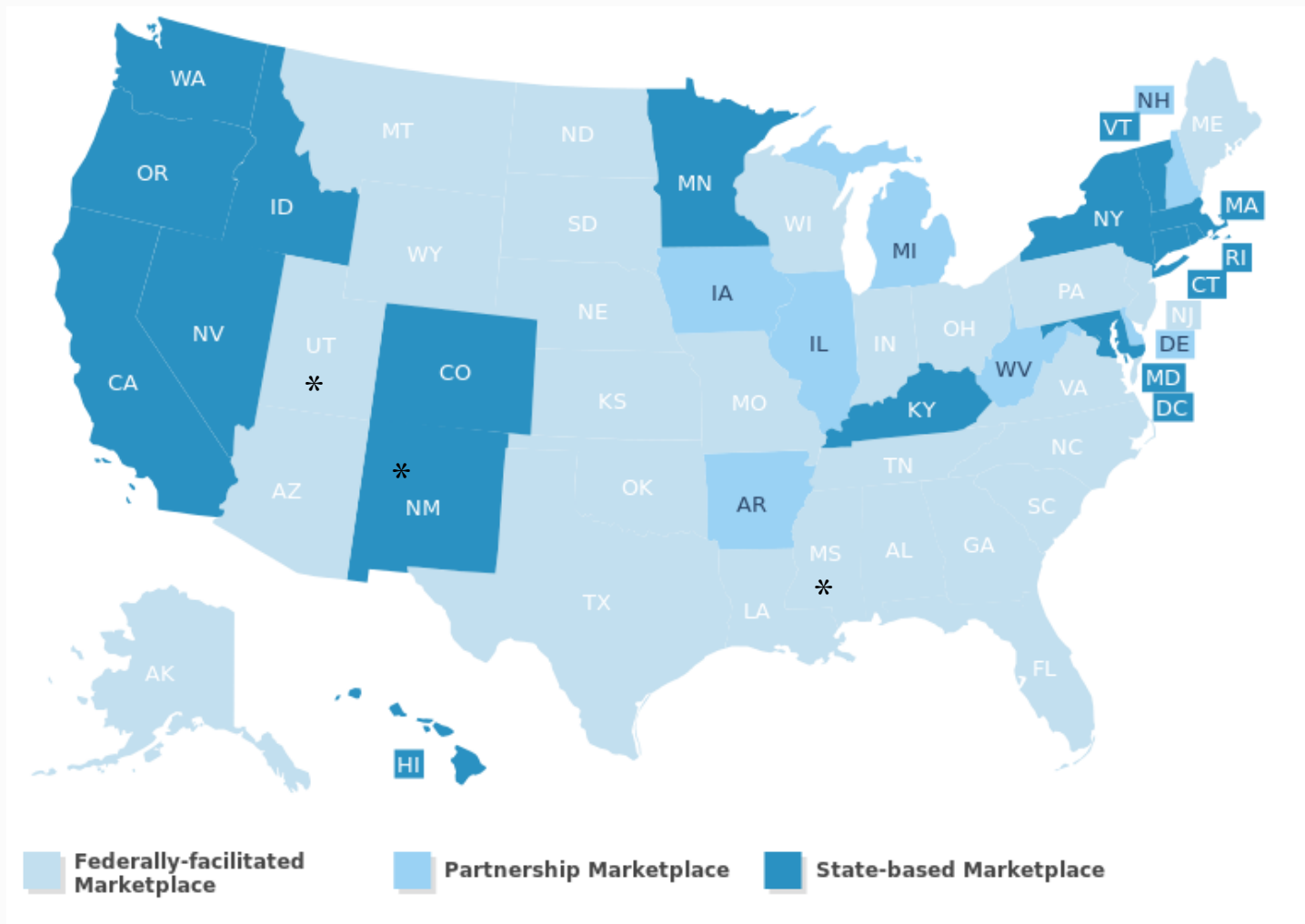


What's Next for States The Affordable Care Act Post Implementation

Seema Verma, MPH
President SVC, Inc
sverma@svcinc.org

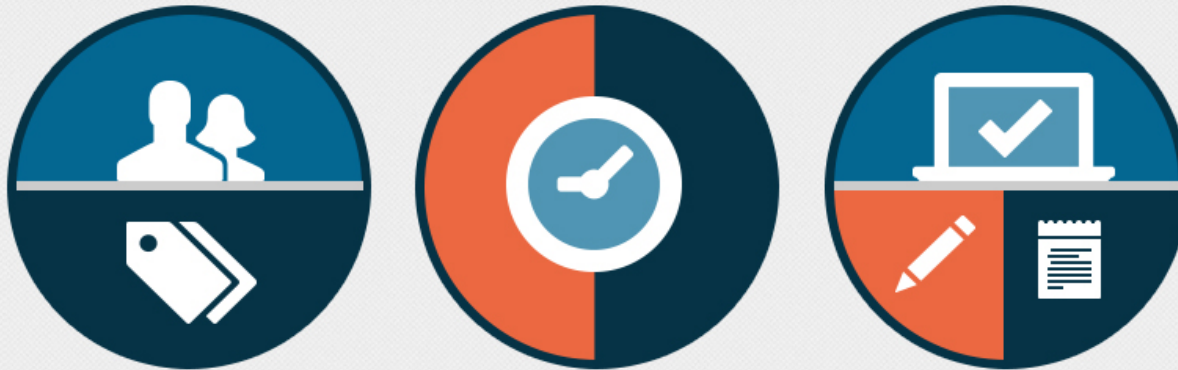


State Exchange Decisions



*Utah, New Mexico & Mississippi will operate a state-base SHOP Exchange but individual Exchange will be federal or partnership

Federal Exchange Roll-out



We have a lot of visitors on the site right now.
Please stay on this page.

We're working to make the experience better, and we don't want you to lose your place in line. We'll send you to the login page as soon as we can. Thanks for your patience!

In a hurry? You might be able to apply faster at our Marketplace call center. Call 1-800-318-2596 to talk with one of our trained representatives about applying over the phone.

Federal Exchange Progress

- Federal/State eligibility
- Enrollment/payment with plans
- Customer facing issues:
 - Capacity
 - Security questions blank
- Small employers
 - Can set up account but will have to fill out application by paper if they want to enroll in next month
- Spanish language delay
 - Spanish language enrollments delayed until October 21st
- Some did manage to enroll in first week
- No current official estimates of how many enrolled or how many have created an account

Potential Users of an Indiana Exchange



	Without ACA – 2017 Projection	Estimated Exchange Enrollees 2017
Current Source of Coverage	Individuals	Exchange Enrollees
Employer Coverage 139% FPL to 400% FPL	1,699,914	101,816
Individual Coverage 139% to 399% FPL	130,734	119,444
