

Joint Committee
on the Federal
Health Care Law
10/25/11

Presented by
David Blatt
Director
dblatt@okpolicy.org
918-794-3944

OKPOLICY.ORG

Better Information, Better Policy

Health Insurance Exchanges Under the Affordable Care Act:

State-run vs. federally facilitated

Issues to
Discuss

I. EXCHANGES AND THE AFFORDABLE CARE ACT

II. STATE HEALTH INSURANCE EXCHANGE BASICS

III. HOW 'EXCHANGE-READY' IS OKLAHOMA?

IV. WHAT ARE OKLAHOMA'S OPTIONS?

A – State-run exchange

B – Federally-facilitated exchange

C – Partnership model

I. Exchanges and the Affordable Care Act

3 pillars of policy change under the Affordable Care Act (ACA)

(1) Improving health care **security**

- ◆ Young adults stay on their parents' plan
- ◆ Coverage cannot be rescinded if you get sick
- ◆ External appeal and review procedure for denied claims
 - ◆ No lifetime limits on benefits
- ◆ Coverage cannot be denied on the basis of gender or health status (2014)

(2) Improving health care **quality**

- ◆ Eliminating waste, fraud & abuse
 - ◆ Preventive care
- ◆ Improving the quality in a variety of settings
 - ◆ Improving access to care

I. Exchanges
and the
Affordable
Care Act

(3) Improving **access** to health care for
the uninsured and underinsured

**ACA is expected to expand coverage to
2/3rds of the 49 million Americans
without health insurance**

CARROTS & STICKS

- ◆ Medicaid expansion
- ◆ Small business tax credit
- ◆ Premium assistance refundable tax credit
 - ◆ Individual & employer mandate

NEW MARKETPLACES

- ◆ Temporary high risk pools
- ◆ State health insurance exchanges

II. State Exchange Basics: Introduction

- An online marketplace for individuals & small groups to purchase private insurance and/or access public insurance
- If Oklahoma is going to operate a state-run exchange:
 - ◆ Deadline for 'exchange-ready' ruling from HHS: **January 1st, 2013**
 - ◆ Deadline for exchange to be fully-operational: **October 1st, 2013**
 - ◆ Deadline for exchange launch: **January 1st, 2014**
- If Oklahoma is not deemed exchange-ready by January 1, 2013, the federal government will operate the exchange

II. State Exchange Basics: Goals

TO LOWER PRICES

- ◆ Pool purchasing power
- ◆ Facilitates competition & transparency

TO EMPOWER CONSUMERS

- ◆ Simplifies the purchasing process
- ◆ Easier comparisons with standardized pricing and benefits packages (i.e. Gold, Silver, Bronze)
 - ◆ Equips consumers with more information

TO PROTECT CONSUMERS

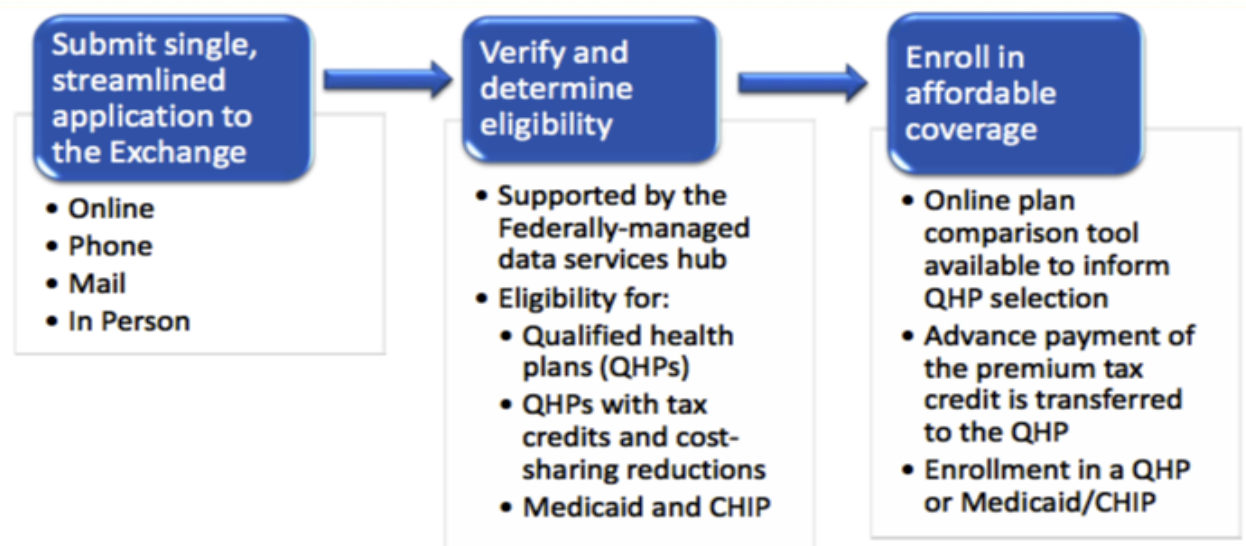
- ◆ All plans must include 'essential health benefits'
- ◆ Excludes skeleton coverage that can devastate consumers' financial security if they get sick
- ◆ Requires clear, standardized language of plan benefits, out-of-pocket costs & exclusions

