210	227	244	263	283	304
Total Employer Based	Employee Out-of-Pocket	124	131	140	151	163	174	189	204	220	237	254	273
Total Employer Based	Total Employee	251	276	295	319	345	369	398	431	464	500	537	577

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

Table 33 - Alaska Total Net Out-of-Pocket Spending PMPM - Change from Baseline to Waiver Scenario

		Baseline Year		Waiver Period									
Source of Health Insurance Coverage		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Market													
Individual Market	Insured Premium Contribution	0	0	0	15	13	20	24	25	28	22	6	7
Individual Market	Insured Out-of-Pocket	0	0	0	3	3	2	4	5	6	26	28	30
Total Individual Market	Total Insured	0	0	0	18	16	22	28	30	34	48	33	37
Employer Based													
Small Group Employer Market	Employee Premium Contribution	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Small Group Employer Market	Total Employee	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee Premium Contribution	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Large Group Employer Market	Total Employee	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee Premium Contribution	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Employee Out-of-Pocket	0	0	0	0	0	0	0	0	0	0	0	0
Total Employer Based	Total Employee	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Carrier Survey, Employee and APTC contributions based on MEPS and ASPE, Oliver Wyman Healthcare Reform Microsimulation Model.

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Actuarial Analysis and Certification

Affordability Requirement
Health care coverage under the waiver must be forecast to be as affordable overall for state residents as coverage absent the waiver.
We only consider residents with Individual Market and Employer Based coverage.
Residents under Government coverage are not affected by the 1332 Waiver and no projection is provided. For Uninsured residents net out of pocket spending is not readily available and no projection is provided.
Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 34 - Alaska Advance Premium Tax Credits For Eligible Members By Income to Poverty Ratio - Baseline Scenario

		Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Subsidy Eligible Members	FPL												
Individual Market	0% to 199%	8,523	7,262	7,505	7,687	8,281	8,350	8,963	9,090	9,161	9,299	9,352	9,592
Individual Market	200% to 299%	4,015	3,758	3,992	4,077	4,166	4,172	4,236	4,543	5,302	5,314	5,703	5,758
Individual Market	300% to 400%	2,089	4,016	4,143	4,179	4,191	4,197	4,209	4,222	4,232	4,241	4,251	4,259
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Subsidy Eligible Members		14,627	15,036	15,640	15,943	16,637	16,719	17,408	17,855	18,696	18,854	19,306	19,609
Annual Subsidy Amount	FPL												
Individual Market	0% to 199%	63,428,046	72,963,228	97,115,366	121,782,915	138,277,774	149,483,325	172,185,138	186,444,105	201,032,268	218,007,208	233,582,966	254,859,518
Individual Market	200% to 299%	22,481,494	37,256,045	51,448,103	64,257,408	68,899,736	74,236,457	80,282,467	90,612,491	108,308,827	118,335,206	133,837,494	144,992,733
Individual Market	300% to 400%	8,558,730	25,128,812	37,152,809	47,858,139	51,173,938	55,623,788	60,150,183	65,233,038	70,786,405	76,320,248	82,124,206	88,333,871
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Subsidy		94,468,271	135,348,085	185,716,278	233,898,461	258,351,449	279,343,570	312,617,789	342,289,634	380,127,501	412,662,662	449,544,666	488,186,123
APTC PMPM	FPL												
Individual Market	0% to 199%	620	837	1,078	1,320	1,392	1,492	1,601	1,709	1,829	1,954	2,081	2,214
Individual Market	200% to 299%	467	826	1,074	1,314	1,378	1,483	1,579	1,662	1,702	1,856	1,956	2,098
Individual Market	300% to 400%	341	521	747	954	1,018	1,104	1,191	1,288	1,394	1,499	1,610	1,728
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total APTC PMPM		538	750	990	1,223	1,294	1,392	1,497	1,598	1,694	1,824	1,940	2,075

Sources: Oliver Wyman Healthcare Reform Microsimulation Model.

