

Affordable Insurance Exchanges



Center for Consumer Information and Insurance Oversight (CCIIO)



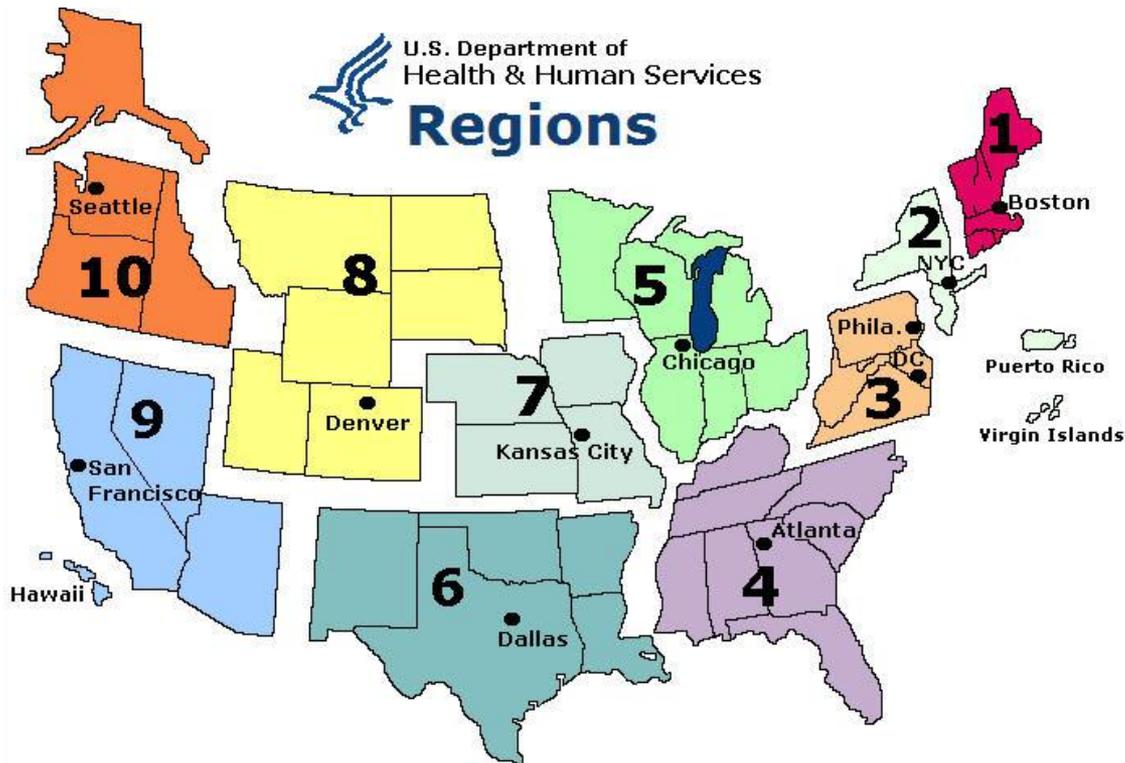
Centers for Medicare & Medicaid Services (CMS)

Department of Health and Human Services (HHS)



Office of the Regional Director – Region IV (ORD)

Office of the Regional Director



Region IV States

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee

Office of the Regional Director

- **Role of the Regional Director**
 - **Implementation** of health care reform (priority #1)
 - **Represent & communicate** health care policies with federal, state, local, tribal, and territorial government officials and key non-governmental external stakeholders
 - **Serve as a conduit** with stakeholders on their priorities for policies, operations issues and partner on activities and events
- **Department/Agency Collaboration**
 - **Work across** regional office and among all regions to collaborate and coordinate on key issues

March 23, 2010: A New Day For Health Care



*“After a year of striving, after a year of debate, after a historic vote, **Health Care Reform** is no longer an unmet promise. It is the law of the land.” - President Barack Obama*

Affordable Care Act: 10 Titles

- Title I -** Quality, Affordable Health Care for All Americans
- Title II -** The Role of Public Programs
- Title III -** Improving the Quality and Efficiency of Health Care
- Title IV -** Prevention of Chronic Disease and Improving Public Health
- Title V -** Health Care Workforce

Affordable Care Act: 10 Titles

Title VI - Transparency and Program Integrity

Title VII - Improving Access to Innovative
Medical Therapies

Title VIII - Community Living Assistance Services
and Supports Act (CLASS Act)

Title IX - Revenue Provisions

Title X - Reauthorization of the Indian Health
Care Improvement Act

Affordable Care Act: Major Themes

1. Expands Coverage
2. Offers New Consumer Protections and Consumer Choice
3. Makes Health Care More Affordable
4. Improves Quality
5. Improves Prevention and Public Health

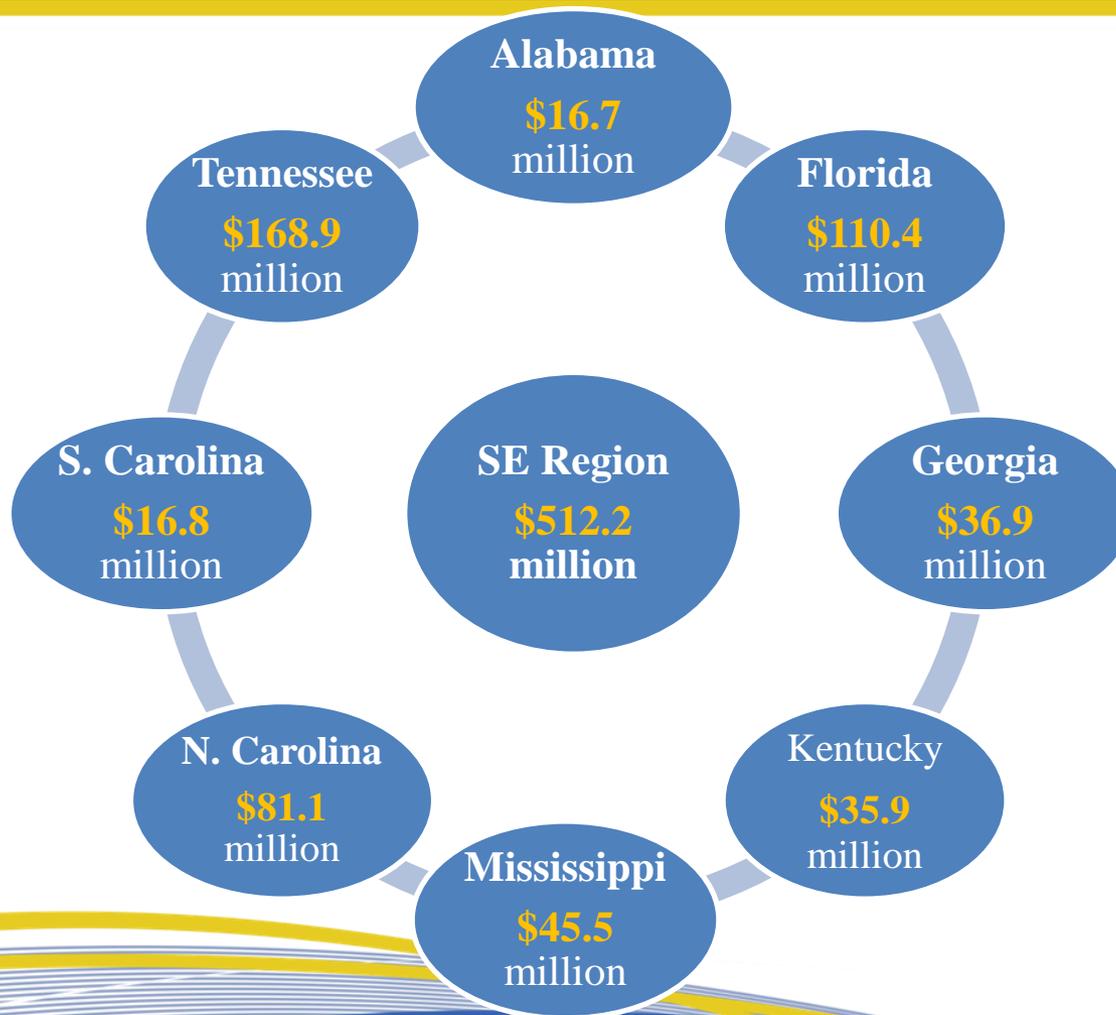


Affordable Care Act: Expanding Coverage 2014

Quick Glance:

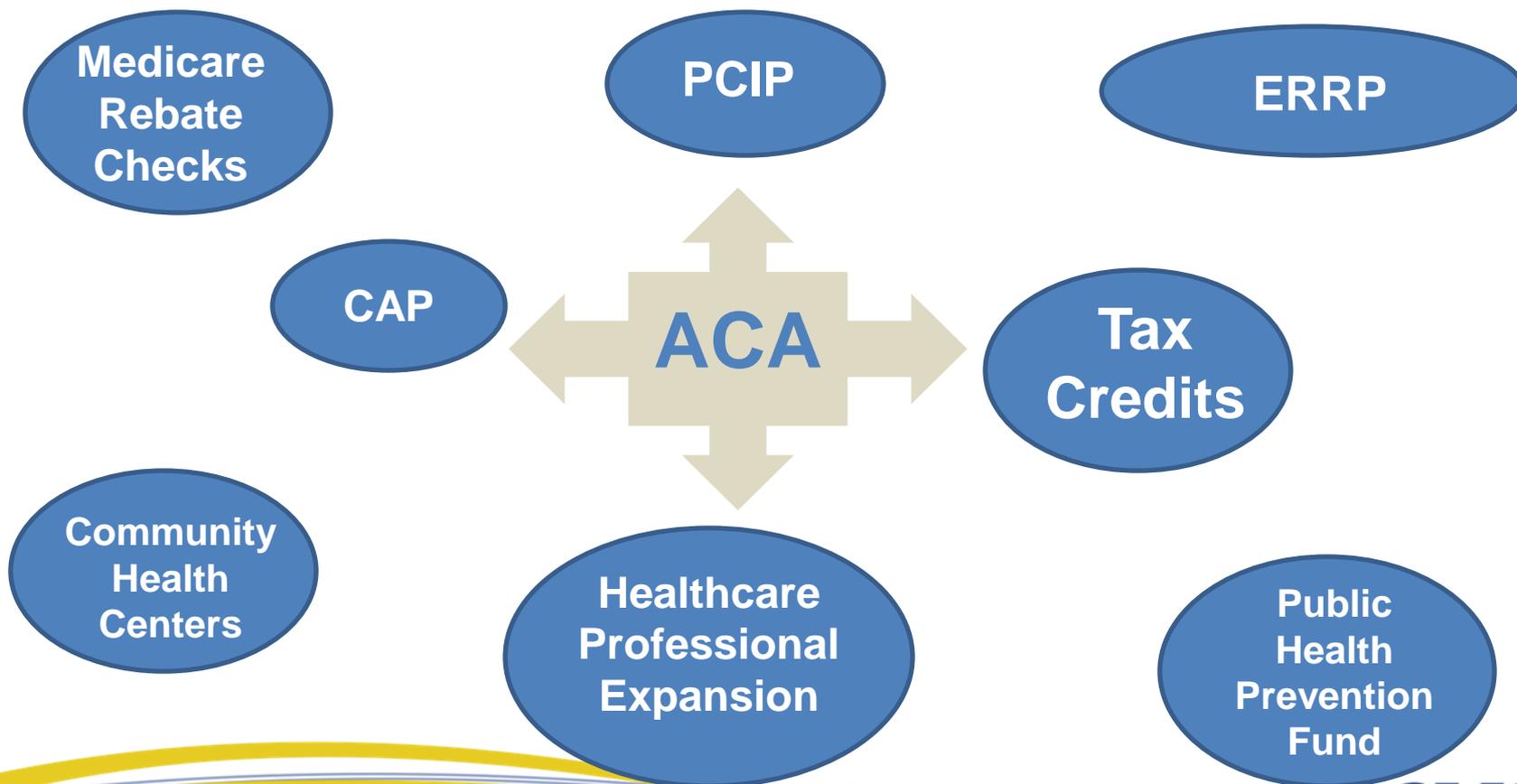
- **Expands Coverage to 32 million in 2014**
(92% of non-elderly population)
- **Will establish state-based Exchanges**, creating new competitive health insurance marketplace
 - These exchanges will offer individuals, small businesses a choice of affordable, qualified plans
- **Medicaid Expansion to 133% of FPL = \$29K, family of 4**
- **“Bridge Programs” to 2014**
 - *Pre-Existing Condition Insurance Plan (PCIP)*
 - *Early Retiree Reinsurance Program (ERRP)*
 - *Small Business Health Insurance Tax Credits*

Affordable Care Act: Region IV Funding



Affordable Care Act: Initiatives & Programs

Limited List Below



Affordable Insurance Exchange

Affordable Insurance Exchanges will create:

- ▶ **Lower Costs:** Exchanges will increase competition among private insurance plans through greater comparative shopping and more informed consumers, including small businesses.
- ▶ **One-Stop Shopping:** The Exchanges will make purchasing health insurance easier by providing eligible consumers and businesses with tools to compare benefits, pricing and quality.
- ▶ **Greater Benefits and Protections:** Exchanges will create a health insurance marketplace that will allow employers, individuals, and families to choose from plans offering high quality benefits and possible tax credits to reduce overall cost.

Affordable Insurance Exchange & NPRM

- **Background for Notices of Proposed Rulemaking (NPRMs)**
- **Overview of Exchange NPRM**
 - Exchange Establishment and Approval
 - Minimum Exchange Functions
 - Enrollment
 - Small Business Health Options Program
 - Certification of Qualified Health Plans
- **Overview of Premium Stabilization NPRM**
 - Reinsurance, Risk Corridors, and Risk Adjustment
- **Future Rulemaking and Next Steps**

Background for NPRMs:

Basic Overview

- **Affordable Insurance Exchanges** are state-based competitive marketplaces where individuals and small businesses will be able to purchase affordable private health insurance and have the same insurance choices as members of Congress.
- Exchanges were **authorized under the Affordable Care Act** and must be operational by **January 1, 2014**.
- The **Department of Health and Human Services (HHS)** has recently issued 2 Notices of Proposed Rulemaking (NPRMs) proposing:
 - **Minimum Federal Standards for States** setting up Exchanges and health insurers participating in Exchanges, and standards relating to Reinsurance, Risk Corridors, and Risk Adjustment.
- **Comments are welcome on these proposed rules**, which will be taken into account as HHS revises and finalizes them. Comments are **due by September 28, 2011**.

Background for NPRMs:

Basic Overview

- **Exchanges are designed for consumers and small businesses.**
- **They are State-based competitive marketplaces where individuals and small businesses can:**
 - Find information and compare health plans
 - Determine eligibility for tax credits for private insurance or health programs like the Children's Health Insurance Program (CHIP)
 - Easily enroll in a health insurance plan that meets their needs
- **The Affordable Care Act and NPRMs build a number of important consumer protections into Exchanges.**

Background for Exchange NPRM:

Exchange Goals

- **Expanded Coverage:** Exchanges will expand coverage in the individual and small group markets by offering high-value health plans, lowering administrative costs, and increasing purchasing power.
- **Promoting Competition:** Exchanges will be competitive marketplaces with vastly improved transparency and direct comparisons based on benefits, price and quality.
- **Affordable Options:** Health plans will be more affordable with financial assistance, including premium tax credits, cost-sharing reductions, and Small Business Tax Credits available for coverage purchased through the Exchange.
- **Quality Improvement:** Exchanges will drive quality and delivery system reform, while ensuring consumer protections.

Overview of Exchange NPRM:

Exchange Establishment

- A State can choose to have **more than one Exchange** in the State or join with other States to **form a Regional Exchange**
- A State **electing to establish an Exchange** will:
 - Submit **Exchange Plan to HHS** and demonstrate readiness to operate an Exchange
 - **Receive approval or conditional approval** of Exchange Plan by 1/1/13
- If a State **does not elect to establish** an Exchange or receive approval or conditional approval by 1/1/13:
 - The State can submit an **Exchange Plan in subsequent years**
 - The Exchange in the **State will be Federally-facilitated**
- A **State partnership model** will allow States to combine its own work plus business services **developed by other States and HHS**

Overview of Exchange NPRM:

Exchange Establishment

- For **Exchange Plan approval**, States will demonstrate that they will:
 - Operate an Exchange that **meets the standards** of the NPRM
 - **Cover the entire geographic area** of the State with one or more Exchanges
 - Operating a **reinsurance program**
 - Report information to the Federal government related to **premium tax credits**
- **Governance**
 - A State can **establish a non-profit entity** or a **public/governmental entity** to operate an Exchange
 - Majority of **voting members of an Exchange board** must:
 - Not have a conflict of interest
 - Primarily represent consumer interests
 - Have relevant experience in health and insurance related fields

Overview of Exchange NPRM: Proposed Minimum Functions

- **Proposed minimum functions in this NPRM:**
 - **Provide** consumer support for coverage decisions
 - **Facilitate** enrollment in qualified health plans in the Exchange
 - **Operate** a Small Business Health Options Program (SHOP)
 - **Certify** health plans as qualified health plans
 - **Perform** other functions to be addressed in future rulemaking

Overview of Exchange NPRM: Proposed Minimum Functions

- **Consumer support** for decisions related to health care coverage
 - **Toll-free** call center
 - **Website** with qualified health plan comparison tools
 - **Personalized calculator** to show cost of coverage after potential financial assistance
 - Outreach and education, including **Navigators**
- States have **flexibility** to determine **role of agents and brokers** in an Exchange

Overview of Exchange NPRM: Enrollment

- **Affordable Care Act vision for new enrollment process**
 - **Offer** a consumer-centric shopping experience
 - **Coordinate** all coverage options seamlessly
 - **Maximize** the use of technology and data matching
 - **Minimize** enrollment barriers for individuals and small businesses to ensure eligible individuals are enrolled in a health plan
- **Enrollment standards for Exchanges**
 - **Create** consumer-friendly application processes by web, phone, mail and in-person using a single, streamlined application
 - **Use** a simplified, standard application
 - **Adopt** standardized initial, annual, and special enrollment periods
 - **Adhere** to standards for termination of coverage

Overview of Exchange NPRM: Small Business Health Options Program (SHOP)

- SHOPs offer competitive insurance marketplace for small businesses
 - States may choose to keep an upper limit of 50 employees for the first two years, and include businesses with up to 100 employees starting in 2016
 - States may choose to operate SHOP as a separate program or merge it with the Exchange to offer the same choices to all participants
- Small businesses become part of a larger risk pool, stabilizing premiums because risk is spread among more people
- Employees receive better information and have choices that fit their own needs and budgets
- Employers have simpler way to offer insurance, reducing administrative costs and burden

Overview of Exchange NPRM: Certification of Health Plans

Two-pronged test for certification of qualified health plans:

1. Meet proposed standards outlined in the Affordable Care Act and the Exchange NPRM
 - Examples: accreditation, State licensure, transparency data reporting, benefit design standards*
2. Ensure that qualified health plans are in the interest of the consumer
 - Flexibility in selection method (e.g., allowing any health plan or conducting competitive bidding)
 - State specific standards (examples: marketing requirements, plan service areas), or any standards that go beyond the Federal minimum

***Federal minimum standards for plan benefit design (essential health benefits, cost-sharing limits, and actuarial value) will be further defined in future rulemaking.**

Overview of Exchange NPRM:

State Flexibility

- States will have **significant flexibility** to create an Exchange that best fits its needs and is responsive to local market conditions
- **For example:**
 - Structure of the Exchange
 - Qualified Health Plan Selection
 - Network Adequacy Standards
 - Marketing Standards
 - Role of Agents and Brokers in Exchange

Continuum of State Flexibility by Topic

Exchanges NPRM (CMS-9989-P)	State Flexibility	State Flexibility with a Federal Floor	Nationwide Standard
Qualified Health Plan Selection Process	X		
Network Adequacy Standards	X		
Marketing Standards	X		
Agent and Broker Role in Exchange	X		
Streamlined Applications for Coverage and Eligibility		X	
Accountability and Governance Structure		X	
Subsidiary and Regional Exchange Standards		X	
SHOP Employer/Employee Choice Model		X	
Exchange Consumer Tools: Website, Call Center		X	
Navigator Standards		X	
Requirements for Qualified Health Plan Offerings		X	
Qualified Health Plan Accreditation Requirements		X	
Essential Community Providers		X	
Enrollment Periods			X
Approval of State Exchanges			X
Transparency Reporting Requirements			X

Background for Premium Stabilization NPRM: Reinsurance, Risk Corridors, and Risk Adjustment

Overall goals:

- Mitigate the impacts of potential adverse selection
- Stabilize premiums in the individual and small group markets

Overview of Premium Stabilization NPRM: Reinsurance, Risk Corridors, and Risk Adjustment

Program:	Reinsurance	Risk Corridors	Risk Adjustment
What:	Provides funding to plans that cover highest cost individuals	Limit issuer loss (and gains)	Transfers funds from lowest risk plans to highest risk plans
Who Participates:	All issuers and TPAs contribute funding; non-grandfathered individual market plans (inside and outside the Exchange) are eligible for payments	Qualified Health Plans (QHPs)	Non-grandfathered individual and small group market plans, inside and outside the Exchange
When:	Throughout year 2014-2016	After reinsurance and risk adjustment 2014-2016	After end of benefit year 2014 and subsequent years

What Exchanges Mean for States

- **States:**
 - Establishment of Exchange
 - Standards for Health Plan Choices
 - SHOP for Small Businesses
 - Partnerships

What Exchanges Mean for Consumers

- **Consumers:**
 - Individuals and Families without Affordable Coverage
 - Small businesses

What Exchanges Mean for the Market

- **Market:**
 - Significant New Market Opportunity
 - Flexibility for Innovation
 - Stable Premiums

Next Steps

- **NPRM Public comments** are welcome and **due by September 28, 2011**
- **HHS regional listening sessions** coming soon – TBA
- HHS will **modify** these proposals in the Final Rules based on feedback
- Separate rulemaking will address additional Exchange related topics:
 - Exchange determination for advance payments of the premium tax credits, cost-sharing reductions, Medicaid, and CHIP, and appeals
 - Plan benefit design standards
 - Basic Health Plans and Territories
 - Exchange-issued exemptions from the individual responsibility provisions
 - Exchange financial integrity
 - Quality improvement strategy, plan quality ratings, enrollee satisfaction surveys

Resources:

- **Healthcare.gov:** Implementation Center – State-by-State Facts
www.healthcare.gov/center
- **Healthcare.gov:** Affordable Insurance Exchanges
www.healthcare.gov/law/provisions/exchanges

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