

October 2, 2025

Mehmet Oz, M.D.
Administrator
Centers for Medicare & Medicaid Services
Washington, DC 20201

Dear Administrator Oz:

Thank you for your letter to Commissioner Godfread requesting consultation with NAIC on implementation of section 1333 of the Affordable Care Act. We write on behalf of state insurance regulators across the country—the National Association of Insurance Commissioners (NAIC) represents the chief insurance regulators in the 50 states, the District of Columbia, and 5 U.S. Territories.

NAIC has provided formal and informal consultation to federal officials on the multi-state sale of health insurance since before the passage of the Affordable Care Act. In 2019, NAIC officers wrote to CMS Administrator Seema Verma, recommending against federal rules to implement section 1333 since states have other authority to compact among themselves. We welcome the opportunity to work with the current Administration as it further considers regulations under section 1333. CCIIO Director Peter Nelson has offered extensive commentary to state regulators through NAIC's Health Innovations Working Group and in other venues; we appreciate his continued collaboration.

State regulators value the flexibility available under the Affordable Care Act as state insurance markets have individual characteristics that are often best managed at the state level. We are interested in better understanding how state flexibility could be increased under section 1333 and any implementing regulations. States would value greater input into qualified health plan standards and certification processes that may be available under a compact. At the same time, we are charged by the laws of our states with regulating health plans, including qualified health plans, in accordance with each of our respective state's laws. While multi-state compacts have some potential for greater efficiency and consistency, we are concerned that they could complicate our ability to regulate our markets.

Regulations to implement section 1333 will be most effective for states if they allow flexibility in state or compact decision-making. Federal regulations should not seek to limit how states work together to harmonize differing rules or how a compact is governed or funded, provided the compact is lawfully established by participating states.

Section 1333 includes important guardrails to assure that qualified health plans offered in compact states provide comparable levels of affordability, coverage, and comprehensiveness, while also maintaining key consumer protections and federal spending balance. Again, we urge CMS to maintain the maximum flexibility for states allowed under the law. Experience with section 1332 of

the ACA has shown the guardrails can become inflexible when they are interpreted narrowly. For example, when the deficit neutrality guardrail considers only one type of federal spending (such as premium tax credits for 1332 waivers) and not other federal expenditures (like Medicaid), states' flexibility in reforming health care financing is limited.

Whether included in regulations implementing section 1333 or provided through other means, states would benefit from federal support for the admittedly "heavy lift" of revising and updating their insurance laws to allow them to enter a multi-state compact. That support could be start-up funding to allow states to plan and build the necessary systems for a multi-state compact. It could be analysis to demonstrate the benefits of a compact in regulatory efficiency, health plan prices and coverage, or in other areas. Or it could entail technical assistance in developing a compact's capacity to review and regulate qualified health plans.

Thank you again for the opportunity to consult as CMS works to develop regulations under section 1333. We look forward to continued conversations with you and with Director Nelson, as well as to the chance to provide additional comments should CMS issue a proposed regulation.

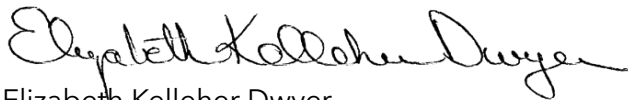
Sincerely,



Jon Godfread
NAIC President
Commissioner
North Dakota Insurance Department



Scott White
NAIC President-Elect
Commissioner
Virginia Bureau of Insurance



Elizabeth Kelleher Dwyer
NAIC Vice President
Director
Rhode Island Department of Business
Regulation



Jon Pike
NAIC Secretary-Treasurer
Commissioner
Utah Insurance Department

CC: Peter Nelson, Director, Center for Consumer Information and Insurance Oversight