

HEALTH INSURANCE EXCHANGES: FEDERAL DEADLINES AND STATE DECISIONS

Annual Meeting: Council of State Governments West
July 21, 2012

BOB CAREY
RLCAREY CONSULTING

AGENDA

| | |
|---|----------------------------------------|
| | |
| 1 | The Basics: Health Insurance Exchanges |
| 2 | State-Based Exchanges |
| 3 | Options for States |
| 4 | Timeline |
| 5 | State of the States |
| 6 | Key Issues for Legislators |
| 7 | Questions |

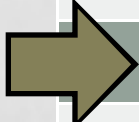
EXCHANGES – THE BASICS

- **Commercial health insurance marketplace** for individuals and small employers
- **“No wrong door”** through which residents may be determined eligible for, and enroll in:
 - Medicaid
 - CHIP
 - Subsidized and unsubsidized commercial health insurance through the Exchange

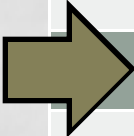
EXCHANGES – THE BASICS

- In 2014, **states may expand** Medicaid eligibility to residents with income at or below 138% FPL
 - \$15,415 (individual)
 - \$31,809 (family of four)
- **Subsidies available** for individuals/families to purchase “qualified health plans” through the Exchange
 - Sliding scale for residents with income between 100% – 400% FPL

Enrollees' Share of the Premium Single Person – CY 2012 FPL

| Income as % of FPL | Monthly Income | Premium as % of Income | Monthly Premium |
|-------------------------------------------------------------------------------------------------|-------------------|---------------------------|--------------------|
| 100% | \$931 | 2% | \$19 |
| 138% | \$1,285 | 3% | \$39 |
| 150% | \$1,396 | 4% | \$56 |
| 200% | \$1,862 | 6.30% | \$117 |
|  250% | \$2,327 | 8.05% | \$187 |
| 300% | \$2,793 | 9.50% | \$265 |
| 350% | \$3,258 | 9.50% | \$310 |
| 400% | \$3,723 | 9.50% | \$354 |

Enrollees' Share of the Premium Four-Person Family - CY 2012 FPL

| Income as % of FPL | Monthly Income | Premium as % of Income | Monthly Premium |
|-------------------------------------------------------------------------------------------------|-------------------|---------------------------|--------------------|
| 100% | \$1,921 | 2% | \$38 |
| 138% | \$2,651 | 3% | \$80 |
| 150% | \$2,881 | 4% | \$115 |
| 200% | \$3,842 | 6.30% | \$242 |
|  250% | \$4,802 | 8.05% | \$387 |
| 300% | \$5,763 | 9.50% | \$547 |
| 350% | \$6,723 | 9.50% | \$639 |
| 400% | \$7,683 | 9.50% | \$730 |

INDIVIDUAL MARKET EXCHANGE

Key Components:

- Qualified Health Plans available in 5 “actuarial value” levels
- Reduced cost sharing for individuals/families with income at or below 250% FPL
- Rates set annually, no mid-year changes allowed
- Limitations on factors used to set premiums
 - 3:1 rate band applies to age factor
- No medical underwriting
- Guarantee Issue and Guarantee Renewal

SMALL GROUP MARKET (SHOP) EXCHANGE

Key Components:

- Small Group marketplace for organizations with 50 or fewer employees
 - Expanding to 100 or fewer employees in 2016
- Small employers with lower-wage workers may be eligible for two year premium tax credit for coverage purchased through the Exchange
- Existing Small Group and Individual Markets will continue to operate outside the Exchange



