

THE PREMIUM REDUCTION ACT OF 2019
SECTION-BY-SECTION

Would not diminish existing patient protections under the Affordable Care Act (ACA), including the prohibition on charging more for pre-existing conditions, guaranteed issue, adult child coverage up to age 26, and the prohibition on annual and lifetime limits.

Section 1. Short Title. The bill is referred to as “The Premium Reduction Act of 2019.”

Section 2. (a) Waivers for State-based reinsurance programs. Makes changes to the existing Section 1332 State Innovation Waivers under the Affordable Care Act (ACA) to allow for more state flexibility and a streamlined approval process.

- Within 45 days after enactment, the Secretary of Health and Human Services, in consultation with the National Association of Insurance Commissioners (NAIC), will specify an allocation methodology for determining how the funds appropriated under the Act will be allocated among the states.
- Directs the Secretary to make grants to states in accordance with the allocations referenced above.
- Establishes a process to reconcile the amounts paid to states to amounts estimated each year.

Section 2. (b) Appropriations

- Provides \$500 million in FY 2020 to help states prepare applications for stabilization programs described in Section (2)(d) of the bill, which would enact a new subsection (f)(2) to section 1332 of the ACA.
- Provides \$5 billion annually for FY 2021, FY 2022, and FY 2023 to support state market stabilization programs described in Section (2)(d) of the bill, which would enact a new subsection (f)(2) to section 1332 of the ACA.

Section 2. (c) Default Federal Safeguard

- In 2021, allows states without approved 1332 stabilization programs to receive an allocation of funding under Section (2)(b) of the bill and allows states to receive the pass through funding made available under section 1332(a)(3) of the ACA.

Section 2. (d) Invisible High Risk Pools and Reinsurance Programs

- Provides expedited approval for state pools based on the Maine/Alaska invisible high-risk pool model, a traditional reinsurance model, or other model for which a 1332 waiver has been approved. A state may seek approval for a plan of its own design on a non-expedited basis.