

## Nevada: State Innovation Waiver under Section 1332 of the ACA

*January 10, 2025*

The U.S. Department of Health and Human Services and the U.S. Department of the Treasury (collectively, “the Departments”) approved Nevada’s (also referred to as the “State”) application for a State Innovation Waiver under the Affordable Care Act (ACA) (referred to as a “section 1332 waiver”) for five years, from January 1, 2026, through December 31, 2030. Nevada’s section 1332 waiver application sought to implement plan-level rating variation(s) for state-contracted qualified health plans (QHPs) known as Battle Born State Plans (BBSPs) and a Market Stabilization Program<sup>1</sup> for the individual health insurance market that includes a state-based reinsurance program.

Actuarial analyses performed on behalf of Nevada and submitted as part of its section 1332 waiver application and addendum projected that individual market enrollment will increase by up to approximately 2,000 individuals (or up to approximately 2%) when compared to the without-waiver scenario. Further, Nevada has projected that average net premiums will be lower by 0.2% to 5.9% per year under the waiver compared to absent the waiver.

As a result of Nevada’s section 1332 waiver, the State will receive federal pass-through funding. Specifically, Nevada will receive funding based on the lower individual market premiums in the State and thus a net decrease in federal spending on premium tax credits (PTC) in the individual market in PY 2026 and over the five-year waiver period due to market-wide premium reductions resulting from implementation of a reinsurance program and the introduction of BBSPs. This pass-through funding will be used for implementation of the waiver plan including State premium relief for certain Exchange enrollees, administrative costs associated with the waiver plan (such as BBSP contracting and monitoring), and the State reinsurance program in addition to a quality incentive program for high performing BBSPs in future years of the waiver. In addition to maintaining stable premiums in the individual market, this waiver is also expected to support stability with respect to plan participation for the individual market.

The Departments have determined that Nevada’s section 1332 waiver plan meets the requirements outlined in sections 1332(b)(1)(A)-(D) of the ACA. Specifically, the section 1332 waiver is projected:

- to provide coverage at least as comprehensive as coverage provided without the waiver;
- to provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable as would be provided without the waiver;
- to provide coverage to at least a comparable number of people as would be provided without the waiver; and
- to not increase the federal deficit.

Nevada’s State Innovation Waiver under section 1332 of the ACA is approved subject to Nevada

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<sup>1</sup> The Market Stabilization Program will include a state reinsurance program, targeted premium relief for some enrollees in the Silver State Health Insurance Exchange (Nevada’s state-based exchange, “the Exchange”), a quality incentive payment program, and the Practice in Nevada provider retention program to encourage health care providers to remain in the State.

accepting specific terms and conditions (STCs).

### ***Summary of Nevada's Application for a State Innovation Waiver under Section 1332 of the ACA***

Nevada's application for a State Innovation Waiver under section 1332 of the ACA sought to waive ACA section 1312(c)(1) as implemented at 45 C.F.R. § 156.80(d)(2) to the extent it would otherwise prohibit plan-level rating variation(s) for the BBSP in the individual market, as well as to waive the single risk pool requirement in the individual market under ACA section 1312(c)(1) to the extent it would otherwise require excluding total expected state reinsurance payments when establishing the market-wide index rate for the purpose of operating a state reinsurance program, as described in the State's waiver application. The waiver plan also includes a state premium relief program for certain Exchange enrollees, a quality incentive payment program, and the Practice in Nevada provider retention program.

As described in the state's application, under state law, BBSPs will be required to reduce premiums by at least 3% in year one prior to the impact of reinsurance, and 15% by year four, cumulatively and inclusive of reinsurance, as compared to a benchmark plan for the relevant county. In addition, Nevada has new and existing programmatic and regulatory authorities to support the premium reduction targets through BBSP contracting and rate review proceedings.

The state's reinsurance program will operate as a traditional, claims-based attachment point reinsurance program by reimbursing qualifying individual market insurers for a percentage of (or "coinsurance rate") an enrollee's claims costs exceeding a specified threshold (or "attachment point") and up to a specified ceiling (or "reinsurance cap"). Payment parameters are set on an annual basis and are projected funding levels to include an attachment point of \$105,000, a reinsurance cap of \$1,000,000, and a 22% coinsurance rate for 2026 and an attachment point of \$60,000, a reinsurance cap of \$1,000,000, and a coinsurance rate of 28.5% for 2027.

As a result of the Departments' approval of Nevada's section 1332 waiver application, consumers are projected to experience improved affordability and access to care. The State has projected average net premiums in the individual market will be lower than without the waiver by 0.2% in plan year (PY) 2026, 3.1% in PY 2027, 4.1% in PY 2028, 5.7% in PY 2029, and 5.9% in PY 2030. The State also plans to implement a premium relief program, which will provide premium relief for reenrolling enrollees whose net premium is projected to increase regardless of whether they enroll in a BBSP or non-BBSP, as well as additional premium relief, as needed. There are no projected changes in affordability for the small group market. The Departments have determined that Nevada's waiver is projected to provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable as would be provided without the waiver. Further, under the waiver and compared to the without waiver baseline, Nevada projects that enrollment will increase slightly in each year of the waiver: by 600 enrollees in PY 2026, 1,800 enrollees in PY 2027, 1,800 enrollees in PY 2028, 1,900 enrollees in PY 2029, and 2,000 enrollees in PY 2030.

Because the BBSPs and state reinsurance program are expected to lower premiums on the second-lowest cost silver plan, the plan used to establish the value of the PTC, the federal

government will spend less on PTC under the waiver plan than it would absent a waiver. As such, Nevada will receive pass-through funding to support its state waiver plan based on the amount of PTC that would have been provided to Nevadans absent the waiver but will not be provided under the waiver. This amount will be reduced, if necessary, to ensure deficit neutrality.

The waiver is estimated by the state to produce net federal savings of \$31 million in PY 2026, and a total of \$322 million in net federal savings over the five-year waiver period due to the BBSP premium reduction targets and the reinsurance program (which is projected to increase in size each year of the waiver).

### ***Section 1332: State Innovation Waivers***

Section 1332 of the ACA permits a state to apply for a State Innovation Waiver to pursue innovative strategies for providing residents with access to high-quality, affordable health insurance. These waivers provide states with the opportunity to develop strategies that best suit their individual needs. Through innovative thinking tailored to specific state circumstances, states can lower premiums for consumers, improve market stability, and increase consumer choice.

In order for a section 1332 waiver to be approved, the Departments must determine that the waiver meets statutory guardrails to provide coverage that is at least as comprehensive as the coverage provided without the waiver; provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable as without the waiver; provide coverage to at least a comparable number of residents as without the waiver; and not increase the federal deficit.

State Innovation Waivers under section 1332 of the ACA have been available since January 1, 2017; are approved for up to five-year periods; and can be extended. The Departments welcome the opportunity to work with states on section 1332 waivers. States interested in applying for a section 1332 waiver can find application tools and resources, including an application checklist and application templates, on the CMS website [here](#).

The section 1332 waiver approval letter and STCs for Nevada can be found [here](#).