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State Health Access Data Assistance Center
Bridging the gap between research and policy

Health Insurance Exchange

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Overview of Presentation

- Overview of Health Reform
- What is the Problem?
- Exchange Basics
- Exchange Timeline
- Key Decisions for States
- Current State Activity
- Existing Exchange Examples
- Recommended Reading

Brief Overview of Health Reform

- Exchange is just One Component
- Coverage Expansions
- Insurance Reform

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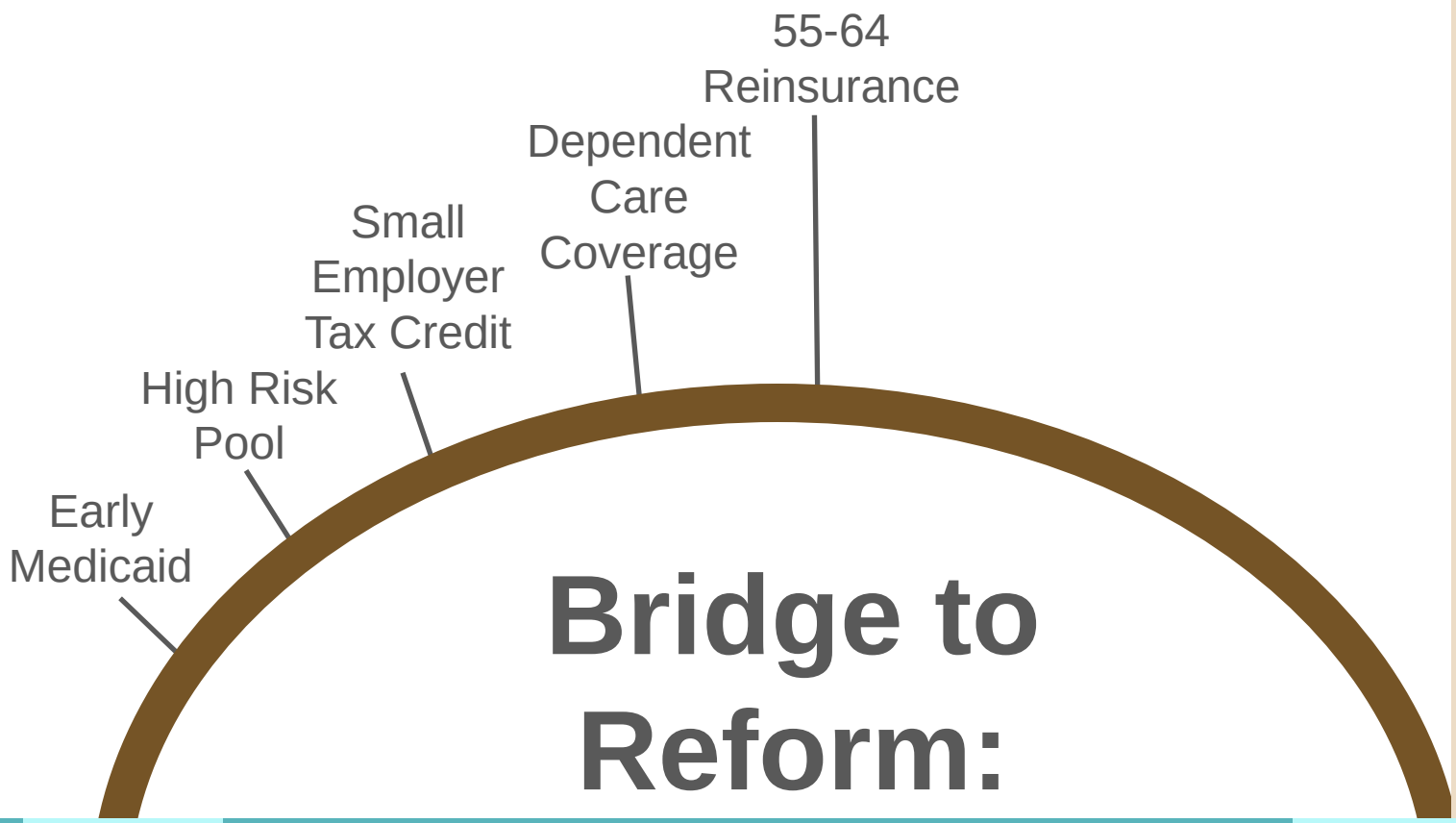


Bridge to Reform: Expanding Coverage

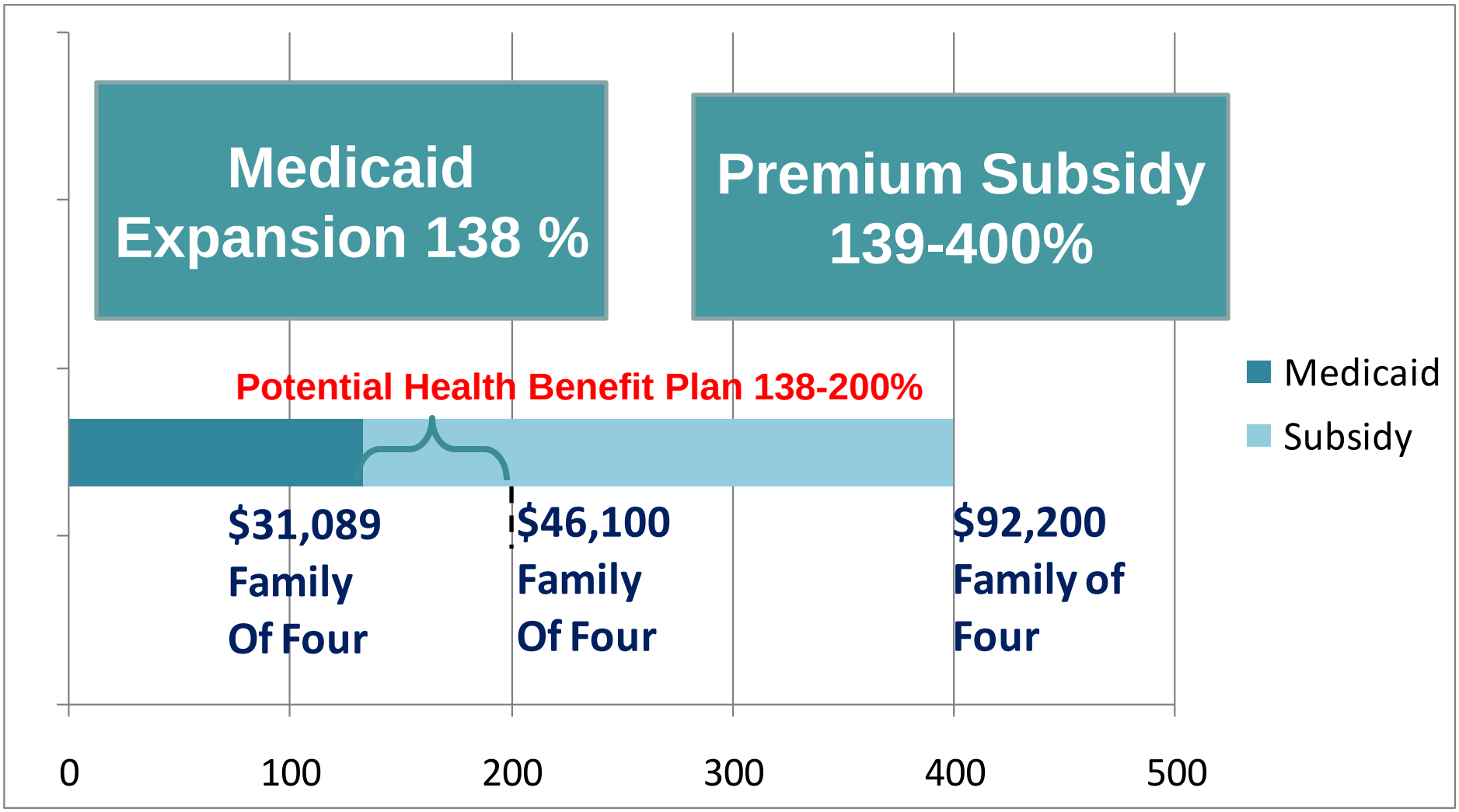
- ✓Exchange
- ✓Indv Mandate
- ✓<138% Medicaid
- ✓139-400% subsidies
- ✓139-200% Basic Health Plan *(optional)*
- ✓No pre-existing condition exclusions
- ✓No rating on gender or health
- ✓No annual limits

