

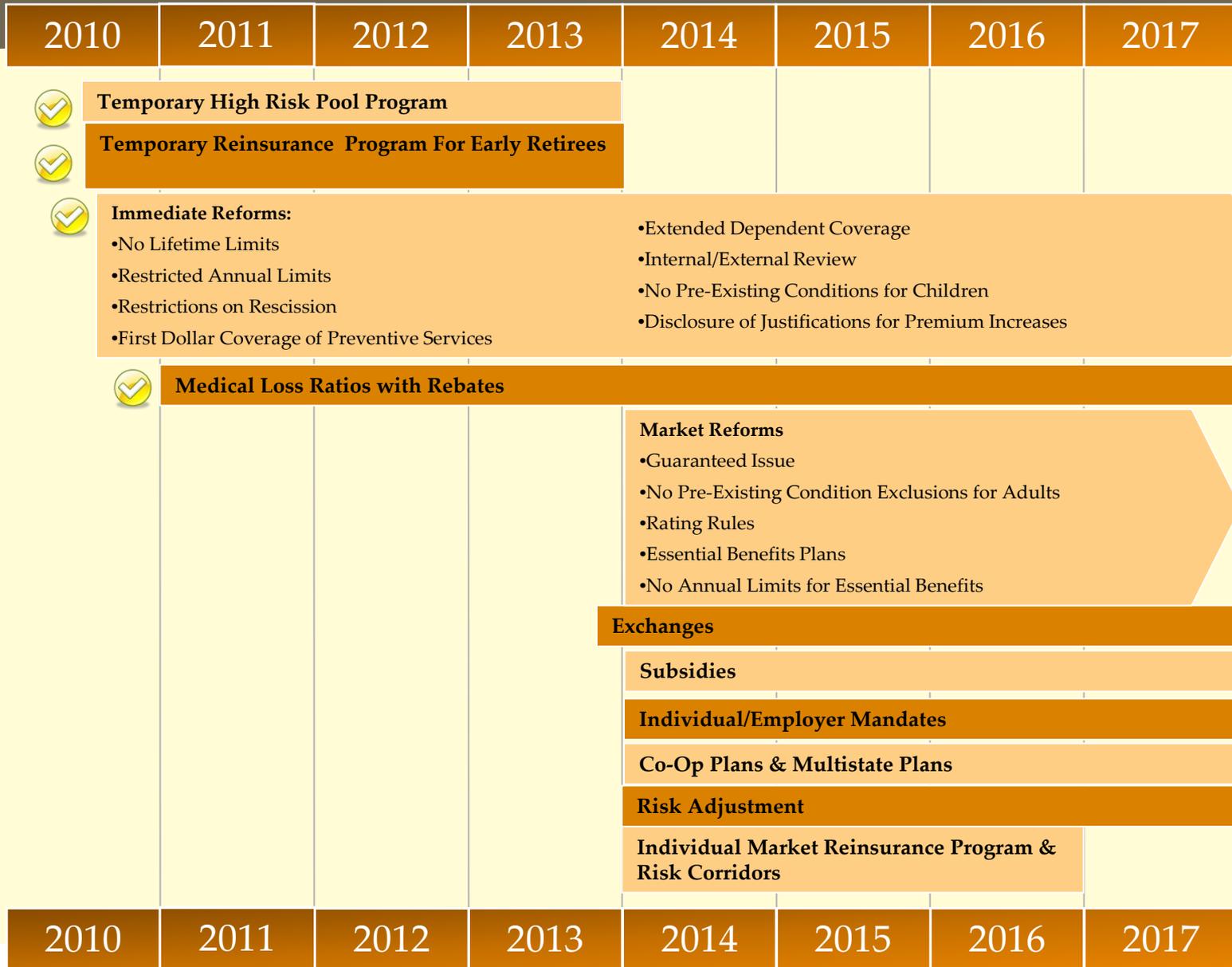


Affordable Care Act Implementation:

Overview of the Federally Facilitated Marketplace (Health Insurance Exchange)

August 21, 2013

IMPLEMENTATION TIMELINE





DEADLINES TO NOTE

» Exchanges:

- › Carriers begin submitting federal Exchange applications: April 1, 2013
- › All federal Exchange applications due: April 30, 2013
- › State certification complete: July 31, 2013
- › Carriers notified: September 4, 2013
- › Exchange sales begin October 1, 2013

» Market Rule Gives States until March 29th to Request:

- › Family Tiers; Rating Areas; Age Ratio; Age Curve; Tobacco Ratio
- › Merging of Small Group and Individual Markets

Individual Mandate

Individuals required to have minimum qualified coverage beginning January 1, 2014

Penalties	2014	\$95 per adult up to \$285 or 1% of household income, whichever is higher
	2015	\$395 per adult up to \$885 or 2% of household income, whichever is higher
	2016	\$695 per adult up to \$2,085 or 2.5% of household income, whichever is higher

Penalty for a child is ½ that of an adult

Penalties indexed to the growth of CPI after 2016

Individual Mandate



IRS is prohibited from filing liens or charging interest for penalties. No fines or criminal charges for nonpayment.