Individual Coverage above 400% FPL	100,980	10,098
Currently Uninsured 139-399% FPL	396,856	354,311
Currently Uninsured, above 400% FPL	53,496	8,024
Other coverage 139%+	221,129	44,226
Total - Individual Exchange	2,603,109	637,919
SHOP Exchange	Employees and Dependents	SHOP Exchange Enrollees
Employers with less than 50 Employees	904,441	42,286
Employees with 50 to 99 Employees	202,359	5,603
Total - SHOP Exchange	1,106,800	47,889
Total - Indiana Exchange 2017	3,709,909	685,810

Source: SHADAC w/ projected estimated population growth to 2017. Nationalhealthcare.in.gov

Indiana Insurance Market Post ACA Implementation

- Marketplace
 - 4 insurance carriers in the individual Marketplace offering 241 different plans
 - Plans close to new applicants when they meet their network capacity
 - Available plans vary by location, only 1 carrier offers plans statewide
- Outside Market
 - Some Marketplace plans do not offer on the outside market
 - Carriers have withdrawn from Indiana market citing ACA implementation
 - More difficult for small carriers to comply with new requirements

Changes to Networks

- In federal Marketplaces, federal government was responsible for determining network adequacy of QHPs
- To offer competitive plans on the Marketplace health carriers have much *narrower* networks
 - Reduces individual choice of providers
- Some providers may be associated with only one plan
- May increase travel times for individuals seeking care
- May increase wait times for specialist providers
- Health insurers can stop selling plans that reach network capacity



State Responsibilities cont.

