

State of Nebraska's Health Insurance Exchange A Presentation to the Brokers

September, 2012



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OVERVIEW OF HEALTH INSURANCE EXCHANGES



THE PATIENT PROTECTION & AFFORDABLE CARE ACT (PPACA)

Among its basic provisions, the federal law:

- » Requires Americans to have health insurance (“individual mandate”).

Expands Medicaid to all persons with income below 133% of the Federal Poverty Level. However, the recent United States Supreme Court Decision held that this expansion is a new program which is unconstitutional unless the expansion is elected at the option of each state.
- » Imposes new regulations on all health plans sold in the newly created Exchanges and in the individual and small group markets.
- » Creates exchanges through which individuals and small businesses can purchase private coverage.

SUPREME COURT DECISION

- » The Patient Protection and Affordable Care Act has been ruled to be constitutional because the Court determined that the penalty for not being in compliance with the “individual mandate” is actually a tax and not a penalty

- » The new Medicaid expansion mandate has been ruled as unconstitutionally coercive and, as such, it is a new and distinct program that is optional for the states
 - › No penalty can be applied to those states that choose to not participate
 - › Potential impact to Exchange technology and volume (further study is necessary)

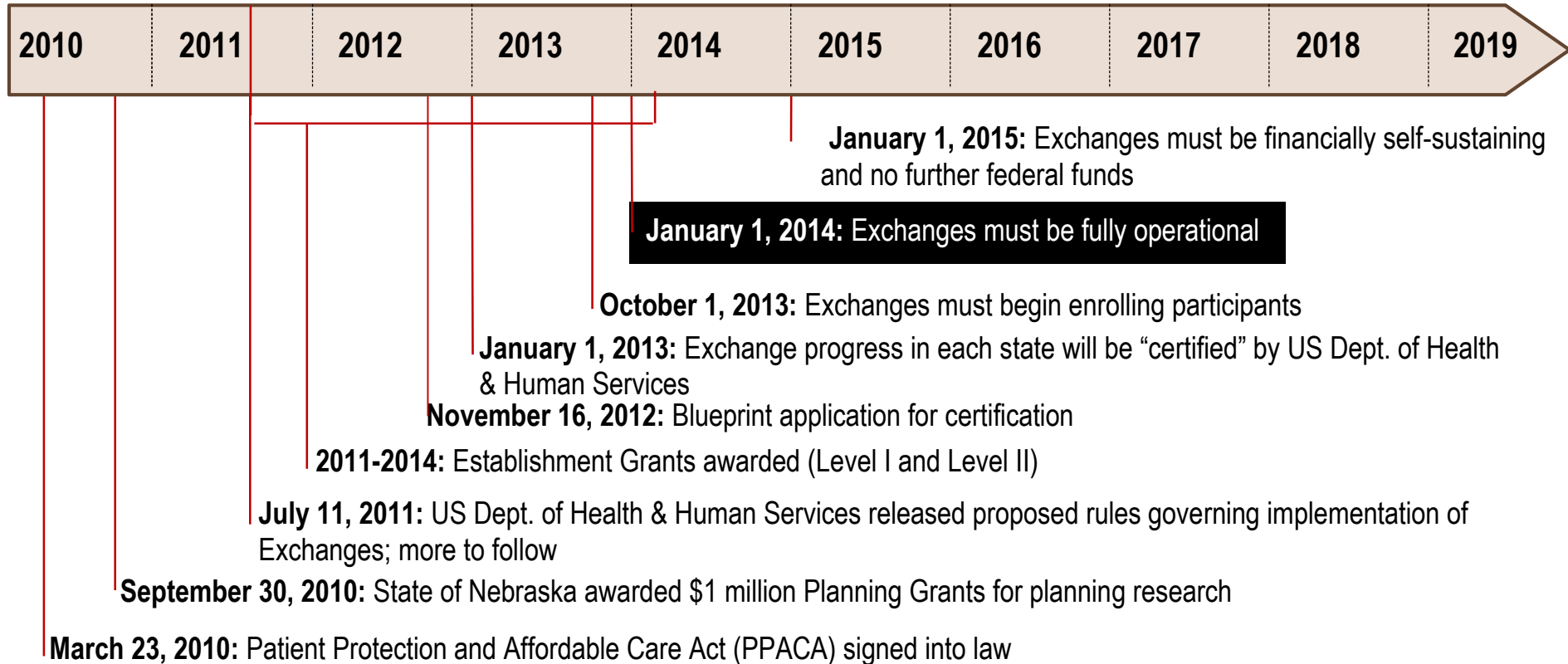
WHAT IS AN EXCHANGE?

A State-based insurance Exchange is a newly created marketplace that will facilitate the comparison and purchasing of health insurance for individuals and small business employers.

