



# Health Insurance Exchange

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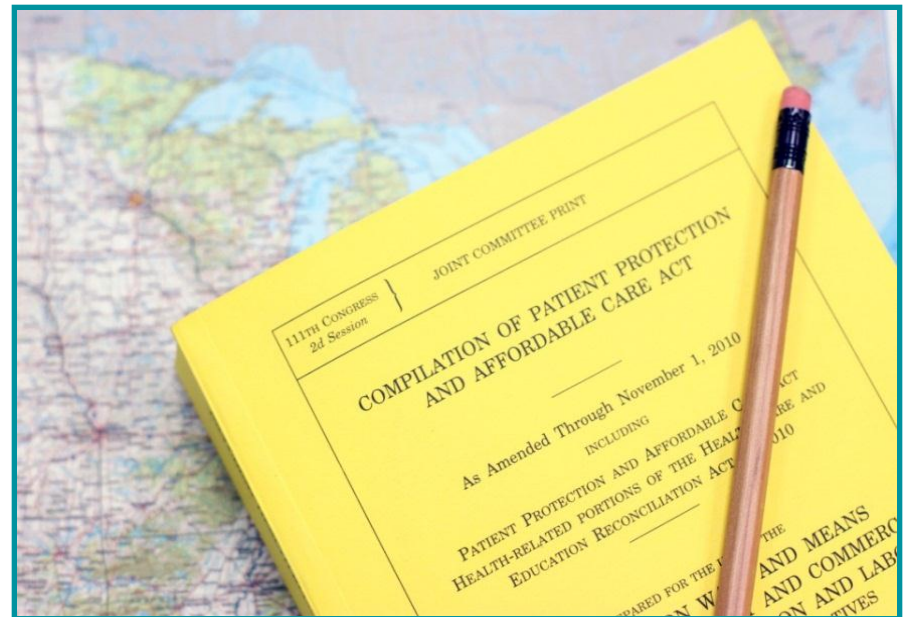
Public Informational Forum on Options for Structure  
of our Health Care System

Mankato State University

September 22, 2012

# Overview

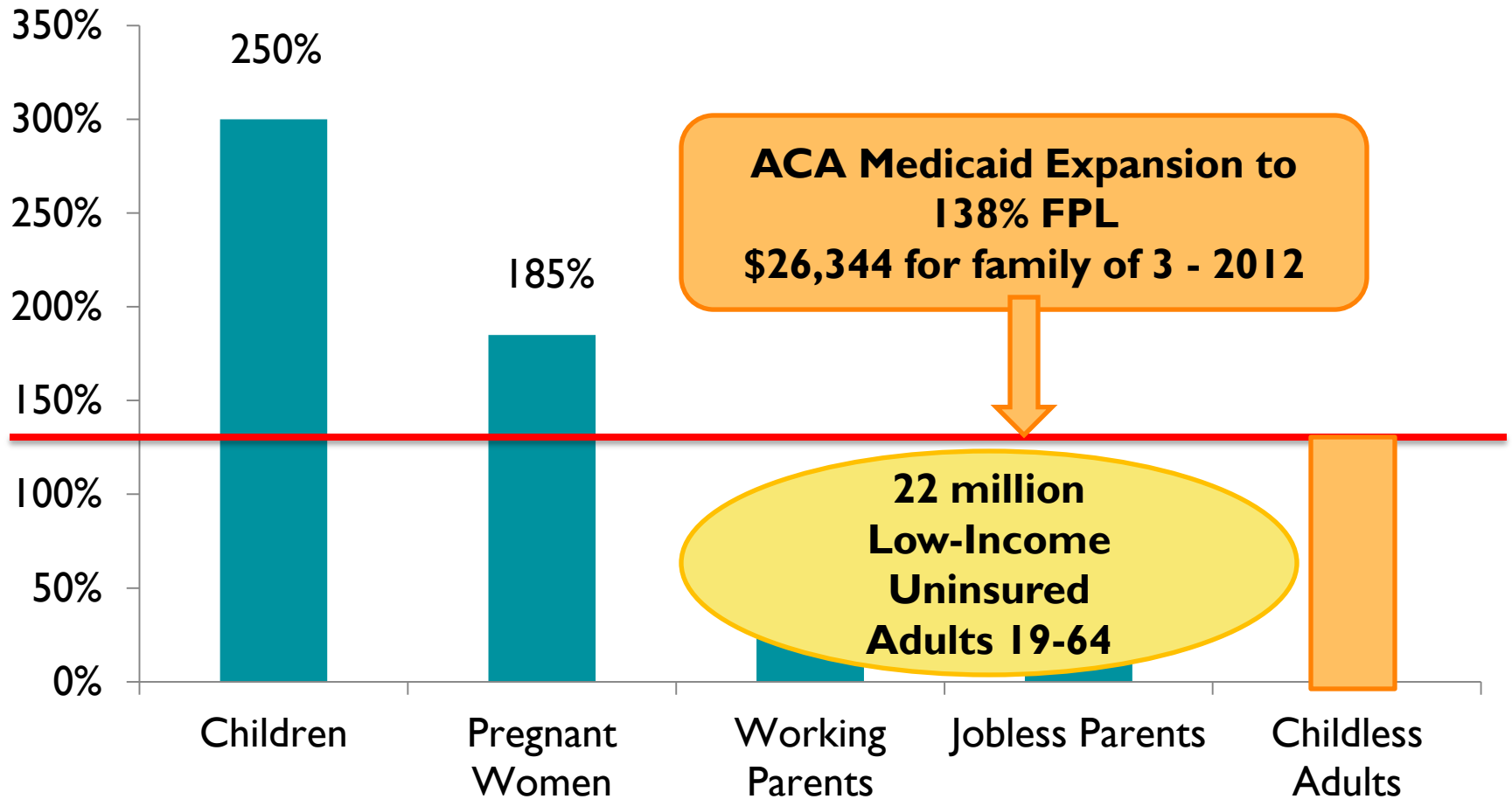
1. Overview of Changes Post-SCOTUS
2. Cost of doing nothing
3. New state questions
4. Estimates by new Income Categories
5. Data Resources



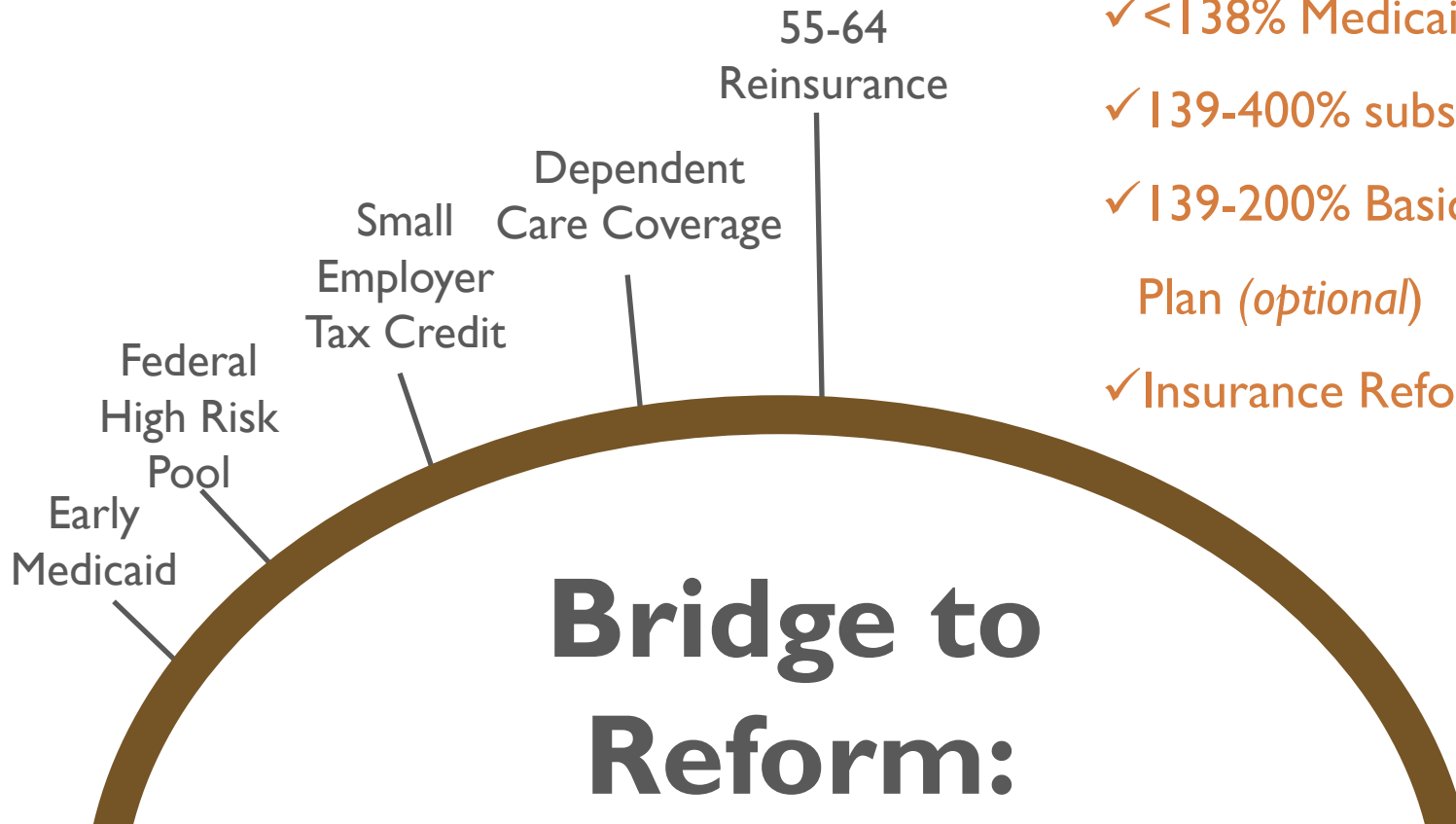
# What policy problem is the Health Insurance Exchange trying to solve?

