Health Insurance Advisory Committee Meeting

Department of Insurance, Financial Institutions and Professional Registration

February 4, 2011
10:00 am – 12:00 noon

Agenda

- **Welcome and Introductions** (Tom Bowser & Andrea Routh) – 5 minutes
- **Presentation on Health Insurance Exchanges** (Patrick Holland, Wakely Consulting) – 30 minutes
- **Federal Exchange Requirements and Funding, How Missouri is Responding, and Stakeholder Engagement** (John Huff) – 20 minutes
- **Background on Coverage Initiatives** (Brian Kinkade) – 15 minutes
- **Discussion and Next Steps** (All) – 20 minutes

Health Insurance Exchanges

Department of Insurance, Financial Institutions and Professional Registration

Patrick Holland
Wakely Consulting

Overview

- Health Benefit Exchanges
- Overview of the Massachusetts Exchange
- Design Decisions For MO Exchange Under ACA
- Policy Issues for MO Exchange Under ACA

Health Benefit Exchanges

Health Benefit Exchanges

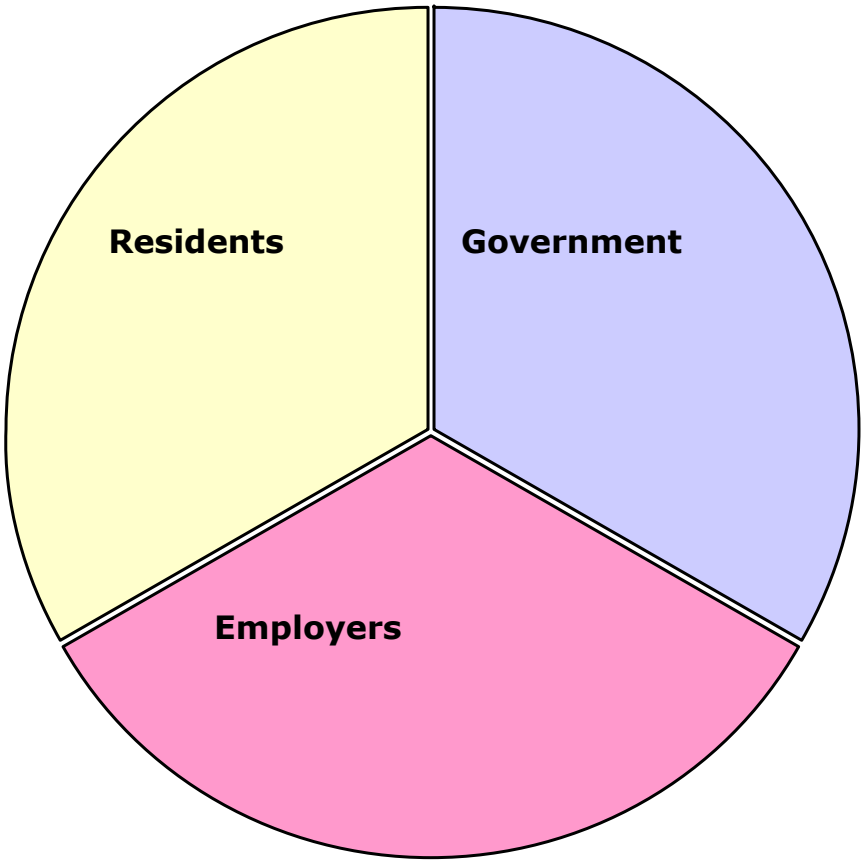
- **The "Shiny New Thing" under ACA**
- **What is an exchange:**
  - "Store" or marketplace for *private* health insurance
  - Provide transparency to consumer shopping experience
  - Enhance competition among participating health plans (QHPs)

Health Benefit Exchanges (con't)

- **State flexibility under ACA:**
  - Separate exchanges for non-group / small group
  - Merging of risk pools
  - Definition of small group
  - Implementation of risk adjustment
  - Rating bands
- **State-based exchanges should uniquely represent policy goals of each state**

Overview of Massachusetts Exchange

Key Element – "Shared Responsibility"



