

## UPDATE ON ARKANSAS HEALTH BENEFITS EXCHANGE PLANNING

Arkansas Finish Line Coalition  
June 30, 2011

## Health Benefits Exchange

...is a way of organizing the health insurance marketplace that provides customers with easy comparisons of available plan options based on price, benefits, services, and quality.

Exchanges in compliance with the Patient Protection and Affordable Care Act of 2010 are to include a single, integrated eligibility and enrollment portal and interactive, web-based services that allow individuals and small businesses to quickly compare, shop for, and enroll in a qualified health plan.

## Who Will Use the Exchange in 2014?

- Individuals (Birth – 64 year olds)
  - ✓ **Those eligible for Medicaid (<139% of FPL)**
  - ✓ **Those eligible for CHIP (<200% FPL)**
  - ✓ *Those eligible for Basic Health Plan (<200% FPL)*
  - ✓ **Those eligible for premium tax credits (up to 400% of FPL) or other cost reductions**
  - ✓ Others choosing to shop through Exchange
- Small Businesses (<100 employees)

## Authority to Implement Exchange

State legal authority is required to implement a State operated health benefits exchange.

*Arkansas Health Benefits Exchange Planning efforts continue... as most everyone agrees that an Exchange operated for Arkansans by Arkansans is preferable to a Federally operated Exchange for Arkansans.*

Legislation to authorize development of Arkansas Health Benefits Exchange did not pass during 88<sup>th</sup> Arkansas General Assembly.

## How will AR Exchange help?

- Ensure coverage for 481,000 uninsured Arkansans and 128,000 who will purchase insurance through the individual market (*White House*).
- Will decrease family premiums by \$1,330 - \$1,900 annually for same benefit – (*CBO*)
- 323,000 Arkansans will be eligible for tax credits (\$5.2 Billion in premium cost sharing and tax credits during first five years -*Senate Finance Committee*)
- 251,191 will be newly eligible for Medicaid (\$9.3 Billion in federal funding - *Senate Finance Committee*)

## Why do we need it?

- Improve access to health care and improve health outcomes
  - Costs of healthcare
- Physician and Hospital Claims 2010:  
-*Commercial Insurance increased 8.66%*  
-*Medicare increased 5.08% (sicker population)*  
• *Health Leaders Media*
- 2000 – 2010:  
• Health Inflation was 48% compared with Consumer Price Index Inflation of 26%
- Per Capita increase in health costs was 7.32% compared to 1.1% overall inflation

## Health Status 2008-2009 Kaiser State Health Facts

Indicator	Arkansas	United States
Infant Mortality Rate (per 1,000 live births)	8.2	6.8
Teen Death Rate (per 100,000 population)	93	62
AIDS Diagnosis Rate (per 100,000 population)	6.8	11.2
Overweight or Obese Children (% of children)	37.5	31.6
Adults who Visited the Dentist/Clinic (% of adults)	63.5	71.3
Adults with Disabilities (% of adults)	17.6	12.1

## Health Costs and Budgets (Kaiser)

Category	Arkansas	United States
Health Spending Per Capita	\$4,863	\$5,283
Average Family Contribution for Family Premium (% of total premium)	27	27

## Uninsured in Arkansas

A **half-million individuals** are without health insurance (AHI)

- 17% of our population
- 25% of 19-64 year olds are without health insurance
- 30% of 19-44 year olds are uninsured, with even higher rates for some geographic and demographic groups

## How about those who *are* insured?

75% are insured through their employer

- 93% of large employers offer health insurance
- 27% of small employers offer health insurance (AHRQ)

*The majority of Arkansas employers (72.7%) are small businesses*

## ACA Help NOW!

- Prohibits pre-existing conditions denials for children under 19
- Extends coverage for young adults to age 26
- Eliminates lifetime limits
- Prohibits rescinding coverage
- Regulates annual limits until 2014 when no annual limits will be allowed for minimal essential benefits