II. State Exchange Basics: Overview of requirements

For a state-run exchange to be deemed in compliance with federal requirements, it must be able to do the following:

➤ ELIGIBILITY & ENROLLMENT

- ◆ Web portal to shop, select & purchase plan
- ◆ Determine eligibility & apply premium tax credits
 - ◆ Interoperability with public programs



II. State Exchange Basics:

- CONSUMER ASSISTANCE
 - ◆ Call center & grievance procedure
 - ◆ Determine the role of navigators

- PLANNING & GOVERNANCE
 - ◆ Public stakeholder engagement
 - ◆ Authorize governing entity
 - ◆ Conflict of interest procedures

III. How 'Exchange- Ready' is Oklahoma?

States must meet benchmarks in numerous core areas to demonstrate exchange-readiness.

While federal officials have stressed flexibility, readiness in each of these areas must be established.

- BACKGROUND RESEARCH
- STAKEHOLDER CONSULTATION
- GOVERNANCE
- LEGISLATIVE AND REGULATORY ACTION
- PROGRAM INTEGRATION
- EXCHANGE IT SYSTEMS
- FINANCIAL MANAGEMENT
- HEALTH INSURANCE MARKET REFORMS
- BUSINESS OPERATIONS OF THE EXCHANGE

III. How 'Exchange- Ready' is Oklahoma?

BACKGROUND RESEARCH

- ◆ Gather and analyze data about the insured, uninsured/underinsured, and the state's insurance market
- ◆ Oklahoma has hired a consulting firm to commence background research

III. How 'Exchange- Ready' is Oklahoma?

STAKEHOLDER CONSULTATION

- ◆ Solicit 'meaningful input' from a broad range of public stakeholders
 - ◆ Inclusion during every stage of the planning process
- ◆ Last general stakeholder meeting 3/11
- ◆ Current stakeholder engagement likely insufficient

III. How 'Exchange- Ready' is Oklahoma?

GOVERNANCE

- ◆ State must work with stakeholders to determine if exchange will be quasi-governmental, a state agency, or a nonprofit

BENCHMARK

- ◆ Stakeholder recommendations for exchange governance by 2011
- ◆ Establish exchange governance by 2012

III. How
'Exchange-
Ready' is
Oklahoma?

LEGISLATIVE & REGULATORY

- ◆ Legislative attempts to establish exchange authority in 2011 (HB 2130 & SB 971) failed
- ◆ Even if the bills had passed, they appeared to fall short of federal exchange requirements

III. How
'Exchange-
Ready' is
Oklahoma?

PROGRAM INTEGRATION

- ◆ Integration between the exchange, Insurance Department & Medicaid agency

BENCHMARK

- ◆ Meet regularly to collaborate on exchanges in 2011
- ◆ Come to a written agreement that delineates their roles and responsibilities versus those of the exchange itself by 2011

III. How 'Exchange- Ready' is Oklahoma?

EXCHANGE IT SYSTEMS

- ◆ Implement exchange IT system interoperable with the state Medicaid program and HHS's exchange technology