Exemptions:

- **Cost of coverage is more than 8% of household income**
- **Religious objection**
- **Financial hardship**

WHY DID THE LAW INCLUDE A MANDATE?

- » Concerns about adverse selection (people might wait until they were sick to purchase health insurance).
- » Adverse selection could allow less cost sharing among sick and healthy, resulting in extremely high insurance rates.
- » Open enrollment periods along with mandate was implemented as a way to temper the adverse selection concern.

EMPLOYER RESPONSIBILITIES

- » Employers over 200 employees must auto-enroll with opt-out

- » Employers with more than 50 employees fined if employees qualify for subsidies because cost of coverage for employee exceeds 9.5% of income of employee
 - > Penalty is \$3,000 per employee receiving subsidy up to \$2,000 times number of employees

 - > First 30 employees disregarded in calculating penalties



THE EXCHANGES (MARKETPLACES)

- » **Individual Exchange (FFM):**
 - › Provides information on subsidies and Medicaid eligibility

- » **Small Group (SHOP) Exchange:**
 - › For small employers 1-100 ("1" defined as employer and one employee) – 70% participation rate allowed in federal SHOP
 - › State may elect to define as 1-50 until January 1, 2016
 - › Employer may choose coverage level and allow employees to choose from carriers offering at that level beginning in 2015
 - › Exchange collects and combines premiums and sends to carriers beginning in 2015

- » State may elect to combine individual and small group markets

WHAT IS AN EXCHANGE?

- » Now referred to as marketplace.
- » Designed as a method for health insurance customers to shop and compare for insurance that is offered by participating private health insurers.
 - On the internet.
 - By phone.
 - Written applications
 - In person
 - Through a licensed insurance producer
- » Qualified health insurance customers (100% - 400% fpl) can determine eligibility and receive federal advance tax credit subsidies to help pay for health insurance, or learn potential eligibility for Medicaid programs.

HOW DOES SHOP EXCHANGE DIFFER?

- » SHOP is designed for small employers to purchase health insurance for their employees.
- » Expectation is that SHOP will eventually “aggregate premiums” thereby allowing employees to select desired plan using combination of employer and employee contributions. (Not available for 2014)
- » Large employers expected to be able to participate after 2016.

WHAT INSURANCE PLANS ARE SOLD ON THE MARKETPLACE / EXCHANGE

- » Major medical plans and stand alone dental plans.
- » Must meet qualified health plan (QHP) parameters and include 10 essential health benefits (EHB's)
- » EHB selection was from 4 alternatives for each state
 - › Largest HMO
 - › Most widely sold small group health plan
 - › State employee plan
 - › Federal employee plan
- » Nebraska EHB selection made by US Secretary of HHS is the most widely sold small group health plan (the fallback plan)



EXCHANGE OPTIONS

» Federally Facilitated Exchange

- › Feds set standards and operate the Exchange
- › State maintains oversight of health plans and may coordinate with the federal Exchange
- › Grant funds available to states for coordination costs
- › Plans charged 3.5% of premium per month

» Partnership

- › Feds operate Exchange, but state makes many key decisions and may do plan management and/or some consumer assistance
- › Grant funds available to states for plan management/consumer assistance costs



EXCHANGE OPTIONS

» Plan Management Market Place

- › Letter of Intent from DOI that the state will fulfill QHP certification functions and/or consumer assistance functions
- › Plans need only submit to state regulator
- › Grant funds available

» State Exchange

- › State operates Exchange
- › Determining eligibility for subsidies optional
- › Grant funds available to establish Exchange; must be sustainable

EXCHANGE FUNCTIONS

At a minimum, an Exchange must:

- » Implement procedures for certification, recertification, and decertification of health plans.
- » Operate toll-free hotline.
- » Maintain Internet website with standardized info.
- » Assign a rating to each plan.
- » Utilize standardized format for presenting options.
- » Inform individuals of eligibility for Medicaid, CHIP or other applicable state or local public programs.
- » Certify exemptions from individual mandate.