Covering the Cost of Expansion

- Percent of costs covered by Federal Medicaid expansion purchasing in the exchange:

Year	Percent of Costs
2014-2016	100%
2017	95%
2018	94%
2019	93%
2020+	90%

Coverage Expansion Categories



2012 Federal Poverty Guideline for a family of four = $23,050*

*Refers to the 48 contiguous states and the District of Columbia. The poverty guideline for Alaska is $28,820 for a family of four, and for Hawaii the guideline is $26,510.

Individual Mandate - 2014

- Individuals are required to maintain minimum essential coverage for themselves and their dependents.
- Those who do not meet the mandate will be required to pay a penalty for each month of noncompliance:

Average annual penalty will be $674 for average US citizen

Exemptions to the Individual Mandate

- Financial hardship
- Religious objections
- American Indians and Alaska Natives
- Incarcerated individuals
- Those for whom the lowest cost plan option exceeds 8% of income, and
- Those whose income is below the tax filing threshold

And the Undocumented

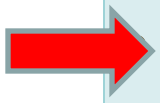
What policy problem is the Health Insurance Exchange trying to solve?

- 50 million uninsured increase access to
- Erosion of Employer Sponsored Insurance
- Unaffordable health insurance premiums
- Carriers underwriting people out of private market
- Lack of consumer info

Increase access to affordable coverage

Increase offerings for small employers

Provide tax credits to reduce premiums for eligible indv

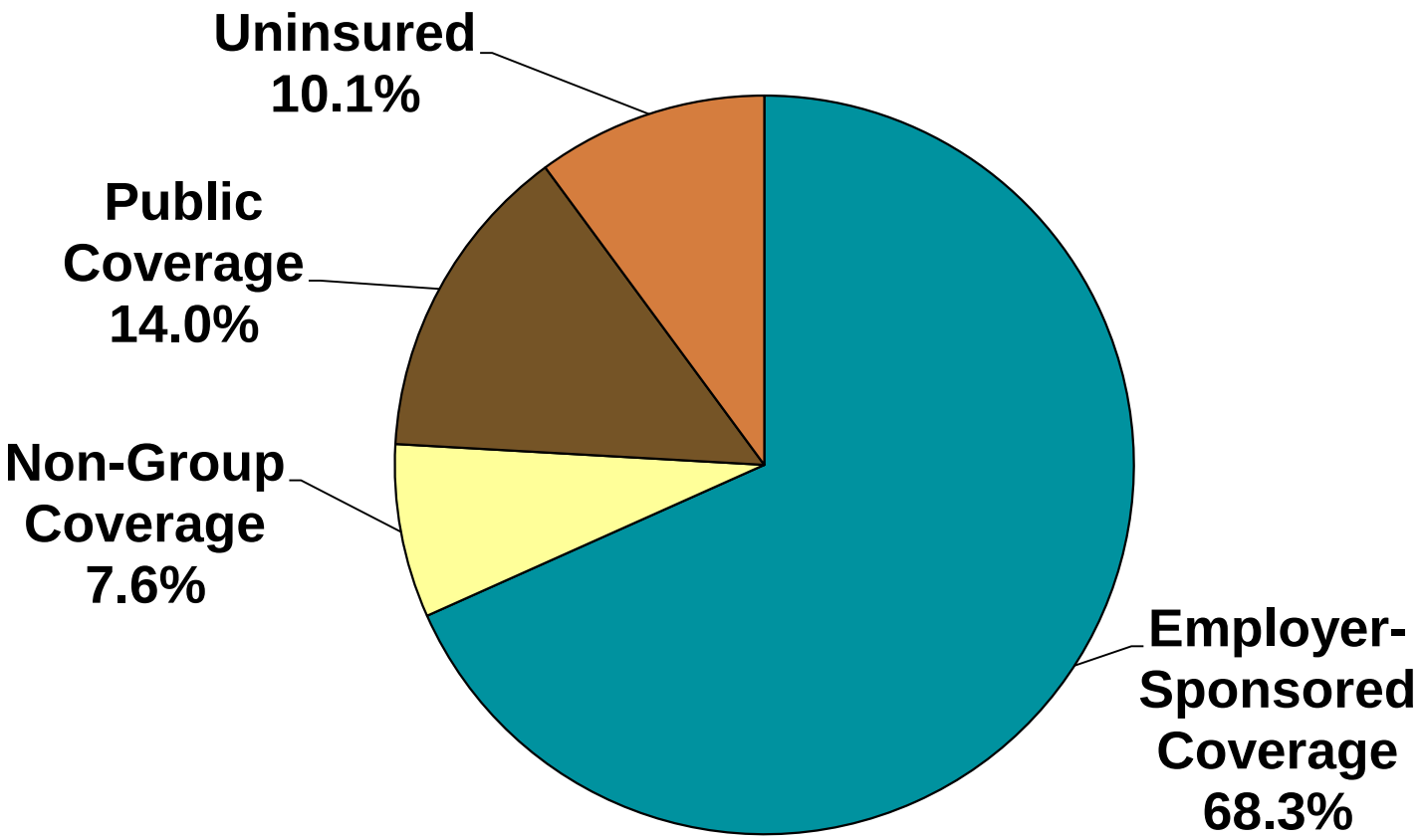


Organize market into larger risk pool

Organize/present plan comparisons

Health Insurance Coverage (2009)