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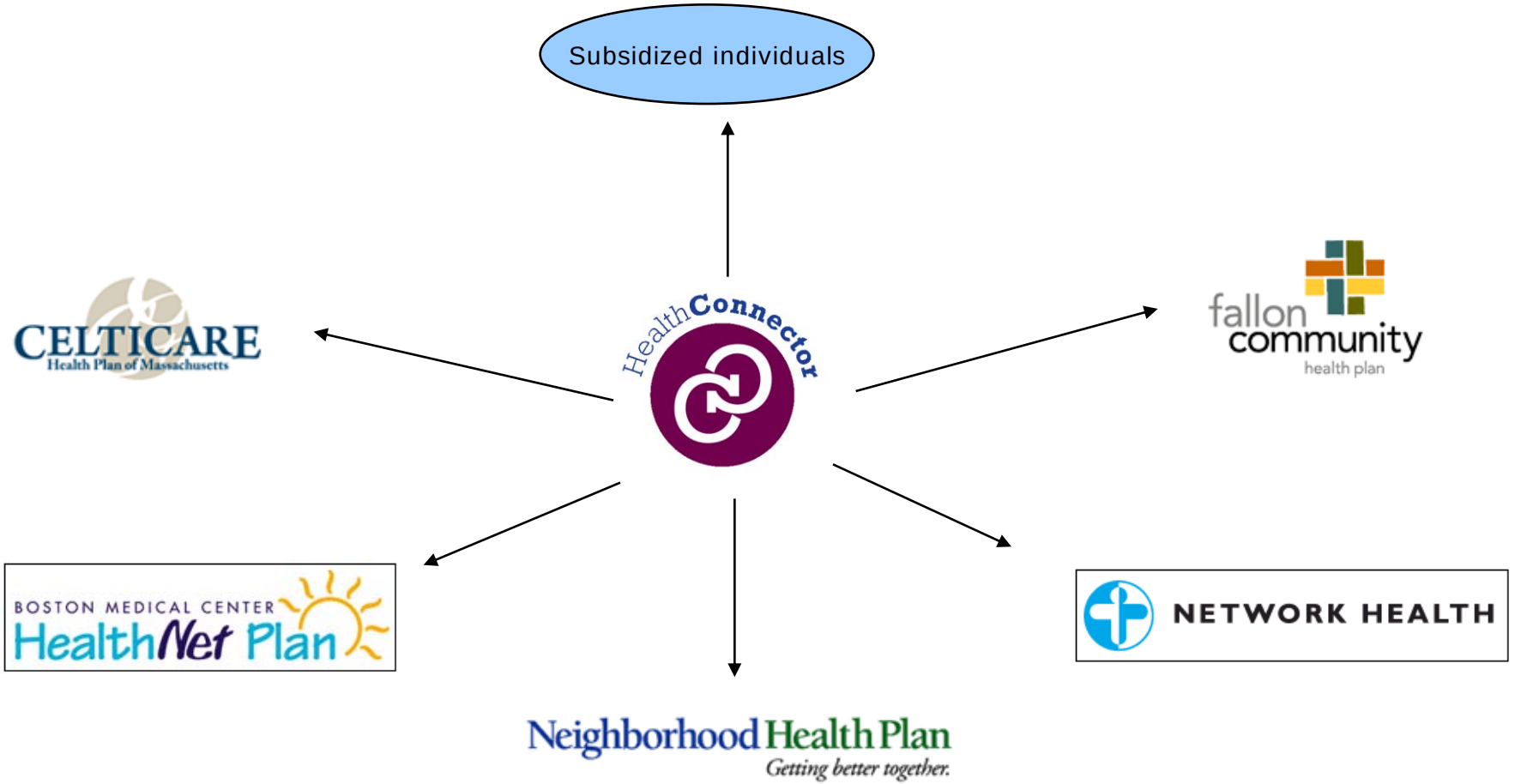
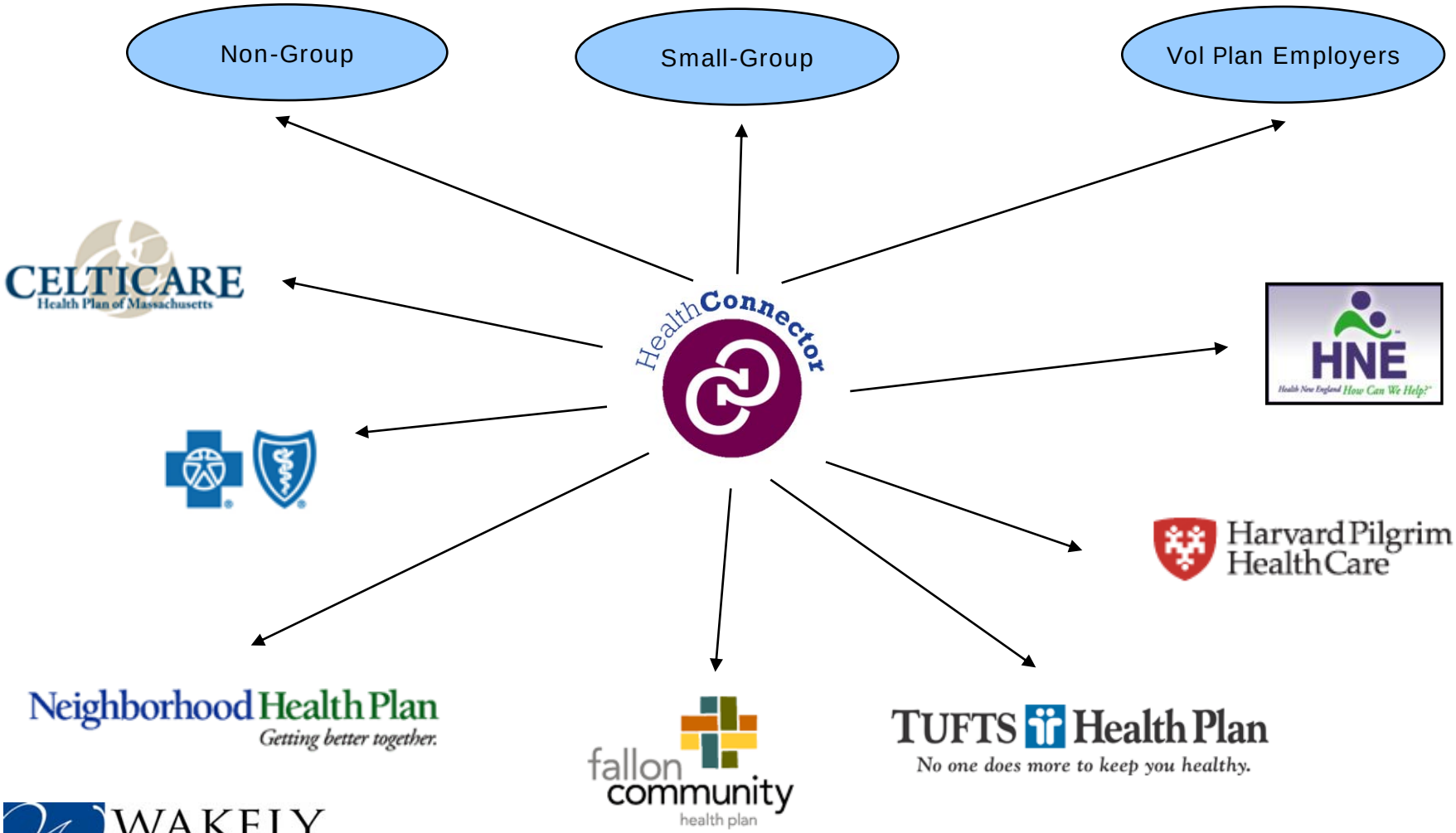
Primary Functions of Mass. Exchange

- Determine eligibility & subsidy flow – (Subsidized program)
- Enroll unsubsidized market segments
- Specify plan designs and cost-sharing
- Rate/select, contract & sell health plans
- Public education & outreach
- Appeals function

Commonwealth Care with 180,000 Members connects low-income uninsured to subsidized health plans



Commonwealth Choice with 40,000 members connects Mass residents and businesses to health plans



