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Nov. 16, 2016

After a number of stops and starts, most of the provisions in the Affordable Care Act (ACA) – the massive healthcare legislation known as Obamacare – have been implemented, including insurance mandates for individuals and most employers. But another significant change isn't slated to take effect until January 1, 2017. In essence, it could change the way the law works in many states.

However, now that nation has elected Republican Donald Trump to the White House, the president-elect has vowed to "repeal and replace" Obamacare as one of his first tasks in office. It remains to be seen how long this ACA provision will last.

Under little-known Section 1332 of the law, beginning in 2017 the federal government can grant a "waiver for state innovation" to individual states that would allow them to revise parts of the law. For instance, an individual stare could shut down their insurance exchange or even eliminate the individual and employer insurance mandates. Another potential option is to create a single-payor system as Vermont unsuccessfully tried to do. Montana has also announced intentions to use a single-payor plan.

The basic idea behind Section 1332 is to give some control back to the states much in the way that they can enact laws governing other federal-sponsored programs like Medicaid. This appears to be a concession made to conservatives who have long maintained that the individual states should have greater rein over spending without being held hostage by the federal government.

The decision of whether to grant the waiver is left to the Secretary of Human and Health Services, who reports to Congress, after a period of public comment. If a state receives a waiver, it would be compensated for the aggregate amount of eligible

federal subsidies and tax credits that can't be paid due to the structure of the state

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Of course, with a staunch opponent of Obamacare taking office soon and a Republican-led Congress at his side, the likelihood is that waivers will be approved, with reason, especially since completely repealing the law remains a top priority for the new administration. Until that actually occurs, if ever, individual states may be able to put their own imprints on the law. We will continue to provide updates on the latest developments

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