Individual



Families




Small Employers



Insurance Exchange

 Carrier A

- Platinum
- Gold
- Silver
- Bronze

 Carrier B

- Platinum
- Gold
- Silver
- Bronze

 Carrier C

- Platinum
- Gold
- Silver
- Bronze

 Carrier D

- Platinum
- Gold
- Silver
- Bronze

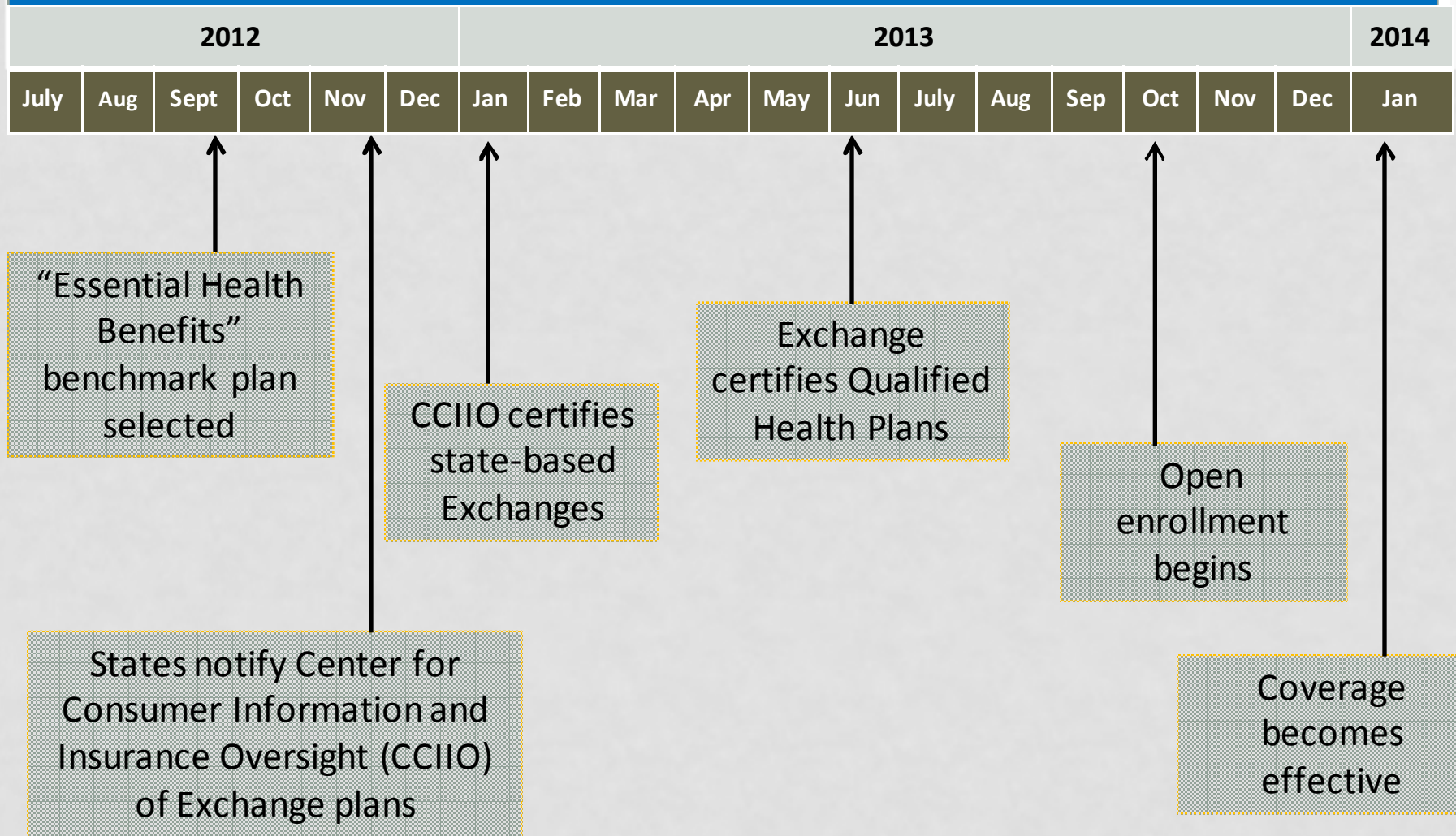
STATE-BASED EXCHANGES

| | Key Steps |
|---|------------------------------------------------------------------------------------------------------------------|
| 1 | Establish Exchange Governance structure and administration |
| 2 | Develop IT and business processes |
| 3 | Certify Qualified Health Plans to be offered through Exchange |
| 4 | Connect with Federal Data Hub to verify eligibility and coordinate systems with state Medicaid and CHIP programs |
| 5 | Provide comprehensive customer outreach and support |