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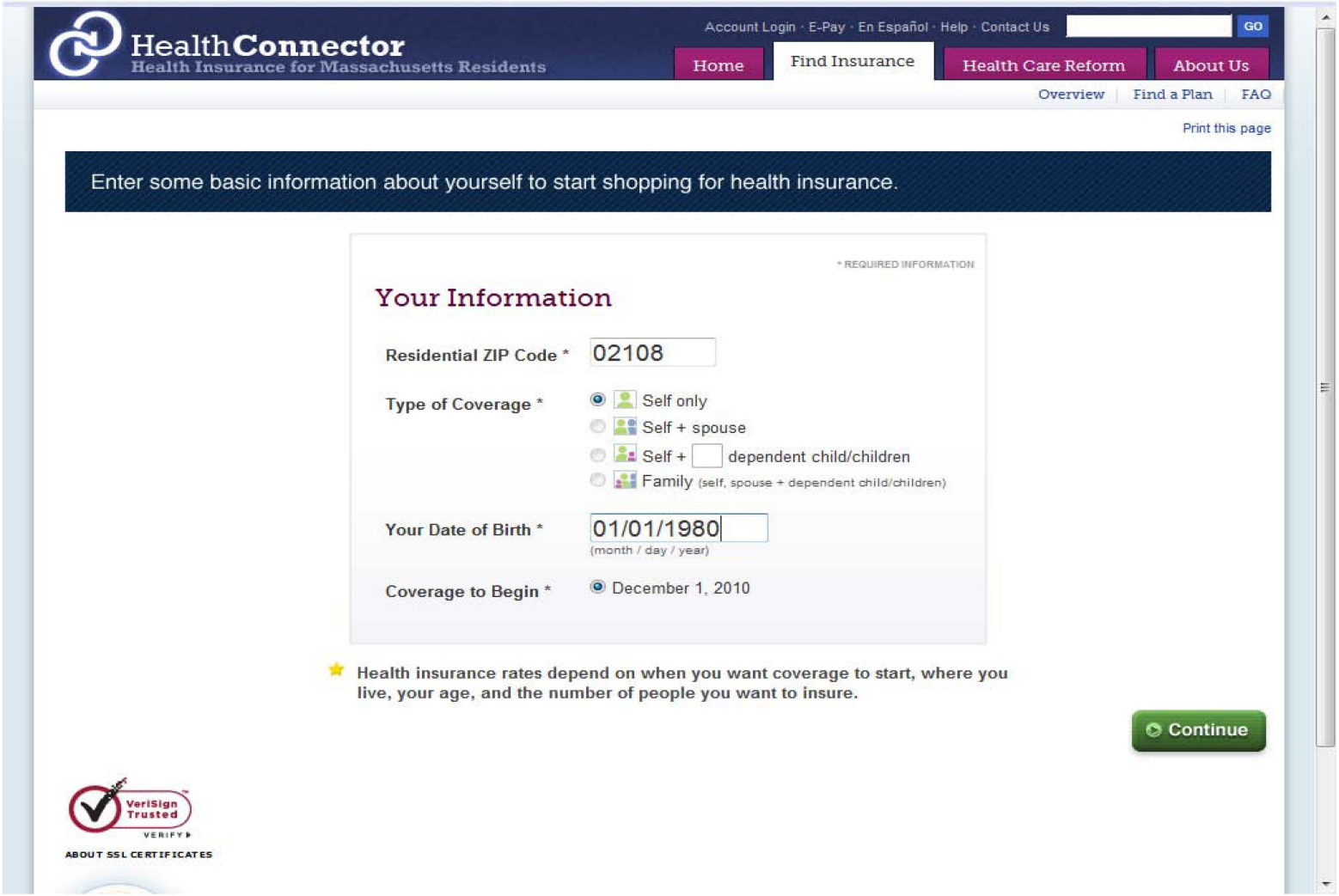
Website

The Health Connector is an independent state agency that helps Massachusetts residents find health care coverage. Read more about us.

Demographic Information



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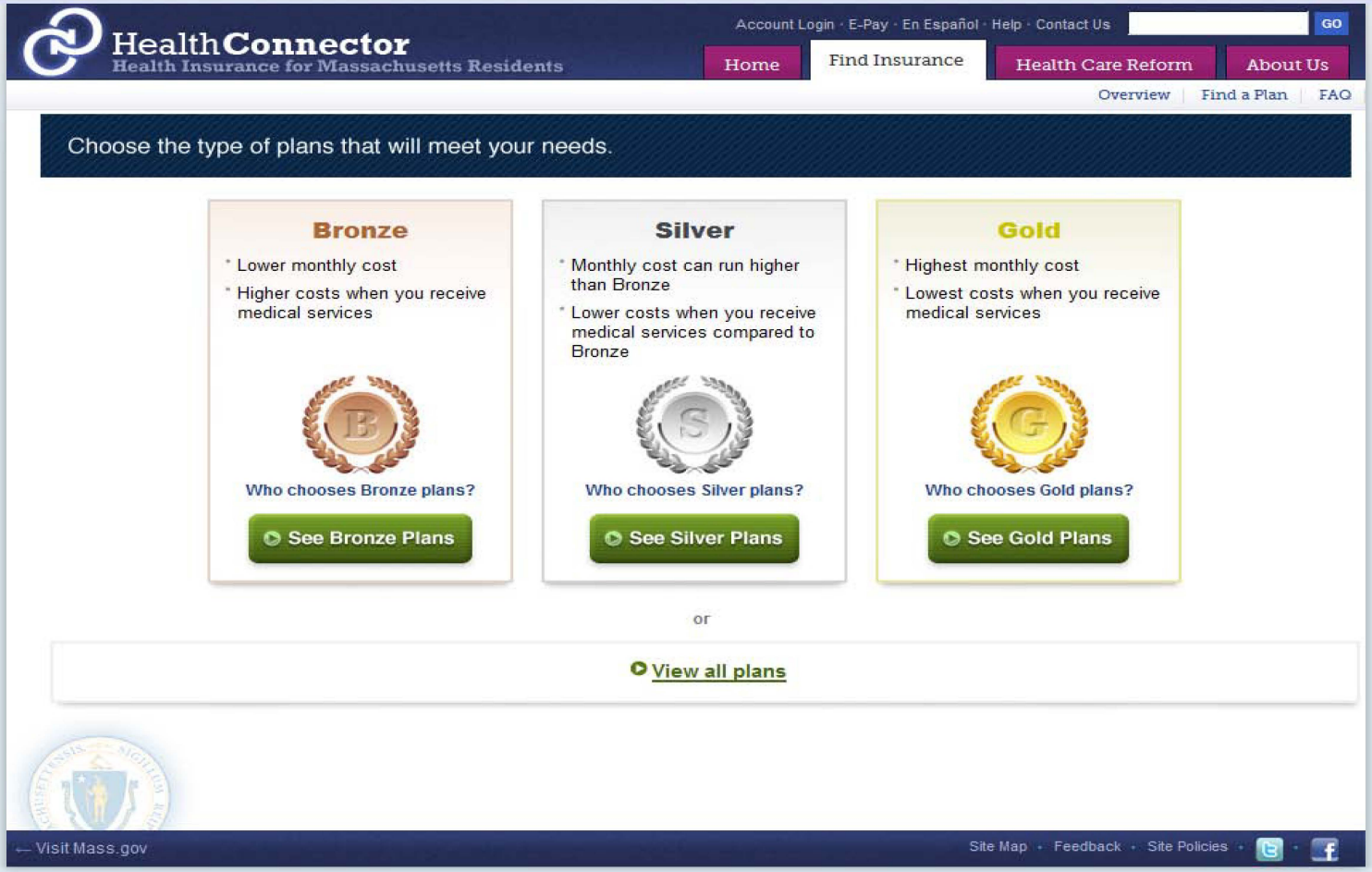
Begin Shopping



