STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

MICHELLE LANGE
ACTING DIRECTOR

June 3, 2022

MEMORANDUM

TO: Members of the House Appropriation Subcommittee on General Government and Senate Appropriations Subcommittee on General Government

FROM: Phillip Jeffery, DTMB Chief Financial Officer

SUBJECT: Sec. 893 of Public Act 87 of 2021 reporting requirement

This memorandum is in response to Sec. 893 as included in Public Act No. 87 of 2021. Sec. 893 required the Department of Technology Management and Budget (DTMB) to contract with an actuarial firm to complete a study to support the needs of pursuing a state innovation waiver under section 1332 of the Patient Protection and Affordable Care Act (ACA), for community-based coverage entities to provide health coverage and educational and occupational training to qualifying individuals.

The attached report was completed in strict compliance with the requirements of Sec. 893 of PA 87 of 2021 and does not represent the views, opinions or position of DTMB or any other state agency and is non-binding. The report is an actuarial and economic analysis of using a 1332 waiver to provide federal pass-through dollars (federal ACA tax subsidy funds) to fund a portion of the premiums paid to Access Health, a community-based multi-share program in Muskegon County. It represents the opinions and viewpoint of Axene Health Partners, LLC as it pertains to the requirements in Sec. 893 of PA 87 of 2021.

This actuarial and economic study would be a necessary step of many in the process of determining the feasibility of applying to the Secretary of the United State Department of Health and Human Services and the Secretary of the United States Department of Treasury, should the State of Michigan determine it is in its best interest. “Reliance on this report should be incorporated with a review of the entire application by qualified individuals familiar with health insurance marketplaces, the ACA, and Section 1332 waiver allowances and constraints[1].”

[1] Section 1332 State Innovation Waiver Actuarial and Economic Analysis, page 7, Axene Health Partners

Please feel free to reach out to me to discuss if you have any questions and/or concerns.

Cc:

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Michelle Lange, DTMB Director
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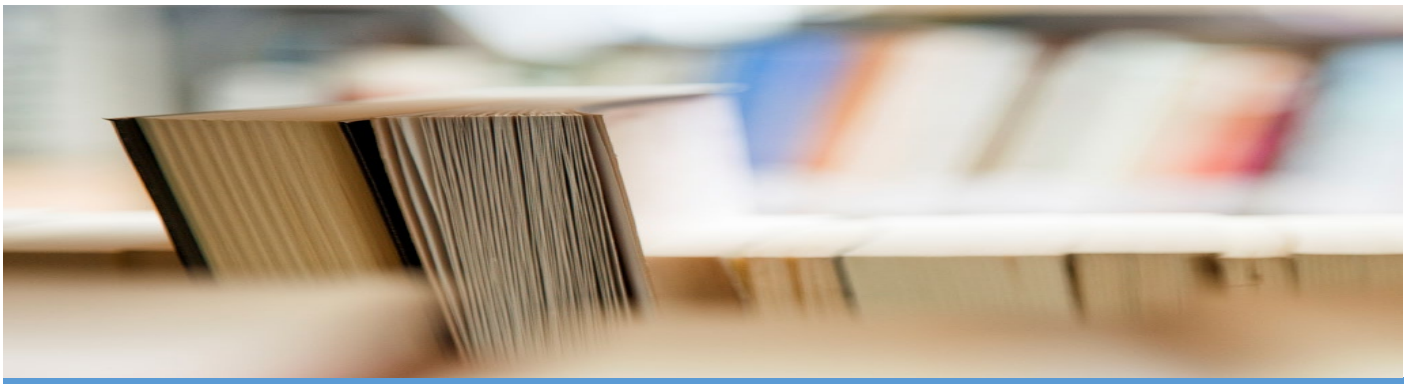

State of Michigan

Section 1332 State Innovation Waiver

Actuarial and Economic Analysis

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June 2, 2022

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Section 1: Executive Summary

Introduction

The State of Michigan is considering filing an application for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act (ACA), also known as a Section 1332 waiver. If filed and approved, the waiver will be effective January 1, 2024 for an initial period of five years with an option to renew for an additional five years. This report contains the actuarial analyses and certification required as part of a waiver application. This report also demonstrates that projected federal spending net of federal revenues under the waiver will be equal to or lower than projected federal spending net of federal revenues in the absence of the waiver.

This section of the report presents a high-level overview of Section 1332 waivers, a description of the work provided, key findings of the waiver analysis, and an outline of the format of this report.

Section 1332 of the ACA authorizes states to waive certain requirements of the ACA. Effectively, states can bypass some of the ACA's marketplace requirements, tax credits and penalties, and mandates to pursue innovative strategies and improve consumer value.

As of May 2022, 16 states have received federal approval for a Section 1332 waiver. The waiver in 15 of these 16 states includes pass-through funding to support a reinsurance mechanism and reduce gross premiums in individual marketplaces. These reinsurance waivers "are funded by a mix of state and federal dollars."[1] As expected, premium increases have slowed in these states due to the reinsurance impact but resulting enrollment growth has been modest.[2] Other states have filed waiver applications and have had their applications denied or withdrawn them before approval. While a reinsurance mechanism has been a popular approach which has gained familiarity, Section 1332 was designed to offer states a broader platform of innovation.[3]

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[1] State Roles Using 1332 Health Waivers (ncsl.org)
[2] ACA In The States: New State-Based Marketplaces, Section 1332 Updates | Health Affairs
[3] "Section 1332 Waivers: Coming Soon to a State Near You?" Health Watch Section, Health Watch, May 2016 (soa.org) https://www.soa.org/globalassets/assets/Library/Newsletters/Health-Watch-Newsletter/2016/may/hsn-2016-iss-80.pdf

A Section 1332 waiver requires discretionary approval from the Secretary of Health and Human Services and the Secretary of the Treasury and is predicated on meeting these four requirements, frequently referred to as "guardrails":

1. Comprehensive Coverage – 1332(b)(1)(A). The proposed waiver must provide coverage that is as comprehensive as coverage absent the waiver. The state must demonstrate how the benefits offered are as comprehensive as the state's benchmark plan.

2. Affordable – 1332(b)(1)(B). The proposed waiver must provide coverage as affordable as coverage absent the waiver. The affordability measure is net out-of-pocket spending, which includes premium contributions, cost sharing and spending on non-covered services impacted by the waiver. The measure applies to the average enrollee as well as enrollees with high medical costs relative to income.

3. Comparable Scope of Coverage – 1332(b)(1)(C). The proposed waiver must provide coverage to at least a comparable number of residents as would be provided coverage absent the waiver in each forecasted year.

4. Federal Deficit Neutrality – 1332(b)(1)(D). The proposed waiver must be federal deficit neutral in each year of a 10-year budget period.

States can receive a "pass-through" of federal funds that would have otherwise been received through individual marketplace Premium Tax Credits (PTCs) and small business health care tax credits in absence of the waiver. Effectively, reduction in federal government expenses resulting from the waiver can be used to fund innovative state solutions which increase access to high quality, affordable health insurance.

An actuarial study was conducted which included the "analyses and actuarial certifications data, assumptions, targets, and other information sufficient to provide the Secretary of the United States Department of Health and Human Services and the Secretary of the United States Department of Treasury with the necessary data to determine whether this state's proposed waiver would do all of the following:

(a) Provide coverage that is at least as comprehensive as the coverage defined in section 1203(b) of the Patient Protection and Affordable Care Act.

(b) Provide coverage and cost sharing protections against excessive out-of-pocket spending that are at least as affordable as the provisions of Title I of the Patient Protection and Affordable Care Act.

(c) Provide coverage to a comparable number of its residents as the provisions of Title I of the Patient Protection and Affordable Care Act would provide.

(d) Not increase the federal deficit."[4]

Additionally, the study produced "an economic analysis that provides a detailed 10-year budget plan that is deficit neutral to the federal government and a detailed analysis regarding the estimated impact of the waiver on health insurance coverage in this state".[5]

Unlike the Section 1332 waivers which have been approved for other states, the impact of this proposed waiver is limited in geographic scope. While the required analyses, guardrail testing, and actuarial certification apply at the statewide level, the implications of the waiver would only be present in Muskegon County.

Michigan is considering requesting to waive[6] the following provisions of the ACA:

- **Section 36B of the Internal Revenue Code**

This section establishes the premium tax credit that helps people buying marketplace plans to afford their premiums, including how the credit is calculated, who is eligible, and the premium contributions that people at different income levels must make toward marketplace coverage. This section also specifies that PTCs are only available to someone who has purchased a plan through the marketplace. It also establishes the procedure for increasing or reducing credits at tax filing for people whose income or household size has changed since their eligibility for advance payments of the credit was determined.

The proposed waiver relaxes the requirement that PTCs are only available to someone who has purchased a Qualified Health Plan (QHP)[7] through the marketplace. Specifically, it allows for pass-through funding to employers who are affiliated with the Access Health Multi-Share model to be used as the "third share" of the premium[8] for their employees to access Multi-Share coverage. Access Health

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[4] Act No. 87 Public Acts of 2021, Approved by the Governor, September 29. 2021, Filed with the Secretary of State, September 29, 2021, EFFECTIVE DATE: September 29, 2021 (michigan.gov)

[5] Ibid.

[6] As a reasonable placeholder for a waiver mechanism, we included relaxation of two sections of the Internal Revenue Code which we believe would be conducive to facilitating the waiver, Ultimately, the structure of the waiver is a legal approach for the state to consider.

[7] QHPs are insurance plans defined by the ACA which are certified by an exchange and meet coverage requirements, provide essential health benefits, and meet actuarial value requirements in one of four metal levels. Qualified Health Plan (QHP) Issuer Certification Checklist - RWJF

[8] Employer and employee contributions represent the first and second shares of Multi-Share premium contributions.

Multi-Share coverage is health benefit coverage which resembles health insurance benefits. While Access Health designs its benefits to align with health insurance markets and aims to maintain the required capital and surplus levels of insurance companies, the organization is not a licensed insurance company and is not regulated by the Michigan Department of Insurance and Financial Services. The third share funding is a fixed per member per month amount that is not dependent on age or income.[9] *Accordingly, there should not be a need to increase or reduce credits at tax filing for people whose income has changed since their eligibility for Access Health Multi-Share coverage was determined.*

- **Section 45R of the Internal Revenue Code**

This section limits employer tax credits to nonelective contributions made by an employer on behalf of its employees for qualified health plans offered by the employer to its employees through an Exchange Small Business Health Options Program (SHOP) Exchange. These credits are limited to two consecutive years.

It should be recognized that Michigan is not intending to disrupt the existing SHOP exchange and the proposed waiver will not reduce employer tax credits. The waiver would simply allow employers affiliated with the Access Health Multi-Share model to receive PTC pass-through funding to provide partial funding of premiums for its employees with Access Health Multi-Share coverage. The request to waive Section 45R is solely to allow applicable employers to administer premium payment on behalf of their employees for Access Health Multi-Share coverage.

This actuarial report would serve as a part of Michigan's 1332 waiver application. It is intended to fulfill the requirements of section 45 CFR 155.1308(f)(4)(i)-(iii), including actuarial analyses and actuarial certifications, economic analyses, and data and assumptions. The remainder of the report provides the required information for the waiver's actuarial certification and economic analyses which documents how the four guardrails of Section 1332 are met.

Executive Summary Exhibit

Guardrail	**Explanation**
Comprehensiveness	No change to EHB requirements. The Access Health Multi-Share model benefits are currently certified

[9] Enrollment is limited to employees (and dependents) of employers affiliated with the Access Health Multi-Share model with incomes between 100% and 300% of the Federal Poverty Level.

	"Minimum Essential Coverage" (MEC), provide benefits with Actuarial Values greater than the minimum requirements and cover all EHBs except child dental coverage, which will be included with waiver implementation.
Affordability	Expected increase in affordability for consumers switching from the ACA market to the Access Health Multi-Share model. Overall average 55% reduction in net consumer costs[10] in the first year of waiver implementation, with improvements in affordability for each of the five years of the waiver.
Scope of Coverage	Expected increase in overall enrollment. By 2027, 0.01% increase in Michiganders representing 677 people with minimum Essential Coverage (0.4% increase in Muskegon). The increase in enrollment of 677 people equates to a 0.1% reduction in the Michigan uninsured population (6.8% reduction in Muskegon).
Deficit Neutrality	Federal savings between $0.8 million and $2.1 million in each year of the 5-year window, for total savings of $7.8 million over five years compared to the baseline scenario which will be passed through to the state to administer the waiver. Expected to be deficit neutral over the ten-year projection window.

Other sections of the waiver application will contain the non-actuarial portions of the 1332 waiver application requirements. Reliance on this report should be incorporated with a review of the entire application by qualified individuals familiar with health insurance marketplaces, the ACA, and Section 1332 waiver allowances and constraints.

[10] Throughout this report, "net consumer cost" refers to consumers' cost of health care, including net premiums and anticipated cost-sharing. Net premiums reflect gross premiums minus third-party contributions/subsidies.

Axene Health Partners, LLC (Axene Health Partners) understands that this actuarial report will become a public document. This report should only be disseminated and read in its entirety. This report is intended to meet the requirements of an actuarial report and economic analysis for a Section 1332 waiver application; it may not be appropriate for other purposes. Axene Health Partners does not intend to benefit third parties outside the scope of receiving waiver approval and Axene Health Partners assumes no duty or liability to other parties who receive this report. Axene Health Partners recommends that such third parties not utilize or attempt to digest the content of this report without the aid of a credentialed health actuary or other qualified professional who fully understands the required assumptions and necessary limitations inherent in such an analysis.