## ACA Now!

- Provides for small business (25 employees or less) health insurance tax credits (35% employers' contribution; 25% for non-profits)
- Coverage for Early Retirees (55-64 years) with federal reimbursement for 25%-35% of costs
- Provides for preventive care without deductibles or co-pay charges by consumers

### ACA and Elder Protections

- Relief for 506,000 Arkansas seniors who hit Medicare "donut hole" (*DHHS-Healthcare.gov*)
- Decrease premiums for 446,000 Arkansans not enrolled in Medicare Advantage
- 50% discount when buying Part D covered drugs until 2020

### ACA Protections Now!

- Increases payment for rural health care providers
- Strengthens Community Health Centers
- Increases access to home and community care (October 2011)
- Create 2,000-3,200 jobs by reducing health care costs for employees (*U.S. Public Interest Research Group, 2010*)

### Medical Loss Ratios

- 85% of collected insurance premiums must go directly toward health care and quality improvements for large groups (some definitions pending).
- ...80% for individual and small groups.
- Reimburse consumer if greater than allowed percentage for administrative costs.
- Carrier can only participate in Exchange if meeting these requirements, or state has obtained a Federal waiver)

### How Will Exchange Work?

- Web-Based Service
  - Simple Application
  - Compare Qualified Health Plans Using Standard Format – understandable
  - Close to "Real Time" Eligibility Determination based on Modified Adjusted Gross Income (MAGI)
  - Choice of Qualified Health Plans
- Toll-Free Hotline
  - Call Center likely
- Navigators
  - Outreach/Education/Facilitate Enrollment

### Consumer Protection Requirements

Insure consumer protection through ongoing education about consumer rights, responsibilities, and plan performance in a form consumers can understand and use.

Insure consumer advocacy for complaint resolution.

### More

- Mandatory Enrollment
- Rates can only be Increased based on:
  - Age
  - Geography
  - Smoking
  - Family

### Lots of Details Not Yet Known

Minimal Essential Benefits *specifics* not yet known

- Ambulatory Services
- Emergency Services
- Maternity and Newborn Care
- Mental Health and Substance Abuse Treatment
- Laboratory Services
- Prescription Drugs
- Preventive, Wellness, and Chronic Disease Management
- Rehabilitation/Habilitation and Devices
- Pediatric Dental and Vision Care

### Qualified Health Plans

- Platinum – 90% actuarial value
- Gold – 80% actuarial value
- Silver – 70% actuarial value
- Bronze – 60% actuarial value
- Catastrophic (under 30 or exempt from coverage)

### Statutory Requirements of Health Benefits Exchange

- Certification/Decertification of Plans
- Toll-free Hotline
- Website with Information for Potential Enrollees
- Assign Price and Quality Ratings to Plans

### Statutory Requirements -continued

- Present Benefit Plans in Standard Format
- Provide Information on Medicaid and CHIP
- Premium Calculator to Determine Actual Cost of Coverage (with cost sharing/tax credits)
- Establish a Navigator Program to Assist Consumers

### Statutory Requirements - continued

- Establish a Small Business Option (SHOP) Plan through which Small Employers may Access Coverage for their Employees
- Enroll Eligible Individuals into a plan of their CHOICE
- Certify individuals "Exempt from Individual Responsibility"
- Provide information on certain individuals to:
  - Treasury
  - Employers

### Statutory Requirements - continued

- Provide Open Enrollment Periods
- Consult with Stakeholders
- Present Enrollee Satisfaction Survey Results
- Publish Data on Administrative Costs
- Publish Data on Fraud, Waste, and Abuse

### DHHS Regulatory Standards being Developed for QHPs

- Marketing
- Network Adequacy
- Accreditation for Performance Measures
- Quality Improvement and Reporting
- Uniform Enrollment Procedures

### Additional Oversight Responsibilities by Exchange

Provide information on:

- In/out of network providers
- Availability of essential community providers, including directories
- Insurance plan patterns/practices and justifications with respect to past and future premium increases

### Exchange Oversight Responsibilities

Provide information on:

- Plan and claims data identified by DHHS
- Cost-sharing for specific services by specific providers upon consumer request
- Participants in group health plans
- Plan quality improvement activities.

