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DIVISION OF HEALTH CARE FINANCING AND POLICY
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Transforming the Nevada Public Option into a Market Stabilization Program

The State's new approach focuses on bringing greater stability to Nevada's individual market for health insurance by reinvesting 1332 waiver funds back into the marketplace and provider system. The State intends to accomplish this new market stabilization plan by utilizing the federal funds made available through the State's federal 1332 waiver application to:

- Finance a **reinsurance program** for all health insurers operating in the individual market
- Establish a new **quality incentive payment program** to reward high-performing insurers that offer public option plans and meet certain metrics or quality indicators
- Fund new initiatives designed to increase the **state's health care workforce capacity** to improve access and lower the cost of health care by addressing the imbalance between provider supply and demand

Each of these market stability programs are described in more detail below:

1. Invest in Market Stability by Financing a Reinsurance Program for the Individual Market

The State plans to invest new federal funding if received through its 1332 waiver application to establish and finance a new state reinsurance program for health insurers operating in the state's individual market. Nineteen states use reinsurance programs to help lower costs and stabilize the impact of high health care costs in the individual health insurance market. For example, in a state where total annual premiums in the individual market amount to \$1 billion, a \$100 million reinsurance program will reduce premium costs for insurers by about 10 percent.ⁱ

Through a new reinsurance program, the state of Nevada will share some of the financial risk with health carriers for the cost of covering the individual market in a manner that would help lower costs for consumers who are ineligible for premium assistance. The reinsurance program would help to limit financial losses for health insurers operating in the individual health insurance market. The program would also limit the risk of cost shifting by health insurers due to the premium reduction targets that must be met by health insurers offering the new public option plans in the exchange.

2. Invest in Quality Incentive Payment Program for Participating Carriers Meeting Certain Targets

Additional federal funds made available under the 1332 waiver upon approval would be allocated to support an annual quality incentive payment program for participating insurers. This type of incentive program is similar to the quality bonus payment program used today in the State's Medicaid managed care program to reward managed care plans that meet or achieve certain quality targets or other program goals.

Through a new quality incentive payment program for health insurers offering the public option plans, the State seeks to reduce the risk of cost shifting by these insurers to network providers due to the premium reduction targets these insurers must meet the first four years of the program. The State plans to develop the incentive program and payment structure in a manner that promotes robust provider and carrier partnerships focused on state priorities for quality, access, and value-based payment design. The State also intends to utilize this new incentive payment program to increase the use of value-based payment models in the individual market that align with those used in the State's managed care program. This includes payment models that share savings with participating providers.

3. State Loan Repayment and Full-Ride Scholarships for Health Care Providers Willing to Work in Nevada for at least 4 years After Training.

Lastly, the State intends to use a portion of the new federal funds from an approved 1332 waiver application to finance loan repayments and full-ride scholarships for health care providers/trainees who are willing to live and work in Nevada for at least four years. This could include loan repayment, scholarships for paying tuition and covering some portion of housing costs for participating providers. Individuals who do not meet the four-year timeline would be required to pay back most, if not all, of the financial assistance received from this new program.

ⁱ Centers for Budget Policies and Priorities, 2019. Reinsurance Basics: Considerations as States Look to Reduce Market Premiums, available at: <https://www.cbpp.org/research/health/reinsurance-basics-considerations-as-states-look-to-reduce-private-market-premiums#:~:text=For%20example%2C%20in%20a%20state,enter%20a%20state's%20individual%20market.>