Description of Scope of Work

Section 893[11] of Michigan Public Act No. 87, effective September 29, 2021, requires the Michigan Department of Technology, Management and Budget (DTMB) to "contract with an actuarial firm that specializes in strategic health care consulting and actuarial valuation to complete a study to support the needs of pursuing a state innovation waiver under section 1332 of the Patient Protection and Affordable Care Act, for community-based coverage entities to provide health coverage and educational and occupational training to qualifying individuals."

The DTMB engaged Axene Health Partners to assist with the evaluation of the feasibility of using a 1332 waiver to provide federal pass-through dollars to be used to fund a portion of the premium for enrollees in Access Health, a Community-based, Multi-share organization in Muskegon County which provides qualifying "minimum essential coverage" under the ACA.

This report provides a summary of the work performed. This document has been prepared for the sole use of the DTMB in fulfilling its obligation to include an actuarial report and economic analyses with a Section 1332 waiver application. The use of this report for other purposes may not be appropriate. This document contains the results, data, assumptions, and methods used in our analyses, and complies with the requirements of the Actuarial Standard of Practice (ASOP) No. 41 "Actuarial Communications".

[11] Act No. 87 Public Acts of 2021, Approved by the Governor, September 29. 2021, Filed with the Secretary of State, September 29, 2021, EFFECTIVE DATE: September 29, 2021 (michigan.gov)

Axene Health Partners appreciates the valuable insights provided by DTMB, which were useful in understanding the enhanced coverage goals of the proposed waiver. Axene Health Partners also appreciates the dialogue and sharing of data and materials from Access Health, which provided supportive information regarding the community history and current local market environment in Muskegon County. This assistance allowed Axene Health Partners' consultants to better understand the Access Health Multi-Share model, the local marketplace dynamics in Muskegon County, and the logistical considerations of the waiver's implementation. This assistance provided tremendous value in facilitating completion of our analysis and report.

As stakeholders in the health care system, Axene Health Partners endeavors to provide quantitative, dispassionate advice to enhance the efficiency and sustainability of health care financing. Axene Health Partners applauds the mission of providing high quality, affordable health care coverage value and financial security to Michiganders and believes this waiver proposal aligns well with those goals. Any questions regarding this report should be directed to Gregory G. Fann at 951-542-2828 or greg.fann@axenehp.com.

Key Findings

The key findings from this analysis are:

- The waiver meets the "guardrail" requirements of Section 1332 and does not increase the federal deficit in any year over the projected 10-year period.
- While the waiver is anticipated to have noticeable impact in Muskegon County, it is not expected that the waiver will have any detectable statewide implications.
- The waiver would likely increase employer confidence in the long-term viability of the Access Health Multi-Share model and encourage greater employer participation.
- The waiver would result in a reduction in the number of uninsured Michiganders. The uninsured rate in Muskegon County is expected to be reduced by 6.7% (677 people).
- The waiver would result in about a 0.2% (532 enrollees) enrollment reduction in the Michigan individual marketplace and have no detectable impact on benefit offerings, premiums, or enrollee subsidies.

- The waiver would provide an additional coverage option to qualifying residents in Muskegon County which may be better suited for many prospective enrollees than the current private insurance options available. Overall, the average reduction in projected net consumer costs is 55% for those that select the Multi-Share plan in the initial year of waiver implementation.

- The waiver aligns with the federal policy goals in the most recent (September 2021) Section 1332 waiver guidance.[12]

These findings are described in more detail in the rest of this report.

Section 2 provides background information.

Section 3 discusses the waiver analysis.

Section 4 includes the required actuarial certification.

Appendix A discusses the regulatory authority & waiver parameters.

Appendix B discusses the data and applied methodology utilized in the analysis and report. Appendix B also includes supplemental exhibits which display more granular detail than the exhibits provided in Section 3.

Appendix C provides disclosures, limitations & reliance associated with the analysis and report.

Conclusion

Section 1332 of the ACA allows states to design innovative strategies to improve consumer value by waiving certain sections of the law if applicable guardrails are met. We believe that Michigan's proposed 1332 waiver satisfies all guardrails, improves access to quality affordable health care, and reduces the uninsured rate in Michigan. We also believe the proposed waiver naturally aligns with current federal policy goals. As the waiver opportunity is limited to one county, the overall impact of the waiver is small relative to the Michigan marketplace and is not anticipated to create any residual disruption in the individual marketplace.

[12] Federal Register :: Patient Protection and Affordable Care Act; Updating Payment Parameters, Section 1332 Waiver Implementing Regulations, and Improving Health Insurance Markets for 2022 and Beyond

Section 2: Background

This section provides information on the current marketplace environment, the organizational entities which facilitate the waiver development, and the underlying background that shapes the rationale of the proposed waiver.

ACA Individual Market Framework

The ACA was passed by Congress and signed into law by President Obama in 2010. The primary impact of the law has been the restructuring of individual health insurance markets and enhanced federal funding for states to expand Medicaid populations via income-based eligibility.

The ACA's individual marketplace regulatory rules require that health insurers offer only ACA-compliant plans with "essential health benefits", and the law restricts premium variability with "community rating" requirements and limited price variation by age. The restrictive nature of benefit options and rating practices has generally increased premium rates for most eligible enrollees. To offset the higher premiums, the ACA provides income-based premium subsidies (also known as premium tax credits, or PTCs) which reduce the net costs that some consumers are required to pay to procure insurance. As the subsidy allocation is not strictly aligned with the ACA's premium impact on the individual marketplace, the net impact of the ACA has been more advantageous for some eligible enrollees. Consequently, resulting enrollment has been unbalanced and lower than anticipated in pre-implementation projections.[13]

As ACA net premiums vary widely across the consumer base (primarily by age and income), some eligible enrollees have significantly higher premiums while other eligible enrollees have low-cost options or even free coverage. Accordingly, ACA marketplaces have generally attracted a lower-income, older and less healthy market than pre-ACA individual markets. Additionally, consumer awareness of the high value coverage available in ACA marketplaces is uneven and many eligible enrollees have remained uninsured even when zero premium coverage is available.[14] Since ACA market implementation in 2014, private and public stakeholders have promoted various financial and non-financial strategies to increase coverage levels in the new ACA environment.

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[13] Estimates for the Insurance Coverage Provisions of the Affordable Care Act Updated for the Recent Supreme Court Decision (cbo.gov)

[14] Millions of Uninsured Americans are Eligible for Free ACA Health Insurance | KFF

Beginning in plan year 2017, states have had opportunities to optimize existing federal funding through Section 1332 waivers. Most states which have pursued Section 1332 waivers have decided to reduce gross premiums through a reinsurance mechanism by either removing enrollees with certain conditions from the risk pool or federally reinsuring costs above a certain level; the structure of such waivers primarily benefits enrollees with incomes above 400% of the Federal Poverty Level (FPL) who are ineligible for PTCs (aka premium subsidies). This commonly referenced "subsidy cliff" was removed in the American Rescue Plan Act (ARPA) as part of an emergency federal response to the COVID-19 pandemic. The subsidy cliff removal and other subsidy enhancements are scheduled to expire at the end of plan year 2022. While there has been legislative discussion to extend the ACA provisions in the ARPA, there is no active legislation at the time of this report. For purposes of future projections, it is assumed in this report that current law will remain in effect.

While reinsurance waivers have lowered gross premiums, have generally been well received, are familiar to stakeholders, and have primarily benefitted enrollees over 400% of FPL, Section 1332 allows for broader opportunities and states are actively utilizing Section 1332 to pursue other innovative strategies.[15] Michigan's proposed waiver increases coverage in Muskegon County by providing another affordable coverage option to qualifying eligible enrollees up to 300% of FPL; it is not anticipated that the Michigan waiver will have any detectable impact on ACA marketplace premiums or subsidy levels.

The Michigan Marketplace

The ACA marketplace in Michigan has generally been reflective of robust competition, which is distinguishable from other states which have struggled to retain issuers during some of the ACA marketplace's challenging early years.[16] With two new individual marketplace participants, Michigan has ten issuers in 2022. The proposed waiver should not be interpreted as a response to an acute problem specific to the Michigan marketplace, but rather as an opportunity to leverage an existing community-based model for enhanced enrollment in minimum essential coverage.

Michigan is one of six states with a "partnership exchange". Such states conduct plan management activities but use the federal enrollment platform.

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[15] DRAFT - Colorado Section 1332 Waiver Amendment Request for Colorado Option.pdf - Google Drive

[16] On an aggregate nationwide basis, insurer participation in state ACA marketplaces declined in 2016, 2017 and 2018.

Since ACA market implementation, statewide enrollment has ranged between 250,000 and 350,000 enrollees. Michigan is the 10th largest ACA marketplace in 2022 with 303,550 health care consumers having selected a plan.[17]

Access Health[18]

Access Health is a Michigan-based nonprofit organization created in partnership with local residents, health care providers, businesses and safety-net organizations to improve population health and increase access to health care for the working uninsured and underinsured. The formation of Access Health is the result of a concerted community effort in Muskegon County to make health coverage affordable for lower-income individuals who earn too much to qualify for Medicaid and do not enroll in the subsidized ACA marketplace. This collaborative mission has resulted in community health improvement and sharp reductions of uncompensated, episodic emergency room care.

Since 1999, Access Health has provided financially efficient, robust, affordable health coverage to asset-limited, income-constrained, employed (ALICE) populations, while also supporting small employers through its innovative community / hospital partnership and integrated health improvement plan focused on addressing root-cause Social Determinants of Health (SDoH).

Under the Access Health Multi-Share model, small businesses, enrollees, local providers, and the public sector have shared in the cost of coverage. The Multi-Share model uses a shared funding mechanism that braids health system, community, and member support while integrating community linkages to access existing local resources. Multi-Share model plans provide coverage to workers at uninsured small and mid-sized businesses exempt from the ACA employer mandate and otherwise unwilling or unable to fund affordable coverage for their workers.

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[17] Marketplace 2022 Open Enrollment Period Report: Final National Snapshot | CMS

[18] While possessing deep experience with the required analyses associated with a Section 1332 waiver application, Axene Health Partners consultants are historically unfamiliar with Access Health. In an introductory call discussing the proposed waiver approach, leadership at the Centers for Medicare and Medicare Services specifically asked for thorough background information on Access Health's operations. The comments in this section reflect what Axene Health Partners consultants have learned throughout the course of this engagement; the DTMB may want to modify this language to reflect the state's perspective and may determine that this background information is more appropriately discussed in a different section of the waiver application.

Long before the advent of the ACA, multi-share plans demonstrated core reform priorities:

- Robust, comprehensive benefit plans
- Coverage for essential health benefits
- Strong local provider networks
- Fair premiums
- No pre-existing condition exclusions
- Preventative health services
- Mental health parity
- Actuarial value far greater than the required 60 %

The Centers for Medicare & Medicaid Services (CMS) recognizes the unique benefits of the multi-share model, noting that multi-share programs meet the community needs of affordable health coverage, often focus on specific geographic areas or populations, and are designed to be the coverage of last resort for low-income small businesses, students, and individuals when other programs are unavailable.[19] Access Health's 23-year-old multi-share model holds the distinction of being the first health plan to achieve MEC Certification through CMS, certifying substantial compliance with ACA Title I provisions.[20]

A core element of Access Health Multi-Share model's success is the ability to address the numerous barriers to self-sufficiency and economic opportunity experienced by the ALICE population. Because Access Health began to focus on SDoH in 1999, long before other mainstream medical sectors came to appreciate their impact on physical health, Access Health has gone beyond mere measurement. The Access Health Multi-Share model integrates interventions to foster improved medical outcomes alongside an integrated approach to wellbeing that empowers individuals and reinforces their active management of personal health and life choices.

The comprehensive benefit structure in the Access Health Multi-Share model is designed to foster access to care and improved health; the high value coverage aligns with essential health benefits and integrates benefits without a deductible for in-network services and provides low cost-sharing ($10 office visits, $300 max for in-patient hospitalization). Additionally, the Access Health Multi-Share model helps local small businesses attract and retain employees and provides a bridge from unemployment / underemployment to sustainable full-time employment, promoting both physical health and economic improvement. Enrollees receive individualized coaching to address SDoH issues that impact their health and economic self-sufficiency.

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[19] https://www.govinfo.gov/content/pkg/FR-2013-07-01/pdf/2013-15530.pdf

[20] https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Downloads/MEC-Approved-Plans.pdf

Access Health does not medically underwrite or deny coverage based on health status. Access Health's low-cost structure is achieved through its care management model, community engagement, and strong alliances with local medical providers, who contribute to the community mission through discounted reimbursement rates. The resulting total cost of care is significantly less than ACA marketplaces. This unique model promotes workforce development by addressing the influencers of health that directly impact employment success and create barriers to exiting Medicaid (medical and behavioral health, family/social issues, soft and hard skills).

Access Health began integrated SDoH screening processes to address socioeconomic barriers to low-income populations. Today, Access Health has created an extensive screening process targeting eight domains of health – well beyond the assessments currently provided by other health entities.

