Exchanges

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Presentation

1. Current activity
2. Brief review of the Health Insurance Partnership.
3. Brief review of an exchange:
   - Functions of an exchange.
   - Initial policy issues to consider.
   - Development and implementation dates .
4. Questions and discussion.

Current Activity

1. Exchange planning: performing technical staff work

- Staff participation from Health Care Authority, Medicaid Purchasing Administration, Office of Insurance Commissioner, and Legislative.
- Start by developing a list of key operational and policy questions.
- Then, develop high level options of potential exchanges for Washington State.

2. Consult and Collaborate

- Joint Select Committee and exchange advisory committee and stakeholder engagement
- Health Care Reform Realization Committee and exchange advisory committee and stakeholder engagement
- National discussions with National Governor's Association, Medicaid Directors, State Coverage Initiatives and experts in other states.

Health Insurance Partnership

Grant Award

- Washington State received $34.7 million primarily to resume the Health Insurance Partnership
- One of 13 states to receive a grant
- Money is awarded for each Federal Fiscal Year September 1 – August 31
  - $1.2 million the first year – HCA's portion is $893,495
  - $3.5 million the second year – HCA's portion is $3,188,108
  - $9.9 million in the following three years – HCA's portion is $9,881,985

Grant Award

- The HIP will be managed by the Health Care Authority and will be operational by September 2010.
  - HIP Board and Technical Advisory Committee are reestablished
- Most of the money received for the HIP will be used for subsidies for low-income employees.
  - Over 800 employees and dependents in Year 2
  - Nearly 4,000 employees and dependents in Years 3-5
- HCA is not using any state funds for program expenses

Program Overview

- Employer Eligibility
  - 1-50 employees
  - 50% low-wage
  - Not currently offering health insurance coverage
  - 75% minimum participation
  - Minimum contribution of 40% of the employees' premium

- Subsidies for income-qualified participants
  - Income at or below 200% FPL
  - Sliding subsidy scale with 4 income bands
  - Subsidies range from 60 – 90% of employee and dependent premium

- Designated health benefit plans
  - Plans selected by the HIP Board
  - Selected from the current small group market - same rates and plan designs
  - All designated plans qualify for premium subsidy
  - Range from comprehensive to catastrophic

Accomplishments

- Third-party Administrator chosen, system built and tested
- Carrier commitment to submit plans
- Focus groups with brokers conducted
- Program enrollment materials developed
- Outreach strategy identified
- First year program evaluation drafted

Partnerships

- Washington small group carriers
- Brokers
- University of Washington
- Milliman
- Harrington Health
- rialto communications
- Professional associations and business groups

We also receive Technical Assistance from:

- National Academy for State Health Policy
- State Health Access Data Assistance Center

Key Dates – Health Insurance Partnership

September 1, 2010 - Small employer enrollment

January 1, 2011 - Coverage and subsidies begin

Exchange
Affordable Care Act

Functions of an exchange

At a minimum, an Exchange must:

- Facilitate the purchase of “qualified health plans.”
- …initially by making exchange coverage available to individuals and small groups
  - Eligible individuals may purchase any plan offered through the exchange
  - Small employers choose a tier of coverage; employee chooses a plan within that tier.
- Determine eligibility for subsidies.
- Certify the qualified health plans.
- Cover a distinct service area.

Functions of an exchange
At a minimum, an Exchange must:

- Determine eligibility for Medicaid and other state health care programs
- Limit access to Citizens & Legal Residents
- Provide services that implement the individual mandate.

Inside & Outside the Exchange

- Health plans can continue to be sold outside the exchange in the current private insurance market.
- Individuals may only receive subsidies in the exchange
- Risk pools: Health insurance carriers must pool all enrollees *inside and outside* of the exchange in a single risk pool for
  - ❑ all enrollees in individual, non-grandfathered plans
  - ❑ all enrollees in small group, non-grandfathered plans

  OR

  - ❑ all enrollees in individual and small group, non-grandfathered, plans from a merged individual—small group market.

Initial policy questions to consider

- What is the purpose of the exchange? What does it need to achieve?
- What is the best way to govern an exchange in Washington State?
  - ❑ Federal?
  - ❑ State?
- How should an exchange be administered?
  - ❑ Private-public entity?
  - ❑ state agency?
  - ❑ Combinations?
  - ❑ Other?

Initial policy questions to consider

- Should there be separate exchanges for individuals and small employer groups?
- Should Washington develop a regional exchange with other states?
- Should multiple exchanges serve distinct areas within Washington State?

Development and implementation dates

By March, 2011:

- Grants will be made available to assist with establishing exchanges. Grant program runs until January 1, 2015.

By January 1, 2013:

- HHS will determine whether the state may implement an exchange.

By January 1, 2014:

- States must have in effect state laws that enable the operation of exchanges as described by HHS.

Exchanges: relevant dates

By January 2015:

- An exchange must be self-sustaining.

By January 1, 2016:

- A State may choose to enter into a “health care choice compact” if the state enacts a law authorizing such action.

Beginning in 2017:

- States may allow large groups to purchase qualified health plans through the exchange.

Questions and Discussion