

# The Affordable Care Act: Considerations for Utah's Exchange



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SOME ASSEMBLY REQUIRED: Making Health Reform Work for Utah  
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## About Community Catalyst

Community Catalyst is a national non-profit advocacy organization that works with national, state and local consumer organizations, policymakers and foundations to build consumer and community leadership to improve the health care system.

We support consumer advocacy networks that impact state and federal health care policy, and ensure consumers have a seat at the table as health care decisions are made.

## Presentation Overview

- What is an Exchange?
- Exchanges in the Affordable Care Act
- A Closer Look at State Options
- Key Points



## What is an Exchange?



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## Exchanges: The Concept

- An organized insurance marketplace
- A mechanism for facilitating access to affordable health insurance options or to public programs, if eligible
- A single portal for comparing and enrolling in health insurance
- A large pool that can act as a risk-spreading mechanism
- A source for reliable information about health insurance for consumers
- A way to generate competition among health plans on quality and cost



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## Exchanges in the Affordable Care Act



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## Exchanges in the ACA: An Introduction

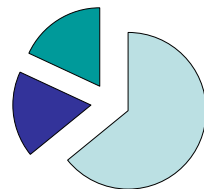
- By January 1, 2014, states are required to establish:
  - American Health Benefit Exchange (AHBE) for individuals
  - Small Business Health Options Program (SHOP)
- Government agency or non-profit can run an Exchange
- Required to solicit input from key stakeholders during Exchange planning process
- After 2014, Exchanges must be financially self-sustaining



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## National Enrollment Projections

- 2/3 subsidized individuals
- 1/6 unsubsidized individuals
- 1/6 small business enrollees



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## Utah's Input on Exchange Regulations

"HHS needs to resist the temptation to expand federal authority over state exchanges *so long as the functions described in federal statute are met*. It is the *role of states to define their goals and objectives and the role of HHS to help states get there.*"

– State of Utah Exchange comments



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## Exchanges in the ACA and in Utah

ACA	Utah
Certify health plans as "qualified". Defined actuarial tiers. Apply federal rating system.	Open to all interested carriers
Oversee marketing, network adequacy, and quality. Require contracting with essential community providers	Oversee these, but not necessarily meeting all federal requirements
Assist in informed insurance decisions	Yes, but not operating across all required settings
Determine eligibility, application, and enrollment procedures for Exchange coverage & premium and cost-sharing subsidies	Eligibility for income-related subsidy program (UPP) is separate and disconnected from Exchange, though efforts underway to strengthen interface
Coordinating seamless eligibility for the Exchange, Medicaid/CHIP	Informing applicants of possible Medicaid eligibility but not operating seamless enrollment system



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## A closer look at state options



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## Establishing an Exchange

- **State Options**
  - Set up one or more state Exchanges meeting federal minimum requirements
  - Let the federal government do it
- **Considerations**
  - Establishing an Exchange that meets federal requirements requires significant effort by the state
  - State leaders opposed in principle to most major provisions of the ACA
  - Failure to establish state Exchange cedes authority to federal government
  - State foregoes opportunity to drive quality and value



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## Governance

- State Options
  - State agency
  - Non-profit
- Considerations
  - Flexibility
  - Accountability
  - Must be a new non-profit



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## One or multiple Exchanges

- State Options
  - By line of business (SHOP and AHBE)
  - By region
- Considerations
  - Different lines of business
  - Combined small and non-group market?
  - More Exchanges = more administrative cost
  - More Exchanges = smaller risk pool



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## A word about the SHOP Exchange

If you build it, will they come?

(It's money that matters)



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## State or multi-state Exchange

- Advantages
  - Administrative savings
  - Bigger risk pool
  - Presence of Intermountain across states
- Challenges
  - Accountability
  - Complexity



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## Financing

- Federal requirement: Exchange be financially self sufficient after 2014
- State Options
  - State appropriation
  - Insurer assessment (which ones?)



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## Basic Health Plan

- State receives 95 percent of value of tax credits to operate a BHP for population 133-220 percent FPL
- Coverage must at least equal Exchange coverage
- Considerations
  - State takes on financial risk
  - Smaller risk pool for the Exchange
  - More complexity
  - More flexibility, could provide better coverage for less money
  - Potentially better alignment with Medicaid and CHIP



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## Plan certification

### Federal requirements

- Adequate provider networks
- Contract with essential community providers
- Contract with navigators to conduct outreach and enrollment assistance
- Be accredited with respect to performance on quality measures
- Uniform enrollment form and standard format to present plan information

### State options

- Selective contract or take all comers
- States may exclude plans with unreasonable rate increases
- Additional plan standardization
- Additional quality or design requirements



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## Beyond the Exchange

- How will the Exchange market relate to market as a whole?
- Key: avoid adverse selection
- Different populations, different risks
  - 0-300 percent FPL – little risk
  - 300 percent FPL + and small businesses – greater risk



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## ACA Provisions to Reduce Adverse Selection

- Individual responsibility requirement
- Premium subsidies
- Underwriting and rating restrictions
- Essential health benefits and out-of-pocket limits apply both in and out of Exchange
- Same rate for same plan in and out
- Reinsurance provisions



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## Additional State Action?

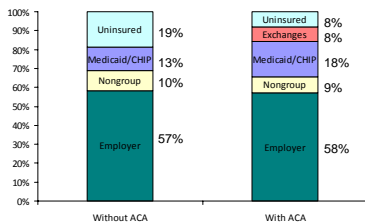
- Restrict sale of low-benefit plans outside the Exchange?
- Review commission structure?
- Importance of public input process



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## Brokers and Navigators

Broker role affected by how much of the market runs through the Exchange



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## Brokers and Navigators (continued)

- Considerations:
  - Individual market outside Exchange expected to remain about the same size
  - Only 1/6 Exchange enrollees expected to be from employer market
  - 2/3 of enrollees (national average) expected to be low and moderate income individuals without esi and eligible for subsidies



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## Key Points



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## Key Takeaways

1. By January 1, 2014, Utah's Health Exchange must conform to minimum federal standards laid out in the ACA, or the federal government will do it instead.
2. The Exchange is one piece of the ACA puzzle and its effectiveness depends on its relationship to the other pieces especially Medicaid, subsidies, market reform and regulation, and the individual responsibility requirement.
3. "From the consumer perspective ... the ultimate success of the Exchanges will come down to how easy it is to enroll and maintain coverage that is affordable and there when they need it."



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## Questions?

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