- System Alignment: To address SDoH barriers, Access Health aligned local systems of care, incorporating extensive and long-term partnerships with trusted community entities including Mercy Health, United Way, Mental Health, City and County Government, Federally Qualified Health Centers, and Affinia Health. Some of these partners are also investors in Access Health, helping to support its sustainability.

- Integrated SDoH Interventions: To ensure vulnerable patients had individual support in addressing personal barriers to success, Access Health incorporated a health coach partnership program that provides measurable SDoH interventions to high-risk, low-income populations. Access Health members participate in mandatory educational curriculum targeting issues such as financial literacy, health literacy, healthy eating, and other significant factors.

- Measurable Outcomes: Access Health utilizes metrics to measure efficacy of its SDoH interventions and the impact of safety net services, supporting efforts to align and identify gaps in existing services.

- Local Employer Engagement: Based on use of its multi-share coverage approach, Access Health has strong relationships with West Michigan businesses. Access Health has worked with over 2,000 local businesses ranging from small start-ups to large corporations.

While the community and workers have diligently funded the program since 1999, federal changes to the Disproportionate Share Hospital (DSH) program ended the

county's ability to provide public third share funding in 2013. Because the program has been cost-effective, Access Health has been able to utilize capital reserves and continue uninterrupted coverage without a public funding source but is unable to continue indefinitely without depleting reserves beyond appropriate levels. While Access Health operations have continued, Access Health ceased new employer engagement in 2013 to slow capital reserve losses and the number of enrollees is generally declining each year. It is critical that funding for the public third share is restored for the Access Health Multi-Share model to continue to support access to affordable care for workers and the small businesses that employ them. Approval of the proposed waiver would secure sustainable funding, instill long-term financial confidence among the local employer community, and result in more robust coverage in Muskegon County.

Section 1332 Waiver Opportunity

Multiple stakeholders are interested in the proposed waiver and its resulting impact. Each has a unique perspective which is described below.

The Access Health Perspective

Until 2013, the Access Health Multi-Share model premiums were shared by employers, employees and a county hospital via DSH funding. Access Health has capital reserves and is currently funding the "third share", but the current financial dynamics are not indefinitely sustainable.

The proposed Section 1332 waiver allows federal dollars that would otherwise be allocated as PTCs in the ACA marketplace to be allocated as the "third share" of the multi-share premium. Implementation of the waiver would provide longer-term financial stability to Access Health and allow additional employers to affiliate with the organization.

With approval of the proposed waiver, Access Health Multi-Share enrollment is expected to increase each year, both from a reduction in ACA marketplace enrollment and a reduction in uninsured Michiganders in Muskegon County.

The State Perspective

Michigan's pursuit of this waiver is contingent on receipt of funding to share in multi-share premium contributions equal to the amount of the forgone federal funds that would have been provided to Michigan without the waiver as PTCs in the individual marketplace; Michigan does not intend to contribute state funds toward multi-share premiums and maintaining the same level of federal funding that would have otherwise been available without the waiver is a primary component of this waiver

design. Michigan's pursuit of this waiver is also contingent upon other affirmative steps taken by the state.[21]

In applying for this waiver, Michigan would seek to enhance overall coverage levels and community engagement, while at the same time, having no adverse effect on the ACA marketplace.

The Enrollee Perspective

The ACA has been effective at reducing the uninsured rate in Michigan and in other states. Yet, many Americans eligible for PTCs remain uninsured even as the ACA individual marketplace has provided financially attractive coverage options. Eligible enrollees have remained uninsured rather than enroll in the individual marketplace for various reasons (e.g. net premium costs, anticipated cost-sharing, breadth of provider network availability, lack of awareness and understanding, lack of appreciation for the value of health insurance, lack of connection to the health insurance and health care system).

In some states, coverage options which are non-compliant with the ACA's "minimum essential coverage" and modified community rating rules are available. These non-compliant plans generally include short-term limited duration plans, Association Health Plans, Farm Bureau Health Plans, Health Sharing Ministries, etc. These non-compliant options generally do not comply with the ACA's rating rules or benefit standards. Other health insurance products may also be renewable to existing enrollees, e.g. grandfathered plans.

As health insurance is generally expensive and other options generally do not include third-party financial support, there is usually a limited market share in non-compliant plans. In fact, they are often targeted to provide solutions for a minority of state residents who do not find ACA marketplaces attractive. While operating on a much smaller scale than ACA marketplaces, they sometimes are viewed as playing a complementary role to ACA marketplaces in reducing uninsured rates.[22]

A bifurcated population with different underwriting guidelines naturally raises risk pool concerns and some states (and the federal government) have placed limitations on non-compliant products. e.g. limiting short-term coverage to 90 days. Due to the premium and subsidy dynamics in ACA individual marketplaces, market

[21] Checklist for Section 1332 State Innovation Waiver Applications 5.5.17 clean (cms.gov)
[22] CBO's Estimates of Enrollment in Short-Term, Limited-Duration Insurance

bifurcation is largely income-driven and health status bifurcation is not as pronounced as it would be in a pre-ACA environment.

While ACA individual marketplace enrollment is growing, many Americans at all income levels remain uninsured. For financial and non-financial reasons, many eligible individuals do not enroll in valuable subsidized coverage.

While providing high value coverage for a low premium, the Access Health Multi-Share model also provides employer engagement that is generally not present in the ACA individual marketplace. Coverage levels are expected to generally increase with this waiver, and coverage for vulnerable populations is also expected to increase. The waiver is not expected to have any residual impact on the ACA marketplace in Michigan; a 0.2% (532 enrollees) statewide enrollment reduction is expected and there is not an anticipated change in premium levels, premium tax credits, available coverage, or risk adjustment dynamics.

While enrollment eligibility in the Access Health Multi-Share model is income-limited, premiums are not variable based on income. Accordingly, it is not expected that there will be need for a financial tax reconciliation associated with enrollment in the Access Health Multi-Share model.

The Employer Perspective

While employers have historically played an important role in Americans' procuring health insurance, enrollment growth associated with the ACA has generally been limited to health benefit coverage not associated with the traditional employer model. Namely, the primary growth of health coverage has resulted from states expanding Medicaid eligibility up to 138% of FPL and receiving an enhanced federal match for the expansion population. Secondarily, the relatively small private individual marketplace has grown, both during ACA implementation and with later enhancements to premium subsidies.

Unlike Medicaid and the private individual marketplace, employer markets were not buoyed by new federal funding from the ACA. Accordingly, employers have not played a significant role in the reduction of uninsured rates related to ACA implementation.

While individual coverage may provide good value, it can often be a more difficult market for consumers to access, particularly for uninsured consumers with historical unfamiliarity of the process of procuring health insurance. Employer engagement in

the enrollment process will likely be a catalyst for employees to procure coverage who would otherwise remain uninsured.

As ACA marketplaces have stabilized since 2014, stakeholders have learned that successful enrollment growth in ACA coverage relies on both financial incentives and removal of non-financial barriers to coverage access. The proposed waiver would bring together the employer engagement from the small group market and the federal premium assistance of the individual market to provide a dual coverage incentive not currently present in the small group and individual marketplaces.

While Access Health has maintained continuous operations since 1999, uncertain funding commitments could be an employer deterrent. In 2005, research from the Employee Benefits Research Institute (EBRI) concluded that "some employers are generally hesitant to offer Access Health because they are concerned that if the program fails, they will then be obligated to offer a commercial product at a much higher price".[23] Approval of a Section 1332 waiver with pass-through funding available for the "third share" of the premium could potentially provide employer confidence and result in increased employer affiliation with Access Health and consequently greater enrollment.

Axene Health Partners, LLC

Axene Health Partners is a trusted and well-respected actuarial consulting firm focused at the intersection of actuarial science, analytical capacity, and appropriate medical care. Axene Health Partners has extensive experience strategically analyzing individual and small group markets and in understanding the new dynamics created by the ACA. Axene Health Partners serves health plans, plan sponsors, providers of health care services, health care innovators, regulatory agencies, policy strategists and manufacturers across the country.

Axene Health Partners consultants provide objective analysis and independent, dispassionate advice. Stakeholders in the health care industry recognize Axene Health Partners consultants as trusted advisors, technical experts, and insightful problem solvers. Health care policy involves many technical complexities, and Axene Health Partners consultants have deep experience objectively scrutinizing the holistic impact of policy decisions with deliberate attention on potential unintended consequences. Axene Health Partners' contributions to developing

[23] The Muskegon Access Health "Three-Share" Plan: A Case History (ebri.org)

sound policy are aided by years of experience and insightful understanding of some of the unique challenges inherent in the current regulatory environment.

Axene Health Partners has specific expertise in understanding the ACA individual market's unique dynamics. Axene Health Partners' consultants have performed multiple market migration studies which have informed policy decisions. Axene Health Partners consultants maintain a strong pulse on the implications of federal and state policies and are equipped to provide strategic insight to private and public clients.

The Public Interest

While there are many stakeholders with interest in this waiver application, it should be noted that the public interest is the primary goal. While this waiver will have limited geographic impact and little to no impact on the statewide ACA marketplace, it is of clear benefit to working class employers and employees in Muskegon County. It will reduce the uninsured rate[24] and instill confidence of long-term stability of the Access Health Multi-Share model. The proposed waiver also promotes health equity by leveraging employer engagement to facilitate health care coverage options which may be more accessible and better suited to vulnerable populations ineligible for Medicaid benefits.

[24] "Uninsured Rate" Measurements and Health Policy Considerations (soa.org)

Section 3: Waiver Analysis

Introduction

Axene Health Partners engaged in a comprehensive evaluation of the implications of the proposed waiver and analyzed whether the resulting impacts would satisfy the requirements for each of the four guardrails. Based on our analysis, as described in this report, we believe the waiver satisfies the four guardrails as summarized in Exhibit 1.

The analysis was developed using results from Axene Health Partners' Market Migration Model (MMM) which models consumer behavior considering value propositions of competing products and markets. Key inputs to the model were Access Health Multi-Share model enrollment growth rates and ACA market migration levels. A range of inputs was applied using reasonable assumptions, forming the basis of nine scenarios described in detail in Appendix B. The midpoint of the ranges represents our "best estimate" scenario for the waiver analysis. This section displays the results of the best estimate waiver analysis, referred to as the "waiver scenario" in this section of the report.

The basis for our analysis of whether the waiver passes each of the guardrails is a comparative view of a baseline scenario without the proposed waiver and the waiver scenario. Output from the MMM was used in the baseline and waiver scenarios. The coverage changes resulting from the waiver is specific to Muskegon County and is not expected to impact other counties in Michigan. The waiver model, therefore, is design to analyze specific results in Muskegon County.

While the waiver will have noticeable impact in reducing the uninsured population in Muskegon County, the statewide waiver impact will result in a minor change to the statewide Michigan individual marketplace and is not expected to have an impact on enrollment, benefits, or financial considerations associated with Medicare, Medicaid, or group markets.

Exhibit 1

Guardrail	Explanation
Comprehensiveness	No change to EHB requirements. The Access Health Multi-Share model benefits are currently certified MEC, provide benefits with Actuarial Values greater than the minimum requirements

	and cover all EHBs except child dental coverage, which will be included with waiver implementation.
Affordability	Expected increase in affordability for consumers switching from the ACA market to the Access Health Multi-Share model. Overall average 55% reduction in net consumer costs in the first year of waiver implementation, with improvements in affordability for each of the five years of the waiver.
Scope of Coverage	Expected increase in overall enrollment. By 2027, 0.01% increase in Michiganders representing 677 people with minimum Essential Coverage (0.4% increase in Muskegon). The increase in enrollment of 677 people equates to a 0.1% reduction in the Michigan uninsured population (6.8% reduction in Muskegon).
Deficit Neutrality	Federal savings between $0.8 million and $2.1 million in each year of the 5-year window, for total savings of $7.8 million over five years compared to the baseline scenario which will be passed through to the state to administer the waiver. Expected to be deficit neutral over the ten-year projection window.

Comprehensiveness of Coverage

In order to satisfy the Comprehensiveness of Coverage requirement, the coverage provided to Michigan residents under the waiver must be at least as comprehensive as it would be without the waiver. Comprehensiveness is measured by the Essential Health Benefits and other related benefit standards.

Under the ACA, individual marketplace enrollees have access to Essential Health Benefits, as defined in Section 1302(b) of the Affordable Care Act and further specified in 45 C.F.R. § 156.100. This benchmark package includes items and services in ten categories: (1) ambulatory patient services; (2) emergency services;

(3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including oral and vision care.

Under the proposed waiver, prospective enrollees would continue to have access through the ACA marketplace to the same benefits that would be available without the waiver. Additionally, some prospective enrollees in Muskegon County would also have access to the Access Health Multi-Share model benefits. Access Health plans have certified MEC.[25]

The proposed waiver would provide an additional coverage option for vulnerable residents employed by Access Health affiliated employers and meeting eligibility criteria, including low-income individuals, elderly individuals, or those with serious health issues or who have a greater risk of developing serious health issues.

Affordability of Coverage

In order to satisfy the Affordability of Coverage requirement, the coverage provided to Michigan residents must be at least as affordable under this waiver as it would be without the waiver. A small portion of current and prospective ACA enrollees (532 enrollees) will migrate to the Access Health Multi-Share model due to the waiver, representing 0.2% of Michigan ACA statewide exchange enrollment. The ACA premium rate development rules require health plans to price products based on a single risk pool[26] of statewide risk; we expect that the minimal enrollment migration will be immaterial to the overall risk pool and premiums in the Michigan ACA marketplace.