### Key Issues

- State or Federal Exchange?
- Governance: Accountability Structure?
- Will individual and small business Exchanges be merged?
- How will we prevent adverse selection?
- Will Arkansas require benefits beyond federally mandated minimal essential benefits?
- Will Arkansas establish a competitive bidding process?

### Key Issues

- ☐ Statewide or Regional Exchanges/Plans?
- ☐ How will we ensure continuity of coverage and provider networks as individuals/ families move between plans (especially between Medicaid and Private Plans)?
- ☐ How will we get individuals and small businesses to participate?
- ☐ What will Arkansas do about those that remain without insurance coverage?

### Key Issues

- ☐ How will we implement mandatory information technology and security procedures to integrate state, federal, and private eligibility and enrollment into a seamless system that allows for easy movement between plans with consumer life changes?

### Key Issues

- ▣ What will be the role of Navigators? Who will they be? How will they be paid? Regulated?
- ▣ What will be the role of insurance producers?
- ▣ AND MUCH MORE..

### Guidelines for Health Benefits Exchange

- Offer best value for informed customer.
- Provide for selection of QHPs as defined by DHHS.
- Avoid adverse selection by assuring that those who purchase through the Exchange are a broad mix of healthy and unhealthy.
- Evaluate, determine eligibility and ENROLL in Medicaid, CHIP, private plans, other programs.

### Guidelines for Exchange

- Provide seamless access to other programs beyond Exchange coverage options.
- Provide public outreach and insure stakeholder involvement.
- Create a competitive environment that will offer purchasers a range of products.
- Operate under transparency, protecting against conflicts of interest.
- Provide a framework for SHOP Exchange.

### Arkansas Exchange Planning

- Transparent and Inclusive
- Well-researched and Based on Arkansas Needs
- Compliant with Federal and State Law
- Integrated with other Arkansas Health System Improvement
- Efficient and Financially Viable
- Protect Consumers
- Consumer Supported

### Benefits Exchange

Increase Access to  
Continuous Enrollment in  
Quality, Affordable  
Health Coverage Plans

### Stakeholder Involvement

- |                                     |                                  |
|-------------------------------------|----------------------------------|
| • Six Workgroups                    | • UAMS                           |
| • Consumers                         | • Community Meetings             |
| • Community Leaders                 | • Key Informant Interviews       |
| • Providers                         | • Web-based survey               |
| • Outreach/Education/<br>Enrollment | • Assist with Summit             |
| • Information Technology            | • Assist with Public<br>Hearings |
| • State Agencies                    |                                  |

### First Data Government Solutions

- Background research and planning
  - Governance
  - Marketplace
  - Communications
  - Outreach and Education
  - Business Operations
  - Information Technology
  - Program-IT integration
  - Evaluation
  - Sustainability
- Three Subcontractors:
  - Arkansas Foundation for Medical Care
  - Powell and Associates
  - Solutia

### Key Issues to be Determined by State

- State or Federal Exchange
- Governance Structure
  - State Agency
  - Non-Profit
  - Public Trust
- Statewide or Regional Exchanges/Participation
- Separate or Merged Individual/Small Business
- Whether to Expand to Employers >100 in 2017
- And more

### Timeline for Exchange Planning

- State Planning and Establishment Funding from the DHHS Center for Consumer Information and Insurance Oversight (CCIIO)
  - Exchange Planning Grant - Current
  - Level I Establishment Cooperative Agreement (*plan to apply September 2011*)
  - Level II Establishment Cooperative Agreement (*may apply through June 2012 – requires State Authority for Exchange*)
- Plan must be approved by DHHS by January 1, 2013
- Exchange to be fully operational by January 1, 2014
- Exchange to be self-sufficient by January 1, 2015

### Lots to do...

Little Time

Much Commitment

### Tremendous Opportunity

- Consumer Choice
- Continuous, Affordable Coverage
- Quality Health Plans
- Continuous Improvements
- IMPROVED HEALTHCARE OUTCOMES

### Contact Us

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