Type of Coverage for Minnesotans Age 0-64

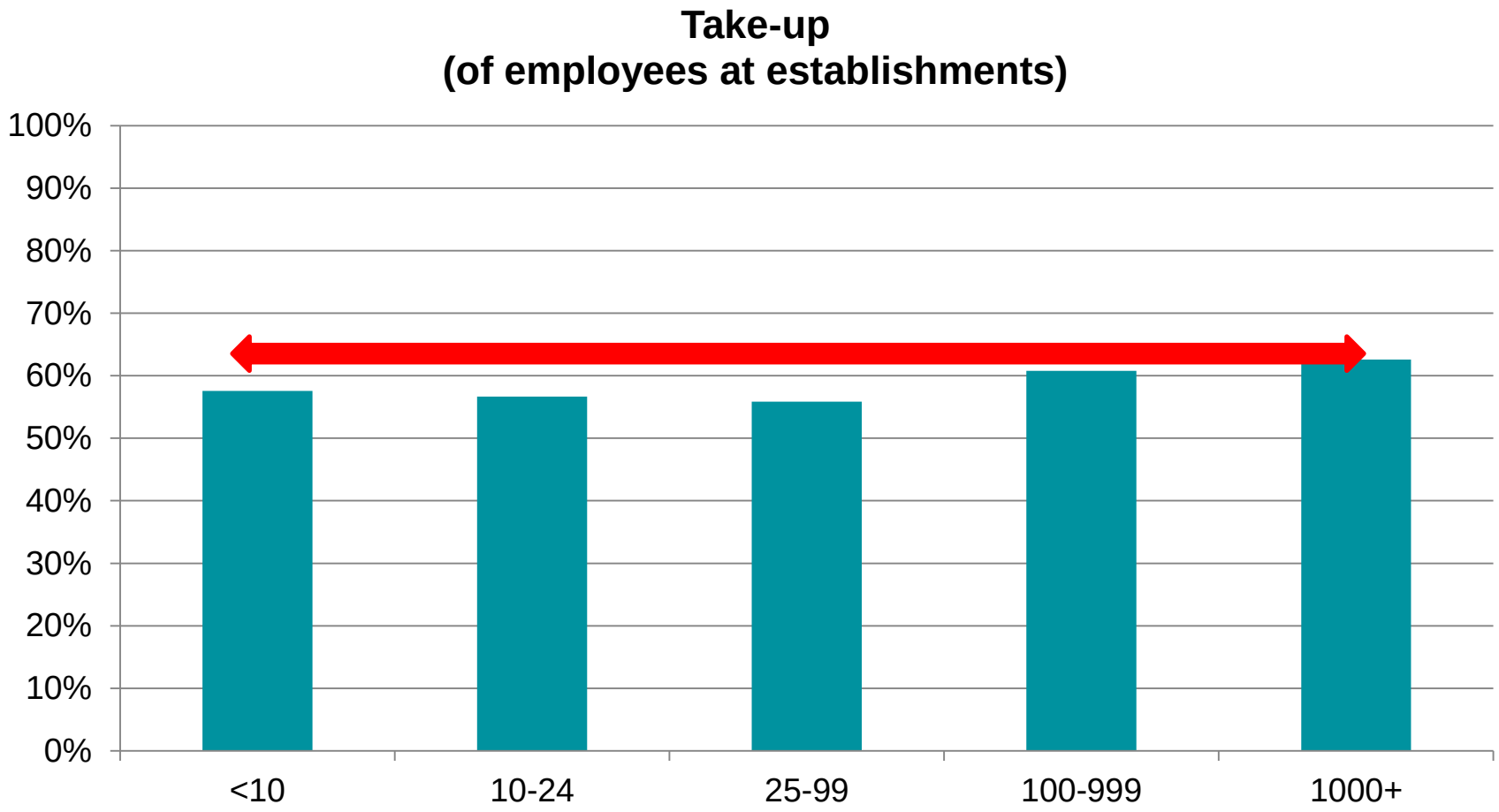


Source: 2010 American Community Survey

Offer Rate of Private Employer ESI by Firm Size, 2009/10 Minnesota

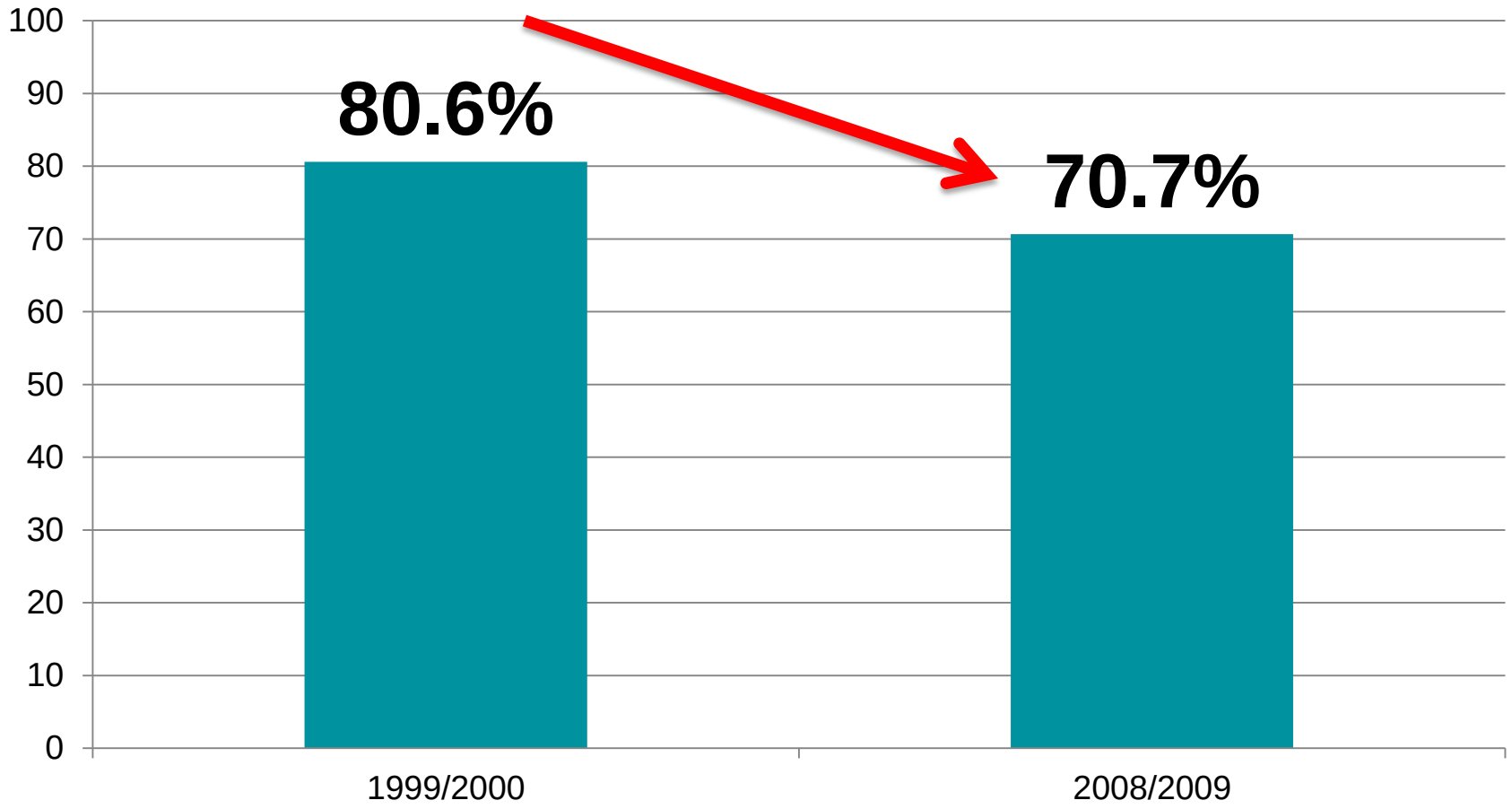
Source: 2009, 2010 MEPS-IC, Table IIA2

Take-up Rate of Private Employer ESI by Firm Size, 2009/10 Minnesota



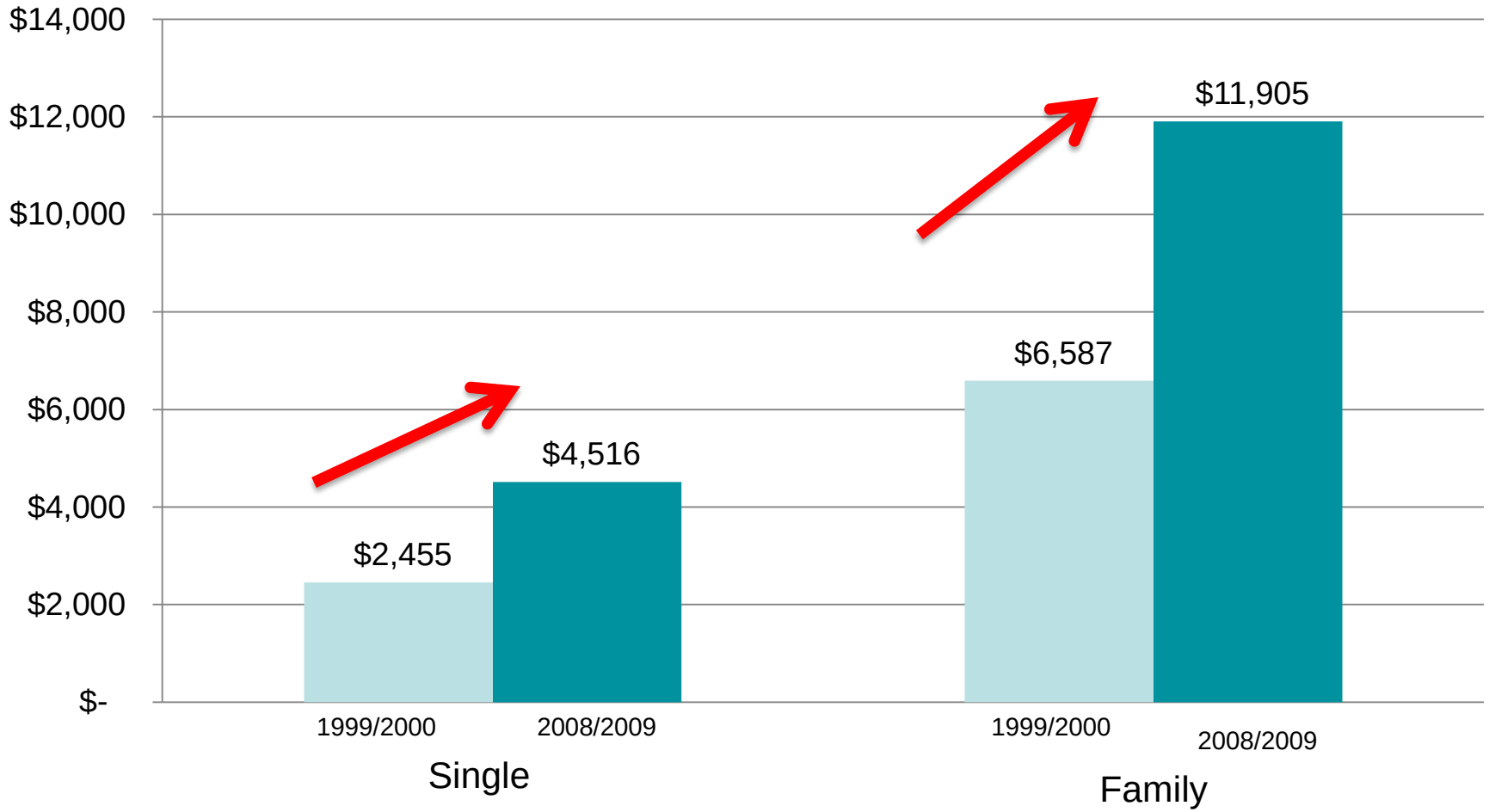
Source: 2009, 2010 MEPS-IC, Table IIB3B2

Percent with Employer Sponsored Insurance *(Age 19-64) 1999 to 2009 Minnesota*



Source: 2000, 2001, 2009 CPS SHADAC-Enhanced

Single and Family Premiums, Minnesota



Source: 1999/2000, 2008/2009 MEPS-IC

Exchange Basics

- What is an Exchange under the ACA?
  - A web-based marketplace that organizes information about all available health insurance coverage options in a standardized format that allows comparison across plans with respect to premiums, cost-sharing, coverage and quality ratings