Consumers that remain on ACA plans (or select new ACA plans) will experience no change in affordability due to this waiver. The waiver impact will result in currently uninsured Michiganders receiving greater access to coverage and current/prospective ACA marketplace enrollees potentially migrating to the more affordable Access Health Multi-Share model. The modeled affordability changes reflect the differences between ACA net consumer costs under the baseline scenario and Access Health net consumer costs under the waiver scenario for those consumers projected to migrate. The affordability analysis was performed across

[25] Access Health currently offers MEC plans and intends to increase benefits to platinum level and cover all EHBs to assure satisfaction of the comprehensiveness guardrail in the proposed state waiver.
[26] https://www.law.cornell.edu/cfr/text/45/156.80

eligible age and income ranges and conducted both on an average consumer basis and a high-cost consumer basis.

As referenced in Footnote 6, "net consumer cost" refers to the sum of the "net premium" (gross premiums reduced by PTCs, waiver pass-through dollars, and employer Multi-Share premium contributions) paid plus the expected average out-of-pocket cost-sharing for consumers. For "high-cost consumers", the net consumer cost reflects the sum of the net premium and the out-of-pocket maximum for the applicable plan designs being studied.

Access Health limits eligible enrollees to consumers earning 139%-300% of the FPL. Two income ranges (139%-199% of FPL and 200%-299% of FPL) were analyzed as the only significant affordability differentiator is above versus below the 200% level. No modeling was considered for other income ranges as such consumers would not be eligible for the Access Health Multi-Share model.

The exhibits below show the results of our analysis on an aggregate basis for average consumers migrating from the ACA individual marketplace to the Access Health Multi-Share model under the waiver scenario. More granular age and income level breakouts of the analysis are provided in Appendix B. Exhibit 2 shows the affordability improvements in each year for average migrating consumers and Exhibit 3 shows the affordability improvements for the high-cost migrating consumers.

Exhibit 2

Average Consumer	Average Net Premium		Average Cost-Sharing		Net Consumer Costs		
Year	Baseline (ACA)	Waiver (Multi-Share)	Baseline (ACA)	Waiver (Multi-Share)	Baseline (ACA)	Waiver (Multi-Share)	Difference (Waiver - Baseline)
2024	$76	$77	$136	$19	$211	$96	-$115
2025	$75	$78	$142	$20	$217	$98	-$119
2026	$75	$80	$149	$20	$224	$100	-$125
2027	$75	$82	$156	$20	$231	$102	-$129
2028	$75	$83	$163	$21	$238	$104	-$134

Exhibit 3

High Cost Consumer	Average Net Premium		Max Out of Pocket Cost		Net Consumer Costs (High cost)		
Year	Baseline (ACA)	Waiver (Multi-Share)	Baseline (ACA)	Waiver (Multi-Share)	Baseline (ACA)	Waiver (Multi-Share)	Difference (Waiver - Baseline)
2024	$76	$77	$6,938	$1,800	$7,014	$1,877	-$5,137
2025	$75	$78	$7,227	$1,872	$7,303	$1,950	-$5,352
2026	$75	$80	$7,608	$1,947	$7,683	$2,027	-$5,656
2027	$75	$82	$7,970	$2,025	$8,046	$2,106	-$5,940
2028	$75	$83	$8,314	$2,106	$8,389	$2,189	-$6,200

Scope of Coverage

During the five-year initial waiver period and the ten-year projection period, we believe that the waiver will result in an increase in the number of insured Michiganders. We believe the waiver will impact subsidized enrollees in the individual ACA marketplace, current enrollees in the Access Health Multi-Share model, and uninsured Michiganders. We do not believe the waiver will have any detectable impact on the number of Michiganders with unsubsidized individual ACA marketplace coverage or coverage through employer-sponsored plans, Medicaid, Medicare, or other programs. Accordingly, we are not presenting detailed modeling results for those populations.

Exhibits 4 and 5 show the results of our analysis and compare enrollment in the ACA individual market, enrollment in the Access Health Multi-Share model, and the number of uninsured Michiganders for both the baseline and best estimate waiver scenario. The number of uninsured Michiganders in Muskegon County is estimated to decrease each year with a five -year total of 677 fewer uninsured residents. ACA enrollment is projected to decrease while enrollment in the Access Health Multi-Share model will increase. The Multi-Share model enrollment in the waiver scenario is estimated to be 1,209 more members than the baseline scenario, reflecting new members who were either previously uninsured or receiving coverage through the ACA individual market.

Exhibit 4

Muskegon County Waiver Impact	ACA Market Exchange Enrollment		Multi-Share Enrollment		Uninsured Population	
Year	Baseline	Waiver	Baseline	Waiver	Baseline	Waiver
2024	3,879	3,621	160	738	9,868	9,549
2025	3,882	3,489	128	1,006	9,886	9,402
2026	3,883	3,434	102	1,114	9,901	9,338
2027	3,882	3,380	82	1,221	9,913	9,276
2028	3,881	3,349	66	1,275	9,923	9,246

Exhibit 5

Muskegon County Waiver Impact	ACA Market Exchange Enrollment	Multi-Share Enrollment	Uninsured Population
Year	Difference (Waiver - Baseline)	Difference (Waiver - Baseline)	Difference (Waiver - Baseline)
2024	-259	578	-319
2025	-394	878	-484
2026	-449	1,011	-563
2027	-502	1,139	-637
2028	-532	1,209	-677

Deficit Neutrality

The mathematical dynamics of the proposed waiver results in a per member per month (PMPM) contribution for each enrollee in the Access Health Multi-Share model from pass-through dollars that would otherwise be applied as PTCs in the individual market. This federal contribution will serve the purpose of subsidizing Access Health Multi-Share coverage and maintaining low net premiums for both employers and employees. Furthermore, the federal contribution will allow for an increase in benefit value for the Multi-Share model plan, improving the current benefit plan from a "Gold" level plan design to a "Platinum" level plan design.[27] The increase in benefit value and stability in premium rates will provide greater affordability for those migrating to the Access Health Multi-Share model as displayed in the previous affordability section. In addition to new employer

[27] Benefit designs were inputted into the Federal Actuarial Value Calculator to assess current benefit levels and to model changes that would result in Platinum level coverage.

engagement, improved affordability serves as a basis for more consumers migrating from the ACA marketplace to the Access Health Multi-Share model.

The federal pass-through amount is equal to the amount of savings generated from a reduction in subsidized ACA marketplace enrollment with an expense offset for federal revenue lost from a reduction in exchange user fees[28] and the federal risk adjustment program user fees. The pass-through amount is converted to a PMPM contribution which is capped at the total amount passed through for the purpose of assuring deficit neutrality.

Exhibit 6 shows the amount of federal savings expected each year under the waiver scenario and what that would translate to in terms of a PMPM contribution to the Access Health Multi-Share model. The waiver will not increase the federal deficit for any of the years in the ten-year projection.

Exhibit 6

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
			(B) + (C)		(B) * (E) * 12			(B) * (G) *12 + (H)	(F) - (I)	(J) / (D) /12
Calendar Year	Multi-Share Model Enrollment			Federal Contribution PTC Savings PMPM	Federal Contribution PTC Savings	Risk Adjustment User Fee PMPM	Change in Exchange User Fee	Total Waiver Costs	Multi-Share Funding Available	Multi-Share Contribution
	From Marketplace	From Other	Total							
2024	259	479	738	$275.10	$853,906	$0.22	$25,166	$25,849	$828,058	$93.57
2025	394	612	1006	$291.58	$1,377,942	$0.22	$40,308	$41,348	$1,336,594	$110.69
2026	449	665	1114	$309.38	$1,665,472	$0.22	$48,418	$49,602	$1,615,870	$120.90
2027	502	719	1221	$322.29	$1,941,370	$0.22	$56,180	$57,505	$1,883,866	$128.55
2028	532	743	1275	$339.99	$2,171,148	$0.22	$62,346	$63,751	$2,107,397	$137.74
2029	543	743	1286	$359.01	$2,339,917	$0.22	$66,688	$68,122	$2,271,795	$147.24
2030	554	743	1297	$378.35	$2,513,100	$0.22	$71,057	$72,518	$2,440,582	$156.86
2031	551	756	1308	$396.23	$2,622,108	$0.22	$73,732	$75,188	$2,546,920	$162.32
2032	552	767	1319	$417.88	$2,766,936	$0.22	$77,150	$78,607	$2,688,329	$169.89
2033	559	771	1330	$439.07	$2,946,827	$0.22	$81,502	$82,978	$2,863,849	$179.46

Scenarios

The increase in enrollment in the Access Health Multi-Share model will come from two primary sources, ACA marketplace migration and Michiganders who are otherwise uninsured. To estimate ACA marketplace migration, we utilized output from the MMM which relied upon consumer behavior sensitivity assumptions reflecting economic utility. Two key inputs were varied in the scenario testing to project a range of possible results.[29] The first key assumption is the total enrollment increase expected in the Access Health Multi-Share model resulting from the waiver. The second key assumption is the distribution of new Multi-Share enrollees, specifically the proportion who would otherwise be in the individual ACA marketplaces. New Multi-Share enrollees who would otherwise be uninsured

[28] Exchange user fees were assumed to equal 2.25% of gross premiums, consistent with the 2023 parameter for states which conduct plan management activities but use the federal enrollment platform.

[29] Changes to other assumptions (e.g. annual premium trend) were also modeled, but guardrail testing results were generally not impacted by assumption changes other than the referenced two key assumptions.

enhance coverage levels, while new enrollees who would otherwise be subsidized in the ACA individual marketplace provide the basis for pass-through funding. The federal savings calculation is sensitive to these two key assumptions, and the calculated PMPM pass-through amount is different under each scenario.

For the total enrollment growth input, we used a "Low", "Mid" and "High" assumption range. For the ACA migration input, we used a "Light", "Medium" and "Heavy" assumption range. Combining these two key inputs, Exhibit 7 outlines the nine scenarios tested in our analysis. Scenario 5 reflects our Best Estimate.

Exhibit 8 displays the expected enrollment results, amount of federal savings, waiver costs and the federal PMPM Access Multi-Share model contribution for each scenario in the first year of waiver implementation.

Exhibit 7

Scenario	Enrollment Growth Scenario	ACA Migration Scenario
Scenario 1	Low	Light
Scenario 2	Low	Medium
Scenario 3	Low	Heavy
Scenario 4	Mid	Light
Scenario 5	**Mid**	**Medium**
Scenario 6	Mid	Heavy
Scenario 7	High	Light
Scenario 8	High	Medium
Scenario 9	High	Heavy

Exhibit 8

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Enrollment Growth & ACA Migration Scenarios	[redacted]		(B) + (C)	[redacted]	(B) * (E) * 12			(B) * (G) *12 + (H)	(F) - (I)	(J) / (D) /12
	Multi-Share Model Enrollment (Change from Baseline)			Federal	Federal	Risk Adjustment	Change in	Total Waiver	Multi-Share	Multi-Share
	From Marketplace	From Other	Total	Contribution PTC	Contribution PTC	User Fee PMPM	Exchange User	Costs	Funding Available	Contribution
Low/Light	167	436	603	$281.21	$564,151	$0.22	$16,812	$17,253	$546,898	$75.58
Low/Medium	199	404	603	$278.42	$666,345	$0.22	$19,758	$20,285	$646,060	$89.28
Low/Heavy	232	371	603	$276.40	$768,529	$0.22	$22,705	$23,316	$745,213	$102.99
Mid/Light	216	522	738	$277.33	$717,628	$0.22	$21,237	$21,806	$695,822	$78.62
Best Estimate	259	479	738	$275.10	$853,906	$0.22	$25,166	$25,849	$828,058	$93.57
Mid/Heavy	302	436	738	$273.50	$990,165	$0.22	$29,094	$29,891	$960,275	$108.51
High/Light	264	608	872	$274.87	$871,082	$0.22	$25,661	$26,358	$844,724	$80.73
High/Medium	318	554	872	$273.01	$1,041,432	$0.22	$30,572	$31,411	$1,010,020	$96.52
High/Heavy	372	500	872	$271.68	$1,211,749	$0.22	$35,482	$36,463	$1,175,286	$112.32

Alignment with Federal Policy Goals

In September 2021, certain policies and interpretations announced in the 2018 Section 1332 Waiver Guidance were rescinded and new policies and interpretations for the statutory guardrails were adopted. While the new guidance

heightens the bar for waivers passing the guardrail tests, it also incorporates changes related to policy goals and impacts the discretionary approval considerations of federal agencies.

While Michigan's specific policy goals are discussed in detail in other sections of the waiver application, we discuss the actuarial implications of the proposed waiver in this section as it relates to alignment with policy goals expressed in the September 2021 guidance.[30] In general, the new guidance "finalizes policies designed to promote greater access to comprehensive health insurance coverage through the Exchanges, consistent with applicable law and with the administration's policy priorities detailed in recent Presidential executive orders". [31]

The guidance notes that "these policies will further advance this Administration's goal of increasing access to coverage by empowering states to develop innovative health coverage options for their residents through section 1332 waivers that best fit the states' individual needs…commitment to protect and expand Americans' access to high-quality, comprehensive, and affordable health care coverage, and to ensure that systemic barriers to opportunities and benefits for people of color and other underserved groups are not perpetuated."[32]

Additionally, federal policy goals include "reducing individuals' health care costs, and making our health care system less complex to navigate. The Departments noted that, through section 1332 waivers, they aim to assist states with developing health insurance markets that expand coverage, lower costs, and make high-quality health care accessible for every American. In light of E.O. 13985, the Departments also encourage states to develop waiver proposals that diminish barriers to opportunities and benefits, such as health insurance coverage, for people of color and other underserved groups. For example, states may propose waiver programs that increase plan options for comprehensive coverage, reduce premiums, improve affordability, and address social determinants of health."[33]

With the proposed waiver, underinsured and uninsured residents of Muskegon County will have greater access to higher value, more affordable health coverage.