- 50 million uninsured increase → **Increase access to affordable coverage**
- Erosion of Employer Sponsored Insurance → **Increase offerings for small employers**
- Unaffordable health insurance premiums → **Provide tax credits to reduce premiums for eligible individuals**
- Carriers underwriting people out of private market → **Organize market into larger risk pool-eliminate pre-existing conditions**
- Lack of consumer info → **Organize/present plan comparisons**

# ACA Access Expansion Categories



Source: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2012.



- ✓ Exchange
- ✓ Individual Mandate
- ✓ <138% Medicaid
- ✓ 139-400% subsidies
- ✓ 139-200% Basic Health Plan (*optional*)
- ✓ Insurance Reform

2010

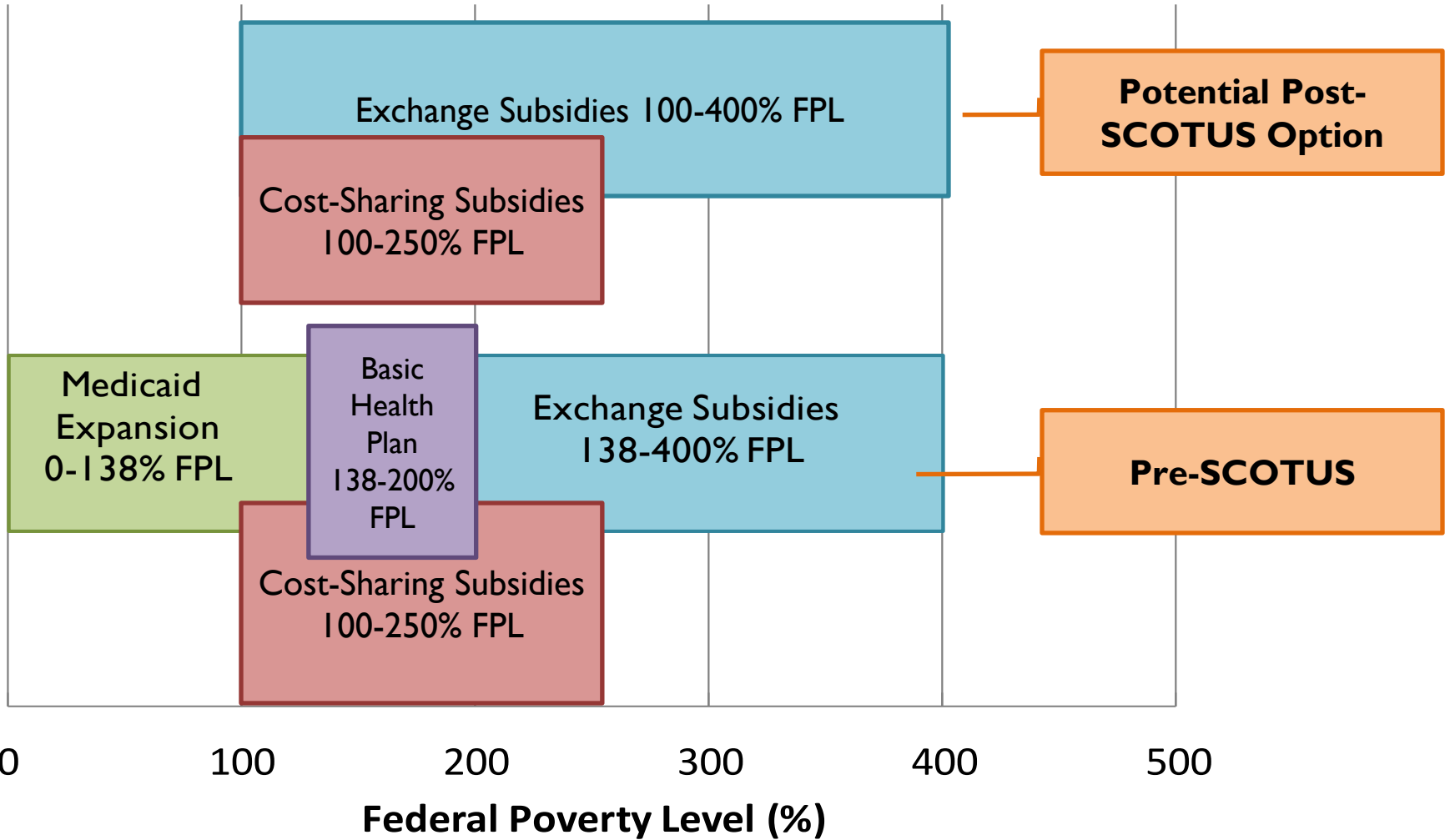
2014

# Bridge to Reform: Expanding Coverage

# Key Supreme Court Decision

(1) upheld the Medicaid expansion, but makes it a voluntary provision as opposed to a mandatory provision.

(2) does not permit HHS to penalize states by withholding all Medicaid funding for choosing not to participate in the expansion.