BENCHMARK

- ◆ "Exchange IT Gap Analysis" by 2011
 - ◆ \$54M 'Early Innovator Grant' was returned to HHS

III. How
'Exchange-
Ready' is
Oklahoma?

FINANCIAL MANAGEMENT

- ◆ Establish financial management structures & hire accountants/actuaries
- ◆ Necessary to comply with HHS audits and inquiries
- ◆ Plan for exchanges be financially self-sustaining starting in 2015

BENCHMARK

- ◆ Financial management structures should be in place by 2011

III. How
'Exchange-
Ready' is
Oklahoma?

HEALTH INSURANCE MARKET REFORMS

- ◆ To be certified as “exchange-ready”, must demonstrate rate review & insurer oversight regulations are being enforced

BENCHMARK

- ◆ Pass needed legislation, consult with stakeholders, and develop an implementation plan by 2011
- ◆ OID returned \$1M to cover implementation costs, i.e. public stakeholder meetings, new staff, systems upgrades

III. How
'Exchange-
Ready' is
Oklahoma?

BUSINESS OPERATIONS

- ◆ Making decisions about aspects of exchange operation: website and call center, navigators, certification of QHPs

- ◆ **BENCHMARK**

- ◆ Ongoing throughout 2011 and 2012

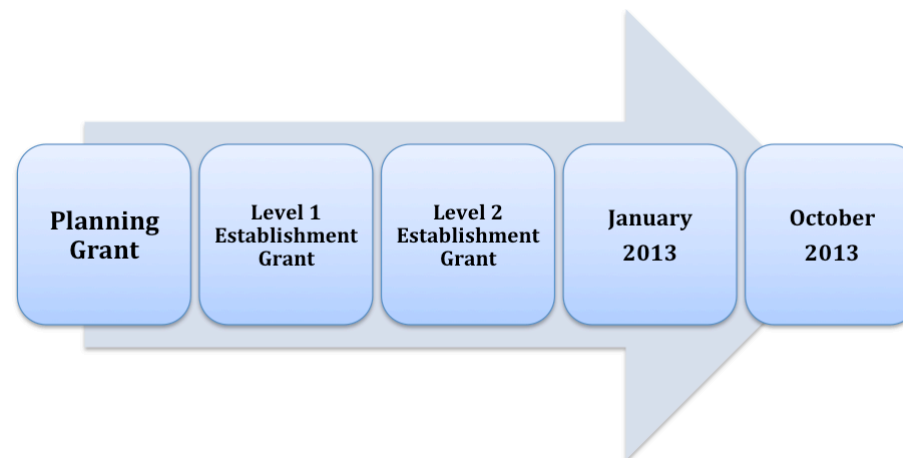
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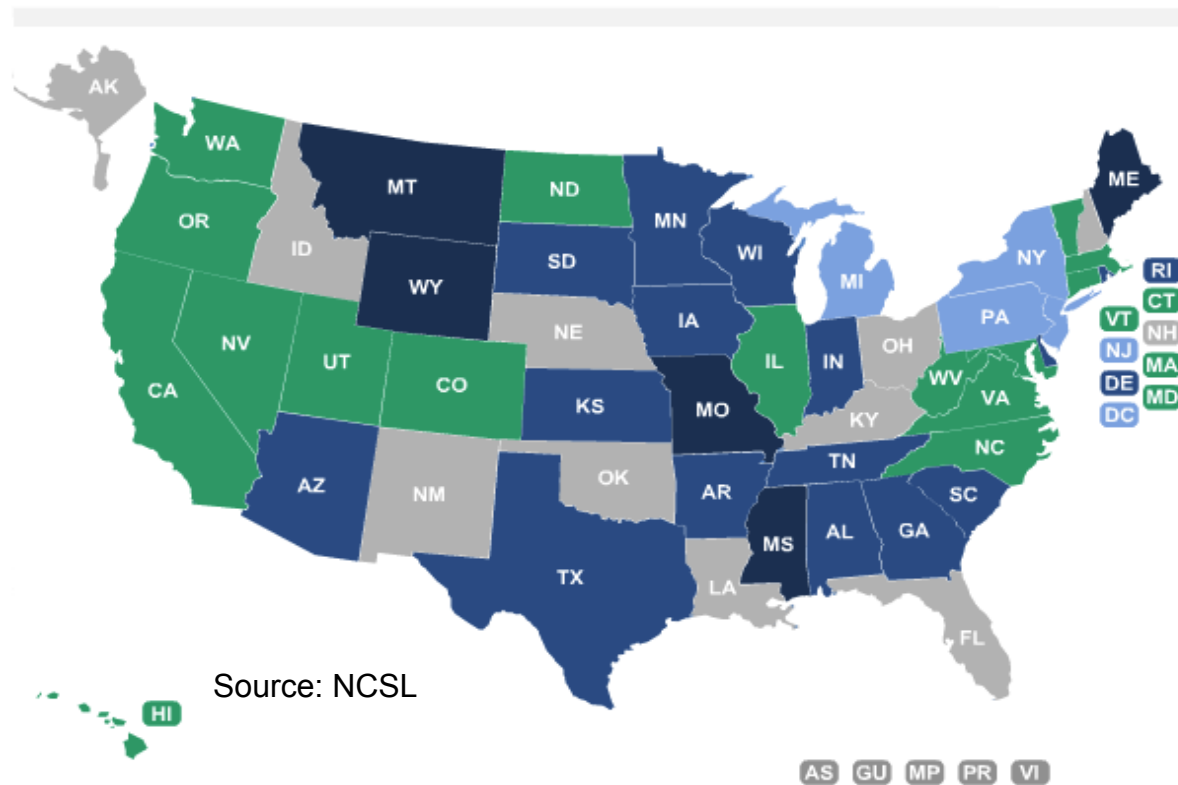
IV. What are Oklahoma's choices?

STATE-RUN EXCHANGE

- ◆ Level 1 Exchange Establishment Grant final deadline December 30th, 2011
- ◆ Level 2 Exchange Establishment Grant final deadline June 30th, 2012
 - ◆ As far as we know, no one is preparing to apply for these grants
- ◆ **Without firm commitment and resources, it is difficult to see a path for Oklahoma to demonstrate readiness by January 2013**



IV. What are Oklahoma's choices?



Source: NCSL

■	Enacted Establishment Legislation
■	Legislation Pending
■	Legislature Created Study Entity
■	Legislative Action Not Taken or Did Not Pass in 2011
■	Executive Branch Action

◆ 19 states have already received a Level 1 establishment grant, an Early Innovator Grant, or are already operating exchanges

IV. What are Oklahoma's choices?

FEDERALLY- FACILITATED EXCHANGE

- ◆ Federal agencies perform all exchange functions

Consumer Assistance	Consumer support assistors; education and outreach; Navigator management; call center operations; website management; and written correspondence with consumers to support eligibility and enrollment.
Plan Management	Plan selection approach (e.g., active purchaser or any willing plan); collection and analysis of plan rate and benefit package information; issuer monitoring and oversight; ongoing issuer account management; issuer outreach and training; and data collection and analysis for quality.
Eligibility	Accept applications; conduct verifications of applicant information; determine eligibility for enrollment in a Qualified Health Plan and for insurance affordability programs; connect Medicaid and CHIP-eligible applicants to Medicaid and CHIP; and conduct redeterminations and appeals.
Enrollment	Enrollment of consumers into qualified health plans; transactions with Qualified Health Plans and transmission of information necessary to initiate advance payments of the premium tax credit and cost-sharing reductions.
Financial Management	User fees; financial integrity; support of risk adjustment, reinsurance, and risk corridor programs.

IV. What are Oklahoma's choices?

FEDERALLY FACILITATED EXCHANGE

If we are unable to move forward with a timely and good faith effort to establish a state-run exchange, we lose the following:

- ◆ Regulatory authority over plans sold on the exchange, including certifying QHPs
 - ◆ Determining the role of navigators
- ◆ Design of an exchange on our own terms, uniquely tailored to our state

Tentative federal/state partnership (CMS proposal 09/11)

IV. What are Oklahoma's choices?

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- ◆ Option A: States perform consumer assistance function
 - ◆ Option B: States perform plan management function
 - ◆ Option C: States do both A & B
- ◆ Federal government performs all other functions

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Questions?