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[30] 2021-20509.pdf (govinfo.gov)
[31] Federal Register :: Patient Protection and Affordable Care Act; Updating Payment Parameters, Section 1332 Waiver Implementing Regulations, and Improving Health Insurance Markets for 2022 and Beyond
[32] Ibid.
[33] Ibid.

Executive Order 13985

Executive Order 13985 (January 20, 2021), "On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government", directs the Federal Government to "pursue a comprehensive approach to advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality".

Enrollees in the Access Health Multi-Share model are lower-income but earn too much to qualify for Medicaid and generally work for employers who would not otherwise offer health insurance benefits. Aligning with uninsured data by ethnicity and our projection of a 6.8% reduction in the uninsured rate in Muskegon County, Access Health believes the uninsured rate reduction for white, black, and Hispanic residents are respectively 6.3%, 9.1% and 13.6%.

Executive Order 14009

Executive Order 14009 (January 28, 2021), "Strengthening Medicaid and the Affordable Care Act", stresses the administration's policy of protecting and strengthening the ACA and making high-quality health care accessible and affordable.

The heads of federal agencies are directed to examine "demonstrations and waivers, as well as demonstration and waiver policies, that may reduce coverage under or otherwise undermine Medicaid or the ACA" and "policies or practices that may undermine the Health Insurance Marketplace or the individual, small group, or large group markets for health insurance in the United States".[34]

The proposed Michigan waiver is not expected to reduce coverage ore undermine Medicaid or health insurance markets.

Diminishing Barriers

While the ACA has increased health insurance coverage, many new enrollees still face coverage access barriers due to cost-sharing concerns, health literacy challenges, and the ability to find in-network providers. These barriers are particularly problematic for individuals with chronic health conditions, social risk factors (transportation, poverty, ethnicity, social isolation, and limited community resources), and members of historically underserved communities. As discussed in

[34] Federal Register :: Strengthening Medicaid and the Affordable Care Act

Section 2, the Access Health Multi-Share model aims to diminish coverage and access barriers for eligible enrollees.

Social Determinants of Health

The September 2021 rule notes that SDoH "can also create significant disparities in whether and how an individual is able to afford and access health coverage and health care services, including primary and preventive care".[35] The rule also notes that helping consumers "understand basic concepts and rights related to health coverage and how to use it…is vital to improving health equity and helping to address social determinants of health, particularly among underserved and vulnerable populations" and "social determinants of health can also create significant disparities in whether and how an individual is able to afford and access health coverage and health care services, including primary and preventive care".[36] Access Health activities related to SDoH and helping enrollees navigate health care coverage is discussed in Section 2.

[35] Federal Register :: Patient Protection and Affordable Care Act; Updating Payment Parameters, Section 1332 Waiver Implementing Regulations, and Improving Health Insurance Markets for 2022 and Beyond

[36] Ibid.

Section 4: Actuarial Certification

Introduction

I, Gregory G. Fann, am a Fellow in the Society of Actuaries (FSA), a member of the American Academy of Actuaries (MAAA) and am qualified to provide the following certification. I am generally familiar with the federal requirements for Section 1332 waiver proposals and the underlying market and regulatory framework established by the Affordable Care Act (ACA).

This actuarial certification applies to Michigan's application to waive Section 36B and 45R of the Internal Revenue Code under Section 1332 of the ACA.

1. The waiver complies with the comprehensive coverage requirement.
2. The waiver complies with the affordability requirement.
3. The waiver complies and the scope of coverage requirement.
4. The waiver complies with all deficit neutrality requirements.
5. The certification conforms with the Actuarial Standards of Practice (ASOPs).

In my opinion, Michigan's 1332 waiver application complies with all of the scope of coverage, affordability, comprehensive coverage and deficit neutrality requirements. This certification does not cover any unforeseen subsequent events in the regulatory and market environment.

Actuarial Certification

In my opinion, the State of Michigan 1332 Waiver application complies with the following requirements.

- **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.
- **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.
- **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.

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

Gregory G. Fann, FSA, FCA, MAAA

06/01/2022

Date

Appendix A: Regulatory Authority & Parameters

Regulatory Authority

Section 893[37] of Michigan Public Act No. 87, effective September 29, 2021, required the Michigan DTMB to "contract with an actuarial firm that specializes in strategic health care consulting and actuarial valuation to complete a study to support the needs of pursuing a state innovation waiver under section 1332 of the Patient Protection and Affordable Care Act, for community-based coverage entities to provide health coverage and educational and occupational training to qualifying individuals."

The DTMB engaged Axene Health Partners to assist with the evaluation of the feasibility of using a 1332 Waiver to provide federal pass-through dollars to be used to fund a portion of the premium for enrollees in Access Health, a Community-based, Multi-share organization which provides qualifying "minimum essential coverage" under the ACA.

Funding

No state funding is considered with this application. The financial results in this model are developed to execute the proposed waiver with the only government contribution reflecting the deficit neutral pass-through funding resulting from lower PTCs due to lower subsidized enrollment on the Michigan individual market exchange.

[37] Act No. 87 Public Acts of 2021, Approved by the Governor, September 29. 2021, Filed with the Secretary of State, September 29, 2021, EFFECTIVE DATE: September 29, 2021 (michigan.gov)

Appendix B: Data, Methodology and Supplemental Exhibits

Data

Axene Health Partners reviewed a variety of data sources to inform the modeling process. The following is a list of data sources incorporated into the MMM:

-Prior Section 1332 application(s)
-Various Internal Documents and Data Reports from Access Health
-EBRI Research Paper
-American Community Survey Data (Nationwide, Michigan, Muskegon County)
-ACA Marketplace Data
- 2020-2022 Unified Rate Review Template Public Use Files[38]
- 2020-2022 Exchange Enrollment Public Use Files[39]
- 2018-2020 Federal Risk Adjustment Public Reports[40]
- 2022 County level premiums and plan offerings[41]

-Kaiser Family Foundation Uninsured Report(s)[42]

Methodology

We utilized Axene Health Partners' MMM to assess the impact that the proposed waiver would have on the ACA individual marketplace, the Access Health Multi-Share model, and the uninsured population in Muskegon County, Michigan. While statewide results are displayed in this report and guardrail requirements must be met at the state level, the proposed waiver is not expected to have any impact outside of Muskegon County. The MMM is an economic utility model which simulates enrollment behavior across various markets and coverage options based on financial consumer value and other factors; the MMM is primarily used to assess the enrollment and financial impact of various policy options.[43]

Baseline Estimates

[38] https://www.cms.gov/CCIIO/Resources/Data-Resources/ratereview
[39] https://www.cms.gov/research-statistics-data-systems/marketplace-products/2022-marketplace-open-enrollment-period-public-use-files
[40] https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs
[41] https://www.healthcare.gov/health-and-dental-plan-datasets-for-researchers-and-issuers/
[42] https://www.kff.org/uninsured/
[43] For example, the MMM has been used to illustrate the impact of rigorous regulatory rate review and various Section 1332 waiver considerations and inform state legislation. Healthcare Policy Tool (shinyapps.io)

The baseline scenario reflects the currently anticipated market and regulatory environment without the implementation of the waiver. In this scenario, Access Health continues its operation but continues its practice of not accepting new affiliated employers. Accordingly, Access Health experiences attrition each year which is assumed to be a 20% annual enrollment loss; some enrollees become uninsured while others seek coverage through the ACA marketplace. A review of uninsured and marketplace enrollment suggests approximately 55% of subsidy eligible individuals will select an ACA plan while 45% will remain uninsured. We assumed a similar distribution for future terminating members of the Access Health Multi-Share model in the baseline scenario.

Current ACA enrollment was segmented into "rate cells" by family composition (single, couple and family), age (0-18, 19-25, 26-34, 35-44, 45-54, 55-64 and 65+) and income level (<=138%, 139%-149%, 150%-199%, 200%-249%, 250%-299%, 300%-349%, 350%-399% and 400%+ of the FPL). For each rate cell, the average gross premiums, federal subsidies, net premiums, consumer cost-sharing and enrollment were estimated for plan year 2022. The following assumptions were applied to project estimates for future years:

- Gross Premium trends – assumed a 4% annual increase in gross premiums.
- FPL baseline estimates – assumed a 2% annual increase in the baseline 100% of FPL amounts.
- ARPA subsidies – assumed the enhanced subsidies will not be available for plan year 2023 and beyond. Enrollment is projected to decrease in plan year 2023 due to the impact of the change in subsidies. The decrease was calculated using the MMM with standard pricing sensitivity assumptions.
- Annual Enrollment Changes – a standard consumer sensitivity metric was utilized to model consumer behavior when premiums change year over year. No overall population growth was assumed.

<u>Waiver Impact</u>

The waiver was assumed to have an impact on three groups of consumers. The first group is those who are currently subsidized on the ACA marketplace earning between 139%-299% of the FPL. The second is those who are currently uninsured. The final group is those currently receiving coverage through the Access Health Multi-Share model. Access Health limits eligibility to those working at a small employer currently not offering group coverage and for employees with incomes below 300% of FPL.

The MMM assesses the value proposition for enrollees in each rate cell in every year. The value proposition takes into consideration the net premium and benefits of the

lowest cost Bronze, Silver and Gold ACA plans compared to the benefit design of Access Health Multi-Share coverage. ACA consumers earning under 200% of FPL and considering market migration are assumed to be enrolled in Silver plans resulting from access to Platinum level enhanced benefits due to income-based cost-sharing reduction (CSR) enhancements. ACA consumers earning over 200% of the FPL and considering market migration are assumed to be enrolled in Bronze plans. The current Access Health benefit provides coverage in line with Gold level benefits, but Access Health will be lowering the out-of-pocket maximum to $1,800 with waiver approval to align with Platinum level benefits. To better align the value of premiums and benefits, the consumer value proposition for consumers over 200% of FPL compares Gold ACA premiums to the current Access Health benefit design estimated to align Gold level benefits. Further, consumer price sensitivity assumptions were calibrated to reflect an increase in Access Health benefits from Gold level coverage to Platinum level coverage in the waiver scenario.

The starting assumption for consumer migration is an estimate of expected enrollment growth in the Access Health Multi-Share model resulting from waiver implementation. The waiver is expected to keep current Access Health premiums stable while improving the benefits offered. We reviewed enrollment patterns of Access Health before and after the ACA and before and after Access Health ceased affiliating with new employers. The peak enrollment post-ACA during the period Access Health was actively engaging with new employers was approximately 1,200-1,300 members. Due to the enhanced benefits made possible through federal pass-through funding, Access Health's long-standing reputation in Muskegon County, and Access Health's internal projected membership under waiver implementation, we developed an enrollment level of 1,275 reached over five years to be our best estimate under the waiver scenario.

New enrollees for Access Health were assumed to mirror demographic, family composition and income level distributions experienced in the past when Access Health was affiliating with new employers. New enrollees were assumed to either be consumers migrating from the ACA marketplace or consumers currently uninsured. We reviewed ACS uninsured data in Muskegon County, ACA enrollment data in Muskegon County by income and general uninsured demographic reports to estimate the average consumer expected to be eligible for Access Health coverage. On average, we estimated that 55% of those eligible for ACA subsidies will select ACA coverage while 45% will remain uninsured. We assumed the average new consumer eligible for Access Health would mirror that same distribution. The 55% was further adjusted using MMM outputs which reflected value proposition differences between rate cells. Overall, the 55% was adjusted down to 44% which

equals the percent of new Access Health enrollees who migrated from the ACA marketplace.

The enrollees migrating from the ACA marketplace were assumed to be either currently enrolled in the lowest cost Bronze (over 200% of FPL) or lowest cost Silver (under 200% of FPL) ACA plans. Migrating consumers are assumed to be the most price sensitive consumers and therefore are more likely to be currently enrolled in the lowest cost options. The average premium and average PTCs of those migrating are both lower than the overall average ACA consumer due to the expected demographic distribution of the Access Health consumers and due to the lowest cost assumption described in this section.

2019 ACS reports were used as the starting point for the uninsured population. With the assumption that enhanced ARPA subsidies cease at the end of 2022, we believe the pre-ARPA 2019 ACS reported uninsured rates will roughly reflect the 2023 uninsured rates as the enhanced ARPA subsidies expire. This is more likely for the subset of consumers eligible for ACA subsidies due to the value proposition on a net premium basis remaining similar between 2019 and 2023. No population growth was assumed and changes in the uninsured rate reflect migration patterns and take up coverage assumptions used in the modeled scenarios.

The following exhibits display the results of our analysis and our projections based on the data and methodology described in this section. Exhibit 9 shows the Muskegon County baseline scenario projections. Exhibit 10 shows the Muskegon County best estimate waiver scenario. Exhibit 11 shows the differences between the baseline and waiver scenarios. Exhibit 12 shows the impact on federal spending which equates to a savings amount that is used for federal pass-through estimates to support the proposed waiver.