100% FPL = \$ 23,000  
Family of Four '12

400% FPL = \$ 92,200  
Family of Four '12

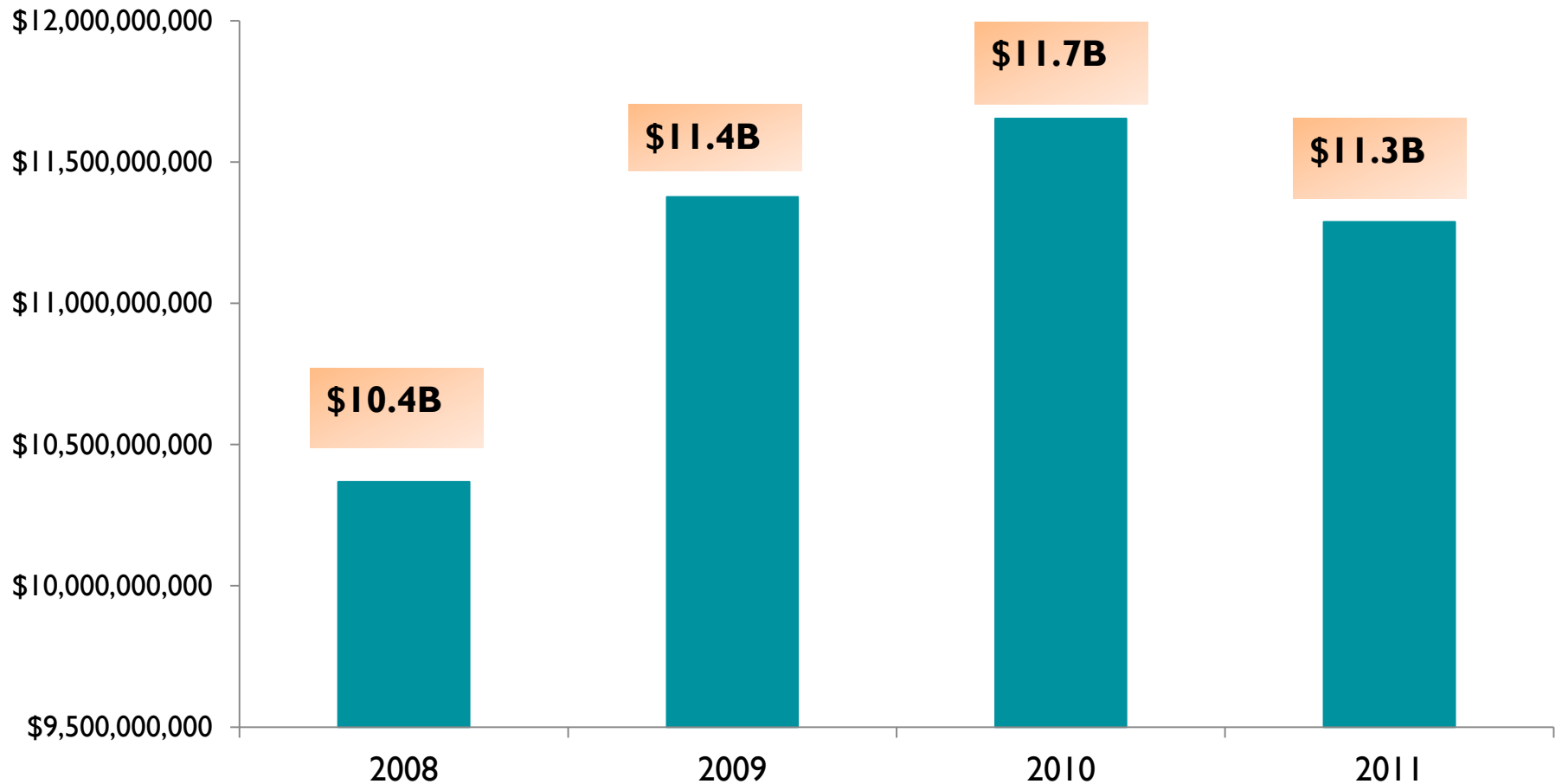
# Cost of not Participating

- Lost Medicaid revenue – 100% FMAP for first two years for newly eligible down to 90%
- Cuts to Disproportionate Share Hospital Payments (DSH)
  - Medicare up to 75% cut **\$10.1 Billion in 2009**
  - Medicaid up to to 50% cut **\$11.2 Billion in 2011**
- Continued stress on safety-net providers
  - 7% of all hospitals; 55% of urban hospitals\*

\* Source: National Association of Urban Hospitals - 2011



# Disproportionate Hospital Share Payments, Medicaid 2008-2011



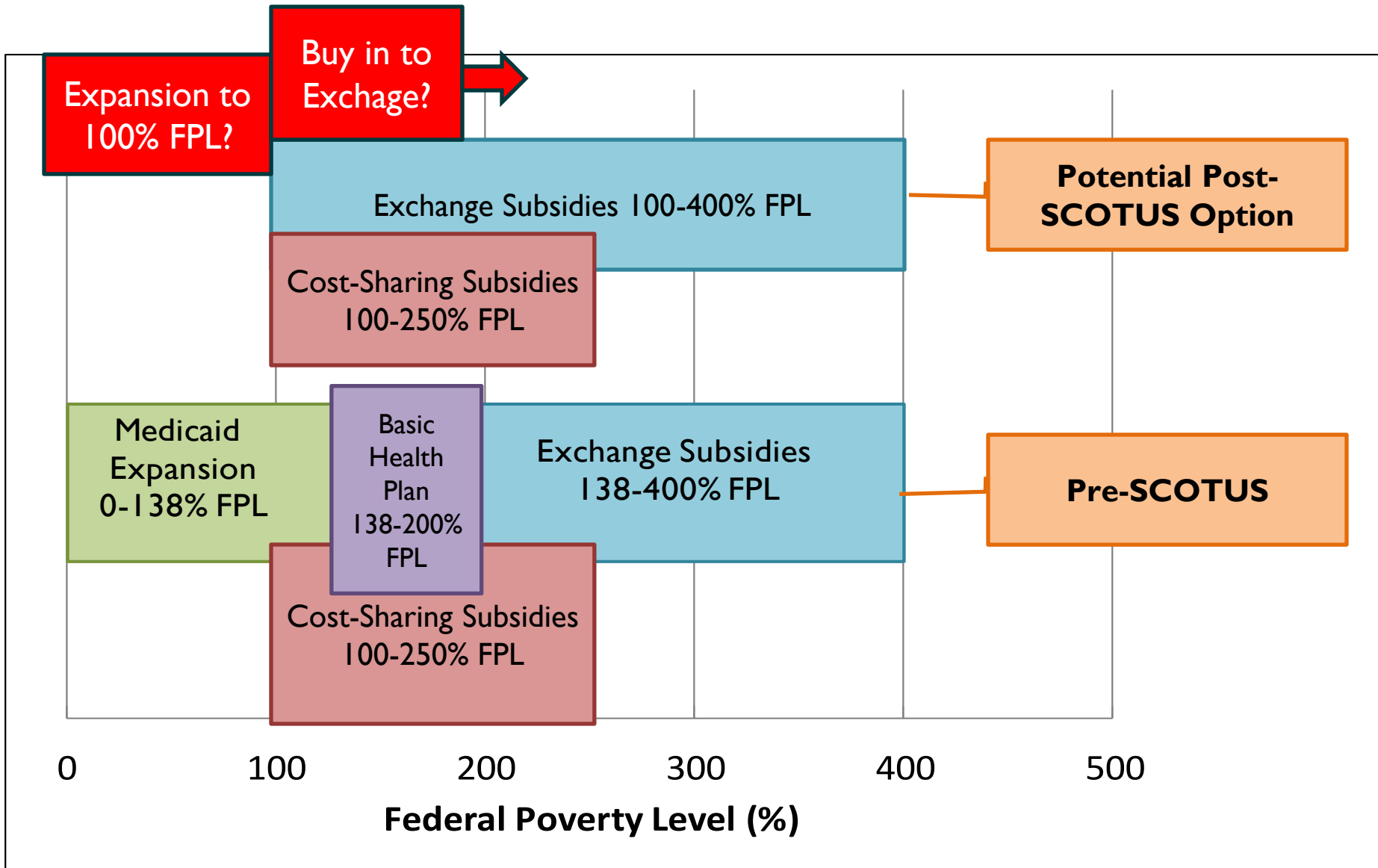
Notes: FY2009 and FY2010 DSH allotments were increased under the American Recovery and Reinvestment Act (ARRA) Sources: FY 2008, FY 2009 & FY 2010 Federal Register

# State DSH Payments 2011

Top Five	Total Allotment 45%	Bottom Five	Total Allotment <1%
NY	\$ 1,607,960,722	WY	\$ 226,570
CA	\$ 1,097,417,551	DE	\$ 9,062,839
TX	\$ 957,268,445	ND	\$ 9,562,154
LA	\$ 731,960,000	HI	\$10,000,000
NJ	\$ 644,435,620	SD	\$11,056,409
<b>MN</b>	<b>\$74,768,422</b>		

## Some New State Questions

- Can we expand only up to 100% FPL not the initial 138%?
- Can we pay premiums and buy-in those at 100-138% into the exchange? *Feds pay for tax credit and cost-sharing subsidies, limited liability for states*
- Does it make sense to set up the exchange for those at 138-400 FPL but not do anything for the very poor (<100% FPL)?