EXCHANGE FUNCTIONS

(CONTINUED)

- » Make available a calculator to determine the actual cost of coverage after subsidies.
- » Grant a certification attesting that the individual is not subject to the coverage mandate because:
 - › there is no affordable option available, or
 - › the individual is exempt from the mandate.
- » Transfer to the Treasury a list of exempt individuals and employees eligible for tax credit.
- » Provide to each employer the name of employees eligible for tax credit.
- » Establish a Navigator program.

EXCHANGE FUNCTIONS (CONTINUED)

- » Must interface with customers, multiple federal agencies through a federal “hub”, with insurers, with state Medicaid divisions and State Insurance Departments.
 - › Household Income
 - › Citizenship or legal residency
 - › Availability of employee sponsored coverage
 - › Ability to process applications
 - › Display insurance plan information including coverage summary, rates, networks and health care quality and quality outcomes and accreditation
 - › Customer service and call center with multi-lingual accessibility
 - › Outreach and advertising
 - › Application of special rules for American Indians
 - › Operation of a Navigator program.
 - › Plan Management and Data collection

PLANS AVAILABLE IN EXCHANGE

- » Qualified Health Plans
- » Stand-Alone Dental Plans
- » CO-OP Plans
- » Multi-State Plans (possible – varies by state)

WHAT ARE THE 10 ESSENTIAL HEALTH BENEFITS?

- » 1. Ambulatory patient services
- » 2. Emergency services
- » 3. Hospitalization
- » 4. Mental health, substance abuse and behavioral health treatment
- » 5. Maternity and newborn care
- » 6. Prescription drugs
- » 7. Rehabilitative and habilitative services and devices
- » 8. Laboratory services
- » 9. Preventive, wellness services and chronic disease management
- » 10. Pediatric services including oral and vision care.

WHAT INSURANCE PLANS ARE SOLD ON THE MARKETPLACE / EXCHANGE

- » Health plans sold on exchange contain the EHB's and their cost sharing must fall into one of four "metal plans"
 - › Bronze – 60%
 - › Silver - 70%
 - › Gold - 80%
 - › Platinum 90%

- › Advance tax credit subsidies based on the premium for the second lowest cost silver plan.



QUALIFIED HEALTH PLANS

At a minimum QHPs must:

1. Be licensed and provide Essential Health Benefits
2. Offer at least one Silver (70%) and one Gold (80%) plan
3. Charge same price in and out of Exchange for same plan
4. Meet marketing requirements (state rules in 2014-15)
5. Meet network adequacy requirements (state rules in 2014-15)
6. Include essential community providers in network
7. Be accredited by organizations recognized by Secretary
8. Implement quality improvement strategies (2016)
9. Utilize uniform enrollment form and standard format for presenting plan options

Note: HHS and/or States could impose additional certification requirements. QHPs may be sold off Exchange. Mandates provision applies to all QHPs.

APPROVAL OF QHPS

- » Submission of Rates and Forms
 - › SERFF and/or HIOS
 - › Rate Review Template
 - › NOTE: FFE QHP applications due April 30th

- » Review of Rates and Forms (Completed by July 31st)
 - › Essential Health Benefits
 - › Actuarial Value Calculator
 - › New Rating Rules – Risk-Sharing
 - › Non-Discrimination
 - › Meaningful Difference

- » Network Adequacy (based on State/NAIC rules)
 - › Nebraska will use the HMO Network adequacy review standards

- » Marketing (by State)

- » Quality (postponed)



CO-OP PLANS

- » Federal government will foster the creation of qualified nonprofit insurers
 - › Loans for start-up costs
 - › Grants to help meet solvency requirements
 - › Unobligated funds cut off in fiscal cliff deal
 - › CO-OP loans granted to plans in: IL, AZ, CO, CT, IA, NE, KY, LA, ME, MD, MA, MI, MT, NV, NJ, NM, NY, OH, OR, SC, TN, UT, VT, WI
- » Must be governed by majority vote of members
- » Profits must be used to reduce premiums, increase benefits, or improve quality of care
- » Must be licensed by state and follow state insurance laws

STAND-ALONE DENTAL

- » Stand-Alone Dental plans may be sold inside the Exchanges
 - › Not required to follow market rules; they are excepted benefits
 - › Not eligible for subsidies

