

DIVISION OF INSURANCE

House Labor & Commerce

1332 Waiver and Tax Credits Overview



Health Coverage Payors in Alaska

ALASKA POPULATION BY HEALTH COVERAGE PAYOR

■ Self-Insured

■ Medicaid

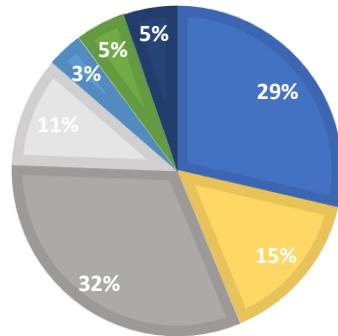
■ Military

■ Uninsured

■ Insured/State Regulated

■ Medicare

■ Indian Health Service w/o ins



Self-Insured	219,200
Insured/State Regulated	115,800
Medicaid	244,000
Medicare	82,600
Military	26,700
Indian Health Service without Insurance	37,700
Uninsured	40,000
Total	766,000

Population exceeds total Alaska population due to double-covered individuals.

Data from various sources, including Kaiser Family Foundation, 2024 Population; Alaska Division of Insurance Annual Report.



Alaska Individual Market – Health Check

- Initial CY 2026 enrollment data from the Centers for Medicare and Medicaid Services (CMS) does not include consumers who have paid the first month's premium (effectuation of the policy).
- Rates decreased on average for CY 2026.
- The Alaska Reinsurance Program (ARP), which lowers rates by 40 percent, continues to bring much needed stability to the individual market.
- But many consumers are still paying more because of the discontinuation of the Enhanced Premium Tax Credits (EPTC).
- This creates uncertainty for consumers, which can lead to uncertainty for insurers.



Alaska Individual Market – Health Check

- According to the most recent CY 2026 open enrollment report from CMS, there were **25,493** individuals in Alaska who selected a plan during the 2026 Marketplace Open Enrollment Period. The Division of Insurance (DOI) does not yet know how many Alaskans will effectuate CY 2026 coverage by paying their first month's premium.
- The CY 2025 effectuated enrollment report from CMS, shows that there were **26,732** individuals in Alaska with May 2025 coverage. For CY 2025, the effectuated percent of the open enrollment plan selections was 93 percent.



Alaska Individual Market – Rate History

Calendar Year	Premera	Moda	Average
2014	New	New	
2015	37.2%	27.4%	32.1%
2016	38.7%	39.6%	39.3%
2017	7.3%	N/A	7.3%
2018	-22.4%	N/A	-22.4%
2019	-6.5%	N/A	-6.5%
2020	0.0%	New	0.0%
2021	-7.1%	0.7%	-6.4%
2022	4.4%	-1.6%	3.7%
2023	19.5%	12.1%	18.4%
2024	16.7%	15.7%	16.4%
2025	15.8%	19.9%	16.9%
2026	-3.4%	1.2%	-2.2%



The Alaska Reinsurance Program - Creation

- The Affordable Care Act (ACA) allows for states to apply to for Section 1332 State Innovation Waivers. The DOI, under the leadership of former Director Lori Wing-Heier, proposed that Alaska apply for a 1332 Waiver to fund a state-based reinsurance program and stabilize the individual market.
- In 2016, the legislature passed HB 374 which enabled the division to apply for a 1332 Waiver from the United States Department of Health and Human Services (U.S. DHSS)/CMS and the United States Department of Treasury to fund what became the Alaska Reinsurance Program (ARP).
- HB 374 included a one year \$55 million appropriation conditioned on the division seeking a Section 1332 State Innovation Waiver for future funding.



The Alaska Reinsurance Program

- The ARP is a condition-based reinsurance program. The claims for people with the 35 high risk conditions are paid by the ARP, thereby removing the cost of those claims from the insurer. This, in turn, causes the insurers to lower their rates.
- The ACA provides individual market consumers with subsidies, Advanced Premium Tax credits (APTC), based on their income. When the overall premium drops due to the ARP, the amount of APTC the federal government provides to consumers also drops.
- The 1332 Waiver application proposed that the federal government fund the ARP by awarding the difference between the original APTC and the lower 1332 Waiver APTC as “pass-through” funding to Alaska.



The Alaska Reinsurance Program

- In 2017, the U.S. Health and Human Services and the U.S. Treasury approved Alaska's application for a 1332 Waiver, the first state-based reinsurance waiver in the nation.
- The 1332 Waiver was extended for an additional five years in 2022.
- Through CY 2025, the 1332 Waiver Award has redirected \$803,209,931 back to the ARP, lowering individual market rates by 40 percent annually.
- The current 1332 Waiver expires at the end of CY 2027. The DOI will start preparations to apply to extend the Waiver at the end of CY 2026.



