



PPACA AND HEALTH INSURANCE EXCHANGES

Nebraska Department of Insurance



PPACA and Health Insurance Exchanges

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- ❑ **The Patient Protection and Affordable Care Act (PPACA)** is a federal statute that, among other changes, attempts to restructure the private health insurance marketplace by requiring the existence, in every state, of a Health Insurance Exchange (HIX).
 - ❑ States are beginning planning and implementation
 - ❑ Current lawsuits pending- A final decision will need to be made by the U.S. Supreme Court.

What is a Health Insurance Exchange?

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- ❑ A regulated marketplace for individuals to purchase health insurance products and access Medicaid.
- ❑ Standardized insurance products
- ❑ Access through the internet, telephone call center, and in person “bricks and mortar” locations.
- ❑ Outreach programs

Federal premise of an Exchange

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- ❑ One-Stop Shopping
- ❑ Greater Benefits and Protections
- ❑ Lower Costs
- ❑ Increased Competition

Who will have access to the Exchange?

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□ Individual Exchange

- U.S. citizens

□ “SHOP Exchange”

- Small businesses with up to 50 employees can also purchase small group coverage through an Exchange

PPACA Exchange Options

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A state may choose between:

- ❑ State-Based Exchanges
- ❑ Regional Exchanges
- ❑ Federal Exchange
- ❑ State / Federal Exchange

Federal law mandates that each state will have some type an Exchange.

Federal Laws and Regulations

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□ Federal Statutes

- PPACA provides basic framework for exchanges

□ Federal Regulations

- Significant issues will be resolved through regulations

- July 2011: Proposed federal rules announce a basic HIX structure
- Fall 2011: Final federal regulations on HIX will be issued
- Fall 2011: Proposed federal rules expected to create insurance policy requirements
- Fall 2011: Proposed federal rules on “Minimum Essential Benefits”

Statutory Timeline for Exchange Creation

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- ❑ Each state is mandated have some type of a HIX
- ❑ Secretary of Federal HHS must certify, by January 1, 2013, a state's plan to operate a qualified exchange
 - ❑ If a state does not operate an Exchange, the federal government will operate it.
- ❑ Each state must have the Exchange operational by January 1, 2014
 - ❑ After 2014, a state may choose to operate an Exchange or end operation of an Exchange, but the state must provide HHS at least 12 months notice.
- ❑ The HIX must be financially self-sustaining by 2015

Exchange Functions

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- ❑ At a minimum, an Exchange must:
 - ❑ Implement procedures to certify health plans
 - ❑ Assign a rating to each plan & standardize the format for presenting options
 - ❑ Inform individuals of eligibility for Medicaid
 - ❑ Determine eligibility for federal insurance premium subsidy programs

Exchange Functions (Continued)

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- ❑ Interact with federal data hub to verify eligibility information
- ❑ Facilitate application and enrollment
- ❑ Collect health policy premium payments
 - ❑ Exchanges are not required to collect premiums from enrollees, but could do so
 - ❑ Exchanges in the Small Business Health Options Program (SHOP) are required to aggregate premium
- ❑ Create a navigator program

Inside vs. Outside the Exchange

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- ❑ Nothing in the federal law precludes the sale of insurance products outside of the Exchange; however states may enact statutory restrictions to avoid adverse selection
- ❑ Individuals may only receive subsidies when they buy plans in the Exchange
- ❑ Grandfathered plans may not be sold in the Exchange
- ❑ Insurance carriers must consider all enrollees in all non – grandfathered plans to be members of the same risk pool

Plans available in the Exchange

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- ❑ Qualified Health Plans (QHP)
 - ❑ Provide “minimum essential benefits” yet to be determined by the Secretary of federal HHS
 - ❑ Agree to charge the same price for plans both in and out of the Exchange
- ❑ Co-op Plans
- ❑ Multi-State Plans

Qualified Health Plan Certification

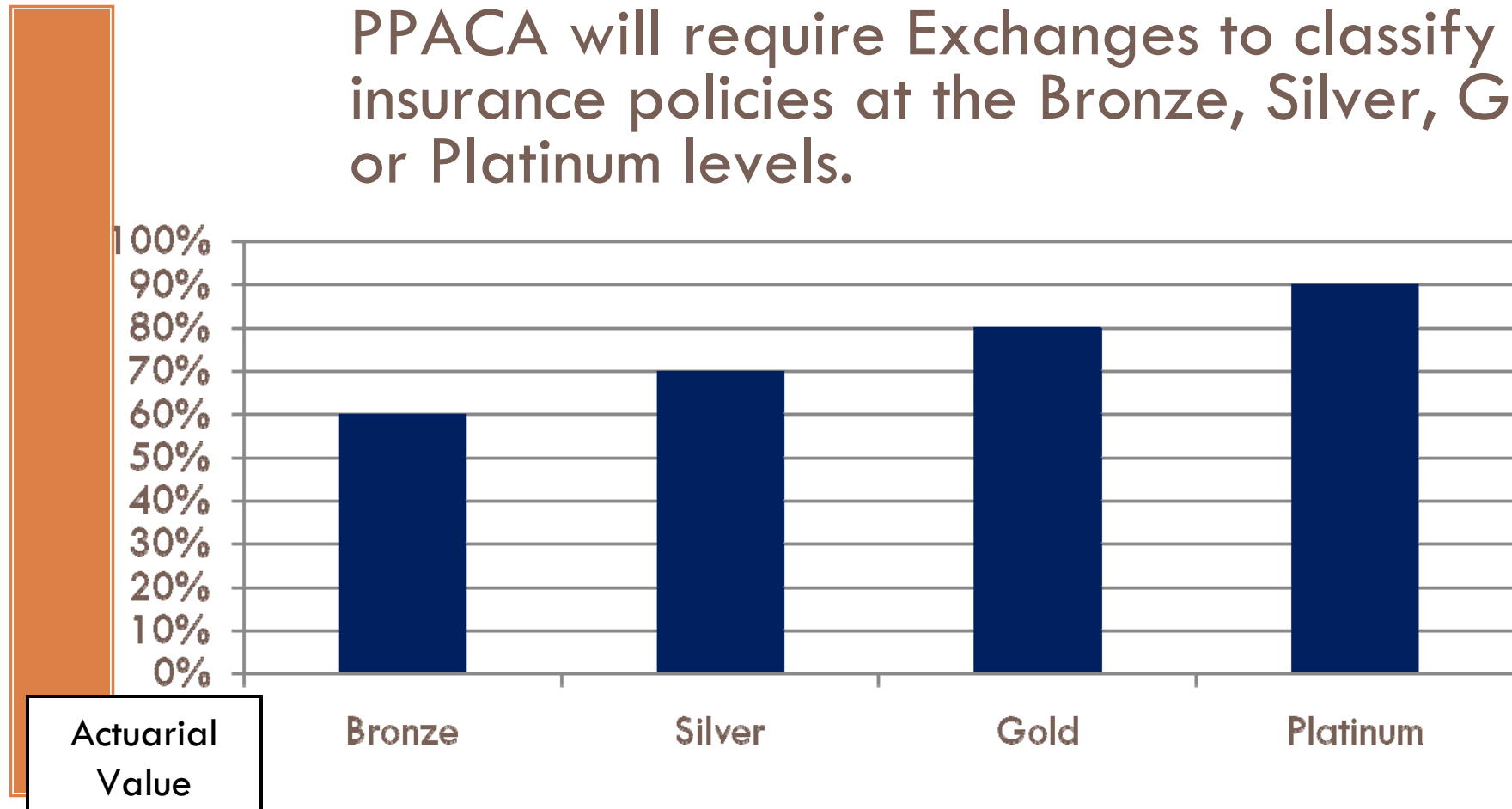
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- ❑ At a minimum QHPs must:
 - ❑ Meet Marketing Requirements
 - ❑ Meet network adequacy requirements
 - Include essential community providers in network
 - ❑ Be accredited by an organization recognized by the Secretary
- ❑ Note: HHS and/or States may impose additional certification requirements

Qualified Health Plans: Actuarial Value

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PPACA will require Exchanges to classify insurance policies at the Bronze, Silver, Gold, or Platinum levels.



Who will receive subsidies under the Exchange?