- » If Stand-Alone Dental plan includes pediatric coverage, other QHPs do not need to include pediatric coverage
 - › Option for outside market
 - › CIO believes that there will be 6 stand alone dental carries in the federally facilitated exchange



MULTI-STATE PLANS

- » U.S. Office of Personnel Management (OPM) contracts with insurers to offer at least 2 plans in each state (at least one a non-profit)
- » Contracting process similar to the Federal Employees Health Benefit Plan (FEHBP)
- » Insurers must be licensed in every state in which they operate
 - › Must be in at least 60% of states in first year; 70% of states in second year; 85% of states in third year; and all states in fourth year
 - › Not required to cover entire state unless required by state
- » Plans must comply with state rules and regulations, if they exist



NAVIGATORS

- » Exchanges must make grants to “Navigators.”
 - › Trade, industry, and professional associations
 - › Fishing, ranching, and farming organizations
 - › Community and consumer-focused nonprofits
 - › Chambers of commerce
 - › Unions
 - › Licensed agents and brokers (if they do not receive any compensation from carriers)

- » Navigators Conduct public education and distribute information
- » Navigators facilitate enrollment, but may not advise or enroll
- » Navigators provide referrals to consumer assistance offices



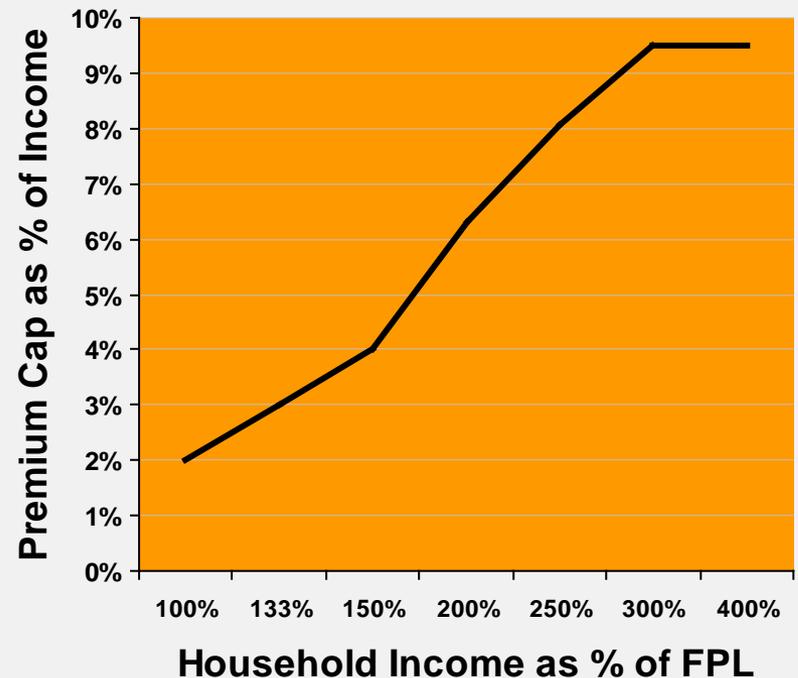
NAVIGATORS (CONTINUED)

- » HHS to develop standards to ensure that Navigators are qualified and trained
- » Navigators may not be insurers or receive direct or indirect compensation from insurers for enrollment in a QHP
- » States may not require a Navigator to be licensed as an agent or broker
- » States should be careful to ensure that Navigators do not perform functions that would require a producer's license
- » Nebraska will require Navigators to be registered with the Nebraska DOI