Achievements of Mass. Healthcare Reform

- 1.9% uninsured as of 2010
- Since beginning of reform, ~400,000 newly insured
- Over 50% of newly insured through the exchange
- 98% compliance based on tax filing data
- 59% to 75% voter approval rating

Other Exchange Examples

- **Utah Exchange**
  - State-sponsored exchange for small business
  - "passive" exchange model
- **Connecticut Business & Industry Association (CBIA)**
  - Private exchange for small group market
- **Health Insurance Plan of California (HIPC)**
  - State-sanctioned, small group purchasing pool
- **Private entities offering web-based purchasing of health insurance**
  - Getinsured.com and eHealthinsurance.com
  - Targeted to individual segment

Exchange Design Decisions For Missouri

ACA Design Issues for MO

- **Key examples:**
  - State-based vs. Federal Exchange
  - If state-based, Governance
  - Level of integration of Non-Group & SHOPS Exchange
  - Level of integration with Medicaid program
  - Level of Standardization for Benefit Designs
  - Selecting & Rating Qualified Health Plans
  - Risk Adjustment Methodology

Policy Issues for MO Exchange Under ACA

Policy Issues for MO Exchange

- **Key examples:**
  - Facilitate comparison shopping
  - Reduce distribution cost
  - Enhance competition among carriers
  - Enhance public trust in carriers
  - Enhance the delivery system (hospitals, physicians, ancillary providers of medical care)
  - Maintain safety-net provider system

Federal Exchange Requirements

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John Huff
Director

Federal Exchange Requirements

- **Each state shall establish an American Health Benefit Exchange by January 1, 2014.**
  Section 1311(b) of Affordable Care Act (ACA) (42 USC §18031)

- **The Exchange must be operated by a governmental entity (state agency or independent state agency) or nonprofit entity.**
  Section 1311(d) (42 USC §18031)

- **If a State chooses not to establish an Exchange or the Exchange does not meet Federal requirements, the Federal government will operate an Exchange in that State.**
  Section 1321(c) (42 USC §18041)

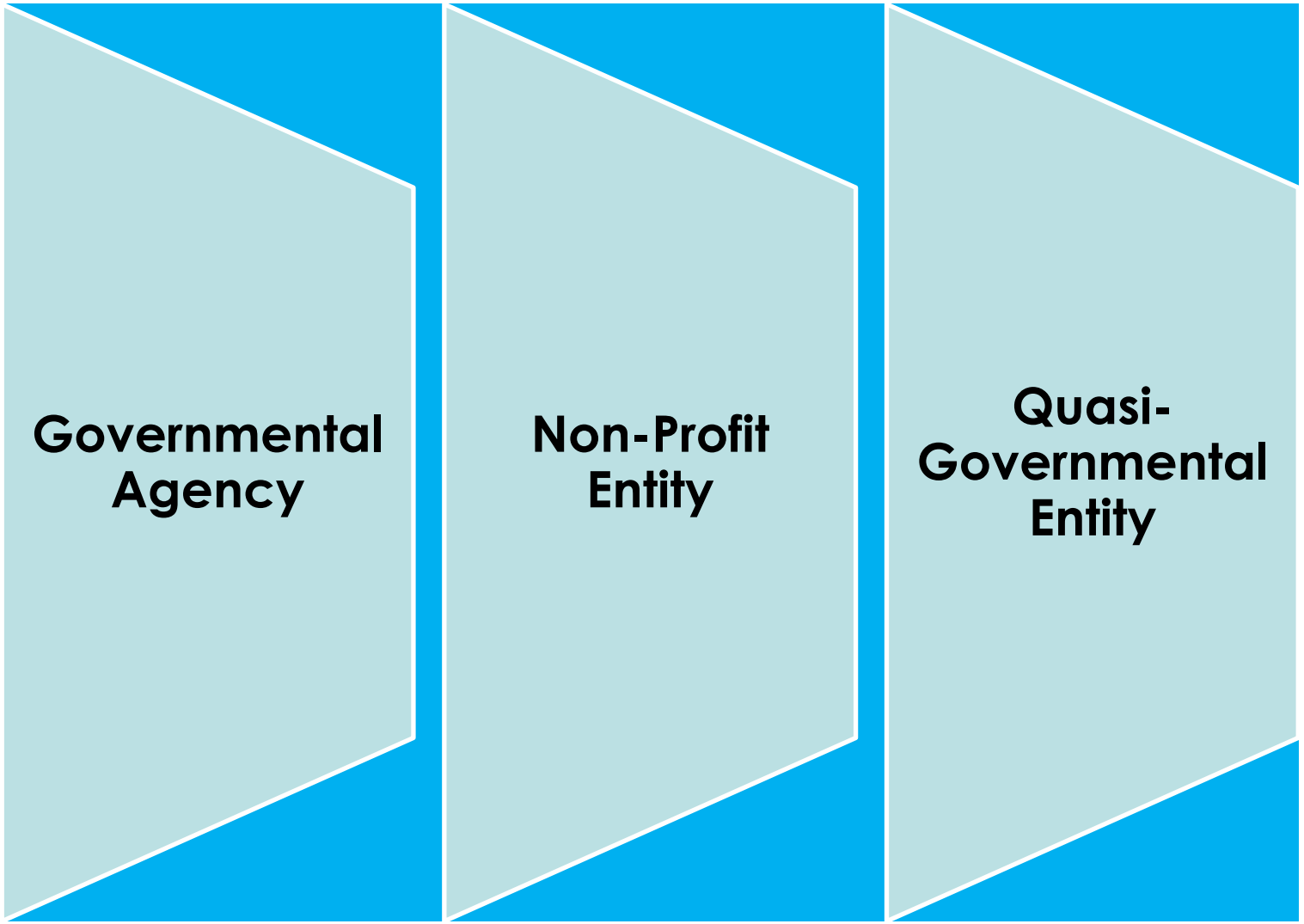
Federal Exchange Requirements

- The Exchange must make "qualified" plans available to individuals and employers.
- The Exchange must provide for:
  - Initial and annual open enrollment periods
  - Special enrollment periods
- Individual Exchange
  - Provides subsidies
- Small Group Exchange
  - Defined as 1-100 employees; State may elect to define as 1-50 until January 1, 2016
  - State may elect to combine individual and small group markets
- State may elect to develop one Exchange that serves individuals and small groups.