Table 35 - Alaska Advance Premium Tax Credits For Eligible Members By Income to Poverty Ratio - Waiver Scenario

		Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Subsidy Eligible Members	FPL												
Individual Market	0% to 199%	8,523	7,262	7,505	7,700	8,294	8,365	8,974	9,101	9,172	9,310	9,359	9,598
Individual Market	200% to 299%	4,015	3,758	3,992	4,083	4,172	4,179	4,241	4,549	5,309	5,320	5,707	5,762
Individual Market	300% to 400%	2,089	4,016	4,143	4,138	4,150	4,157	4,166	4,179	4,189	4,247	4,254	4,262
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Subsidy Eligible Members		14,627	15,036	15,640	15,922	16,616	16,702	17,381	17,828	18,669	18,877	19,319	19,622
Annual Subsidy Amount	FPL												
Individual Market	0% to 199%	63,428,046	72,963,228	97,115,366	96,982,422	110,531,465	119,535,804	138,477,691	150,743,492	163,064,722	177,755,940	190,509,068	207,904,508
Individual Market	200% to 299%	22,481,494	37,256,045	51,448,103	50,558,937	54,418,737	58,698,534	63,808,005	72,404,873	86,455,427	93,297,085	105,434,742	114,126,833
Individual Market	300% to 400%	8,558,730	25,128,812	37,152,809	34,719,330	37,422,340	40,927,929	44,925,287	49,329,308	53,886,989	58,941,687	63,596,184	68,603,944
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Subsidy		94,468,271	135,348,085	185,716,278	182,260,689	202,372,542	219,162,267	247,210,983	272,477,673	303,407,137	329,994,712	359,539,993	390,635,284
APTC PMPM	FPL												
Individual Market	0% to 199%	620	837	1,078	1,050	1,111	1,191	1,286	1,380	1,482	1,591	1,696	1,805
Individual Market	200% to 299%	467	826	1,074	1,032	1,087	1,170	1,254	1,327	1,357	1,461	1,540	1,651
Individual Market	300% to 400%	341	521	747	699	752	821	899	984	1,072	1,157	1,246	1,341
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total APTC PMPM		538	750	990	954	1,015	1,094	1,185	1,274	1,354	1,457	1,551	1,659

Sources: Oliver Wyman Healthcare Reform Microsimulation Model.

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Actuarial Analysis and Certification

Affordability Requirement
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Affordability is measured as residents net out-of-pocket spending = Premium contribution + Cost sharing (Deductibles, copays, coinsurance)

Table 36 - Alaska Advance Premium Tax Credits For Eligible Members By Income to Poverty Ratio - Change from Baseline to Waiver Scenario

		Baseline Year		Waiver Period									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Subsidy Eligible Members	FPL												
Individual Market	0% to 199%	0	0	0	13	13	15	11	11	11	11	6	7
Individual Market	200% to 299%	0	0	0	7	7	8	5	5	6	6	4	4
Individual Market	300% to 400%	0	0	0	-41	-41	-40	-43	-43	-43	5	3	3
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Subsidy Eligible Members		0	0	0	-21	-21	-18	-27	-27	-27	23	13	13
Annual Subsidy Amount	FPL												
Individual Market	0% to 199%	0	0	0	-24,800,493	-27,746,308	-29,947,521	-33,707,447	-35,700,613	-37,967,547	-40,251,268	-43,073,898	-46,955,011
Individual Market	200% to 299%	0	0	0	-13,698,471	-14,480,999	-15,537,924	-16,474,462	-18,207,618	-21,853,401	-25,038,120	-28,402,753	-30,865,901
Individual Market	300% to 400%	0	0	0	-13,138,809	-13,751,599	-14,695,859	-15,224,896	-15,903,730	-16,899,417	-17,378,562	-18,528,022	-19,729,927
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total Annual Subsidy		0	0	0	-51,637,772	-55,978,906	-60,181,304	-65,406,805	-69,811,961	-76,720,364	-82,667,950	-90,004,673	-97,550,838
APTC PMPM	FPL												
Individual Market	0% to 199%	0	0	0	-271	-281	-301	-315	-329	-347	-363	-385	-409
Individual Market	200% to 299%	0	0	0	-282	-291	-313	-326	-336	-345	-394	-416	-448
Individual Market	300% to 400%	0	0	0	-255	-266	-284	-292	-304	-322	-343	-364	-387
Individual Market	More than 400%	0	0	0	0	0	0	0	0	0	0	0	0
Total APTC PMPM		0	0	0	-269	-279	-299	-311	-324	-340	-367	-390	-416

Sources: Oliver Wyman Healthcare Reform Microsimulation Model.



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