  - Consumers can select and enroll in coverage through the Exchange
  - If a consumer is identified as Medicaid-eligible, he/she can enroll in Medicaid through the Exchange or potentially quality for premium subsidy through the form of a tax credit

Plans Offered through the Exchanges

- All plans offered through the Exchange must fall into one of four categories based on actuarial value
- Plans within each of these four options will be similar – so the consumer will be comparing apples to applies
- Plans may offer catastrophic coverage available only for young adults *(under 30)*
- All plans offered through the Exchange must offer at least one silver and one gold plan
- All plans must cover the Essential Benefits Package

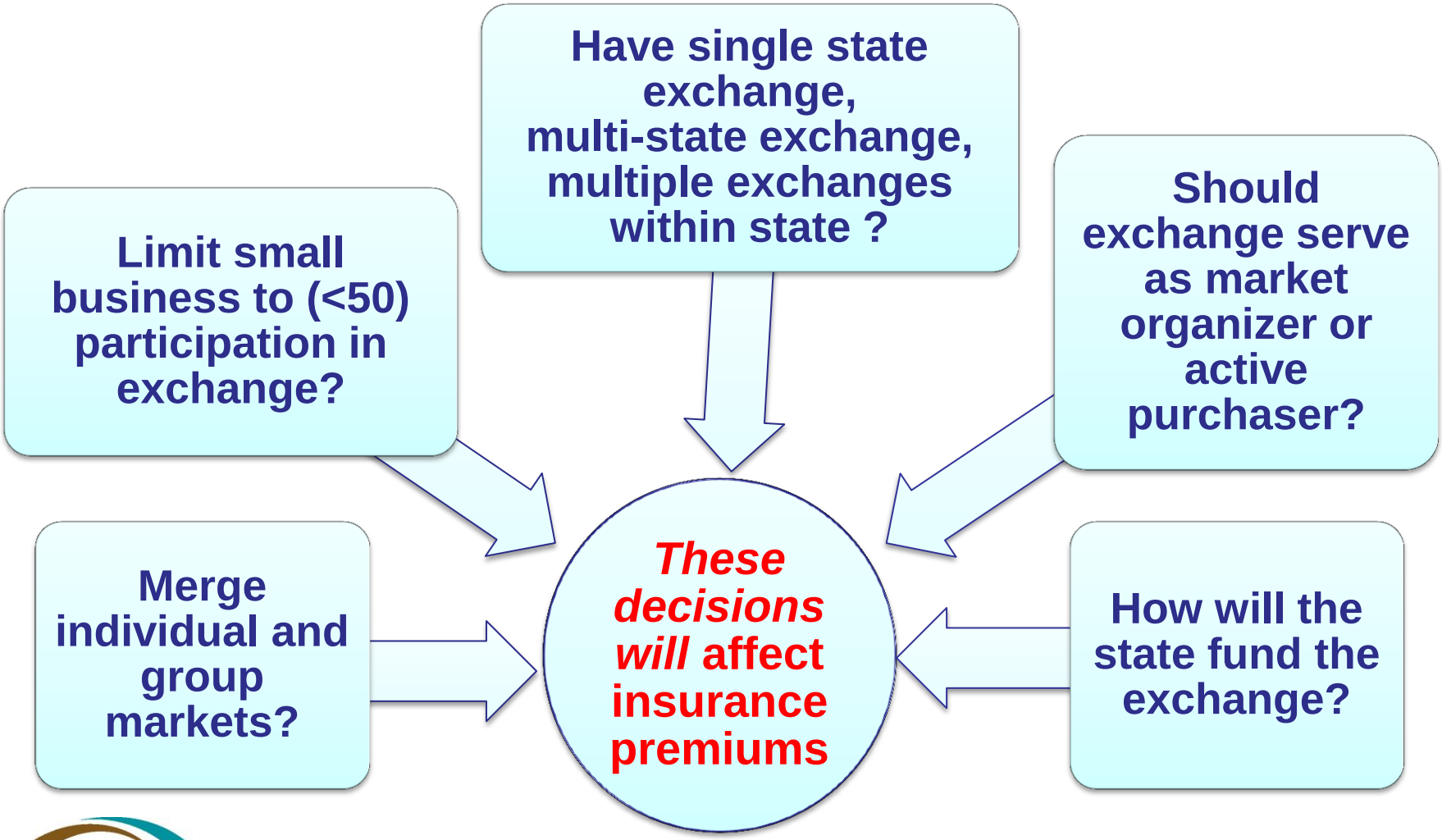
Examples of Benefit Designs for Various Actuarial Values