Federal Exchange Requirements

- The Exchange must provide a "no wrong door" portal for all consumers to determine eligibility for and enroll in:
  - Medicaid
  - CHIP
  - Premium Tax Subsidies to purchase private coverage
  - Non-subsidized private coverage
- The eligibility and enrollment process must be transparent, simple, and paperless (technology enabled)

Governance Structure of Exchange: Options for Discussion



Federal Exchange Requirements: Timeline

2010 – States receive Planning Grants to determine if Exchange will be State-based or defer to the Federal government to operate

March 2011 – First chance for States to apply for Establishment Grants to implement Exchanges. Letter of Intent is required.

2011 – States must meet the following milestones:
- Ensure legal authorization for Exchange
- Establish governance structure
- Develop Budget & sustainability plan

2011 – States must make IT progress including:
- Complete IT systems landscape and gap analysis
- Develop IT infrastructure and business rules
- Design system requirements to support eligibility and enrollment functions

End 2011 – Last chance for States to notify HHS of intent to establish/ operate State-based Exchange

2012 --
Exchange Establishment Work
Actuarial
Legal
I.T. Design & Testing
Economic Modeling
Governance
Eligibility Determination
Subsidy Process
Enrollment
Data Analytics
Risk Adjustment Strategy
Stakeholder Engagement

January 2013 – HHS Secretary certifies State Exchanges as meeting requirements of the Act

Late 2013 – Exchanges begin marketing and hold open enrollment

January 2014 – Exchanges must be fully operational

January 2015 – Exchange operations are self-sustaining

Federal Funding for Exchanges

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Federal Funding for Exchanges

- "Necessary Exchange costs will be fully funded by HHS until 2015. After January 1, 2015, Exchanges must be self funded."

*U.S. Health and Human Services Department, "Initial Guidance to States on Exchanges," November 18, 2010.

Federal Funding for Exchanges

- **Exchange Planning Grant:**
  - ***September 30, 2010:*** HHS awarded Exchange Planning Grants to 48 States and DC*
  - Missouri received $1M
- **Early Innovator Grant:**
  - ***February 2011:*** HHS will award Early Innovator grants to up to five States to develop Exchange IT systems that will serve as replicable models for other States
  - Applicants: Kansas, Massachusetts/New England Consortium, Maryland, New York, Oklahoma, Oregon, Wisconsin

*In January 2011, HHS released an FOA for Minnesota and Alaska, the two States that did not apply for a Planning Grant in 2010. Minnesota has decided to apply for the grant.

Federal Funding for Exchanges

- **Exchange Establishment Grant:**
  - ***January 2011:*** HHS released a Funding Opportunity Announcement (FOA) for implementation activities to meet HHS requirements for Exchanges.
  - Award amount will vary according to States' demonstrated needs; States may choose application level, distinguished by their progress in Exchange planning.
  - ***States must commit to a State-operated Exchange as a condition of application.***

Federal Funding: Exchange Establishment Grant

	LEVEL ONE	LEVEL TWO
Application Criteria	States have made some progress under their Exchange planning grant.	States have made considerable progress in Exchange planning, and meet criteria including: ➢**Legal authorization for Exchange** ➢**Established governance structure** ➢**Budget and sustainability plan.**
Project Period	Max of 2 years.	Funding through December 31, 2014.
Application Deadlines	March 30, 2011, June 30, 2011, September 30, 2011, or December 30, 2011. Recommended Letter of Intent due February 22, 2011.	March 30, 2011, June 30, 2011, September 30, 2011, December 30, 2011, March 30, 2012, or June 29, 2012. Recommended Letter of Intent due February 22, 2011.

National Perspective

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National Perspective

- **DIFP works with the National Association of Insurance Commissioners**
  - NAIC is cited in ACA as a key advisory body to HHS in developing regulation and policy implementing the law.
  - DIFP is actively engaged in ongoing work led by NAIC.
- **National Governors Association**
- **State Medicaid Directors**

National Perspective: State Exchange Activity

- *States in Which Governors Have Committed to or Established Exchanges:*
  - ***Alabama, California, Indiana, Virginia, Wisconsin***
- *States with Established Legislative, Administrative and Stakeholder Activity Related Exchange Development:*
  - ***Georgia, Idaho, Kansas, Louisiana, Mississippi, North Dakota, Nebraska, New Jersey, Nevada, Pennsylvania, Texas, Utah***
- *States in which Stakeholder Groups or Insurance Agencies Have Endorsed Exchange Development:*
  - ***Colorado, Connecticut, Iowa, Maine, Maryland, New Mexico, North Carolina, Ohio, Washington***
- *States with pending Exchange Legislation:*
  - ***Alaska, Connecticut, Hawaii, Illinois, Maryland, Mississippi, Montana, New Jersey, New Mexico, Maryland, Oklahoma, Oregon, Rhode Island, Texas, Virginia, Washington.***

Developing Characteristics of State Health Insurance Exchanges

	NAIC	MA	CA	MT
Governance Model	• Govt. agency • Indep. Public/ Quasi-Gov agency •Non-profit	Ind. public entity	Ind. public entity	Quasi-gov agency
Merging SHOP/ Indiv. Exchanges	•Merge exchanges •Operate separately	Separate exchanges	Separate exchanges	Not addressed
Def. of "Small Employer"	• < 50 emp • < 100 emp	1-50 emp.	1-100 emp.	1-100 emp.
Benefit Mandates	•Fed-required Essential Ben. •Add'l benefits	N/A	May require add'l ben	Not addressed
Licensure Requirement	•Subject to reqs. •Not subject to reqs.	Not addressed	Not subject to reqs.	Not addressed
Coordination w/ Medicaid	•ACA requirements • Add'l reqs.	Exchange must use Medicaid eligibility system for subsidized program	ACA requirements	ACA requirements
Coordination w/ Other State Programs	•N/A	Not addressed	Coordinate elig/enrollment process w/ other health covg. prog.	Study feasibility of merging state emp. health plan into Exchange
Financial Integrity	•ACA reqs. •Additional protections	ACA reqs.	Separate funding, additional protections	ACA reqs.

How Missouri Is Responding to ACA Requirements

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Activity to Date in Missouri

- **Exchange Vision, Mission and Principles**
  - A Missouri designed and controlled market framework in the Individual, Small Employer and Exchange markets should:
    - Maintain market stability and viability;
    - Enhance competition based on value to consumers;
    - Constrain the rate of growth of Missouri health care costs;
    - Improve health status of enrolled populations; and,
    - Enhance access to quality affordable health insurance coverage of all Missourians.