Over the ten-year projection period, the individual market is projected to have a reduction of 645 enrollees who will migrate to the Access Health Multi-Share model. The Multi-Share enrollment will increase by 1,308 members with 749 of those members estimated to be previously uninsured. The uninsured rate in Muskegon County is expected to be reduced by 7.5%. Over the course of five years, federal savings due to enrollees migrating out of the ACA marketplace is estimated to be $8 million with reduced revenue equaling $0.3 million. In total, the federal pass through funding over those five years is estimated at $7.7 million.

Exhibit 9

	Muskegon County									
Baseline Scenario	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ACA Market Exchange Enrollment	3,879	3,882	3,883	3,882	3,881	3,880	3,881	3,887	3,903	3,950
APTC Enrollment	3,276	3,286	3,292	3,297	3,302	3,306	3,313	3,325	3,347	3,399
Multi-Share Enrollment	160	128	102	82	66	52	42	34	27	21
Uninsured	9,868	9,886	9,901	9,913	9,923	9,931	9,937	9,940	9,940	9,932
Gross Premium PMPM (APTC Enrollees)	$597	$621	$646	$672	$698	$726	$755	$786	$817	$850
APTC PMPM	$395	$414	$435	$457	$479	$503	$527	$553	$580	$608
Net PMPM (APTC Enrollees)	$202	$207	$211	$215	$219	$224	$228	$233	$237	$242

Exhibit 10

	Muskegon County									
Waiver Scenario	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ACA Market Exchange Enrollment	3,621	3,489	3,434	3,380	3,349	3,337	3,327	3,335	3,352	3,391
APTC Enrollment	3,018	2,892	2,843	2,795	2,769	2,763	2,760	2,773	2,795	2,840
Multi-Share Enrollment	738	1,006	1,114	1,221	1,275	1,286	1,297	1,308	1,319	1,330
Uninsured	9,549	9,402	9,338	9,276	9,246	9,241	9,236	9,218	9,200	9,183
Gross Premium PMPM (APTC Enrollees)	$617	$654	$685	$718	$749	$780	$812	$843	$876	$911
APTC PMPM	$405	$431	$455	$481	$506	$531	$557	$584	$612	$641
Net PMPM (APTC Enrollees)	$213	$223	$230	$237	$243	$249	$254	$259	$264	$270

Exhibit 11

	Muskegon County									
Waiver Impact	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ACA Market Exchange Enrollment	-259	-394	-449	-502	-532	-543	-554	-551	-552	-559
APTC Enrollment	-259	-394	-449	-502	-532	-543	-554	-551	-552	-559
Multi-Share Enrollment	578	878	1,011	1,139	1,209	1,233	1,255	1,274	1,292	1,308
Uninsured	-319	-484	-563	-637	-677	-690	-701	-723	-740	-749
ACA Market Enrollment Growth	-6.7%	-10.1%	-11.6%	-12.9%	-13.7%	-14.0%	-14.3%	-14.2%	-14.1%	-14.2%
APTC Enrollment Growth	-7.9%	-12.0%	-13.6%	-15.2%	-16.1%	-16.4%	-16.7%	-16.6%	-16.5%	-16.5%
Uninsured Growth	-3.2%	-4.9%	-5.7%	-6.4%	-6.8%	-6.9%	-7.1%	-7.3%	-7.4%	-7.5%

Exhibit 12

	Muskegon County									
Federal Pass Through Amounts	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Baseline Subsidies	$15,512,564	$16,337,930	$17,187,888	$18,069,097	$18,988,549	$19,950,301	$20,968,890	$22,064,920	$23,289,763	$24,790,562
Subsidies After Waiver	$14,658,657	$14,959,988	$15,522,415	$16,127,726	$16,817,401	$17,610,384	$18,455,790	$19,442,812	$20,522,827	$21,843,735
Change in Subsidies	$853,906	$1,377,942	$1,665,472	$1,941,370	$2,171,148	$2,339,917	$2,513,100	$2,622,108	$2,766,936	$2,946,827
Change in Exchange User Fees	($25,166)	($40,308)	($48,418)	($56,180)	($62,346)	($66,688)	($71,057)	($73,732)	($77,150)	($81,502)
Change in Risk Adjustment User Fees	($683)	($1,040)	($1,184)	($1,325)	($1,405)	($1,434)	($1,461)	($1,456)	($1,457)	($1,477)
Total Federal Pass Through Funds	$828,058	$1,336,594	$1,615,870	$1,883,866	$2,107,397	$2,271,795	$2,440,582	$2,546,920	$2,688,329	$2,863,849

The following exhibits display the results of our analysis and our projections at the statewide level. Exhibits 13-16 show the same respective results as Exhibits 9-12 but are on a statewide level. Over the ten-year projection period, the individual market is projected to be reduced by 0.2% and the uninsured population will be reduced by 0.1%.

Exhibit 13

	Michigan									
Baseline Scenario	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ACA Market Exchange Enrollment	277,810	276,829	275,855	274,981	274,248	273,656	273,322	273,410	274,372	277,522
APTC Enrollment	240,646	240,085	239,528	239,070	238,753	238,575	238,659	239,173	240,581	244,235
Multi-Share Enrollment	160	128	102	82	66	52	42	34	27	21
Uninsured	571,140	571,393	571,643	571,867	572,054	572,206	572,292	572,272	572,033	571,247
Gross PMPM (APTC Enrollees)	$555	$577	$600	$624	$649	$675	$702	$730	$759	$789
APTC PMPM	$385	$404	$424	$444	$465	$488	$511	$535	$560	$587
Net PMPM (APTC Enrollees)	$169	$173	$176	$180	$183	$187	$191	$195	$199	$203

Exhibit 14

	Michigan									
Waiver Scenario	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ACA Market Exchange Enrollment	277,551	276,435	275,406	274,479	273,716	273,112	272,768	272,859	273,820	276,963
APTC Enrollment	240,387	239,691	239,080	238,568	238,221	238,032	238,106	238,622	240,029	243,676
Multi-Share Enrollment	738	1,006	1,114	1,221	1,275	1,286	1,297	1,308	1,319	1,330
Uninsured	570,821	570,909	571,080	571,229	571,377	571,515	571,590	571,549	571,293	570,497
Gross PMPM (APTC Enrollees)	$555	$577	$600	$624	$649	$675	$702	$730	$760	$790
APTC PMPM	$385	$404	$424	$444	$466	$488	$511	$535	$561	$587
Net PMPM (APTC Enrollees)	$170	$173	$176	$180	$184	$187	$191	$195	$199	$203

Exhibit 15

	Michigan									
Waiver Impact	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ACA Market Enrollment	-259	-394	-449	-502	-532	-543	-554	-551	-552	-559
APTC Enrollment	-259	-394	-449	-502	-532	-543	-554	-551	-552	-559
Multi-Share Enrollment	578	878	1,011	1,139	1,209	1,233	1,255	1,274	1,292	1,308
Uninsured	-319	-484	-563	-637	-677	-690	-701	-723	-740	-749
ACA Market Enrollment Growth	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
APTC Enrollment Growth	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Uninsured Growth	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%

Exhibit 16

	Michigan									
Federal Pass Through Amounts	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Baseline Subsidies	$1,112,214,057	$1,163,769,621	$1,217,451,335	$1,273,843,369	$1,333,342,073	$1,396,145,154	$1,463,220,207	$1,535,979,534	$1,618,057,015	$1,719,976,059
Subsidies After Waiver	$1,111,360,151	$1,162,391,679	$1,215,785,863	$1,271,901,999	$1,331,170,924	$1,393,805,237	$1,460,707,107	$1,533,357,426	$1,615,290,079	$1,717,029,232
Change in Subsidies	$853,906	$1,377,942	$1,665,472	$1,941,370	$2,171,148	$2,339,917	$2,513,100	$2,622,108	$2,766,936	$2,946,827
Change in Exchange User Fees	($25,166)	($40,308)	($48,418)	($56,180)	($62,346)	($66,688)	($71,057)	($73,732)	($77,150)	($81,502)
Change in Risk Adjustment User Fees	($683)	($1,040)	($1,184)	($1,325)	($1,405)	($1,434)	($1,461)	($1,456)	($1,457)	($1,477)
Total Federal Pass Through Funds	$828,058	$1,336,594	$1,615,870	$1,883,866	$2,107,397	$2,271,795	$2,440,582	$2,546,920	$2,688,329	$2,863,849

Demographic Enrollment Analysis

The enrollment impact was projected for income and age ranges as shown in Exhibits 17 and 18. Exhibit 17 displays a five-year projection enrollment change between the baseline scenario and the waiver scenario split by age categories. Exhibit 18 displays the same projection split by income categories. Incomes below 139% of FPL and above 300% of FPL were assumed to be unimpacted. Every age and income category is expected to have improvements in coverage levels and reductions in the number of uninsured people.

Exhibit 17

Muskegon County: All Incomes	2024	2025	2026	2027	2028
Baseline Individual Market					
0-18	216	217	218	218	218
19-25	242	241	241	240	239
26-34	498	499	499	498	497
35-44	525	526	526	525	525
45-54	660	662	664	666	668
55-64	1,739	1,737	1,736	1,735	1,734
Total	3,879	3,882	3,883	3,882	3,881
Baseline Multi-Share Enrollment					
0-18	21	17	13	11	9
19-25	8	6	5	4	3
26-34	32	25	20	16	13
35-44	32	26	21	17	13
45-54	37	30	24	19	15
55-64	29	23	19	15	12
Total	160	128	102	82	66
Baseline Uninsured					
0-18	970	972	974	976	977
19-25	1,821	1,822	1,823	1,824	1,824
26-34	2,062	2,066	2,069	2,071	2,073
35-44	1,709	1,713	1,716	1,718	1,720
45-54	1,820	1,824	1,827	1,829	1,831
55-64	1,486	1,490	1,493	1,495	1,497
Total	9,868	9,886	9,901	9,913	9,923
Waiver Individual Market					
0-18	204	198	195	192	190
19-25	213	198	194	187	183
26-34	433	399	384	369	360
35-44	471	444	436	424	419
45-54	599	569	556	544	538
55-64	1,701	1,679	1,668	1,663	1,658
Total	3,621	3,489	3,434	3,380	3,349
Waiver Multi-Share Enrollment					
0-18	75	99	110	120	125
19-25	53	74	81	89	93
26-34	161	221	247	272	284
35-44	150	205	224	247	256
45-54	173	237	264	290	303
55-64	126	170	189	204	213
Total	738	1,006	1,114	1,221	1,275
Waiver Uninsured					
0-18	938	924	917	911	908
19-25	1,765	1,737	1,725	1,713	1,708
26-34	1,996	1,965	1,951	1,939	1,932
35-44	1,653	1,628	1,617	1,606	1,601
45-54	1,760	1,733	1,721	1,709	1,703
55-64	1,437	1,416	1,407	1,398	1,393
Total	9,549	9,402	9,338	9,276	9,246
Uninsured Population (Waiver - Baseline)					
0-18	(32)	(49)	(57)	(64)	(69)
19-25	(56)	(85)	(98)	(110)	(117)
26-34	(66)	(101)	(117)	(133)	(141)
35-44	(56)	(85)	(99)	(112)	(119)
45-54	(60)	(91)	(106)	(120)	(128)
55-64	(49)	(74)	(86)	(98)	(104)
Total	(319)	(484)	(563)	(637)	(677)

Exhibit 18

Muskegon County: All Ages	2024	2025	2026	2027	2028
Baseline Individual Market					
0%-138%	123	122	121	119	118
139%-199%	1,472	1,473	1,473	1,473	1,471
200%-299%	1,280	1,289	1,298	1,305	1,313
300%-399%	525	523	521	519	517
400%+	480	475	470	466	461
Total	3,879	3,882	3,883	3,882	3,881
Baseline Multi-Share Enrollment					
0%-138%	-	-	-	-	-
139%-199%	64	51	41	33	26
200%-299%	96	77	62	49	40
300%-399%	-	-	-	-	-
400%+	-	-	-	-	-
Total	160	128	102	82	66
Baseline Uninsured					
0%-138%	1,851	1,851	1,852	1,852	1,852
139%-199%	3,136	3,143	3,149	3,153	3,158
200%-299%	1,283	1,292	1,299	1,304	1,308
300%-399%	1,283	1,283	1,284	1,284	1,285
400%+	2,316	2,317	2,318	2,320	2,321
Total	9,868	9,886	9,901	9,913	9,923
Waiver Individual Market					
0%-138%	123	122	121	119	118
139%-199%	1,392	1,352	1,340	1,326	1,316
200%-299%	1,100	1,016	983	950	936
300%-399%	525	523	521	519	517
400%+	480	475	470	466	461
Total	3,621	3,489	3,434	3,380	3,349
Waiver Multi-Share Enrollment					
0%-138%	-	-	-	-	-
139%-199%	269	364	398	433	450
200%-299%	468	642	716	789	825
300%-399%	-	-	-	-	-
400%+	-	-	-	-	-
Total	738	1,006	1,114	1,221	1,275
Waiver Uninsured					
0%-138%	1,851	1,851	1,852	1,852	1,852
139%-199%	3,009	2,809	2,763	2,718	2,696
200%-299%	1,090	1,141	1,122	1,102	1,092
300%-399%	1,283	1,283	1,284	1,284	1,285
400%+	2,316	2,317	2,318	2,320	2,321
Total	9,549	9,402	9,338	9,276	9,246
Uninsured Population (Waiver - Baseline)					
0%-138%	-	-	-	-	-
139%-199%	(127)	(334)	(386)	(436)	(462)
200%-299%	(192)	(151)	(177)	(202)	(216)
300%-399%	-	-	-	-	-
400%+	-	-	-	-	-
Total	(319)	(484)	(563)	(637)	(677)

Demographic Affordability Analysis

Affordability changes were calculated for every age and income rate cell. The results are shown in Exhibits 19 and 20. Exhibit 19 shows the affordability changes for average consumers and Exhibit 20 shows the affordability for the high-cost consumers. For the average consumer calculations, the net consumer cost is equal to net premiums plus the average out-of-pocket costs. The average out-of-pocket costs were estimated assuming an average risk enrollee with adjustments due to age. The average cost-sharing was calculated using a loss ratio of 80% for the ACA market and an average actuarial value of 90% for consumers under 200% of FPL (Silver CSR benefits) and 60% for consumers above 200% of FPL (Bronze benefits). The average cost-sharing was calculated with the following formula:

ACA average cost-sharing = Gross Premium x Loss Ratio / Pricing AV[44] x (1- Consumer AV)

A similar methodology was used for Access Health Multi-Share average cost-sharing. Access Health was assumed to have an average loss ratio of 60% with the fully funded third share combined with the employer and employee contributions representing the gross premium. The actuarial value is assumed to be 90% during the waiver period to reflect the increase in benefits from a Gold level plan design to a Platinum level plan design which will be supported by the federal pass through funding with the implementation of the waiver. There was no risk level data to compare the average risk of individuals in the Multi-Share model versus the ACA individual market. It was assumed that the average age-adjusted risk level was equivalent between the Multi-Share model and the ACA individual market.