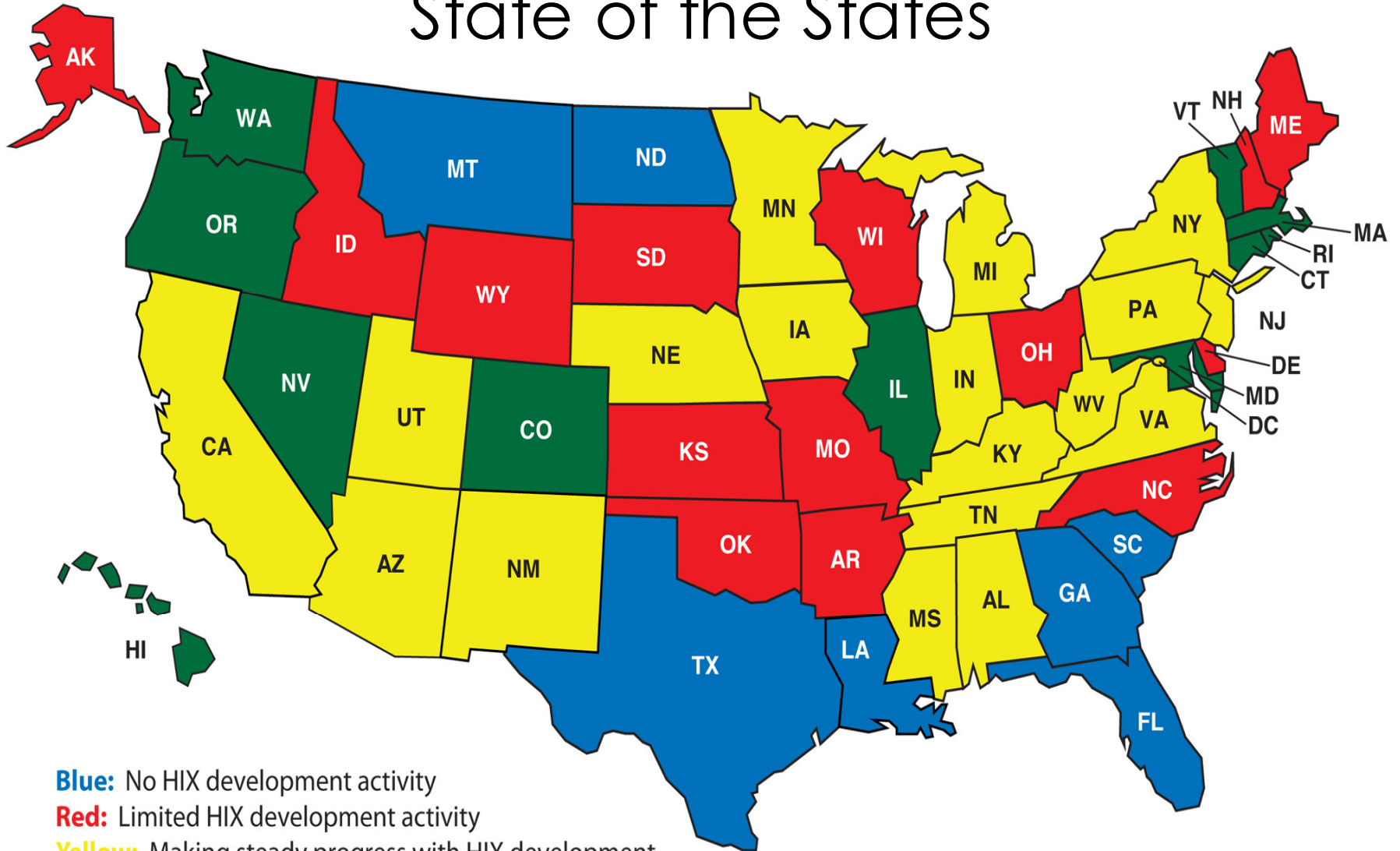
OPTIONS FOR STATES

| State Based Exchange | State Partnership Exchange | Federally-Facilitated Exchange |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <ul style="list-style-type: none">• State operates all activities• State has option to use a number of federal services | <ul style="list-style-type: none">• State may administer:<ul style="list-style-type: none">➤ Plan Management➤ Consumer Assistance | <ul style="list-style-type: none">• HHS operates |

EXCHANGE TIMELINE



State of the States



- Blue:** No HIX development activity
- Red:** Limited HIX development activity
- Yellow:** Making steady progress with HIX development
- Green:** Likely to have HIX ready by 10/2013

KEY ISSUES FOR LEGISLATORS

Expand Medicaid Eligibility to 138%

- Federal \$ covers 100% of cost through 2016
- State \$ covers 5% of cost in 2017, rising to 10% in 2020

Expand Medicaid Eligibility to 100% FPL

- Residents with income over 100% FPL may have access to subsidized coverage through the Exchange

Leave Medicaid Eligibility as is

- Residents, primarily childless adults, with income below 100% FPL may not have access to affordable health insurance

KEY ISSUES FOR LEGISLATORS

Determine who will administer the Exchange

- State
- State and Federal
- Federal

Establish financing system for administration (not premium subsidies) of the Exchange

Leverage enhanced federal funding to modify legacy IT systems

Reform individual and small group markets

QUESTIONS?