SUBSIDIES: PREMIUM TAX CREDIT

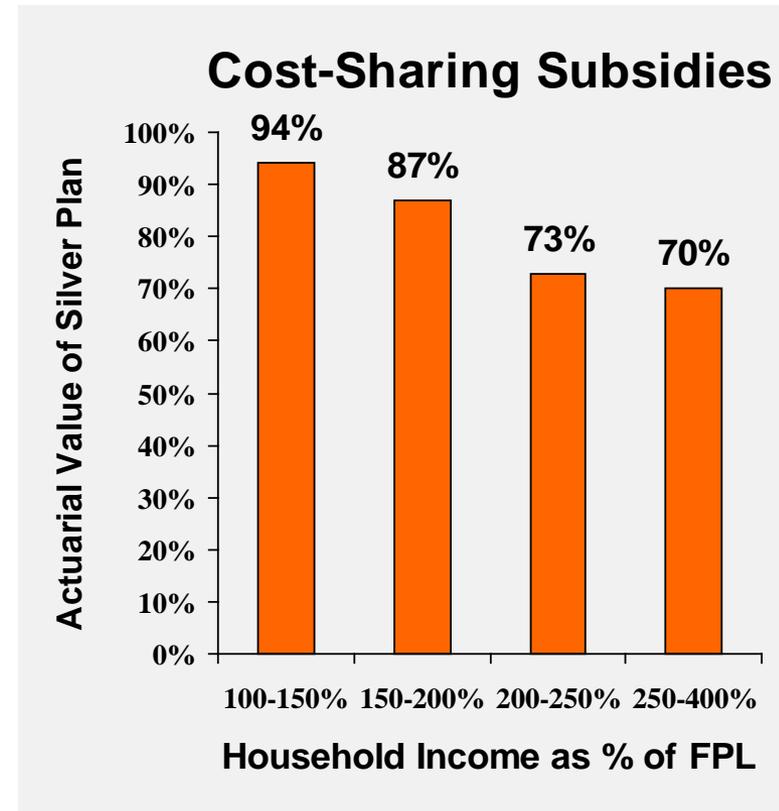
- » Available from 100% - 400% FPL.
- » Covers the difference between premium for the second-lowest-cost Silver plan and a percentage of income.
- » Advanced to insurer.

Premium Tax Credits



SUBSIDIES: REDUCED COST-SHARING

- » Available from 100% - 400% FPL.
- » Increases actuarial value of silver plan.
- » First achieved by reducing out-of-pocket limit.
- » Advanced to insurer.



SUBSIDIES: SMALL BUSINESS TAX CREDIT

- » Businesses with 25 or fewer employees.
- » Average wages less than \$50,000.
- » Contribute at least 50% of premium.
- » Phases out as size and wages of business increase.

- » 2010-2013: Up to 35% of total employer contribution.
- » 2014 and later: Up to 50% of contribution.

ENFORCEMENT

(a) STATE ENFORCEMENT

- 1) STATE AUTHORITY.—Subject to section 2723{2724}, each State may require that health insurance issuers that issue, sell, renew, or offer health insurance coverage in the State in the small or large group markets *individual or group market* meet the requirements of this part with respect to such issuers.
- 2) FAILURE TO IMPLEMENT PROVISIONS.—In the case of a determination by the Secretary that a State has failed to substantially enforce a provision (or provisions) in this part with respect to health insurance issuers in the State, the Secretary shall enforce such provision (or provisions) under subsection (b) insofar as they relate to the issuance, sale, renewal, and offering of health insurance coverage in connection with group health plans *or individual health insurance coverage* in such State.



ENFORCEMENT

- » Options for Enforcement of 2014 Market Reforms
 - › Amend state rules to meet minimum federal standards
 - › Use general authority (form review, rate review, unfair trade practices) to enforce federal rules
 - › Enter into a “Collaborative Enforcement Agreement” with CCIIO under which the state reviews for compliance, but CCIIO uses federal penalties
 - › State enforces state rules; CCIIO enforces federal rules
 - › Nebraska has provision that states that policies must conform to state and federal law.
- » Letter sent to commissioners on Feb 15 outlining where CCIIO believes state enforcement authority exists – most states assumed to have authority
- » Nebraska has been deemed a plan management marketplace and will enforce 2014 market reforms

NDOJ ACTIVITIES

- » Stakeholder Outreach
- » Update Plan Management Functions and Hire New Staff
- » Market Conduct Updates and Complaints System Coordination
- » Analysis of Laws and Regulations

HOW CAN YOU BE READY?

- » Talk to professionals
 - › Agents and Brokers
 - › Employee Benefit Specialists
 - › Tax Advisors
 - › Legal Advisors

HOW CAN YOU BE READY

- » Prepare for open enrollment if you plan to purchase insurance through the Insurance marketplace.
- » There are multiple ways to enroll:
 - › Phone: 1-800-318-2596 SHOP: 1-800-706-7893
 - › Web: <https://www.healthcare.gov/>
 - › Mail
 - › Agent/broker or Navigator.
- » Documents needed?
 - › Social Security number or Resident number
 - › Employer and income information
 - Paystubs
 - W-2 forms , or wage and tax statements.

HOW CAN YOU BE READY?

» Research and Learn

- › www.healthcare.gov
- › www.marketplace.cms.gov
- › www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions
- › www.cms.gov/cciiio/index.html
- › www.sba.gov/healthcare
- › www.doi.nebraska.gov

QUESTIONS?