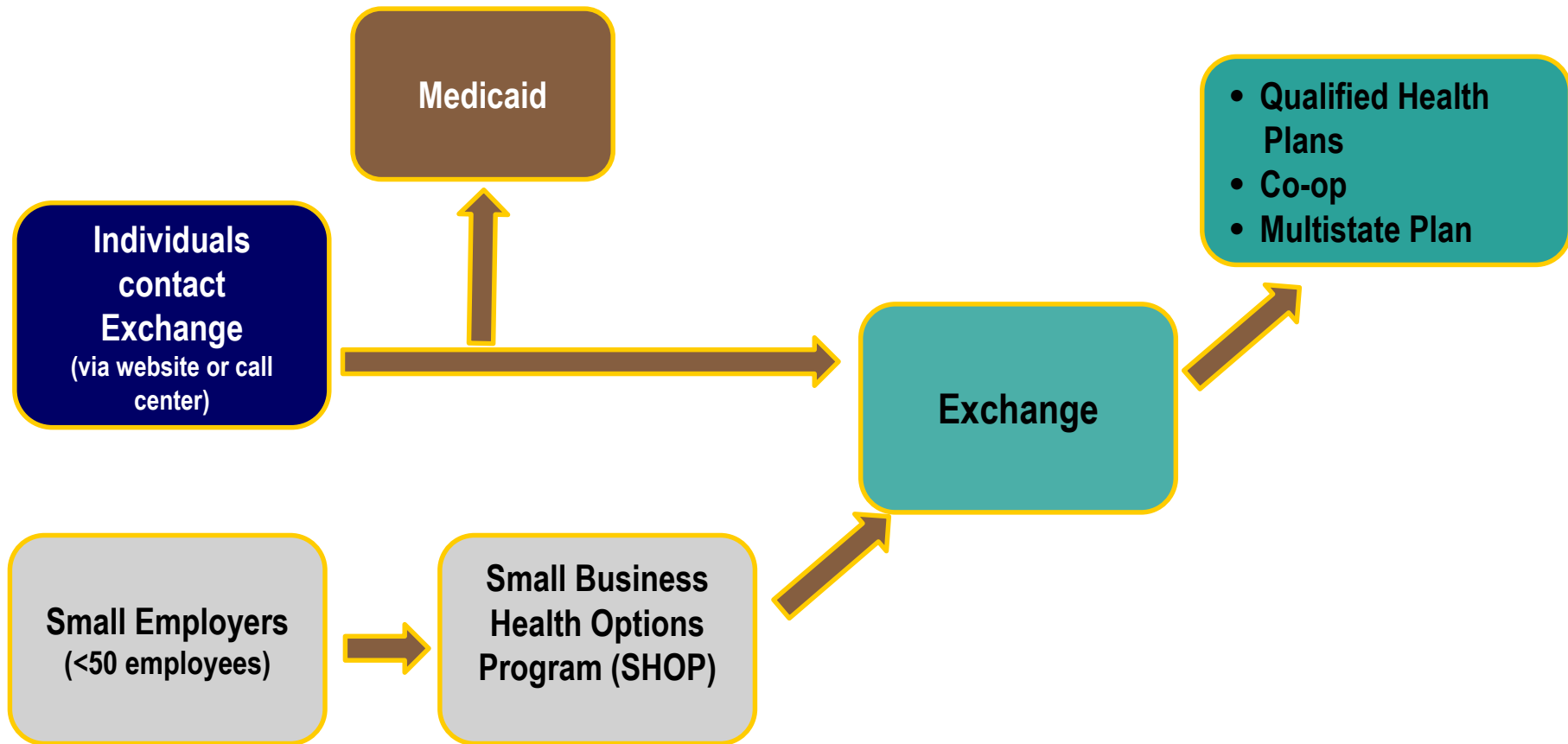
EXCHANGE FUNCTIONS

- » Exchanges must perform a variety of functions, including:
 - › Determining eligibility of consumers for enrollment into Qualified Health Plans and for insurance affordability programs (premium tax credits, and Medicaid/SCHIP, although this is a subject area that requires more analysis as a result of the Supreme Court Decision)
 - › Certifying health plans as “qualified health plans” to be offered in the Exchange
 - › Facilitating the enrollment process of individuals and employees into Qualified Health Plans
 - › Operating an Exchange website to facilitate comparing and selecting health insurance coverage for eligible individuals and small employers
 - › Operating a toll-free hotline for consumer support, providing grant funding to Navigators for consumer assistance, and conducting outreach and education to consumers regarding Exchanges

EXCHANGE IMPLEMENTATION TIMELINE



HOW WILL EXCHANGES WORK?