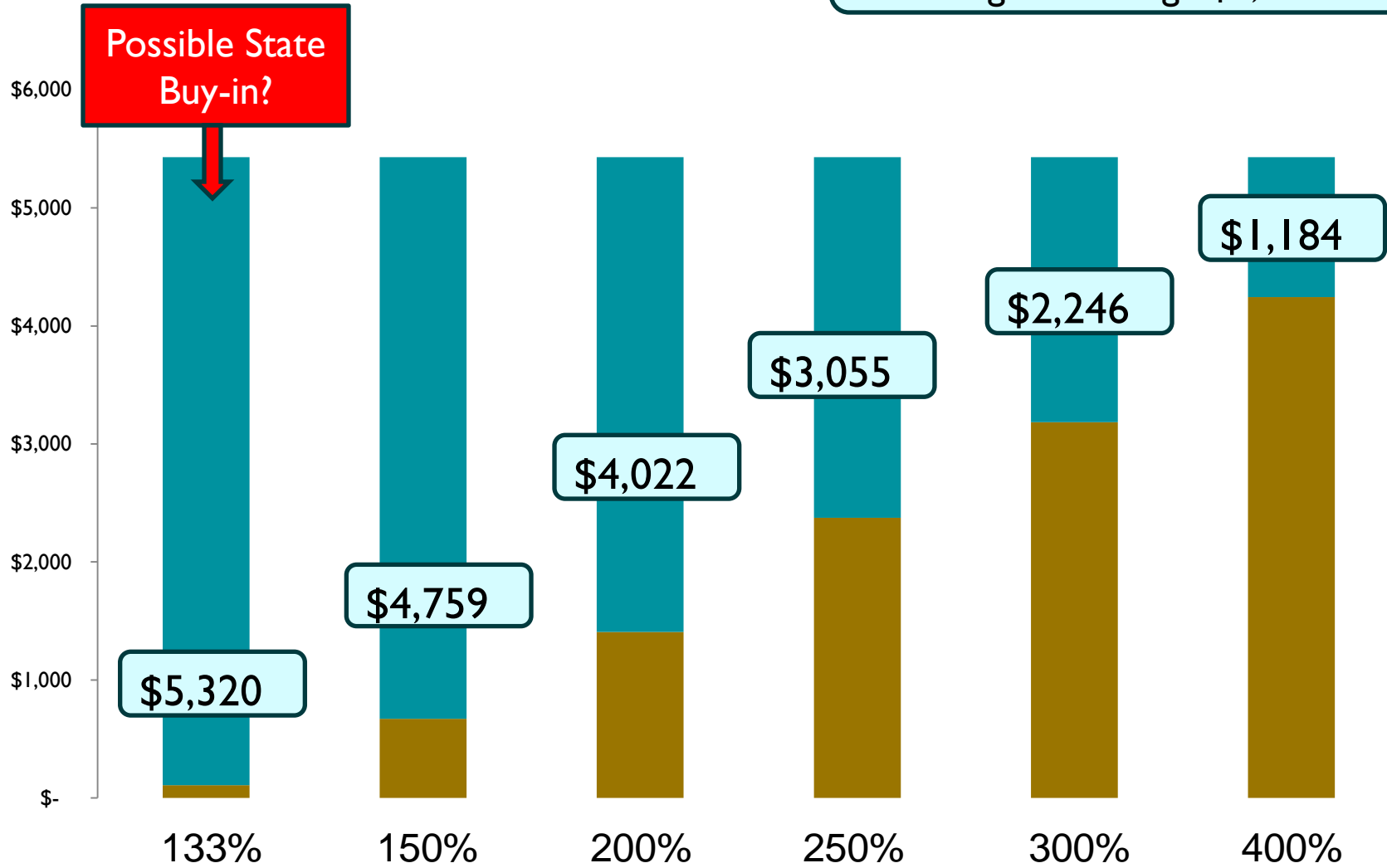


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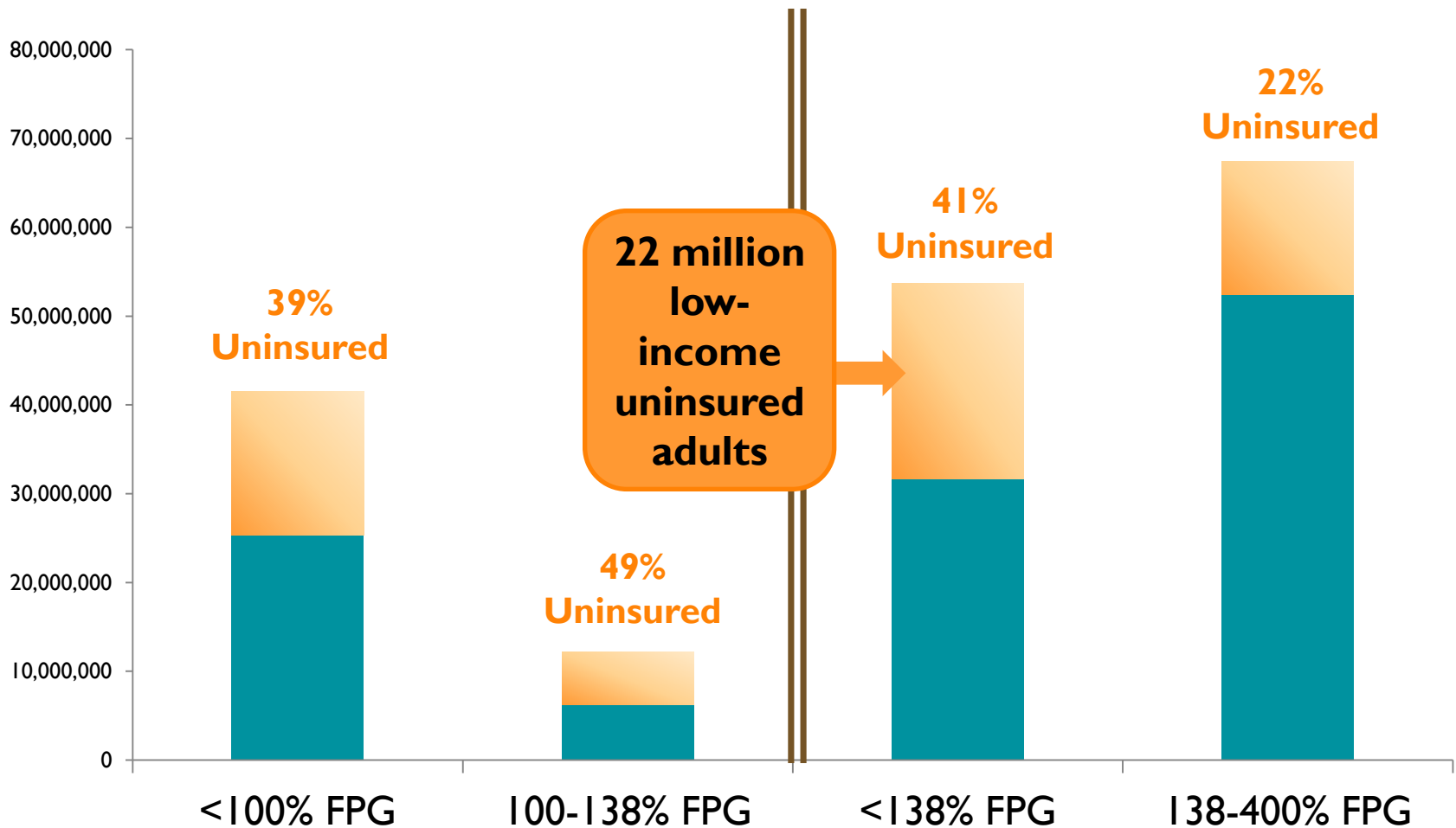
# Subsidy Amount by FPL