Plan	Actuarial Value	Deductible	Out-of-Pocket Maximum	Coinsurance
Platinum	90%	$250	$2000	15%
Gold	80%	$500	$4000	35%
Silver	70%	$1500	$5000	45%
Bronze	60%	$2000	$7500	50%

This example accounts for anticipated higher utilization as the expected behavioral response to lower cost-sharing—based on national average experience

Source: *http://publications.milliman.com/publications/healthreform/pdfs/health-exchange-impact-plan.pdf*

Key State Decisions That Will Affect Premiums



Additional Information

- Timeline
- Risk Adjustment
- Reinsurance
- Essential Benefits

Significant Dates for Exchange Implementation

- January 1, 2013: States must demonstrate that exchanges can be operational by January 1, 2014

- Jan 2013: Exchanges undergo testing

- Oct 2013: Open Enrollment begins

- Jan 2014: States begin to offer coverage through the exchanges
- Jan 2015: Exchange must be financially Self-Sufficient

Help with potential enrollment of High-Risk Enrollees

- **Risk Adjustment for Individual and Small group market**
  - *Adjusting premiums to reflect risk profile of the insured group. Zero-sum game. Plans with individuals with higher risk will receive $$ adjustments to reflect higher costs, those with lower risk profile may have reductions to premiums*
- **Temporary Reinsurance Pool – Individual market Only**
  - *Corridors set by HHS*
  - *"Insuring the insurers" up to a point*

Risk Adjustment

- Federal Risk Adjustment model to be released by October 2012
- States that want an alternative model must:
  - ***Submit model for approval by Nov 2012***
  - ***Develop own model or adjust federal model***
- Feds will turn around approval or suggestions for change by January 2012

State Risk Adjustment Decisions

- Prospective vs. concurrent model
- Existing or home-grown model
- Include pharmacy or not
- Data fields to be used (*include comorbidities*?)
- Rating variables and rating integration
- Geographic area adjustments
- How to score members with little experience
- Role of all-payers claim data base

Temporary Reinsurance Pool - 2014

1) Each state establish a temporary 3-year reinsurance pool for the individual market, and
2) HHS establish will administer temporary risk corridors for payments to qualified health plans.
3) The formula for payments provides that aggregate amounts will total
    - $10 billion in 2014,
    - $6 billion in 2015,
    - $4 billion in 2016

Essential Health Benefits (EHBs)

- Set of services that must be included in health plans offered both in and outside of the exchange.
- EHBs must include items and services in these 10 categories:
  - Ambulatory patient services
  - Emergency services
  - Hospitalization
  - Maternity and newborn care
  - Mental health and substance use disorder services, including behavioral health treatment
  - Prescription drugs
  - Rehabilitative and habilitative services and devices
  - Laboratory services
  - Preventive and wellness services and chronic disease management, and
  - Pediatric services, including oral and vision care

Flexibility for State Essential Health Benefits

- "**Benchmark approach**"
  - each state to select a benchmark plan that reflects the scope of services offered by a typical employer plan in the state
- If a state don't choose a benchmark plan, HHS will propose that the default benchmark be the ***small group plan with the largest enrollment in the state***