Exchanges will serve the individual and small employer markets differently

WHO CAN USE THE EXCHANGE?

- » The Nebraska Exchange will become a marketplace for qualified individuals and small employers to purchase health insurance:
 - › Individuals are qualified to use the Exchange if they meet certain criteria including no access to other affordable insurance; and lawfully residing in Nebraska
 - Individuals that meet certain income guidelines will become eligible for federal insurance premium assistance (tax credits) providing they purchase a Qualified Health Plan offering through the Exchange
 - › Small business employers are qualified if they employ up to 50 fulltime employees
 - Small employers that meet certain criteria will become eligible to for a tax credit if they “join/contract with” the Exchange

- » Nebraska estimates the potential Exchange enrollment to be:
 - › Approximately 100,000 individuals (by 2016)
 - › Small business employers with approximately 20,000 employees (by 2016)

THE EXCHANGE AND THE ROLE OF THE BROKER

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- » The State's role in licensing agents and brokers is not changed by the Patient Protection & Affordable Care Act (PPACA)
- » State Exchanges may permit agents and brokers to:
 - › Enroll individuals, employers or employees in any Qualified Health Plan in the individual or small group market
 - › Enroll qualified individuals in a Qualified Health Plan in a manner that constitutes enrollment through the Exchange
 - › Assist individuals in applying for advance payments of the premium tax credit and cost-sharing reductions for Qualified Health Plans

THE EXCHANGE AND THE ROLE OF THE BROKER

- » Agents and brokers must “register” with the Exchange in advance of assisting qualified individuals enrolling in Qualified Health Plans:
 - › Complete all training that may be required by the Exchange regarding the Qualified Health Plans, tax credits and cost-sharing reductions
 - › Comply with all Exchange privacy and security standards
 - › Comply with all marketing standards that federal or state rules require
 - › Ensure the applicant’s completion of an eligible verification and enrollment application through the Exchange website
 - › Allow the Exchange to transmit the enrollment information to the Qualified Health Plan issuer

THE EXCHANGE AND THE ROLE OF THE BROKER

- » When a website of the agent or broker is used to complete the Qualified Health Plan selection, at a minimum the website must:
 - › Meet all standards for disclosure and display of Qualified Health Plan information
 - › Provide consumers the ability to view all Qualified Health Plans offered through the Exchange
 - › Not provide financial incentives, such as rebates or giveaways
 - › Display all Qualified Health Plan data provided by the Exchange
 - › Maintain audit trails and records in an electronic format for a minimum of ten years
 - › Provide consumers with the ability to withdraw from the process and use the Exchange website instead and at any time

EXCHANGE NAVIGATORS AND BROKERS

- » Exchange Navigators will be individuals or entities that will be responsible for educating consumers about the Exchange and the health coverage options offered by the Exchange. Some of the requirements include:
 - › Maintain expertise in eligibility, enrollment, and program specifications and conduct public education
 - › Provide information and services in a fair, accurate and impartial manner
 - › Facilitate enrollment of a Qualified Health Plan
 - › Provide referrals to any applicable office of insurance consumer assistance (grievance, complaint, or question about their plan, coverage or a determination under such plan)
 - › Provide information in a manner that is culturally and linguistically appropriate and ensure access for individuals with disabilities

EXCHANGE NAVIGATORS AND BROKERS

- » Agents and brokers can become Navigators providing they:
 - › Meet Navigator training requirements
 - › Meet the minimum duties required by the federal and state rules
 - › Meet the Conflicts of Interest standards (not yet determined)
 - › Receive no compensation (directly or indirectly) from health insurers

NEBRASKA'S EXCHANGE PROGRESS UPDATE

NEBRASKA'S EXCHANGE DESIGN PROGRESS

- Currently drafting the business model flows of Exchange functions to determine business and technical requirements. The business flows are the method in which the business plans drive the technology and create the back office procedures; they include:
 - Eligibility and Enrollment (individual and small employer)
 - Health Plan Management (leverage existing infrastructure as much as possible)
 - Financial Management and Data Exchange (leverage existing health plan capabilities where applicable)
 - Consumer Assistance/Call Center
 - Compliance, Auditing and Reporting

NEBRASKA'S EXCHANGE DESIGN PROGRESS, CONTINUED...

- » Currently drafting the Exchange Information Technology system strategy and architectural diagram
- » Currently drafting the Request for Proposals (RFP) to solicit proposals and select the most beneficial solution(s) for the Nebraska Exchange
- » These are proposed documents, and we plan to meet with stakeholders on the models

NEBRASKA'S EXCHANGE DESIGN PROGRESS CONTINUED...

- Contracted with INS Consulting to examine whether or not the state should conduct the reinsurance, risk adjustment and risk corridor programs:
 - Final federal regulations may not be released until after the state needs to make a decision
 - Study concluded that the state should not consider running their own programs
 - We will consult with insurers and other stakeholders on this point

NEBRASKA EXCHANGE POLICY ASSUMPTIONS

- Exchange will be operated as a Division within the Nebraska Department of Insurance.
- There will be a single Exchange that serves both the individual and small employer markets; however, the risk pools will remain separate.
- All Exchange “certified” health plans will be able to sell within the Nebraska Exchange. The Exchange will not limit the number of Qualified Health Plans.
- Exchange Service & Call Center will be located and staffed in Nebraska.

OVERVIEW OF ESSENTIAL HEALTH BENEFITS

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- » Under the Patient Protection and Affordable Care Act (PPACA), the United States Secretary of Health and Human Services was to adopt standards for Essential Health Benefits.
- » Essential Health Benefits are the minimum standard to be applied both inside and outside the Exchanges. They include:
 - › Ambulatory patient services
 - › Emergency services
 - › Hospitalizations
 - › Maternity and newborn care
 - › Mental health and substance use disorder services, including behavioral health
 - › Prescription drugs
 - › Rehabilitative and habilitative services and devices
 - › Laboratory services
 - › Preventive and wellness services and chronic disease management
 - › Pediatric services, including oral and vision care

ESSENTIAL HEALTH BENEFITS

In a Bulletin, the federal government determined that it would defer to the states to make this decision:

- States may choose one choice from a pre-set list of federally chosen options.
- Choices are: States largest HMO; State employee health plan; Federal employee health plan; and the three largest small group health plans.
- States authorized to decide this issue whether or not they operate a state-based Exchange

ESSENTIAL HEALTH BENEFITS

Federal bulletin required states to wait for a federal determination of what the three plans were. The federal government did not publish this information until late June 2012.

Decision must be made by September 30, 2012 or the federal government will choose the largest small group health plan.

Using federal grant funds, NDOI contracted with Mercer to conduct a study regarding the Essential Health Benefits:

- › Evaluate the largest three small group plans, the largest HMO, the largest state employee plan and the federal employees health insurance plan

Governor Heineman has asked NDOI to seek public input and get back to him with a recommendation. The public sessions will take place on August 16, 2012.

PROPOSED ROLE OF THE NEBRASKA BROKER

NEBRASKA DEPARTMENT OF INSURANCE: PROPOSED ROLE OF THE BROKER

- Brokers can decide to sell inside and outside the Exchange to individuals and small groups
- Brokers can use their existing license to sell Exchange Qualified Health Plans to individuals and small businesses
- Brokers may be paid commissions by issuers for Qualified Health Plan enrollment.
- Brokers will not be paid commissions by the Exchange
- The issuers will determine commission amounts inside and outside the Exchange
- The issuers will determine commission amounts for new enrollees and renewals inside and outside the Exchange
- The Exchange will not require that brokers be appointed by all health insurers
- Brokers will have access to a web portal designed exclusively for them to use and brokers/producers will also have a distinct telephone number when contacting the Service/Call Center

NEBRASKA'S NEXT STEPS

FEDERAL RULES STATES ARE STILL WAITING FOR

- » New rules after Supreme Court of the United States ruling
 - Is “No Wrong Door” still valid?
 - What is the definition of Medicaid “expansion” and what effect does that definition have on the operations of the Exchange?
- » Risk Adjustment, Risk Corridors, and Reinsurance
- » Regulation on Essential Health Benefit – Only a bulletin has been issued to date
- » Final guidance regarding Federal-facilitated Exchange
- » Over 200 mentions of forthcoming guidance
 - Appeals Process

NEXT STEPS

- Moving forward with design of State-based Exchange
- Continued Study
 - » Scope of Supreme Court decision unclear
 - » Still need federal regulations
 - » We continue to welcome input from all parties
- Continued Banking Committee Briefings & Public Information Sessions

NEBRASKA'S NEXT STEPS

- Develop an procurement/acquisition strategy (e.g., multiple vendors, service contract, hosted technology, etc.)
- Develop a Marketing and Outreach Strategy
- Issue the Request for Proposal and receive proposals from “solutions” vendors and select a vendor
- Gate Review with Centers for Medicare and Medicaid Services (CMS) and complete the Blueprint application
- Develop a funding strategy and submit grant for additional funding
- Await further guidance from CMS for many areas

CONTACT INFORMATION

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<http://www.doi.ne.gov/healthcarereform/exchange/index.htm>
- » Facebook: <http://www.facebook.com/pages/Nebraska-Department-of-Insurance-Exchange-Planning-Division/104284246313073>

QUESTIONS / DISCUSSION