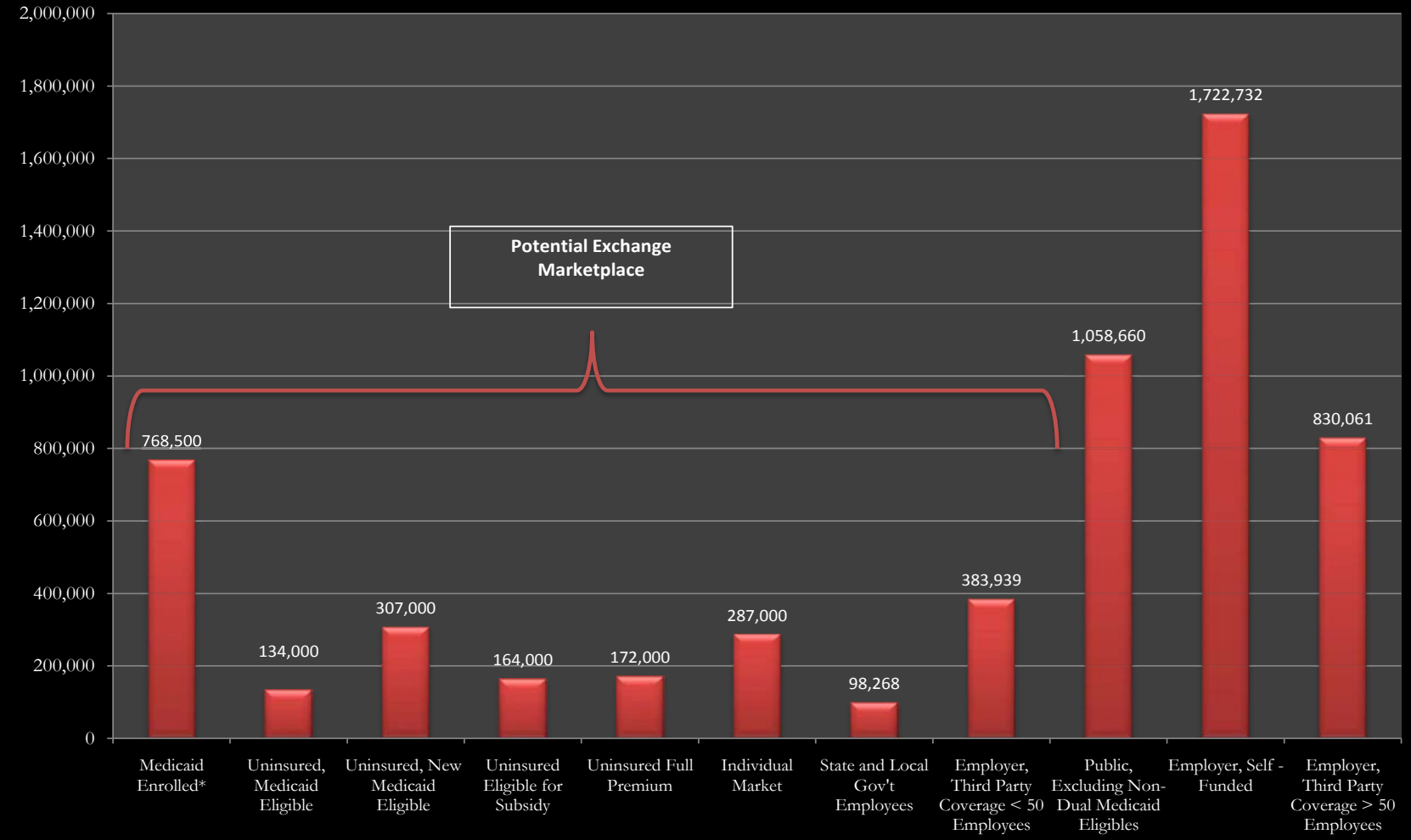
Critical Tasks Ahead

- Create an ***Internet website*** to provide standardized information on health plans.
- Develop ***procedures for certification and rating*** of health plans.
- Build ***consumer and small business outreach, education and assistance*** capacity.
- Construct a personal responsibility ***exemption and penalty process***.
- Leverage opportunities for ***administrative integration and consolidation*** with existing state agencies.

Critical Tasks Ahead

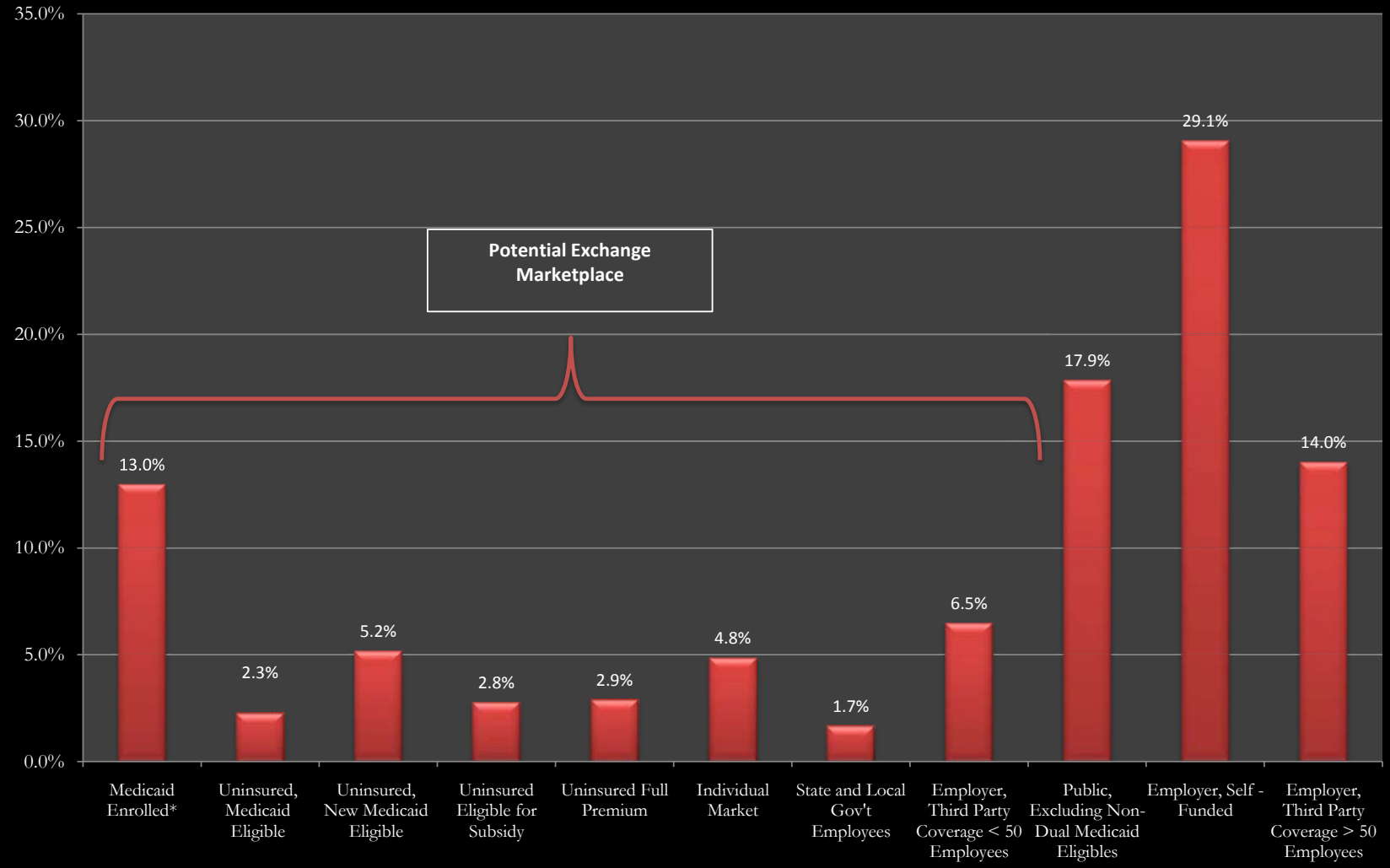
- Adopt ***Uniform Health Insurance Underwriting Standards*** for the Exchange, small group and individual markets as developed by HHS
- Develop ***Appropriate Risk-Sharing Mechanisms*** to Protect the Exchange and Insurers from Adverse Selection
- Establish an ***eligibility and enrollment process*** for consumer subsidies and ***fully integrate with Medicaid eligibility process*** for adults/children.
- Design ***IT infrastructure*** and interfaces with state and federal systems to support the new eligibility and enrollment process.