How the Alaska Reinsurance Program (ARP) Funding Works

	Alaska
Projected 2025 APTC* without 1332 Waiver	\$409,969,210
Projected 2025 APTC with 1332 Waiver	\$286,611,279
Projected 2025 APTC savings	\$123,357,931
Total 2025 PTC** subsidy/APTC	97.7%
Projected 2025 total PTC subsidy savings	\$120,569,323

Source: Centers for Medicare and Medicaid Services

*Advanced Premium Tax Credits (APTC)

**Premium Tax Credits (PTC)



The Alaska Reinsurance Program

Calendar Year	Projected Pass-Through Award (Oliver Wyman)	ARP Program Amount Set by DOI	Federal Pass-Through Funding Awarded by HHS/Treasury	State Contribution
2017	\$55,000,000	\$55,000,000	\$0	\$55,000,000
2018	\$59,983,000	\$59,983,000	\$58,484,978	\$1,498,022
2019	\$64,126,326	\$64,126,326	\$68,689,234	\$0
2020	\$68,950,229	\$75,500,000	\$76,699,460	\$0
2021	\$74,137,010	\$80,000,000	\$122,270,217	\$0
2022	\$79,789,956	\$100,000,000	\$119,410,740	\$0
2023	\$85,873,941	\$120,000,000	\$129,085,466	\$0
2024	\$92,333,808	\$140,000,000	\$110,138,024	\$29,861,976*
2025	\$98,711,766	\$140,000,000	\$118,432,812	\$21,586,188*
2026	\$105,530,281	\$140,000,000	To be awarded	TBD* + Ceded Premium Funds

* From excess federal pass-through awarded in 2020-2023.



The ARP Ceded Premium Account

- Insurers participating in the individual market are required to cede consumer premiums, pharmacy rebates, and federal high-cost risk pool payments associated with the individuals with high-cost conditions. These funds make up the Ceded Premium Account which is held by the Alaska Comprehensive Health Insurance Association (ACHIA).
- ACHIA uses the Ceded Premium funds to pay for ARP administrative expenses. It was the source of the State Portion in 2018. The legislature also appropriated \$10 million of Ceded Premiums that DOI passed through to Department of Health (DOH) for Medicaid programs related to the cost of health care.
- For CY 2026 and CY 2027, the DOI anticipates federally-awarded pass-through funding will not be sufficient to pay the ARP program amount, therefore Ceded Premium must be used. Current estimates are that \$85 million may be needed for CY 2026 and CY2027.



Advanced Premium Tax Credits (APTC)

- The Affordable Care Act requires a contribution to premium from consumers based on their household income and size (Federal Poverty Level/FPL). The amount between the second lowest cost silver plan (2LCSP) and the consumer's contribution amount is the household's subsidy, also known as APTC.
- During the COVID-19 Pandemic in 2021, the American Rescue Plan reduced the contribution level to make premiums more manageable for 2021 and 2022 (Enhanced Premium Tax Credits/EPTC). The Inflation Reduction Act continued the EPTC subsidies for 2023 – 2025.
- With no federal extension, the EPTC subsidies expired December 31, 2025. The APTC continues.



Single Adult Example - 2026

Silver Plan

Federal Poverty Level %	Household Income	Contribution % of income with APTC	Premium with APTC	Premium Change due to EPTC expiration
150%	\$29,325	4.19%	\$102/month	+\$102/month
300%	\$58,650	9.96%	\$487/month	+\$194/month
401%	\$78,396	FULL Amount	\$1,431/month	+\$876/month

Bronze Plan*

Federal Poverty Level %	Household Income	Premium with APTC	Premium Change due to EPTC expiration
150%	\$29,325	\$0/month	+\$0/month
300%	\$58,650	\$13/month	+\$13/month
401%	\$78,396	\$906/month	+\$877/month

*The Bronze Plan net premium is adjusted by the cost difference of the Silver Plan used to determine APTCs and is a technical calculation.



Family of Four Examples – 2026 rates

Silver Plan

Federal Poverty Level %	Household Income	Contribution % of income with APTC	Premium with APTC	Premium Change due to EPTC expiration
150%	\$60,285	4.19%	\$210/month	+\$210/month
300%	\$120,570	9.96%	\$1,001/month	+\$398/month
401%	\$161,162	FULL Amount	\$3,329/month	+\$2,188/month

Bronze Plan*

Federal Poverty Level %	Household Income	Premium with APTC	Premium Change due to EPTC expiration
150%	\$60,285	\$0/month	+\$0/month
300%	\$120,570	\$16/month	+\$16/month
401%	\$161,162	\$2,106/month	+\$2,106/month

*The Bronze Plan net premium is adjusted by the cost difference of the Silver Plan used to determine APTCs and is a technical calculation.



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DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT