



Health Industry Perspective on the Affordable Care Act

Southern Legislative Conference
2012 Annual Meeting
Human Services & Public Safety Committee

Paul Skowronek
Vice President, State Affairs
America's Health Insurance Plans
July 30, 2012

Court's Decision Provides Legal Clarity on Issues Confronting States

Exchange development

- States must submit plans on exchange operations by November 16

Essential health benefit benchmark plan selection

- Selection by third quarter 2012 or subject to federal fallback

Optional Medicaid expansion

- States are weighing their options carefully but do not have a deadline for notifying CMS

Direction of the States on Exchanges, EHBs and Medicaid Since the Decision

Exchanges

- 17+DC already created
- A handful are leaning toward creating a state exchange
- Roughly 10 are leaning against creating a state exchange
- Approximately 20 are undecided

EHBs

- Only one state (WA) has selected a benchmark plan
- A handful have made a recommendation
- Nearly 20 studies are ongoing
- Nearly 20 are undecided or have not taken up the issue

Medicaid Expansion

- Just under 10 states have said they will implement the expansion
- A handful have said they will not implement the expansion
- About half are undecided or have not taken up the issue

Three Considerations for the States on Exchange Development

1. Timing

- How will the November 16 deadline impact states' decision?

2. Subsidies

- Will premium subsidies will be available for states that do not establish state-based exchanges?

3. Control

- Will the federally-facilitated exchanges ask states to bring their expertise to bear in some areas?

Two Considerations for the States on Essential Health Benefits

1. Timing

- Will states select a benchmark by the deadline?

2. Affordability

- How will states intending to choose a benchmark plan before the deadline handle state-mandated benefits?

Four Considerations for the States on Medicaid Expansion

1. Political

- How will the red state-blue state dynamic play out during this election year?

2. Policy

- Can states with a significant number of uninsured address the issue in another way?

3. Ideological

- Will ideological considerations predominate states' decisions?

4. Financial

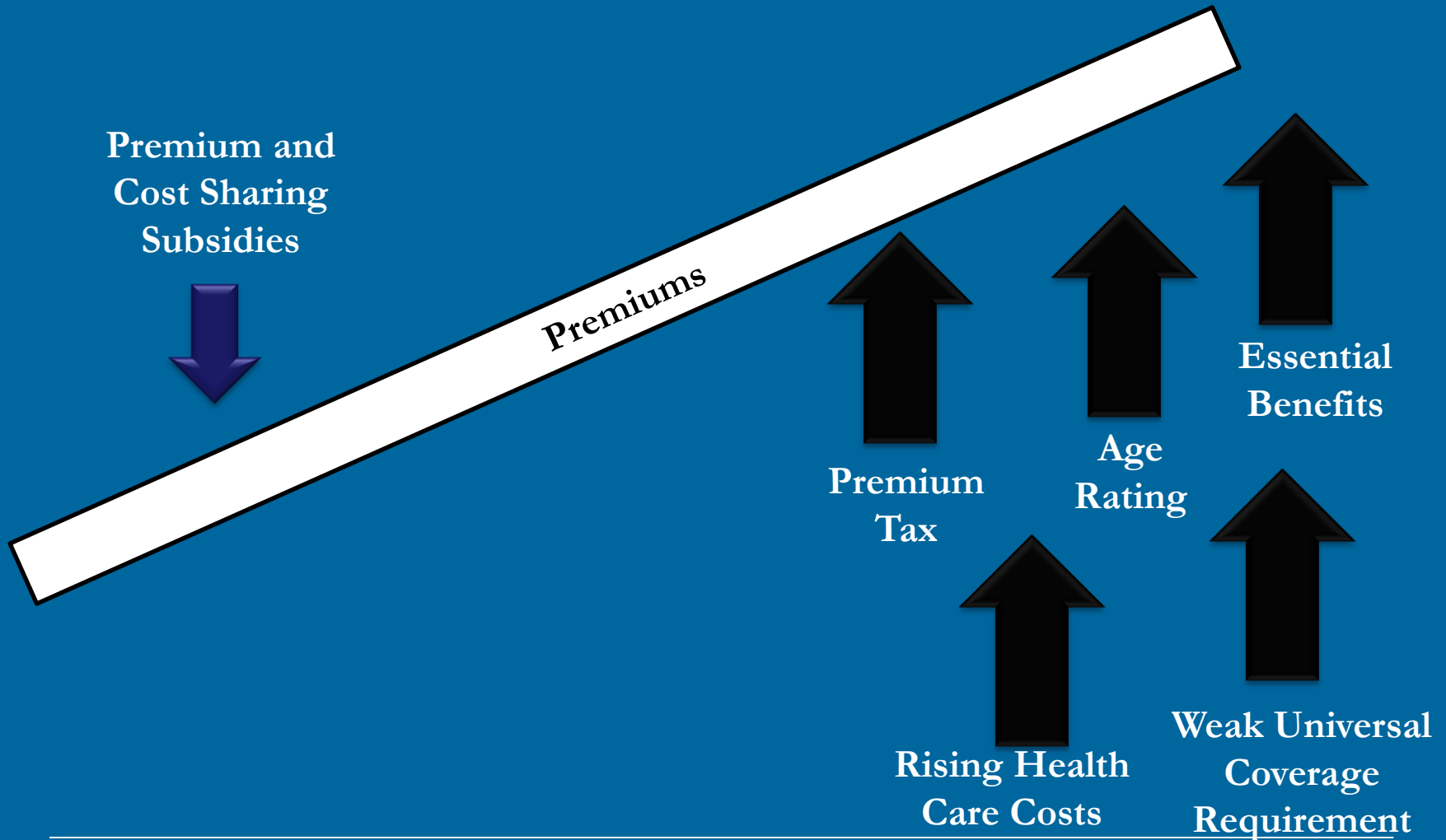
- Will the expansion work financially for states after the initial subsidies covering 100% of the expansion end?

Health Plans Are Focused on Affordability for Families, Individuals and Businesses

“As the reform law is implemented, health plans will continue to focus on promoting affordability and peace of mind for their beneficiaries. The law expands coverage to millions of Americans, a goal health plans have long supported, but major provisions, such as the premium tax, will have the unintended consequences of raising costs and disrupting coverage unless they are addressed.”

- AHIP Statement on Supreme Court decision, June 28, 2012

Major ACA Provisions Will Send Premiums Higher





Independent State Studies Show Significant Benefit “Buy-Up” Due to Essential Benefits Requirement

Study	Increase in Non-Subsidized Premiums due to Federal EHB Requirements
Ohio (Milliman - Prepared for the Ohio Department of Insurance)	20%-30%
Maine (Gorman Actuarial/Gruber -Prepared for the Maine Bureau of Insurance)	33%
Maryland (Oliver Wyman – Prepared for the Maryland Health Care Commission)	8%-10%
Minnesota (Gorman Actuarial/Gruber – Prepared for the Minnesota Department of Commerce)	6%-7%

Complementing the Personal Coverage Requirement Can Promote More Affordable Coverage

1. Late enrollment surcharge

2. Waiting periods

**3. Structured open enrollment
(inside and outside of exchange)**

4. Leverage existing state high risk pools

For More Information

Paul Skowronek
Vice President, State Affairs
America's Health Insurance Plans
202.861.6379
pskowronek@ahip.org