- Prior to QHP certification the IDOI indicated to the FFE what aspects of QHP review they would complete and what would be left to the FFE
- IDOI makes a recommendation to the FFM on if a QHP should be certified
- FFM is responsible for certifying all offered QHPs

FFE Responsibilities

- Reviews DOI certification recommendations
- Verifies QHP network adequacy
- Certifies qualified health plans
- Makes certified qualified health plans available to individuals on the federal Exchange

IDOI Responsibilities

- Maintains current responsibilities for all plans in Indiana including QHPs:
 - Licensing
 - Rate review
 - Financial solvency
 - Communication with health plans
- Implements and enforces new ACA market rules
 - EHB
 - Rating requirements including geographic areas
 - Non-discrimination

Outside Market Plans

- Outside market plans are subject to ACA provisions including:
 - EHB
 - Metal tiers
 - Rating rules including geographic area requirements
 - Annual & out of pocket max
- Outside market plans may work to retain ‘grandfathered’ status to avoid complying with all ACA requirements
- In the individual market outside market plans may restrict enrollment to the Marketplace open enrollment periods
 - Oct. 1 2013 to March 31, 2014
 - In Indiana individual market insurers are restricting enrollment

Indiana Insurance Market 2010



Market	2010 Covered Lives ¹	Carriers >100 Lives ¹	Market Share Largest Carrier ²	Market Share Top 5 Carriers ¹
Individual	200,000	30	59.6%	85%
Insured Small Group (2-50 employees)	300,000	30	50.5%	79%
Insured Large Group (51+ employees)	475,000	25	62%	88%

¹Source: Milliman. Indiana Supplemental Health Exhibits, December 31, 2010 Annual Statement data submitted by Indiana insurance carriers. Collected using Insurance Analyst Pro®, Highline Data LLC. July 26, 2011.

²Source: Noble. Indiana Supplemental Health Exhibits, December Annual Statement data submitted by Indiana insurance carriers. August 4, 2011.

Note: Values are based upon the most recent information obtained from carriers as they work to make the Supplemental Health Care Exhibits more accurate. The fluctuation (as compared to July 15, 2011 presentation to Health Finance), results from: specific information regarding what needed to be filed and how it is calculated not being divulged until very shortly before deadline, lack of training from the federal government regarding the new forms, and a new requirement imposed upon carriers for 2011 reporting. The IDOI continues to reach out to carriers to encourage complete and accurate filing. This information is only reflective of the market on 12/31/2010.

Future State Exchanges

- States Exchanges:
 - Tax credit enrollment?
 - Glitches will get fixed
 - Market Control:
 - State played large roll in certifying health plans
 - Future concerns about what plans were offered?
 - States may still set up Exchanges
 - Many states that are partnership Exchanges in 2014 plan to be state based Exchanges at a later date
 - Illinois
 - Iowa
- Cost:
 - Federal Exchange: 3.5% assesement on premiums in 2014
 - Fee may vary over time based on cost of operating federal Exchange

Exchange Funding Opportunities

- States can receive funding from the federal government to establish state-based Exchanges.
- Grants for funding to establish state-based Exchanges are currently being accepted through October 2014.

Exchange Establishment grant application closing dates

11/15/13	2/14/14	5/15/14	8/15/14	10/15/14
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- To date, after 10/15/14 there is no further funding for establishment of state-based Exchanges

Premium Rates

- Provisions of the ACA impact premium rates
 - Guarantee Issue
 - Limit on rating factors
 - Required benefits
- The impact on any particular individual or family depends on current insurance options and eligibility for federal subsidies
- Not accounting for the application of federal subsidies, in general:

2014 Premiums Will Cost More For:

- Individuals in good health
- Healthy young adults in general, with the greatest increase for young men