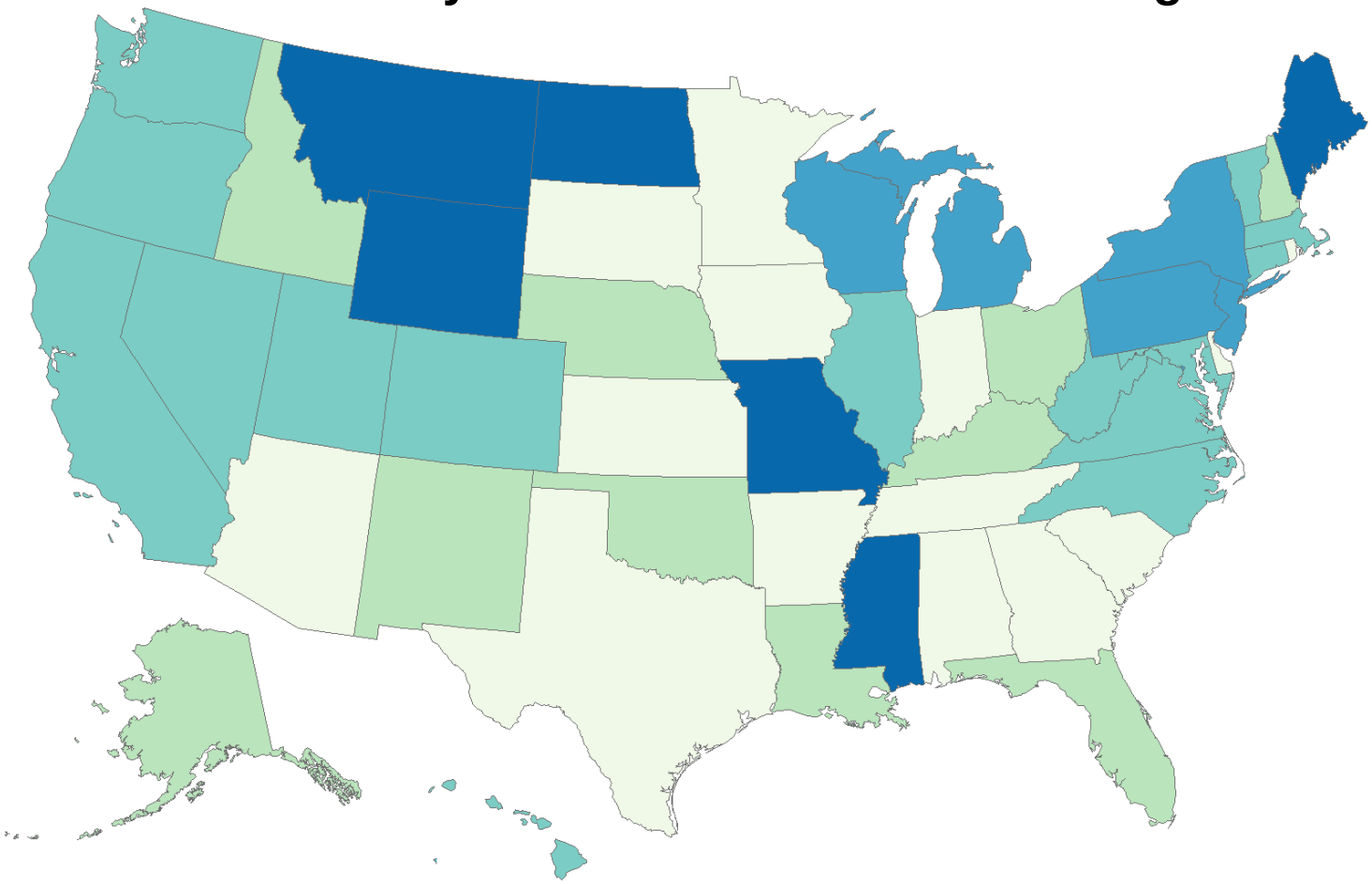
Options for State Benchmark Plan

1. One of the three largest ***small group*** plans in the state (by enrollment);
2. One of the three largest ***state employee*** health plans;
2. One of the three largest ***federal employee*** health plan options by enrollment;
3. The largest ***HMO plan*** offered in the state's commercial market by enrollment.

Other State Activity

- 28 states doing something
- MA example of existing exchange
- Utah example

State Activity on Health Insurance Exchange



State Actions to Implement Health Insurance Exchanges

- Executive Branch Action
- Legislative Action Not Taken or Did Not Pass in 2011
- Enacted Establishment or Intent Legislation
- Legislation Pending
- Legislature Created Study Entity

Source: http://www.ncsl.org/issues-research/health/state-actions-to-implement-the-he

Existing Exchanges: Massachusetts

- Massachusetts: Two exchanges under the umbrella "Health Connector" exchange
  - *Commonwealth Care:* Exchange for ***subsidy-eligible*** individuals (up to 300% FPL)
    - Participation:159,000 members
  - *Commonwealth Choice*: ***Combined exchange*** for small-group and unsubsidized non-group insurance
    - Participation: 41,000 members
  - Active purchaser model
  - State collects a portion of premiums for products sold through the Connector to fund its operation

Source: Massachusetts Health Care Reform - Facts and Figures: http://bit.ly/zjsbft

https://www.mahealthconnector.org/portal/site/ myU Home Health Connector > Home Gophermail: Message Display

Google MA Health Insurance Exchange Search MA Health Insurance Exchange More Sign In

HealthConnector
Health Insurance for Massachusetts Residents

Account Login · E-Pay · En Español · Help · Contact Us

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Individuals & Families Get Started | Young Adults Get Started | Employees Get Started | Employers Get Started | Brokers Get Started

Connect to good health, Massachusetts!

Our online Commonwealth Choice marketplace is the only place where you can compare plans from the state's major insurers. We're an independent state agency, so you can shop with confidence.

Our Commonwealth Care program offers low-or-no-cost health insurance for people who qualify. It provides comprehensive benefits and a choice of health plans.

Find the plan that's right for you and enroll today!

Glad to be insured

"I was young, healthy. I always thought that I was invincible. It never even crossed my mind that I could get hurt..."

—Andrew Herlihy of Malden
Hear Andrew's story and more

Plans from top Mass insurers!

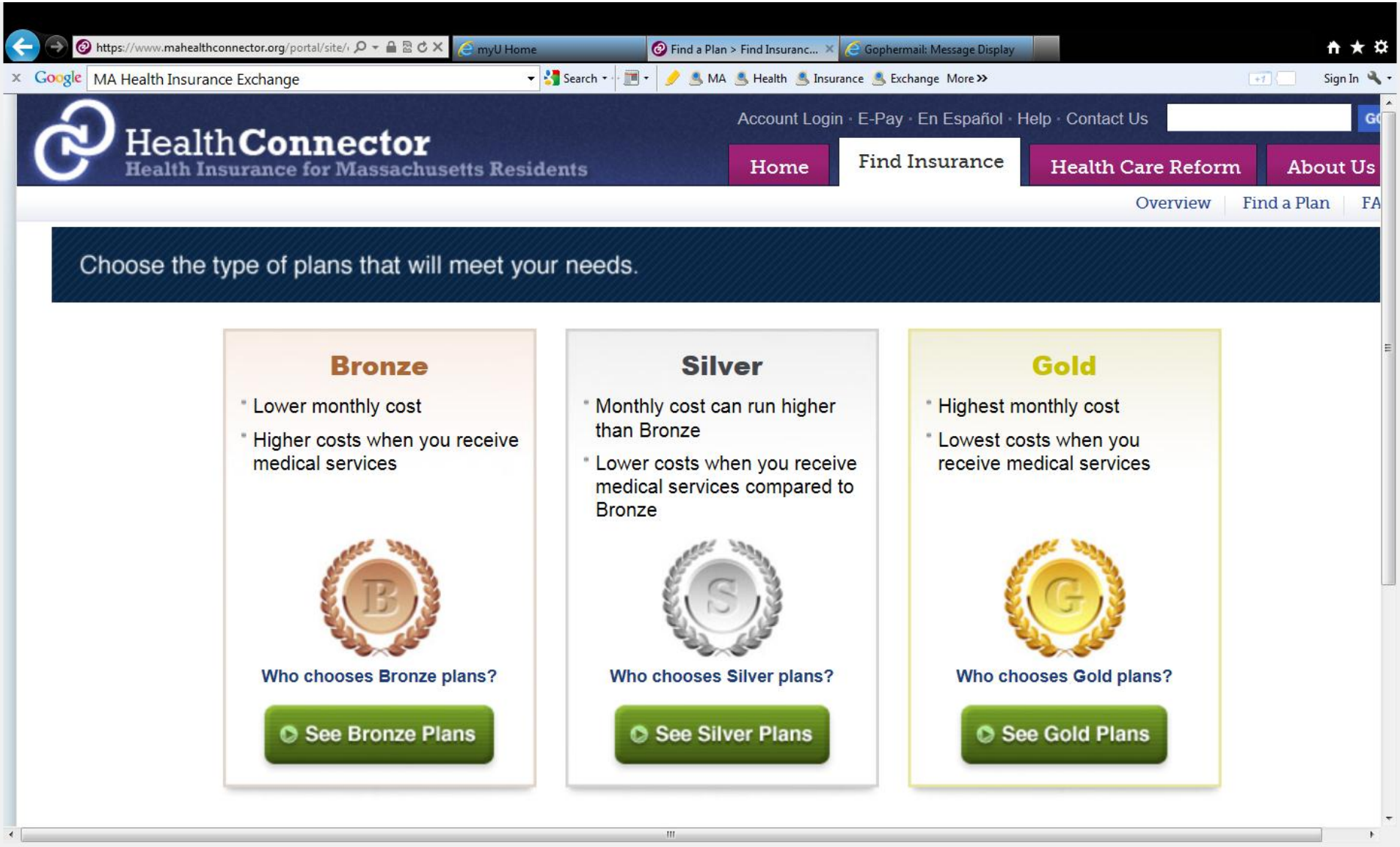
HNE Health New England

For Commonwealth Care Members Only

If you've been accepted for this subsidized health plan:

→ Log in to your account

→ Register to get online access to your account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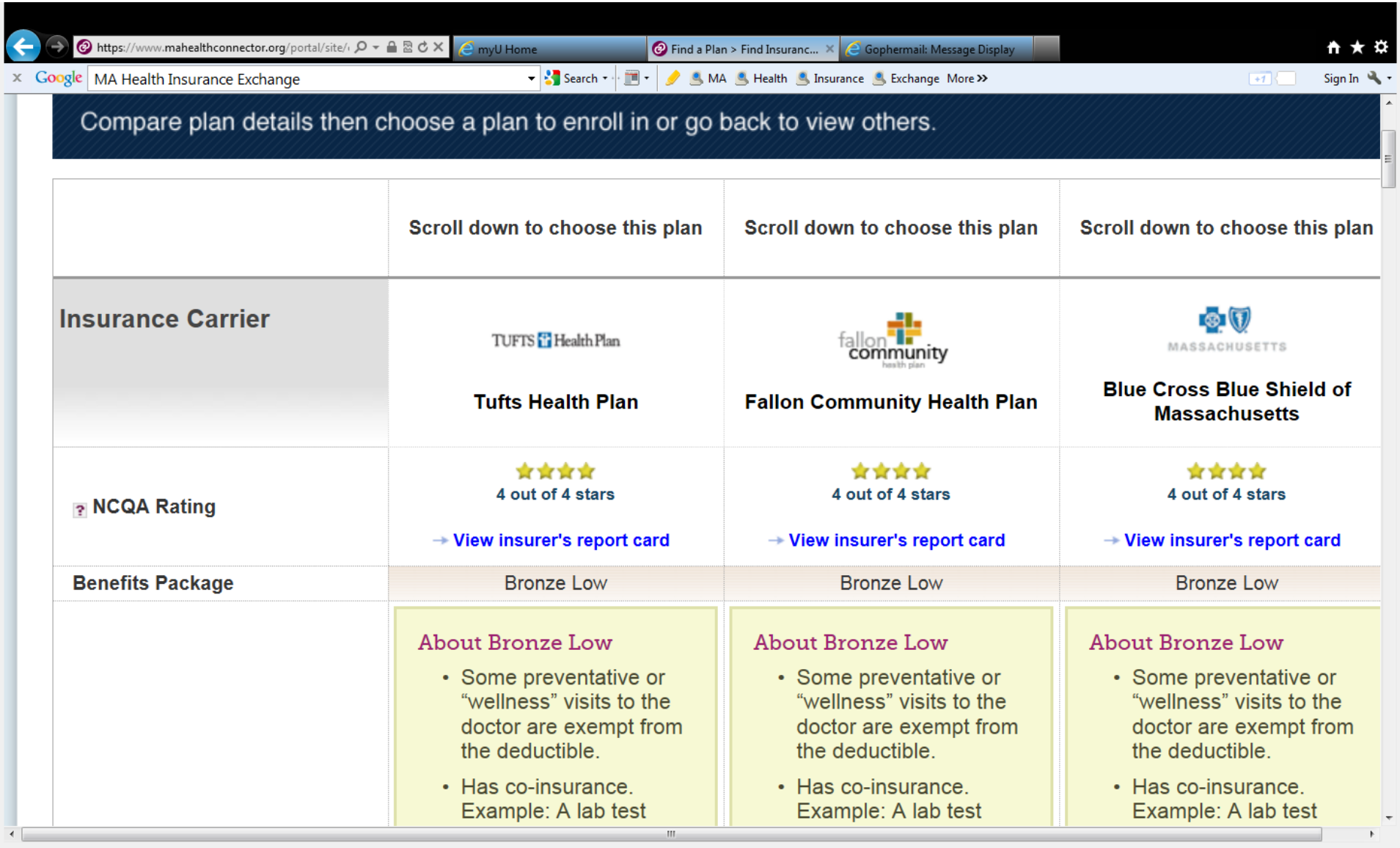
Exchange
More
Sign In
HealthConnector
Health Insurance for Massachusetts Residents
Account Login · E-Pay · En Español · Help · Contact Us
Home
Find Insurance
Health Care Reform
About Us
Overview
Find a Plan
Choose the type of plans that will meet your needs.
Bronze
Lower monthly cost
Higher costs when you receive medical services
Who chooses Bronze plans?
See Bronze Plans
Silver
Monthly cost can run higher than Bronze
Lower costs when you receive medical services compared to Bronze
Who chooses Silver plans?
See Silver Plans
Gold
Highest monthly cost
Lowest costs when you receive medical services
Who chooses Gold plans?
See Gold Plans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Insurance
Exchange
More
Sign In
Compare plan details then choose a plan to enroll in or go back to view others.
Scroll down to choose this plan
Scroll down to choose this plan
Scroll down to choose this plan
Insurance Carrier
TUFTS Health Plan
Tufts Health Plan
fallon community health plan
Fallon Community Health Plan
MASSACHUSETTS
Blue Cross Blue Shield of Massachusetts
NCQA Rating
4 out of 4 stars
View insurer's report card
4 out of 4 stars
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Benefits Package
Bronze Low
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Bronze Low
About Bronze Low
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Plan Name	Commonwealth Advantage HMO Saver	Select Care Rx Saver Choice 2000	Access Blue Saver II
Provider Network	Tufts Health Plan Standard Network	FCHP Select Care HMO	HMO Blue

Doctor / provider acceptance

Find out whether your doctor, nurse practitioner or health clinic accepts the plan(s) you're viewing.

Search For Your Doctor

Plan details	Download Plan Details	Download Plan Details	Download Plan Details
Premium	$438.03	$446.00	$495.24

Provider Network Disclosure

Provider network disclosure	This is a **General Provider Network** plan. If you purchase this plan, you will receive services through the broadest network of health care providers offered by this insurer.	This is a **General Provider Network** plan. If you purchase this plan, you will receive services through the broadest network of health care providers offered by this insurer.	This is a **General Provider Network** plan. If you purchase this plan, you will receive services through the broadest network of health care providers offered by this insurer.

Annual Deductible [1]

	medications		Exclusive Home Delivery feature

Emergency

Subject to annual deductible	Yes	Yes	Yes
Emergency room (waived if admitted)	deductible, then $100	deductible, then $100	annual deductible, then $100 Copay
Subject to annual deductible	Yes	Yes	Yes
Ambulance	deductible, then 20% co-insurance	deductible, then $0	deductible, then 20% co-insurance