ACA Cohorts



*Total Medicaid enrollment estimated for June, 2011 is 925,000. The figure presented here excludes the elderly and Medicare enrolled persons with disabilities (dual eligibles), who are counted as Medicare insureds.

ACA Cohorts



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Stakeholder Engagement

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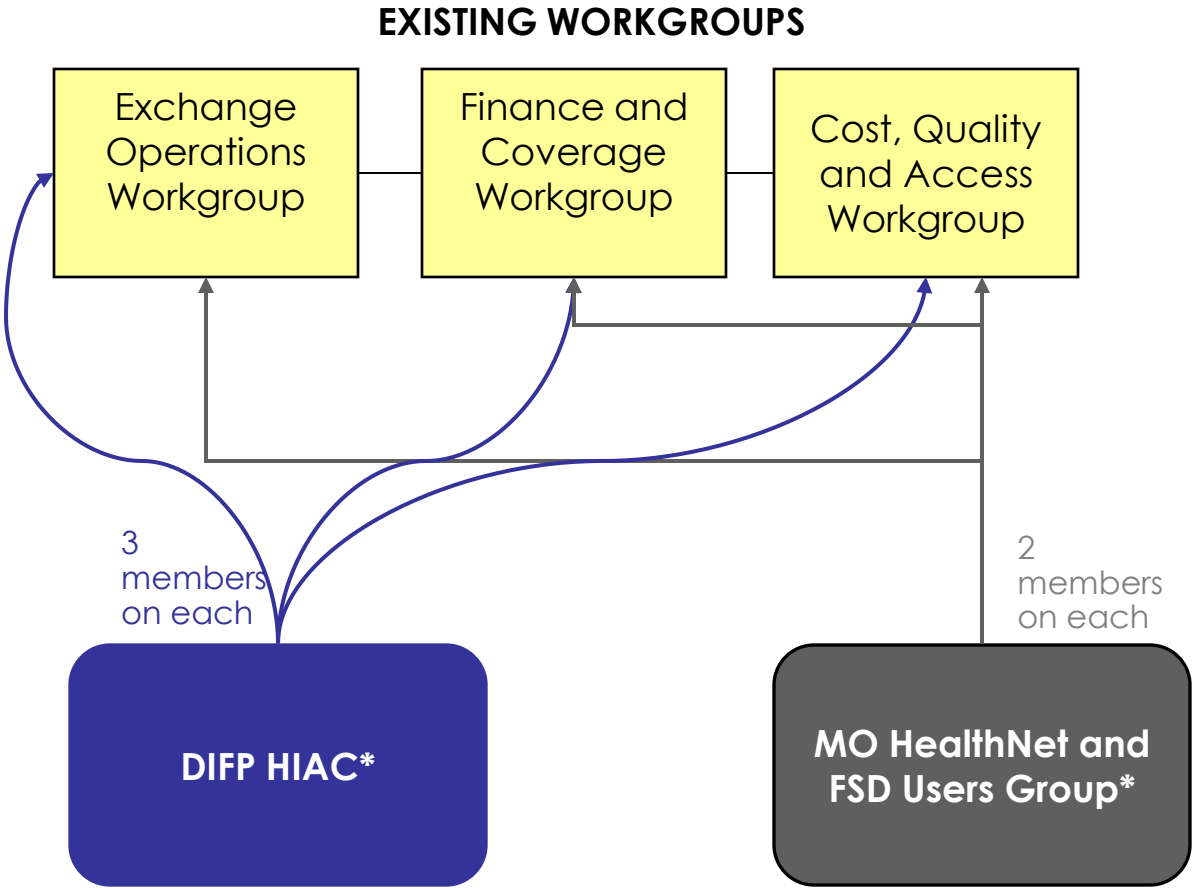
Purpose of Stakeholder Engagement

- Seeking input from those impacted by the implementation of ACA.
- Engaging Stakeholders on issues related to the development of a Missouri Exchange.

Potential Plan for Stakeholder Engagement

- Stakeholders will participate in three existing workgroups: Exchange Operations, Finance & Coverage and Cost, Quality and Access
  - The DIFP HIAC will contribute 3 members to each workgroup/team
  - The MO HealthNet Users Group will contribute 2 members to each workgroup/team
- The DIFP HIAC and the MO HealthNet Users Group will come together on a monthly basis via Webinar.

