

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

Overview of Health Benefit Exchanges

Joint Standing Committee on Insurance and Financial Services
January 22, 2013

What is an Exchange?

- Exchanges will function as new marketplaces where individuals and small businesses can purchase health insurance and, depending on income, individuals can qualify for premium tax credits and cost sharing subsidies
- Individuals may also use the exchange to enroll in Medicaid
- The Affordable Care Act (ACA) requires that each state have an exchange
- States may establish their own exchanges; the U.S. Department of Health and Human Services (HHS) will operate exchanges in the states that elect not to do so
- In addition to the exchange for the individual market, each state must have an exchange for the small group market, known as a Small Business Health Options (SHOP) exchange; a state may combine the exchanges
- Each exchange must offer at least 2 multi-state plans through federal Office of Personnel Management (modeled on federal employee benefit plans)
- Exchanges must be operational by January 1, 2014, and self-sustaining by January 1, 2015 *should start enrolling on 10/1/12*

Core Functions of Exchange

- **Eligibility:** Establishing a seamless process for determining eligibility for exchange plans and other public insurance programs; handling eligibility appeals; processing redeterminations of eligibility
- **Enrollment:** Enrolling individuals in Exchange, Medicaid or other public insurance programs; transmitting enrollment information to health plans; transmitting information to federal government related to premium tax credits
- **Plan Management:** Plan selection approach (e.g., “active purchaser” or “Facilitator”) for certification and oversight of qualified health plans; review and oversight of plan rates, benefits and quality; outreach to health plan issuers; exchange of data between federal government, state insurance department and health plan issuers
- **Consumer Assistance:** Assistance, education and outreach to consumers; Navigator program; call center operations; website management; general support
- **Financial Management:** Developing sustainable business model and funding; collecting user fees and assessments; transferring tax credits and other funds; financial solvency and integrity; applying risk adjustment, reinsurance and risk corridor programs

EXCHANGE MODELS

- ❖ **State Based Exchange:** A Health Benefits Exchange established and operated at the state level; can be state agency or quasi-independent agency or non-profit entity (deadline for states to declare intent was 12/14/12)

- ❖ **Federally Facilitated Exchange (FFE):** A Health Benefits Exchange established and operated by the Federal Government; Federal Government will look to state to perform regulatory activities for health plans in exchange
 - Default option for states that do not choose a model

- ❖ **Partnership Exchange:** Hybrid; a federally-facilitated Exchange in which state operates certain functions (plan management and / or consumer assistance)
 - Deadline for states to choose this model for 2014 is February 15, 2013

States can transition between models for 2015 (or subsequent years)

Options for Federal-State Partnership

- ❖ **Option 1: Plan management** —Allow State to tailor health plan choices
 - Plan management functions performed by State include:
 - Plan selection
 - QHP certification, including: licensure and good standing, EHB, meaningful difference review, etc.
 - Collection and analysis of plan rate and benefit package information
 - Ongoing issuer account management
 - Plan monitoring, oversight, data collection and analysis for quality
 - HHS would coordinate with states to provide plan oversight to resolve consumer complaints and issues with enrollment.

- ❖ **Option 2: Consumer assistance** —Allow State to support seamless consumer assistance
 - State will:
 - Provide “in person” consumer assistance
 - Manage navigator program
 - Perform consumer education and outreach
 - FFE will maintain website and call center operations and maintain written correspondence with consumers to support eligibility and enrollment

- ❖ **Option 3: Plan management and consumer assistance**
 - State assumes plan management and consumer assistance functions; all other functions---eligibility, enrollment, financial management— performed by FFE

Who may participate in Exchange?