The net consumer cost for high-cost enrollees is equal to the net premiums plus the maximum out of pocket costs. The current ACA market average maximum out of pocket costs were used as the starting point in 2022. For years after 2022, a 4% annual change was assumed. For the Multi-Share model, a maximum out of pocket amount was estimated assuming the current benefits offered will be adjusted with a reduction in the maximum out of pocket amounts, equating to a Platinum plan design. A 4% annual change was also assumed for the Multi-Share model for future increases in the maximum out of pocket costs.

[44] Pricing AV differs from Consumer AV only for Silver plans. The average Pricing AV represents the weighted average actuarial value based on current distributions between Silver benefit level and Platinum benefit level enrollees. The Pricing AV was assumed to be 82%. Consumer AV equals 90% for consumers under 200% of FPL.

Every age and income level are expected to have improvements in affordability except for ages 0-18 for the average consumer. However, ages 0-18 will not have standalone policies under the Access Health Multi-Share model so when combined with the adult savings, these consumers receiving coverage through a family policy will have improvements in affordability in the aggregate.

Exhibit 19

Muskegon County: 139%-199% of FPL	2024	2025	2026	2027	2028
Baseline Average Net Premiums					
0-18	$35	$35	$35	$36	$36
19-25	$81	$82	$85	$87	$88
26-34	$80	$81	$82	$83	$84
35-44	$76	$77	$78	$78	$82
45-54	$67	$67	$67	$68	$68
55-64	$44	$44	$43	$43	$42
Total	$75	$76	$78	$80	$81
Baseline Average Cost-Sharing					
0-18	$18	$19	$20	$21	$22
19-25	$27	$28	$29	$30	$31
26-34	$30	$32	$33	$34	$36
35-44	$34	$36	$37	$39	$40
45-54	$48	$50	$52	$54	$56
55-64	$73	$76	$79	$82	$85
Total	$34	$36	$38	$37	$39
Baseline Average Net Consumer Cost					
0-18	$54	$54	$55	$57	$58
19-25	$107	$110	$114	$117	$119
26-34	$110	$112	$115	$117	$120
35-44	$111	$113	$115	$117	$122
45-54	$115	$117	$119	$122	$124
55-64	$117	$119	$122	$125	$127
Total	$110	$112	$115	$117	$120
Waiver Average Net Premiums					
0-18	$47	$48	$49	$50	$51
19-25	$78	$80	$81	$83	$84
26-34	$78	$80	$81	$83	$84
35-44	$78	$80	$81	$83	$84
45-54	$78	$80	$81	$83	$84
55-64	$78	$80	$81	$83	$84
Total	$78	$79	$81	$82	$84
Waiver Average Cost-Sharing					
0-18	$12	$12	$12	$12	$13
19-25	$12	$12	$12	$12	$12
26-34	$13	$14	$14	$14	$14
35-44	$15	$15	$16	$16	$16
45-54	$21	$21	$22	$22	$23
55-64	$32	$32	$33	$34	$34
Total	$15	$15	$16	$15	$16
Waiver Average Net Consumer Cost					
0-18	$59	$60	$61	$62	$63
19-25	$90	$91	$93	$95	$97
26-34	$91	$93	$95	$97	$99
35-44	$93	$95	$97	$99	$101
45-54	$99	$101	$103	$105	$107
55-64	$110	$112	$114	$116	$119
Total	$93	$95	$97	$98	$100
Net Consumer Cost Difference (Waiver - Baseline)					
0-18	$5	$5	$5	$5	$5
19-25	($18)	($19)	($21)	($22)	($22)
26-34	($19)	($19)	($20)	($20)	($21)
35-44	($18)	($18)	($18)	($18)	($22)
45-54	($16)	($16)	($16)	($17)	($17)
55-64	($7)	($7)	($8)	($8)	($8)
Total	($17)	($18)	($18)	($19)	($20)

Muskegon County: 200%-299% of FPL	2024	2025	2026	2027	2028
Baseline Average Net Premiums					
0-18	$36	$36	$36	$36	$35
19-25	$132	$133	$134	$134	$135
26-34	$113	$113	$113	$113	$113
35-44	$104	$103	$103	$103	$102
45-54	$64	$63	$61	$59	$57
55-64	$11	$10	$9	$8	$7
Total	$76	$75	$74	$74	$73
Baseline Average Cost-Sharing					
0-18	$85	$88	$92	$96	$99
19-25	$111	$115	$120	$125	$130
26-34	$126	$131	$136	$142	$147
35-44	$142	$148	$153	$160	$166
45-54	$198	$206	$214	$223	$232
55-64	$301	$313	$326	$339	$352
Total	$179	$186	$194	$201	$209
Baseline Average Net Consumer Cost					
0-18	$121	$124	$128	$131	$135
19-25	$243	$248	$254	$259	$265
26-34	$239	$244	$250	$255	$261
35-44	$246	$251	$257	$262	$268
45-54	$262	$269	$275	$282	$289
55-64	$312	$323	$335	$347	$359
Total	$255	$261	$268	$275	$282
Waiver Average Net Premiums					
0-18	$47	$48	$49	$50	$51
19-25	$78	$80	$81	$83	$84
26-34	$78	$80	$81	$83	$84
35-44	$78	$80	$81	$83	$84
45-54	$78	$80	$81	$83	$84
55-64	$78	$80	$81	$83	$84
Total	$76	$78	$80	$81	$83
Waiver Average Cost-Sharing					
0-18	$12	$12	$12	$12	$13
19-25	$12	$12	$12	$12	$12
26-34	$13	$14	$14	$14	$14
35-44	$15	$15	$16	$16	$16
45-54	$21	$21	$22	$22	$23
55-64	$32	$32	$33	$34	$34
Total	$19	$19	$20	$20	$21
Waiver Average Net Consumer Cost					
0-18	$59	$60	$61	$62	$63
19-25	$90	$91	$93	$95	$97
26-34	$91	$93	$95	$97	$99
35-44	$93	$95	$97	$99	$101
45-54	$99	$101	$103	$105	$107
55-64	$110	$112	$114	$116	$119
Total	$95	$97	$99	$101	$103
Net Consumer Cost Difference (Waiver - Baseline)					
0-18	($62)	($64)	($67)	($69)	($71)
19-25	($154)	($157)	($161)	($164)	($168)
26-34	($148)	($151)	($155)	($158)	($162)
35-44	($153)	($156)	($160)	($164)	($168)
45-54	($163)	($168)	($172)	($177)	($182)
55-64	($202)	($211)	($220)	($230)	($240)
Total	($159)	($164)	($169)	($174)	($179)

Exhibit 20

Muskegon County: 139%-199% of FPL	2024	2025	2026	2027	2028	Muskegon County: 200%-299% of FPL	2024	2025	2026	2027	2028
Baseline Average Net Premiums						Baseline Average Net Premiums					
0-18	$35	$35	$35	$36	$36	0-18	$36	$36	$36	$36	$35
19-25	$81	$82	$85	$87	$88	19-25	$132	$133	$134	$134	$135
26-34	$80	$81	$82	$83	$84	26-34	$113	$113	$113	$113	$113
35-44	$76	$77	$78	$78	$82	35-44	$104	$103	$103	$103	$102
45-54	$67	$67	$67	$68	$68	45-54	$64	$63	$61	$59	$57
55-64	$44	$44	$43	$43	$42	55-64	$11	$10	$9	$8	$7
Total	$75	$76	$78	$80	$81	Total	$76	$75	$74	$74	$73
Baseline Max Out of Pocket Cost						Baseline Max Out of Pocket Cost					
0-18	$1,839	$1,913	$1,989	$2,069	$2,151	0-18	$9,100	$9,464	$9,843	$10,236	$10,646
19-25	$1,839	$1,913	$1,989	$2,069	$2,151	19-25	$9,100	$9,464	$9,843	$10,236	$10,646
26-34	$1,839	$1,913	$1,989	$2,069	$2,151	26-34	$9,100	$9,464	$9,843	$10,236	$10,646
35-44	$1,839	$1,913	$1,989	$2,069	$2,151	35-44	$9,100	$9,464	$9,843	$10,236	$10,646
45-54	$1,839	$1,913	$1,989	$2,069	$2,151	45-54	$9,100	$9,464	$9,843	$10,236	$10,646
55-64	$1,839	$1,913	$1,989	$2,069	$2,151	55-64	$9,100	$9,464	$9,843	$10,236	$10,646
Total	$1,839	$1,913	$1,989	$2,069	$2,151	Total	$9,100	$9,464	$9,843	$10,236	$10,646
Baseline High Cost Net Consumer Cost						Baseline High Cost Net Consumer Cost					
0-18	$1,874	$1,948	$2,025	$2,105	$2,188	0-18	$9,136	$9,500	$9,878	$10,272	$10,681
19-25	$1,920	$1,995	$2,074	$2,155	$2,239	19-25	$9,232	$9,597	$9,976	$10,371	$10,781
26-34	$1,919	$1,993	$2,071	$2,152	$2,235	26-34	$9,213	$9,577	$9,956	$10,350	$10,759
35-44	$1,915	$1,990	$2,067	$2,147	$2,234	35-44	$9,204	$9,567	$9,946	$10,339	$10,748
45-54	$1,906	$1,980	$2,057	$2,137	$2,220	45-54	$9,164	$9,527	$9,904	$10,295	$10,703
55-64	$1,883	$1,956	$2,032	$2,111	$2,193	55-64	$9,111	$9,474	$9,851	$10,244	$10,652
Total	$1,914	$1,989	$2,067	$2,148	$2,233	Total	$9,176	$9,539	$9,917	$10,310	$10,719
Waiver Average Net Premiums						Waiver Average Net Premiums					
0-18	$47	$48	$49	$50	$51	0-18	$47	$48	$49	$50	$51
19-25	$78	$80	$81	$83	$84	19-25	$78	$80	$81	$83	$84
26-34	$78	$80	$81	$83	$84	26-34	$78	$80	$81	$83	$84
35-44	$78	$80	$81	$83	$84	35-44	$78	$80	$81	$83	$84
45-54	$78	$80	$81	$83	$84	45-54	$78	$80	$81	$83	$84
55-64	$78	$80	$81	$83	$84	55-64	$78	$80	$81	$83	$84
Total	$78	$79	$81	$82	$84	Total	$76	$78	$80	$81	$83
Waiver Max Out of Pocket						Waiver Max Out of Pocket					
0-18	$1,800	$1,872	$1,947	$2,025	$2,106	0-18	$1,800	$1,872	$1,947	$2,025	$2,106
19-25	$1,800	$1,872	$1,947	$2,025	$2,106	19-25	$1,800	$1,872	$1,947	$2,025	$2,106
26-34	$1,800	$1,872	$1,947	$2,025	$2,106	26-34	$1,800	$1,872	$1,947	$2,025	$2,106
35-44	$1,800	$1,872	$1,947	$2,025	$2,106	35-44	$1,800	$1,872	$1,947	$2,025	$2,106
45-54	$1,800	$1,872	$1,947	$2,025	$2,106	45-54	$1,800	$1,872	$1,947	$2,025	$2,106
55-64	$1,800	$1,872	$1,947	$2,025	$2,106	55-64	$1,800	$1,872	$1,947	$2,025	$2,106
Total	$1,800	$1,872	$1,947	$2,025	$2,106	Total	$1,800	$1,872	$1,947	$2,025	$2,106
Waiver High Cost Net Consumer Cost						Waiver High Cost Net Consumer Cost					
0-18	$1,847	$1,920	$1,996	$2,074	$2,156	0-18	$1,847	$1,920	$1,996	$2,074	$2,156
19-25	$1,878	$1,952	$2,028	$2,108	$2,190	19-25	$1,878	$1,952	$2,028	$2,108	$2,190
26-34	$1,878	$1,952	$2,028	$2,108	$2,190	26-34	$1,878	$1,952	$2,028	$2,108	$2,190
35-44	$1,878	$1,952	$2,028	$2,108	$2,190	35-44	$1,878	$1,952	$2,028	$2,108	$2,190
45-54	$1,878	$1,952	$2,028	$2,108	$2,190	45-54	$1,878	$1,952	$2,028	$2,108	$2,190
55-64	$1,878	$1,952	$2,028	$2,108	$2,190	55-64	$1,878	$1,952	$2,028	$2,108	$2,190
Total	$1,878	$1,951	$2,028	$2,107	$2,190	Total	$1,876	$1,950	$2,026	$2,106	$2,189
High Cost Net Consumer Cost Difference (Waiver - Baseline)						High Cost Net Consumer Cost Difference (Waiver - Baseline)					
0-18	($28)	($28)	($29)	($30)	($31)	0-18	($7,289)	($7,580)	($7,883)	($8,197)	($8,525)
19-25	($42)	($43)	($46)	($48)	($49)	19-25	($7,354)	($7,645)	($7,948)	($8,263)	($8,591)
26-34	($41)	($42)	($43)	($44)	($45)	26-34	($7,335)	($7,626)	($7,928)	($8,242)	($8,569)
35-44	($37)	($38)	($39)	($39)	($43)	35-44	($7,326)	($7,616)	($7,918)	($8,231)	($8,558)
45-54	($28)	($28)	($28)	($29)	($29)	45-54	($7,286)	($7,575)	($7,875)	($8,188)	($8,513)
55-64	($5)	($5)	($4)	($4)	($3)	55-64	($7,233)	($7,522)	($7,823)	($8,136)	($8,462)
Total	($37)	($38)	($39)	($41)	($43)	Total	($7,299)	($7,589)	($7,891)	($8,204)	($8,530)

