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

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”
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

Subsidized individuals

Health Connector

- CELTICARE
- HealthNet Plan
- Neighborhood Health Plan
- Network Health
- Fallon Community Health Plan

Wakely Consulting Group
Commonwealth Choice with 40,000 members connects Mass residents and businesses to health plans
Connect to good health, Massachusetts!

Our online Commonwealth Choice marketplace is the only place where you can compare plans from the state’s major insurers. We’re an independent state agency, so you can shop with confidence.

Our Commonwealth Care program offers low-or-no-cost health insurance for people who qualify. It provides comprehensive benefits and a choice of health plans.

Find the plan that’s right for you and enroll today!

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Glad to be insured

“I was young, healthy. I always thought that I was invincible. It never even crossed my mind that I could get hurt.”

—Andrew Herlihy of Malden

Hear Andrew’s story and more

For Commonwealth Care Members Only

If you’ve been accepted for this subsidized health plan:

→ Register to get online access to your account
→ Get Instructions for creating your account
→ Log in to your account
→ Get help with questions
Enter some basic information about yourself to start shopping for health insurance.

Your Information

- Residential ZIP Code: 02108
- Type of Coverage: Self only
- Date of Birth: 01/01/1980
- Coverage to Begin: December 1, 2010

Health insurance rates depend on when you want coverage to start, where you live, your age, and the number of people you want to insure.
Begin Shopping

Choose the type of plans that will meet your needs.

**Bronze**
- Lower monthly cost
- Higher costs when you receive medical services

Who chooses Bronze plans?

**Silver**
- Monthly cost can run higher than Bronze
- Lower costs when you receive medical services compared to Bronze

Who chooses Silver plans?

**Gold**
- Highest monthly cost
- Lowest costs when you receive medical services

Who chooses Gold plans?

or

View all plans
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

Department of Insurance, Financial Institutions and Professional Registration

John Huff
Director
Federal Exchange Requirements

  
  *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

Governmental Agency

Non-Profit Entity

Quasi-Governmental Entity
### 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

Department of Insurance, Financial Institutions and Professional Registration
“Necessary Exchange costs will be fully funded by HHS until 2015. After January 1, 2015, Exchanges must be self funded.”

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

<table>
<thead>
<tr>
<th>LEVEL ONE</th>
<th>LEVEL TWO</th>
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<tbody>
<tr>
<td><strong>Application Criteria</strong></td>
<td>States have made some progress under their Exchange planning grant.</td>
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<td><strong>Project Period</strong></td>
<td>Max of 2 years.</td>
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National Perspective

Department of Insurance, Financial Institutions and Professional Registration
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
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:
## Developing Characteristics of State Health Insurance Exchanges

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

Department of Insurance, Financial Institutions and Professional Registration
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.
Potential Exchange Marketplace

*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.
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Stakeholder Engagement

Department of Insurance, Financial Institutions and Professional Registration
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

EXISTING WORKGROUPS

- Exchange Operations Workgroup
- Finance and Coverage Workgroup
- Cost, Quality and Access Workgroup

*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:
  o Uniform underwriting standards
  o Exchange structure:
    » separate exchanges for the individual and small employer markets?
    » a unified exchange to serve both purposes?
    » regional exchanges?
    » bi-state exchanges?
  o Definition of small employer
  o Exchange licensing requirements
  o Exchange Governance structure and board powers
Potential Role of Stakeholders

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

<table>
<thead>
<tr>
<th>Current Medicaid for Adults with incomes &lt; 19% FPL</th>
<th>New Medicaid for Adults with incomes between 19% and 133% FPL</th>
<th>New Federal Subsidy Population with Incomes between 133% FPL and 400% FPL</th>
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<tbody>
<tr>
<td>83,000</td>
<td>312,000</td>
<td>161,000</td>
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This population will experience income changes that will cause them to migrate across this boundary on a regular basis. This fact creates two challenges.

1. Administrative Challenge: allocation of premium costs between Medicaid and health plans participating in the subsidy program; and,
2. Client Challenge: Providing access to health care services without forcing clients to change provider networks and health plans by virtue of the fact that their income changed.
Closing Discussion

Department of Insurance, Financial Institutions and Professional Registration
Discussion

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