Hospital Care: Inpatient

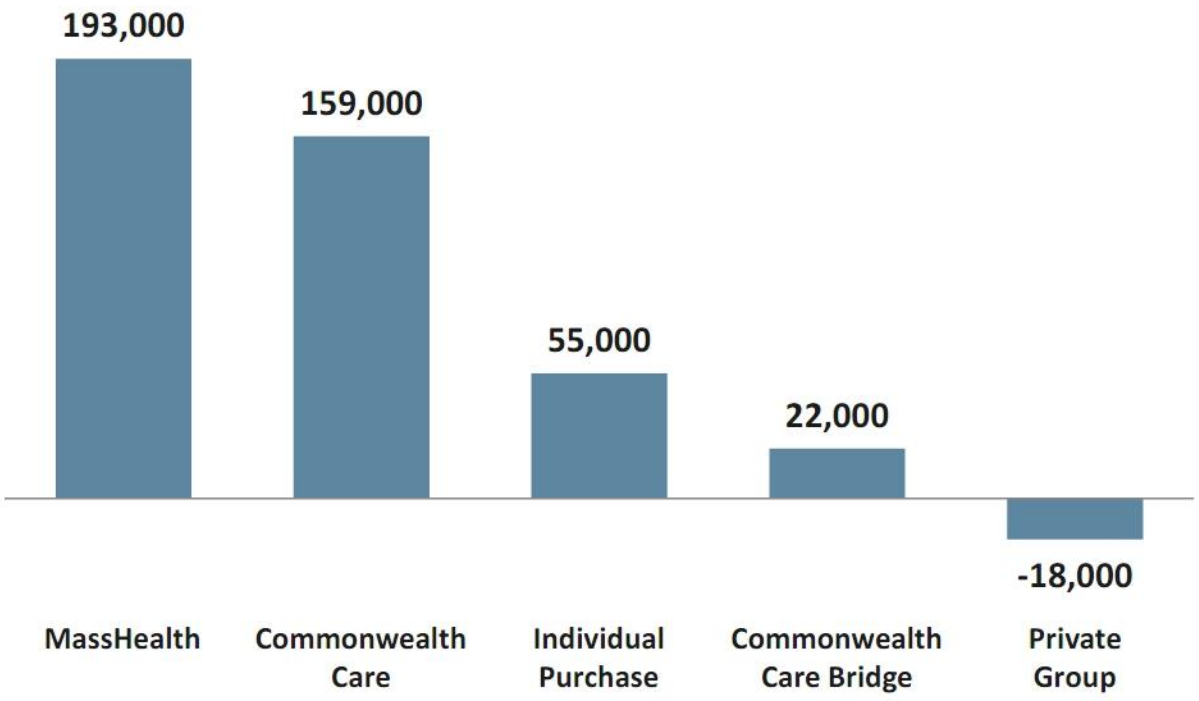
Subject to annual deductible	Yes	Yes	Yes
Inpatient hospitalization (semi-private room and board)	deductible, then 20% co-insurance	deductible, then 20% co-insurance	deductible, then 20% co-insurance
Physician services			
Subject to annual deductible	Yes	Yes	Yes
Skilled nursing facility (SNF)	deductible, then 20% co-insurance	deductible, then 20% co-insurance	deductible, then 20% co-insurance
Skilled nursing facility (SNF) limits	100 days per calendar year	100 days per calendar year	100 days per calendar year
Subject to annual deductible	Yes	Yes	Yes
Rehabilitation hospital	deductible, then 20% coinsurance	deductible, then 20% coinsurance	deductible, then 20% coinsurance
Rehabilitation hospital limits	100 days per calendar year (combined limit with Skilled nursing	100 days per calendar year	60 days per calendar year

Plan details	Download Plan Details	Download Plan Details	Download Plan Details
Insurance Carrier	Tufts Health Plan	Fallon Community Health Plan	Blue Cross Blue Shield of Massachusetts
NCQA Rating	4 out of 4 stars → View insurer's report card	4 out of 4 stars → View insurer's report card	4 out of 4 stars → View insurer's report card
Benefits Package	Bronze Low	Bronze Low	Bronze Low
	By clicking Choose Plan, I acknowledge this plan's benefits and limitations. Choose Plan	By clicking Choose Plan, I acknowledge this plan's benefits and limitations. Choose Plan	By clicking Choose Plan, I acknowledge this plan's benefits and limitations. Choose Plan

[1]The “Annual Deductible” is also referred to as the "deductible" in this grid. The deductible is calculated on a plan year in plans offered by BCBSMA, BMC HealthNet Plan and CeltiCare. The deductible is calculated on a calendar year in plans offered by other carriers. Some plans may have a separate deductible for specific benefits. For example, some plans may have a separate prescription drug deductible.

411,000 MORE RESIDENTS HAVE COVERAGE THAN HAD IT BEFORE HEALTH REFORM

INCREASE IN NUMBER OF INSURED MASSACHUSETTS RESIDENTS BETWEEN 2006 AND 2010, BY COVERAGE TYPE



As of December 2010, most of the increased coverage since reform has been through public programs, such as MassHealth (47 percent), Commonwealth Care (39 percent) and Commonwealth Care Bridge (5 percent). This was preceded by increases in employer-sponsored insurance which have since declined as a result of the recession.

SOURCE: Massachusetts Division of Health Care Finance and Policy, *Key Indicators,* May 2011.

Existing Exchanges: Utah

- Utah: One exchange
  - *Utah Health Exchange*: Single state exchange through which both small and large employers can make a defined contribution toward health insurance
    - No subsidies
    - Focus on transparency, consumer choice, and employer access to defined contribution market
  - Participation: 225 employer groups; 5,513 covered lives
  - Market organizer model
  - Funded by $650K annual allotment from the State

Source:
Utah Health Exchange – Dashboard:
http://www.exchange.utah.gov/images/stories/UHE_Dashboard_Jan_2012.pdf

Utah Health Exchange – An Introduction

Source: http://www.exchange.utah.gov/

A few more things about Minnesota

- Jonathan Gruber modeling findings
- Exchange Advisory Board making progress
- MCHA

Gruber's Estimate of Size of Exchange

Individuals with/in	Size of population	Enrollment
1. Premium Subsidies *(138-400% FPL)*	390,000	390,000
2. >400% FPL *(no subsidy)*	130,000	70,000
3. Firms <50 receiving Tax Credit	70,000	70,000
4. Firms <50 not receiving Tax Credit	380,000	95,000
5. Firms 50-99	100,000	25,000
PRIVATE		**650,000**
6. Public Programs	500,000	500,000
TOTAL		**1,150,000**

Note: with no BHP, Jonathan Gruber MN presentation; 11-17-2011

Additional Gruber Findings

- Premium changes in Minnesota's individual and small group market range from

  -7% to +18%
- Carrier who aggressively underwrite today will experience greater premium disruptions
- Carries who moderately underwrite will experience less premiums

Jonathan Gruber MN presentation; 11-17-2011

Governor Adopted Exchange Board Recommendations

- Things are moving…
- Keeping a level playing field between marketplaces inside and outside the exchange;
- Structuring provisions to encourage innovation and competition;
- Stimulating participation by small employers;
- Pursuing a state-level risk adjustment model.

Still need to think about the 28,000 individuals enrolled in MCHA – (*another talk..)*

MN House information service, Jan 30,2012

Remember the problem and the target population…

- Health Insurance Exchange is one part of health reform
- Focus in on individual and small employer market – target population
  - Creating options for affordable coverage
  - Providing conduit for premium subsidy
  - Organizing information for easy selection
- Exchange can go forward without the mandate

Recommended Reading

Sonier, Julie and Patrick Holland. November 2010. “Health Insurance Exchanges: How Economic and Financial Modeling can Support State Implementation.” AcademyHealth-State Coverage Initiatives/SHADAC Issue Brief. http://www.shadac.org/files/shadac/publications/Brief_ExchangeModels_Nov2010.pdf

State Health Access Data Assistance Center. October 2010. “Health Insurance Exchanges: Implementation and Data Considerations for States and Existing Models for Comparison.” Issue Brief. http://www.shadac.org/files/shadac/publications/IssueBrief23.pdf

State Health Reform Assistance Network. Risk Adjustment and Reinsurance: A Work Plan for State Officials *Prepared by Wakely Consulting Group. December 2011* http://www.rwjf.org/files/research/73728.wakely.reinsurance.12.12.11.pdf

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