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- ❑ The tax credit varies, based on a person's income
- ❑ From 2% of total premium for an income level up to 133% of FPL
- ❑ To 9.5% of total premium for an income level between 300% and 400% of FPL

APPLICANT'S POTENTIAL PREMIUM AS A PERCENTAGE OF INCOME BASED ON A SILVER TIERED PLAN

Federal Poverty Level	2009 Single Person's Income	Premium as Percent of Income	Estimated Annual Premium	Estimated Monthly Premium
133%	\$14,845	3%	\$445	\$37.11
150%	\$16,742	4%	\$670	\$55.81
200%	\$22,322	6.30%	\$1,406	\$117.19
250%	\$27,902	8.05%	\$2,246	\$187.18
300%	\$33,483	9.50%	\$3,181	\$265.07
350%	\$39,063	9.50%	\$3,711	\$309.25
400%	\$44,644	9.50%	\$4,241	\$353.43



TABLE 1: JONES FAMILY INCOME AND PREMIUM SHARE

Mr. and Mrs. Jones and their two children	
Modified Adjusted Gross Income	\$55,125
Federal Poverty Level	250%
Family Share of Premium	8.05%
Estimated Family Monthly Premium	\$370

TABLE 2: JONES FAMILY ESTIMATED PREMIUM AMOUNT BY PLAN LEVEL

Plan Tier	Estimated Total Monthly Premium	Estimated Federal Subsidy Amount	Jones' Monthly Estimated Premium Amount
Platinum	\$1,800	\$1,030	\$770
Gold	\$1,600	\$1,030	\$570
Silver (most expensive)	\$1,430	\$1,030	\$400
Silver (second-lowest cost)	\$1,400	\$1,030	\$370
Silver (lowest cost)	\$1,380	\$1,030	\$350
Bronze	\$1,200	\$1,030	\$170

Navigators

- ❑ Another function of the exchange is that it must issue grants to "navigators"
- ❑ "Navigators" provide outreach services and notify hard to reach populations about coverage through an exchange
- ❑ The HIX must develop standards that are, in part, mandated by the federal law regarding who can serve as "navigators"

Existing Exchange Models

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- ❑ Transparent Marketplace (Utah Model)
 - ❑ Allow valid plan comparisons
 - ❑ Simplify purchasing
 - ❑ Administer subsidies

- ❑ Active purchaser (Massachusetts Model)
 - ❑ Limit insurer participation
 - ❑ Standardize plan comparisons
 - ❑ The Exchange controls plan design and volume.

- ❑ We have studied both Exchange models and have followed up with onsite visits to Massachusetts and Utah.

Stakeholder Involvement

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- ❑ The Department facilitated 5 HIX open public forums across Nebraska's three Congressional districts:
 - ❑ Gering
 - ❑ Kearney
 - ❑ Norfolk
 - ❑ Lincoln
 - ❑ Omaha
- ❑ In addition, there have been numerous meetings:
 - ❑ Producers
 - ❑ Consumer Advocates
 - ❑ Insurers
 - ❑ Tribes
 - ❑ Trade Associations
 - ❑ Legislators
 - ❑ Interagency Meetings

Stakeholder Involvement

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- ❑ The Department has produced three surveys to gain input from Nebraska's diverse stakeholders:
 - ❑ Producer Survey
 - ❑ Insurer Survey
 - ❑ HIX Survey

Consultant 1:

Public Consulting Group

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- ❑ Contracted to:
 - ❑ Provide an IT gap analysis of Nebraska IT Architecture
 - The current state of our systems
 - Analysis of the modifications needed to be PPACA compliant
 - ❑ Provide NDOI with an overall IT road map and proposed solution for Exchange development
 - ❑ Provide NDOI with cost estimates for required IT modifications and upgrades

Consultant 2:

Health Management Associates

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- ❑ Contracted to:
 - ❑ Provide a demographic analysis of Nebraska's insurance Market.
 - ❑ Provide an actuarial analysis of exchange sustainability in the state and the impact on the outside market.
 - ❑ Identify key HIX design and structural options
 - ❑ Provide a fiscal analysis of the operational costs of a HIX.

Next Steps

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- Deliverables are sent to DOI
- Report to Policy makers
- Public meetings
- Continued Legislative briefings

QUESTIONS?



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