Average 2011 US Premium for Single Coverage \$5,429



Source: Employer Health Benefits 2011 Annual Survey

# Over 60% of nonelderly adults already have health insurance



# 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

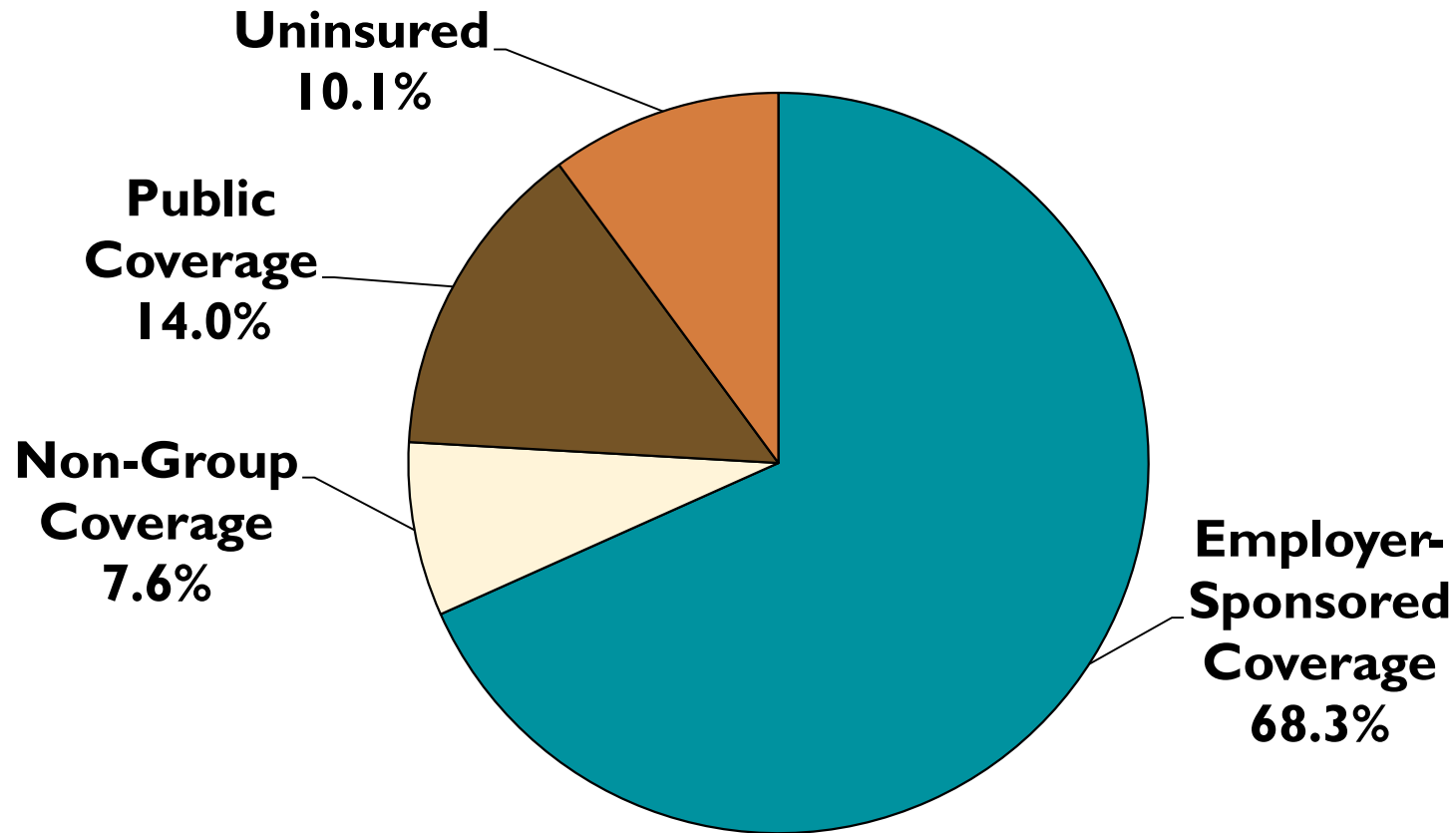
- Financial hardship
- Religious objections
- American Indians and Alaska Natives
- Incarcerated individuals
- Those for whom the lowest cost plan option exceeds 8% of income, and
- Those whose income is below the tax filing threshold

And the Undocumented



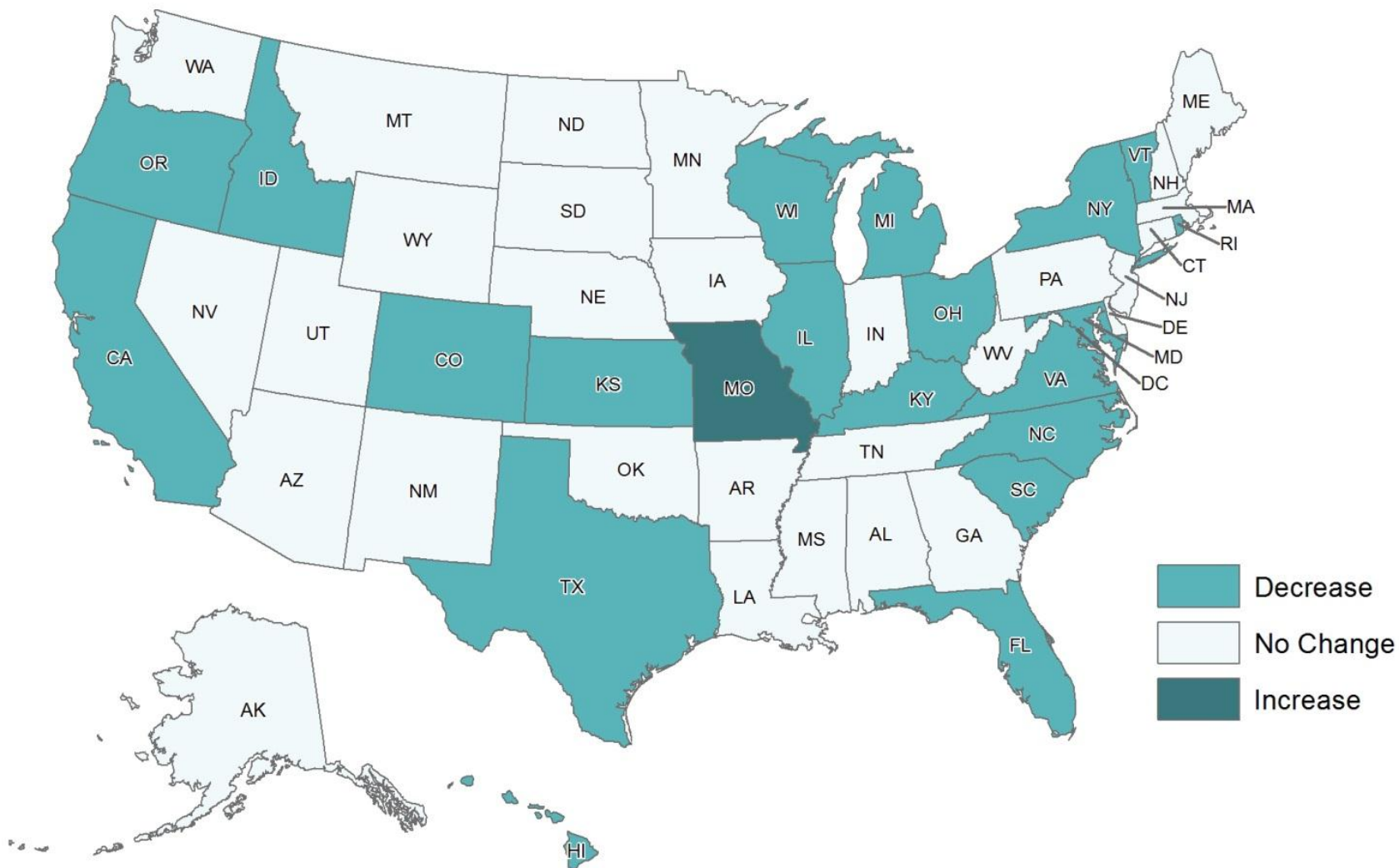
# Health Insurance Coverage (2009)