Scenario Testing

While scenario testing included modeling general fluctuations in premium increases and economic conditions, the guardrail measurements were sensitive to two primary assumptions under the waiver: (1) the rate of growth in the Access Health Multi-Share model and (2) the distribution of new Access Health Multi-Share model enrollees who would otherwise be enrolled in the ACA individual marketplace.

Range of Projections

We developed nine scenarios reflecting ranges of inputs for the rate of growth in the Access Health Multi-Share model assumption and the input for the distribution of new Access Health Multi-Share model enrollees who would otherwise be enrolled in the ACA individual marketplace. The best estimate for each of these inputs was developed based on a review of data as described in Appendix B. The best estimate is represented in Scenario 5. All other scenarios were developed using multiplicative factors of the best estimate input assumptions.

The nine scenarios are summarized in Exhibit 21:

Exhibit 21

Scenario	Enrollment Growth Scenario	ACA Migration Scenario	Enrollment Growth Scenario Parameters	ACA Migration Scenario Parameters
Scenario 1	Low	Light	75% of best estimate	82% of best estimate
Scenario 2	Low	Medium	75% of best estimate	Best Estimate
Scenario 3	Low	Heavy	75% of best estimate	118% of best estimate
Scenario 4	Mid	Light	Best Estimate	82% of best estimate
Scenario 5	**Mid**	**Medium**	**Best Estimate**	**Best Estimate**
Scenario 6	Mid	Heavy	Best Estimate	118% of best estimate
Scenario 7	High	Light	125% of best estimate	82% of best estimate
Scenario 8	High	Medium	125% of best estimate	Best Estimate
Scenario 9	High	Heavy	125% of best estimate	118% of best estimate

Exhibit 22 shows the results of our scenario analysis for each of the nine scenarios over the course of the five-year projection window. The guardrails are satisfied in all scenarios; the variation between the scenarios is the amount of deficit neutral federal pass-through dollar available for the Access Health Multi-Share model and the related PMPM contribution amount. Directionally, a larger per capita federal contribution results in a higher degree of program stability for the Access Health Multi-Share model and a stronger ability of Access Health to enhance benefit value, providing greater confidence to local small businesses when affiliating with Access Health.

Exhibit 22

Waiver Impact Scenarios	2024	2025	2026	2027	2028
Multi-Share Total Enrollment					
Low/Light	443	677	783	884	940
Low/Medium	443	677	783	884	940
Low/Heavy	443	677	783	884	940
Mid/Light	578	878	1,011	1,139	1,209
Best Estimate	578	878	1,011	1,139	1,209
Mid/Heavy	578	878	1,011	1,139	1,209
High/Light	712	1,080	1,240	1,395	1,478
High/Medium	712	1,080	1,240	1,395	1,478
High/Heavy	712	1,080	1,240	1,395	1,478
Multi-Share ACA Market Migration					
Low/Light	167	257	296	333	355
Low/Medium	199	305	350	393	418
Low/Heavy	232	353	404	452	480
Mid/Light	216	329	377	423	449
Best Estimate	259	394	449	502	532
Mid/Heavy	302	458	520	581	615
High/Light	264	402	458	512	543
High/Medium	318	482	547	611	647
High/Heavy	372	563	637	710	751
Federal Pass Through Funding Total					
Low/Light	$546,898	$893,587	$1,096,113	$1,292,510	$1,455,820
Low/Medium	$646,060	$1,049,840	$1,279,440	$1,501,100	$1,685,655
Low/Heavy	$745,213	$1,206,068	$1,462,735	$1,709,643	$1,915,435
Mid/Light	$695,822	$1,128,248	$1,371,433	$1,605,765	$1,800,980
Best Estimate	$828,058	$1,336,594	$1,615,870	$1,883,866	$2,107,397
Mid/Heavy	$960,275	$1,544,890	$1,860,241	$2,161,873	$2,413,706
High/Light	$844,724	$1,362,851	$1,646,676	$1,918,913	$2,146,013
High/Medium	$1,010,020	$1,623,255	$1,952,174	$2,266,456	$2,528,933
High/Heavy	$1,175,286	$1,883,575	$2,257,557	$2,613,837	$2,911,658
Federal Pass Through Funding PMPM					
Low/Light	$103	$110	$117	$122	$129
Low/Medium	$122	$129	$136	$142	$149
Low/Heavy	$140	$149	$156	$161	$170
Mid/Light	$100	$107	$113	$117	$124
Best Estimate	$119	$127	$133	$138	$145
Mid/Heavy	$139	$147	$153	$158	$166
High/Light	$99	$105	$111	$115	$121
High/Medium	$118	$125	$131	$135	$143
High/Heavy	$138	$145	$152	$156	$164

Appendix C: Disclosures, Limitations & Reliance

Principals / Intended Audience

This report has been prepared for the Michigan DTMB. Axene Health Partners understands that the report will be made public and submitted in the application for federal waiver approval under Section 1332 of the ACA.

Any distribution of this report to other parties should include the entire report. Axene Health Partners does not intend to benefit third parties and assumes no duty or liability to other parties who receive this report. The results in this report are technical in nature. Axene Health Partners recommends that such third parties not utilize or attempt to digest the content of this report without the aid of a credentialed health actuary or other qualified professional who fully understands the required assumptions and necessary limitations inherent in such an analysis.

Scope / Intended Use

This information has been prepared for the DTMB for the purpose of providing the required actuarial certifications and economic analyses of a Section 1332 waiver application. The actuarial services provided include analysis and forecasting to determine whether the proposed waiver will satisfy the Section 1332 guardrail requirements. The actuarial services provided include analysis and forecasting in support of our actuarial certification of compliance with the requirements of comprehensiveness of coverage, affordability, and scope of coverage. Axene Health Partners understands that this report will be made public and become part of the State's 1332 waiver application. Axene Health Partners does not intend to benefit third parties outside the scope of receiving waiver approval and Axene Health Partners assumes no duty or liability to other parties who receive this report.

Axene Health Partners' conclusions in this report are limited to the years referenced and the waiver application in Muskegon County, Michigan. Axene Health Partners' estimates for a similarly structured waiver would necessarily differ for an application in different years, or in other states or other locations within Michigan.

Reliance

In developing this report, Axene Health Partners relied on data supplied by the DTMB, Access Health and other public and private sources. While we have reviewed the data for reasonableness, an audit or accuracy verification of this data was beyond the scope of our analysis. To the extent the underlying data is inaccurate or incomplete, the results of our analysis may likewise be unintentionally inaccurate or incomplete.

Conflicts of Interest/Disclosures

Axene Health Partners provides actuarial services for multiple clients in the health insurance space across the country and is deeply involved in ACA marketplaces. Axene Health Partners makes every effort to avoid conflict of interest risk and discloses relationships that may be perceived as conflicts of interest. In Michigan, Axene Health Partners provides regulatory rate review services for the Division of Insurance and Financial Services. Neither Axene Health Partners nor the actuaries involved in this engagement have any conflicts that would compromise the analysis or results contained in this report.

Responsible Actuaries

Gregory Fann and Daniel Cruz are the actuaries responsible for this communication. They are Fellows of the Society of Actuaries, Members of the American Academy of Actuaries in good standing and meet the Qualification Standards of the American Academy of Actuaries to issue this report.

Risk and Uncertainty

The projections in this report are forward looking and necessarily reflect uncertainty. Likewise, the assumptions and modeled results included in this report are inherently uncertain. Readers of this report should be qualified to understand the potential regulatory and market dynamics which may result in different outcomes. The scenarios in this report are intended to guide readers through a possible range of options, but they are not encompassing of all potential scenarios. Actual results may vary, potentially materially, from our estimates. Axene Health Partners does not warrant or guarantee that the estimated values included in the report will be attained through the implementation of the proposed waiver.

The following items are a partial list of reasons that actual results may vary from our estimates:

1. Data Limitations. Axene Health Partners relied on various data to perform this analysis. We reviewed the data for reasonability, but we did not audit the data. To the extent that the data is not correct, the results of this analysis will be impacted.

2. Federal Policy Uncertainty. Future federal actions related to the extension of enhanced subsidies in the ARPA, risk adjustment methodology, etc. could impact results. For example, extension of the ARPA enhanced subsidies would result in the Access Health Multi-Share model being less attractive to price-sensitive consumers relative to the ACA marketplace. Additionally, at the time of this application, a Public Health Emergency related to the COVID-19 pandemic is in effect. This has allowed continued enrollment in Medicaid after eligibility would have ended absent the emergency declaration to the individual market. At the end of the emergency periods, some individuals would transition from Medicaid to the individual market or Multi-Share model coverage.

3. State Policy Uncertainty. More states are beginning to implement specific rating guidance, some through independent regulation[45] and others as the result of state legislation.[46] This "premium alignment" action has generally resulted in higher silver premiums and lower premiums at other metal tiers. As premium subsidies are calibrated on silver benchmark premiums, such action would reduce ACA marketplace net premiums and result in the Access Health Multi-Share model being less attractive to price-sensitive consumers relative to the ACA marketplace.

4. Pass-Through Calculation Differences. After approval of a Section 1332 waiver, the Department of Health and Human Services and the Department of Treasury develop the actual pass-through amounts. To the extent assumptions or modeling results differ from Axene Health Partners' calculations, differences between the actual pass-through amounts and the amounts displayed in this report may emerge.

[45] OSI-2022-Rate-Guidance-Final-05282021.pdf (state.nm.us)
[46] Supplement: TX SB1296 | 2021-2022 | 87th Legislature | Analysis (Senate Committee Report) | LegiScan

Limitations

Axene Health Partners has developed actuarial models to estimate the values included in this report. The intent of these models is to measure guardrail compliance across a range of reasonable scenarios and estimate pass-through funding under Michigan's proposed Section 1332 waiver.

We have reviewed the inputs, calculations, and outputs of the model for consistency and reasonableness. The models rely on data and information as input to the models. We have relied upon data and information from public and private sources; we have examined the data and information for reasonableness, but have not audited such information. To the extent that the data and information provided is not accurate or complete, the values provided in this report may likewise be inaccurate or incomplete.
The following data and information were relied upon:

-Prior Section 1332 application(s)
-Various Internal Documents and Data Reports from Access Health
-EBRI Research Paper
-American Community Survey Data (Nationwide, Michigan, Muskegon County)
-ACA Marketplace Data

- 2020-2022 Unified Rate Review Template Public Use Files
- 2020-2022 Exchange Enrollment Public Use Files
- 2018-2020 Federal Risk Adjustment Public Reports
- 2022 County level premiums and plan offerings

-Kaiser Family Foundation Uninsured Report(s)

This report reflects the collective opinions of health actuaries generally familiar with ACA marketplaces and Section 1332 waivers; it should be construed as qualified tax, legal, or accounting advice.

Subsequent Events

This report was prepared in May 2022 and reflects the regulatory rules and market conditions at that time. Specifically, Axene Health Partners' analysis is based on current law as of May 2022, including the scheduled expiration of ARPA enhanced subsidies at the end of plan year 2022. Material changes in state law, federal law, or local market dynamics may have a material impact on the results included in this report.

Deviations from ASOPs

Axene Health Partners completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses are in compliance with the ASOPs with no known deviations.

A summary of relevant ASOPs is listed below:
ASOP No. 23, Data Quality
ASOP No. 41, Actuarial Communications
ASOP No. 56, Modeling