Mandatory:

- Must participate in Exchange to receive premium or tax credits:
 - Individuals
 - Small, low-wage employers
- Members of Congress and their staff

Voluntary:

- Any lawful resident who is not incarcerated
- Small employers with up to 50 employees
- Beginning in 2017, larger employers, at the option of the State

Health Plans in the Exchange

- Include all essential benefits
- Meet requirements for out-of-pocket and deductible limits
- Provide 60% actuarial value at minimum
- Offer all “metal levels” of coverage—benefits with specific actuarial levels (60%;70%;80%; 90%)
platinum *year Silver Gold*
- Be certified by the exchange (certification requirements to be determined)

Exchange Timeline

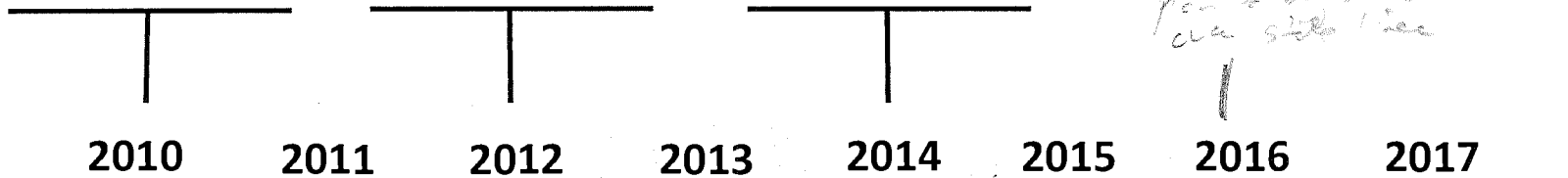
March 23 Health care law enacted

August
HHS started issuing planning grants to states

December 14
Deadline - states to submit plan to run exchange

Jan. 1
Exchange coverage begins

deadline to state plan to be state or state line



July 11
HHS issued first set of proposed rules

February 15
Deadline - states to submit plan for partnership exchange

Target date for exchanges to be financially self-sufficient

State option to expand exchange eligibility to larger groups

written date for state to state or state line

Oct. 1
Open enrollment begins

Exchange Decisions by States and District of Columbia

- 19 States Planning for State-based Exchange
 - 18 States have received conditional approval
- 7 States Planning for Partnership Exchange
 - 2 States have received conditional approval
- 25 States Defaulting to Federally-facilitated Exchange, including Maine

Sources: National Conference of State Legislatures ; statehealthfacts.org, Kaiser Family Foundation, as of January 4, 2013.

Maine's Legislative Activities

- Joint Select Committee on Health Reform Opportunities and Implementation
- Advisory Committee on Maine's Health Insurance Exchange
- LD 1497 and LD 1498 during 125th Legislature

Joint Select Committee on Health Reform Opportunities and Implementation

- Formed by Joint Order , H.P. 1262, to study the federal health reform legislation and determine the State's opportunities for health care reform and the State's role in implementing the federal law
- 17 bipartisan members (5 Senate; 12 House) from AFA, IFS and HHS Committees –chaired by Sen. Brannigan and Rep. Treat
- Issued report in December 2010
- Directed to consider the following issues:
 - The impact of federal legislation on existing state law and programs that provide access to health care to residents of this State;
 - The role of the State in the implementation and oversight of a health insurance exchange;
 - The opportunity for the State to conduct pilot projects, including, but not limited to, pilot projects related to cost containment, payment reform, use of health care technology or health care coverage, with federal funding;
 - The impact of federal legislation on the State's MaineCare program;
 - How federal legislation affects the ability of the State to adopt a system of universal health care through a single-payer plan or other mechanism, including the use of Medicare, and other state money to provide funding for universal health care in the State; and
 - Any other issue related to implementation of the federal legislation.

Joint Select Committee on Health Reform Opportunities and Implementation

- Reached *consensus* on goals and elements of a health insurance exchange
- **Goals of Exchange**
 - Accountability to Public
 - Portability
 - One-stop shopping for access to health coverage so that the exchange is capable of determining eligibility for individuals in the exchange, Medicaid or other public health coverage programs
 - Affordability
 - Seamless transition for individuals and small businesses –coordination of eligibility and providers (same network of providers for families, between Medicaid and exchange)
 - Larger pool=lower costs
 - Don't move backwards—maintain level of health care coverage for those already with coverage
 - Don't forget interface with provider community
 - Contain costs within Maine's health system---sustainability of exchange and larger delivery system
 - Make accessible for and focus on needs of individuals, small businesses and self-employed (sole proprietors)
 - Build exchange to incent primary, preventive care
 - Maintain choice of provider