## Type of Coverage for Minnesotans Age 0-64



Source: 2010 American Community Survey

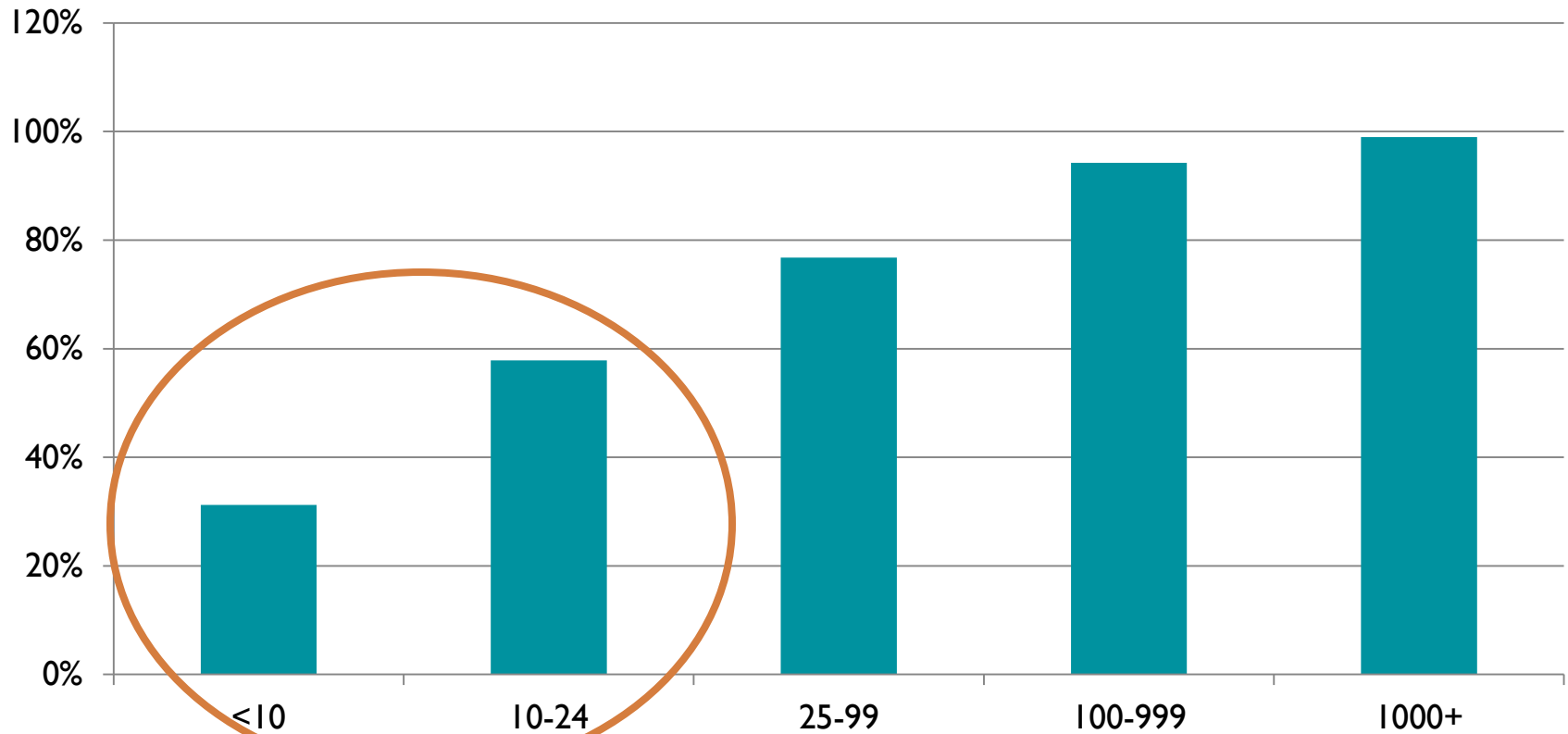
# Change in Uninsurance Rates from 2010 to 2011 for All People



Source: American Community Survey (ACS), 2011, 2010

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

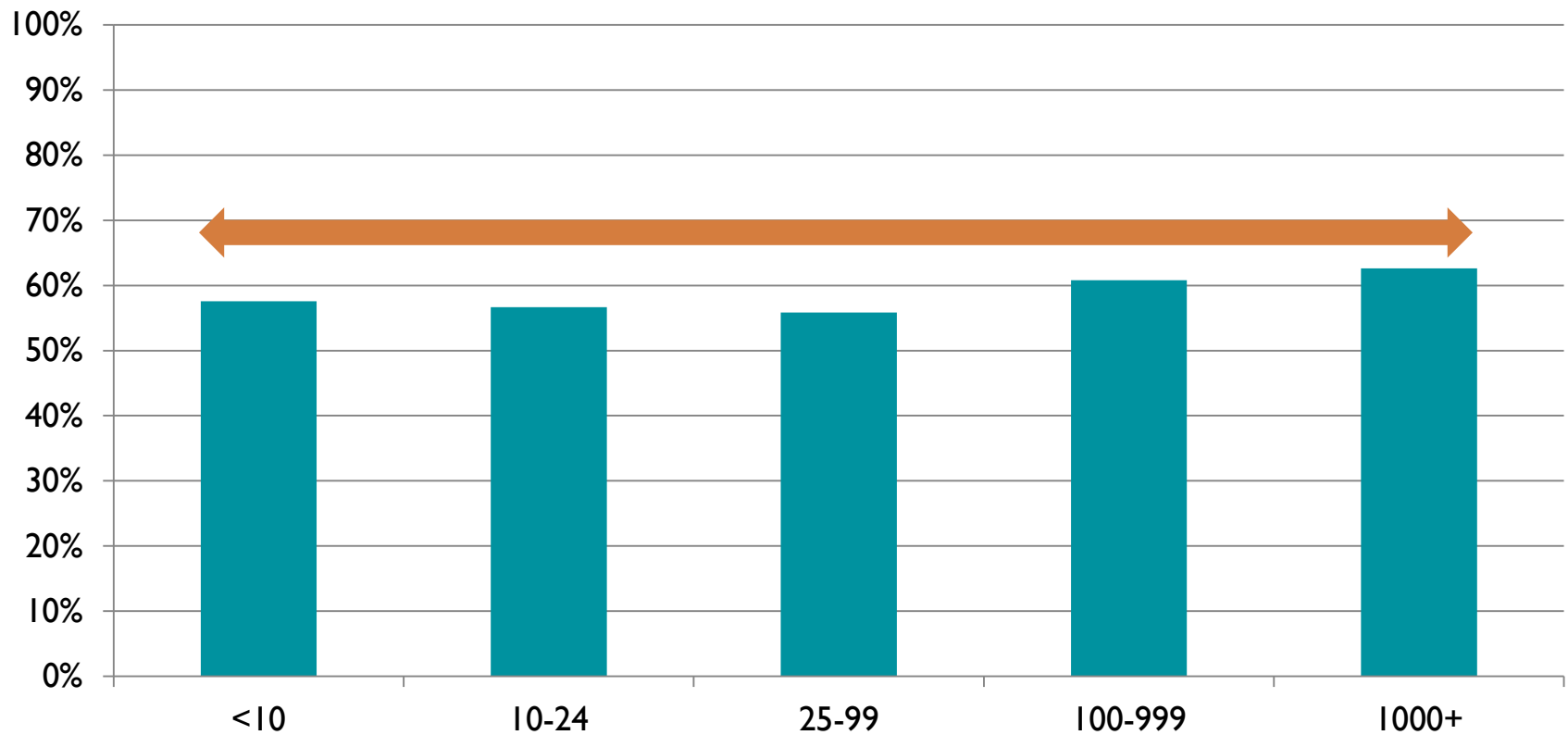
**Offer  
(of establishments)**



Source: 2009, 2010 MEPS-IC, Table IIA2

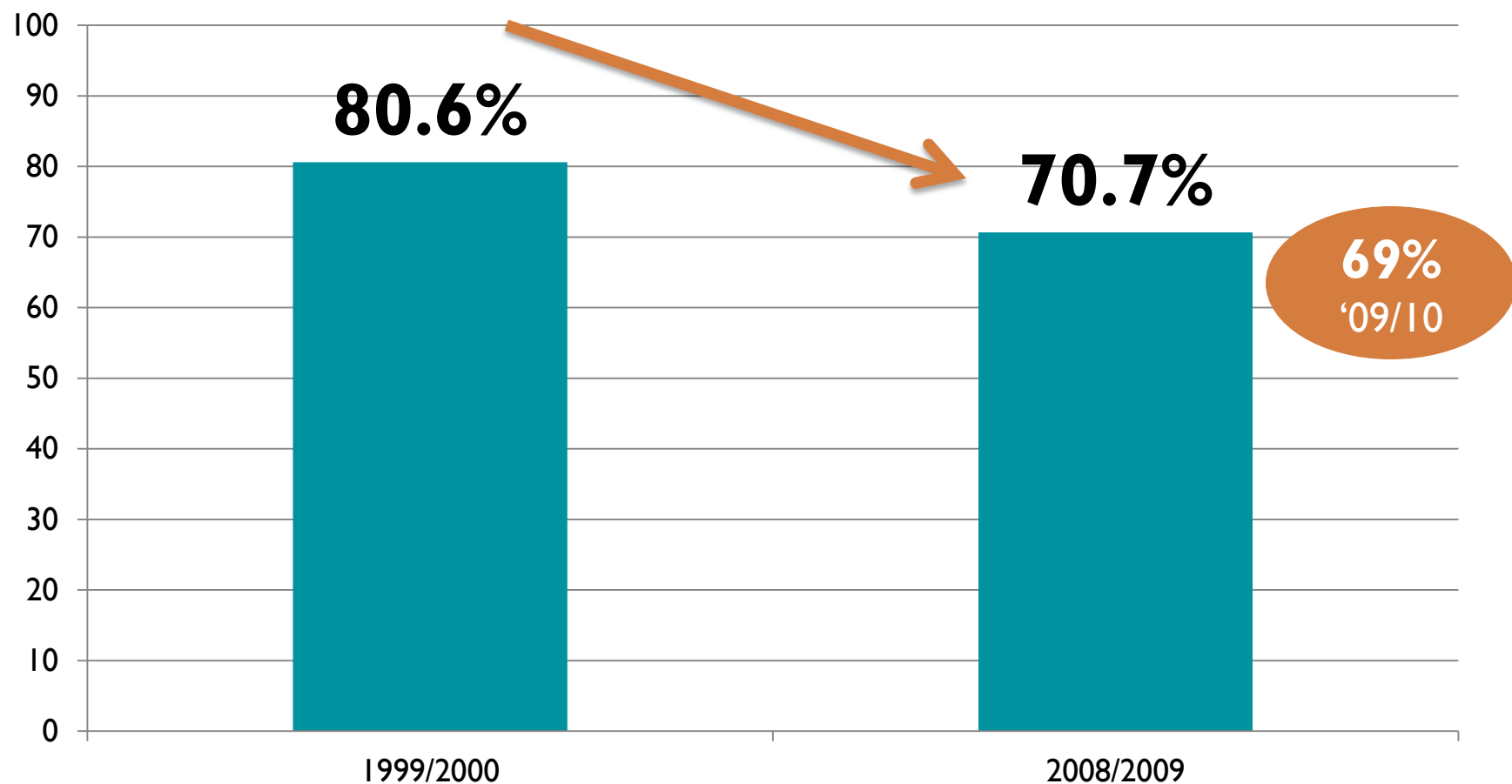
# Take-up Rate of Private Employer ESI by Firm Size, 2009/10 Minnesota

**Take-up  
(of employees at establishments)**



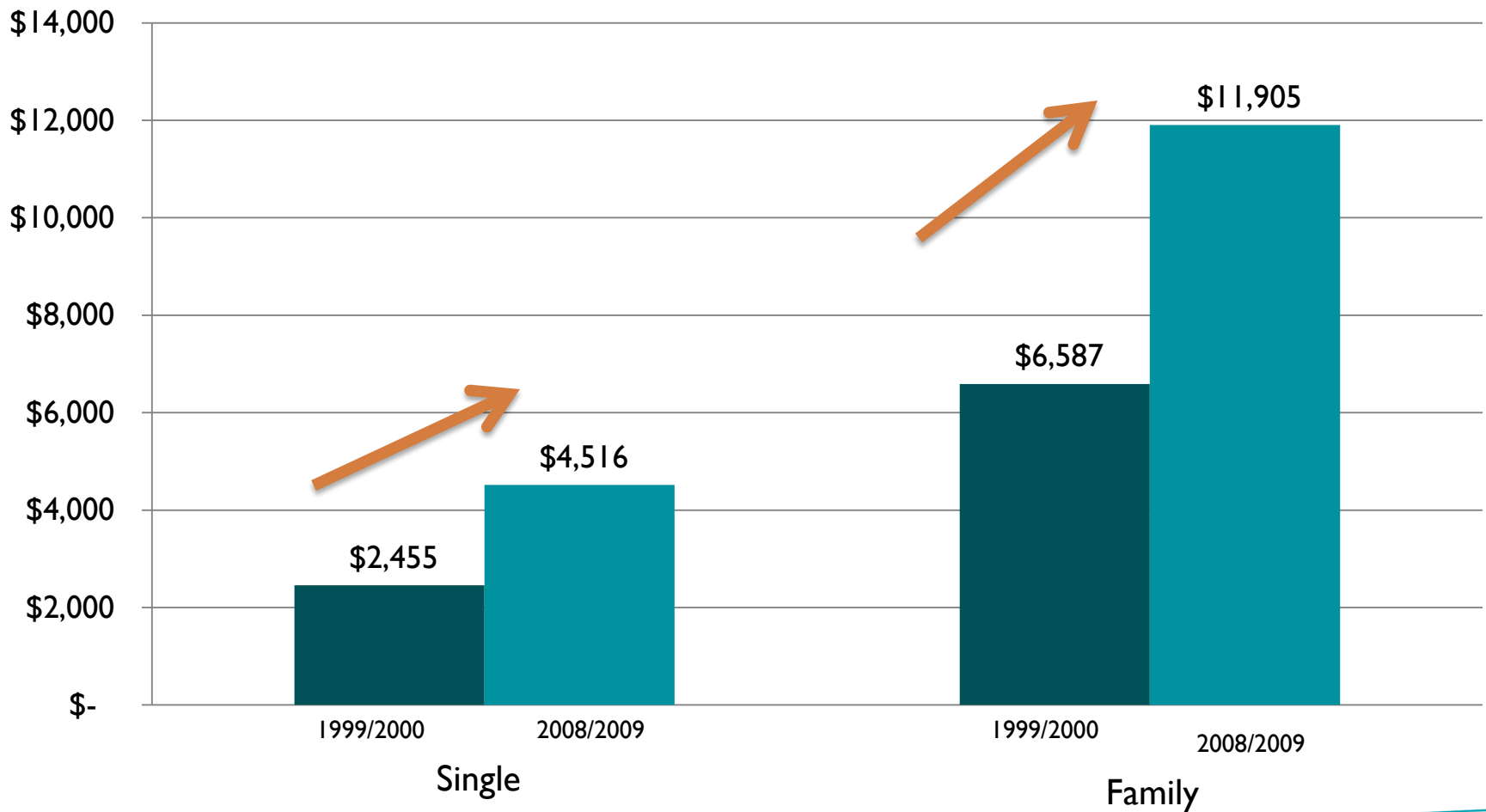
Source: 2009, 2010 MEPS-IC, Table IIB3B2

# 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 qualify for premium subsidy through the form of a tax credit

# Essential Health Benefits (EHBs)

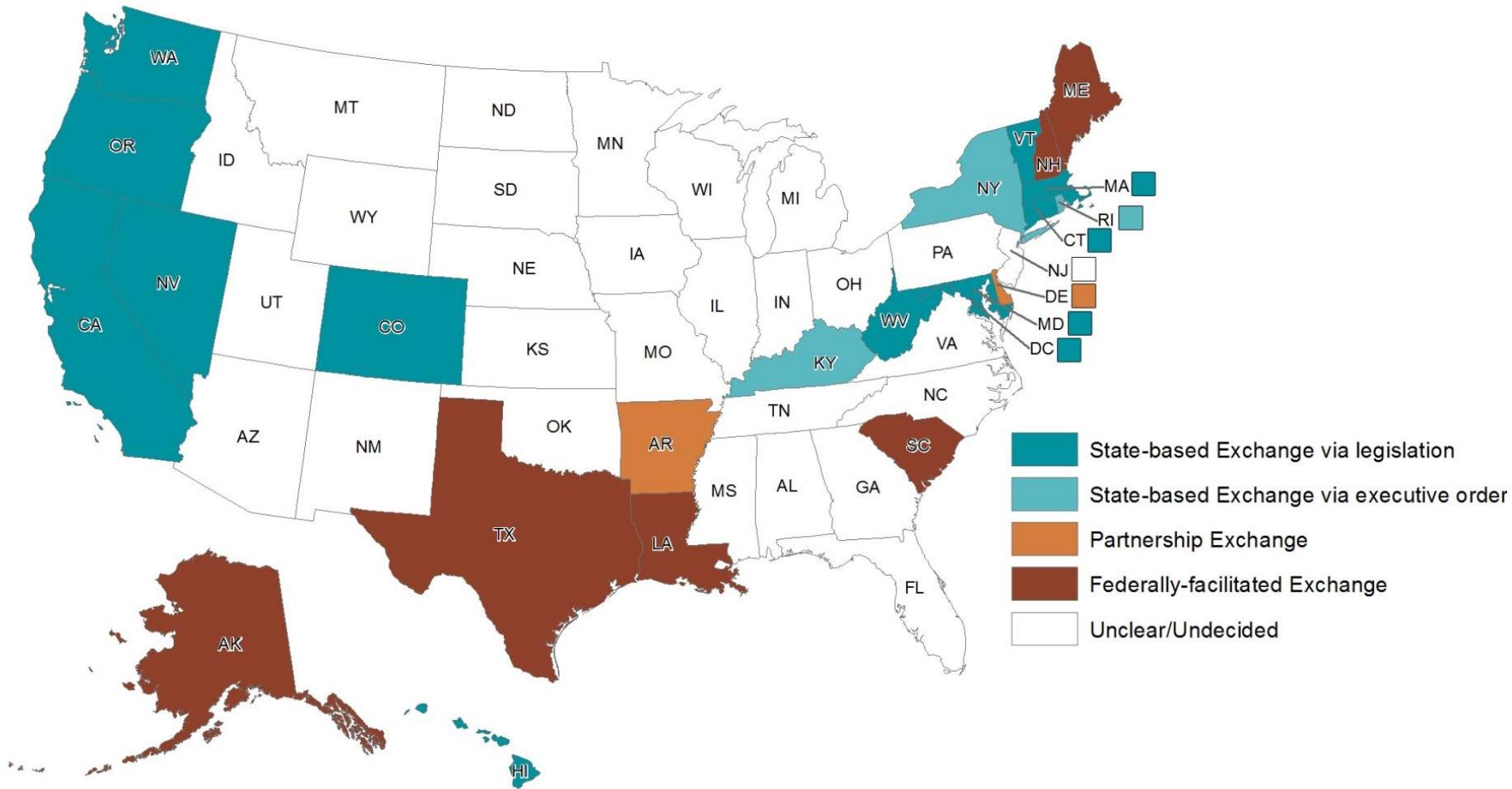
- Set of services that must be included in health plans offered both in and outside of the exchange.
- EHBs must include items and services in these 10 categories:
  - Ambulatory patient services
  - Emergency services
  - Hospitalization
  - Maternity and newborn care
  - Mental health and substance 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



# Other State Activity

- 32 states doing something
  - 10 States (plus DC) have Exchange Legislation
  - 2 Proceeding by executive order (MN)
  - 20 states pursuing/studying
- MA and Utah with Existing Exchanges
- 16 states not active

# State Progress on Exchange Legislation



Source: National Conference of State Legislatures

<http://www.ncsl.org/issues-research/health/state-actions-to-implement-the-health-benefit-exch.aspx>

# 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



<b>Individuals &amp; Families</b> Get Started	<b>Young Adults</b> Get Started	<b>Employees</b> Get Started	<b>Employers</b> Get Started	<b>Brokers</b> Get Started
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## 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!



### 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](#)





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](#)

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
<b>Insurance Carrier</b>	 <b>Tufts Health Plan</b>	 <b>Fallon Community Health Plan</b>	 <b>Blue Cross Blue Shield of Massachusetts</b>
<b>NCQA Rating</b>	 4 out of 4 stars <a href="#">→ View insurer's report card</a>	 4 out of 4 stars <a href="#">→ View insurer's report card</a>	 4 out of 4 stars <a href="#">→ View insurer's report card</a>
<b>Benefits Package</b>	Bronze Low	Bronze Low	Bronze Low
	<p><b>About Bronze Low</b></p> <ul style="list-style-type: none"> <li>Some preventative or "wellness" visits to the doctor are exempt from the deductible.</li> <li>Has co-insurance. Example: A lab test</li> </ul>	<p><b>About Bronze Low</b></p> <ul style="list-style-type: none"> <li>Some preventative or "wellness" visits to the doctor are exempt from the deductible.</li> <li>Has co-insurance. Example: A lab test</li> </ul>	<p><b>About Bronze Low</b></p> <ul style="list-style-type: none"> <li>Some preventative or "wellness" visits to the doctor are exempt from the deductible.</li> <li>Has co-insurance. Example: A lab test</li> </ul>

Plan Name	Commonwealth Advantage HMO Saver	Select Care Rx Saver Choice 2000	Access Blue Saver II
<b>Provider Network</b>	Tufts Health Plan Standard Network	FCHP Select Care HMO	HMO Blue
<h3>Doctor / provider acceptance</h3> <p>Find out whether your doctor, nurse practitioner or health clinic accepts the plan(s) you're viewing.</p> <p><a href="#">Search For Your Doctor</a></p>			
<b>Plan details</b>	<a href="#">Download Plan Details</a>	<a href="#">Download Plan Details</a>	<a href="#">Download Plan Details</a>
<b>Premium</b>	<b>\$438.03</b>	<b>\$446.00</b>	<b>\$495.24</b>
<b>Provider Network Disclosure</b>			
<b>Provider network disclosure</b>	This is a <b>General Provider Network</b> 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 <b>General Provider Network</b> 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 <b>General Provider Network</b> plan. If you purchase this plan, you will receive services through the broadest network of health care providers offered by this insurer.
<b>Annual Deductible</b> <sup>1</sup>			

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

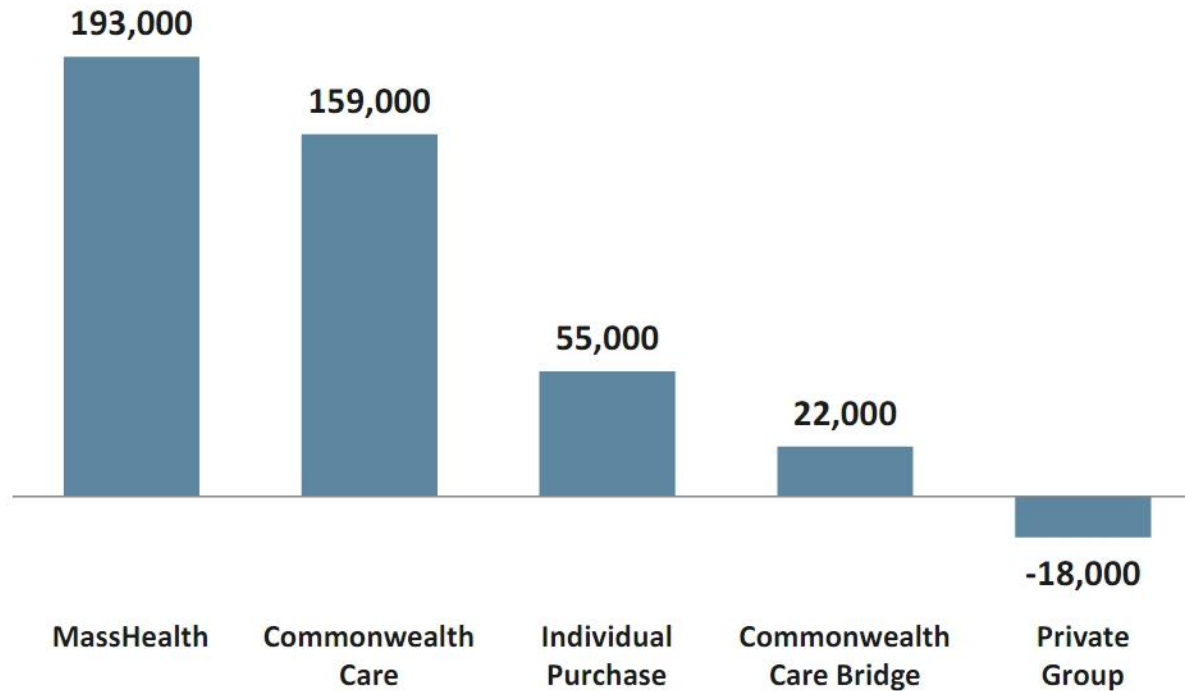


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Benefits Package	Bronze Low	Bronze Low	Bronze Low
	<p>By clicking <b>Choose Plan</b>, I acknowledge this plan's benefits and limitations.</p> 	<p>By clicking <b>Choose Plan</b>, I acknowledge this plan's benefits and limitations.</p> 	<p>By clicking <b>Choose Plan</b>, I acknowledge this plan's benefits and limitations.</p> 

<sup>(1)</sup>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](http://www.exchange.utah.gov/images/stories/UHE_Dashboard_Jan_2012.pdf)

# 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
<b>PRIVATE</b>		<b>650,000</b>
6. Public Programs	500,000	500,000
<b>TOTAL</b>		<b>1,150,000</b>

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

# 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
- Access expansions include Medicaid expansion, 16-25 year olds, and exchange

# 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](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>

# Contact Information

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612-624-4802



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