Potential Plan for Stakeholder Engagement



**DIFP HIAC and MO HealthNet Users Group come together on a monthly basis.*

Potential Role of Stakeholders

- **Provide input on key HIE planning and policy issues:**
  - Uniform underwriting standards
  - Exchange structure:
    - » separate exchanges for the individual and small employer markets?
    - » a unified exchange to serve both purposes?
    - » regional exchanges?
    - » bi-state exchanges?
  - Definition of small employer
  - Exchange licensing requirements
  - Exchange Governance structure and board powers

Potential Role of Stakeholders

- **Provide input on key HIE planning and policy issues:**
  - Mandated benefits
  - Medicaid eligibility and enrollment integration
  - Qualified health plan standards (e.g. marketing practices, network adequacy, etc.)
  - Plan certification process
  - Exchange revenue model and financial sustainability
  - Financial Integrity

Potential Role of Stakeholders

- **Today:**
  - Discuss draft Missouri HIE Planning Concept Statement (attached):

    "So long as (i) Missouri is subject to the exchange provisions of Public Law 111-148 and (ii) federal funding is available, it is desirable for the State of Missouri to exercise authority and control over the planning, implementation and operation of any exchange or exchanges functioning within our borders."
  - Potential subcommittees of participants to form working groups to address I.T., Exchange legislative language, governance, budget, transparency, etc.

An Ongoing Process

- We look forward to working with you over the next several months as we answer these and other questions and begin the process of building Missouri's exchange.

Coverage Initiatives

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Federal Requirements

- **The ACA establishes standards that states must meet related to Medicaid/CHIP and other state/federal programs. States must:**
  - Expand Medicaid eligibility and provide "benchmark" benefits to new Medicaid population
  - Simplify Medicaid/CHIP income eligibility determination
  - Integrate and coordinate Medicaid/CHIP and Exchange eligibility and enrollment processes

ACA Requirements: Medicaid Eligibility Expansions

- **Medicaid eligibility expanded to 133% FPL in 2014:**
  - All individuals under age 65 up to 133% FPL (who aren't currently covered under existing eligibility categories)
  - Current and former foster children up to age 26
- **State will receive enhanced federal funding for new Medicaid expansion enrollees – beginning at 100% of costs in 2014, declining to 90% over time.**
- **Benchmark benefit package provided to the new Medicaid Expansion population:**
  - Floor for the benchmark is the essential benefit package; benchmark benefit may be less generous than the current Medicaid benefit.
  - State will have the opportunity to choose from "Essential Health Benefits" package, State Employee Coverage, most popular HMO plan, or design a package subject to Federal approval.

ACA Requirements: Medicaid Income Eligibility Simplifications

- **Children and Adults well be determined eligible based on the following criteria:**
  - Modified Adjusted Gross Income (MAGI)
    - Gross income increased by foreign earned or tax exempt earned income
    - MAGI standard also applied for CHIP and premium credits and cost sharing subsidies through the Exchange
  - No asset test

ACA Requirements: Eligibility Integration with the Exchange

- **Single, streamlined application for Medicaid, CHIP and subsidies for coverage through the Exchange**
- **Website enrollment/renewal for public coverage**
- **Coordination with Exchange**
  - Exchange allows for attestation to DOB, age, SSN, income, and citizenship/immigration status (info is verified electronically through Federal records)
  - Medicaid/CHIP eligible individuals identified by the Exchange required to be enrolled without further State determination
- **Coordination for wraparound coverage for Medicaid and CHIP individuals enrolled in premium assistance programs;**
- **Outreach and enrollment to vulnerable populations**

Eligibility and Enrollment Objectives

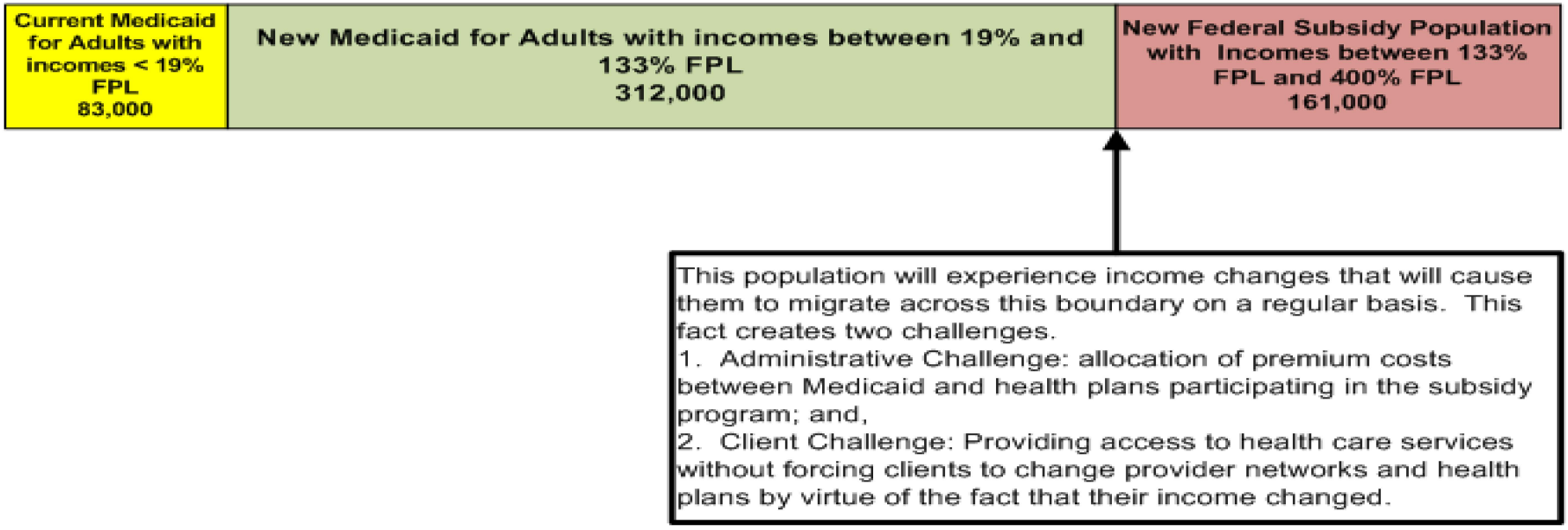
- **The following eligibility and enrollment objectives have been identified to meet program integration requirements:**
  - Build a Paperless Process
  - Build a process that is seamless for all consumers
  - Build a process that has "no wrong door"
  - Build a process that accepts applications
    - Online, in person, by mail, or by telephone;
    - Through Exchange or State officials, Navigators, Agents and Brokers and employees working for other State health subsidy programs

Challenges to be addressed in implementation

- **The Timeline is a challenge:**
  - Complex changes are being made to our current eligibility and enrollment systems and processes
  - Making changes to our mainframe applications are difficult
    - Programming language
    - Programmers
  - We are moving our adults and Children to a web and server-based environment
  - Completing this challenge is 24 months will require a special and coordinated effort across many administrative boundaries

Challenges to be addressed in implementation

Eligibility and Enrollment Challenges for New ACA Populations



Closing Discussion

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Discussion

- Stakeholder convening
- Potential subcommittee workgroups
- February 8, 2011: House Health Insurance Committee Informational Hearing, Noon, HR5