Joint Select Committee on Health Reform

Opportunities and Implementation

- **Elements of Exchange**

- Maine should operate its own exchange initially, but should explore opportunities for regional exchange or coordination of back office functions for an exchange with other New England states
- Maine should operate one exchange that serves needs of individuals, families and small employers but recognize different needs of individuals, sole proprietors and small businesses
- The exchange should have strong legislative oversight and be governed by independent state agency or quasi-state entity
- Maine's exchange should take an active role in selecting health plans to contain costs and ensure quality
- Health plans operating in and out of the exchange should be subject to same insurance rules---level playing field
- The exchange has a role in standardizing plans to make it easier for consumers to select coverage
- Health plans in the exchange must be affordable
- Exchange must be more than just a website---individuals and small businesses seeking assistance must have opportunity for face-to-face interaction
- Local access and consumer outreach are important functions for the exchange
- Exchange must provide one interface for consumers and small businesses to access exchange and other related services
- Exchange should take advantage of existing functional capacity within state government to the extent possible
- Exchange should be accessible for providers and minimize their costs and administrative burden
- Navigators must be accountable and qualified with consideration of the need for licensing
- Navigator program should consider a role for insurance producers, especially for small businesses, but will need to develop measures to avoid conflict of interest and determine compensation of producers

Advisory Committee on Maine's Health Insurance Exchange

- Established by Resolve 2011, chapter 109 upon joint order by IFS Committee
- Purpose to develop and provide recommendations, including suggested enabling legislation, to the Governor and the Legislature for a health insurance exchange that addresses the core areas specified by the Federal Government and consider the views of the health care industry and other stakeholders
- 9 stakeholder members appointed by the Governor, after consultation with the chairs and lead minority members of the Joint Standing Committee on Insurance and Financial Services
- Members must include, but not limited to, health care providers, insurers, health insurance producers, consumers, employers with more than 50 employees, employers with 50 or fewer employees and the Board of Trustees of Dirigo Health
- Report submitted in September 2012

Advisory Committee on Maine's Health Insurance Exchange

- Recommended that the State, and not the Federal Government, establish and maintain an Exchange
- Establish the Exchange as a state agency within the Department of Professional and Financial Regulation and that Exchange should leverage existing State infrastructure in performing exchange functions
- Exchange should perform only the duties required by ACA with some state-specific clarifications
- Exchange should be “open marketplace” --- all qualified health plans should be eligible to participate on the Exchange
- Do not authorize Exchange to require an issuer or plan to meet requirements to participate in the Exchange that are not required under federal law or by the Superintendent of the Bureau of Insurance, including any requirements for qualified health plans to provide benefits in addition to essential health benefits

125th Legislature's Actions

- Considered 2 bills that would have established state-based exchanges --LD 1497 and LD 1498
- Divided reports on each bill; majority report not in favor of state-based exchange
- LD 1497 amended to address navigators only (Public Law 2011, chapter 631)
- No legislation enacted to create state-based exchange
- Supreme Court decision on ACA pending during consideration

Administration's Activities

- \$1 million planning grant for exchanges received in September 2010 by former Governor's Office of Health Policy and Finance
- Maine also participant with other New England states in \$36 million Early Innovator Grant to develop, share and leverage health exchange technology
- \$5.8 million Level 1 Establishment grant received in November 2011 by Dirigo Health to design and build business operations and information technology for exchange and Medicaid
- Exchange planning activities suspended in April 2012
- April 18, 2012 Letter to DHHS indicating federal Level 1 Establishment grant money would not be spent
- November 16, 2012 Letter to DHHS—State would not pursue efforts to establish state-based exchange

The Future??

- Anticipate federally-facilitated exchange in 2014
- Deadline for partnership exchange is 2/15
- Expect to consider proposed legislation related to exchanges
- States may apply to DHHS to transition to other exchange model for 2015 plan year— deadline is November 18, 2013