2014 Premiums will Cost Less For:

- Individuals in poor health



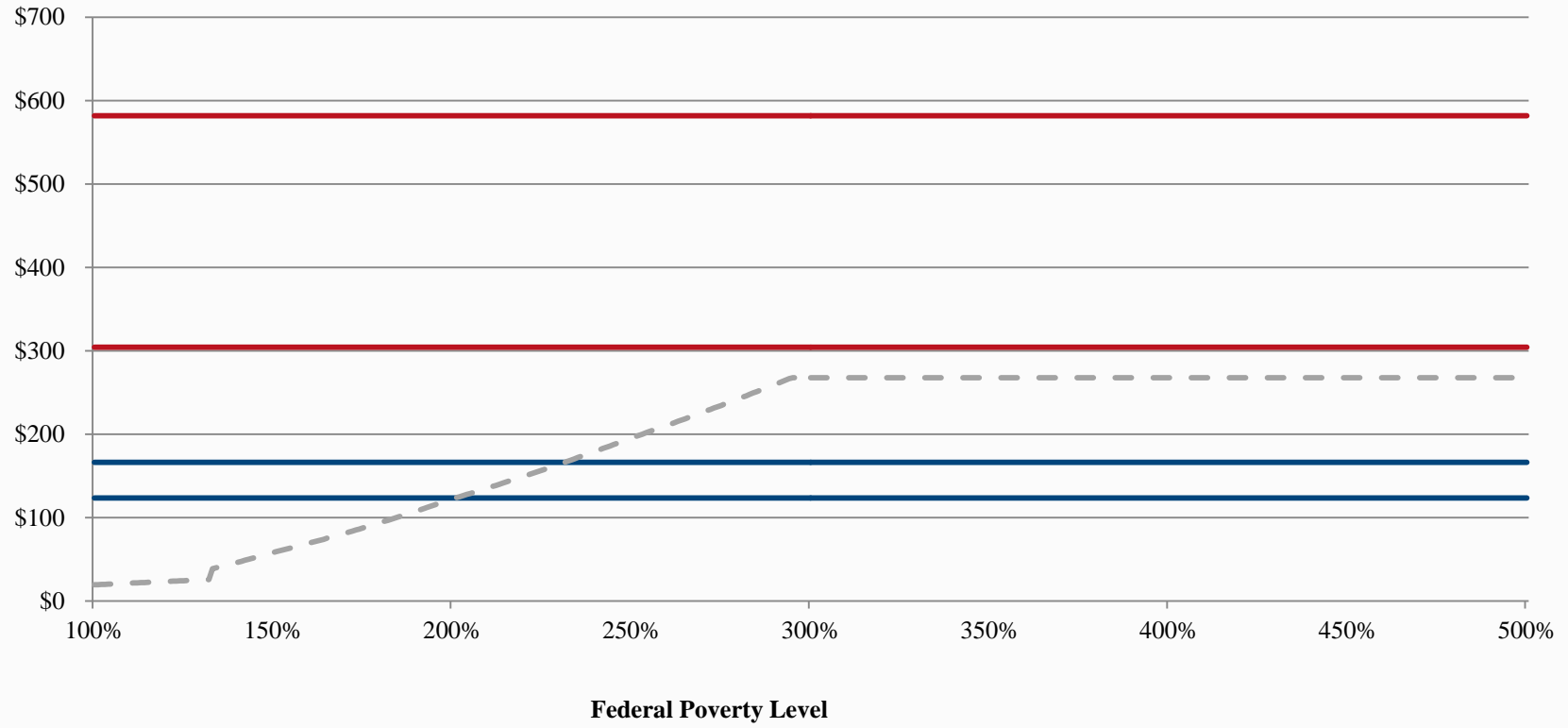
Indiana Premium Rate Changes

Age/Gender/Family	Health Status	Monthly Premium Bronze Plan Comparison			Monthly Premium Silver Plan Comparison		
		Current Lumenos HSA Plus \$5,500	2014 Lowest Cost Bronze	Rate Change	Current Lumenos HSA Plus \$5,500	2014 Lowest Cost Silver	Rate Change
25 Year Old Single Male	Excellent	\$82	\$212	+158%	\$108	\$266	+146%
25 Year Old Single Female	Excellent	\$118	\$212	+79%	\$154	\$266	+72%
25 Year Old Single Male	Poor	\$288	\$212	-26%	\$304	\$266	-12.5%
25 Year Old Single Female	Poor	\$551	\$212	-62%	\$582	\$266	-54.3%

Age/Gender/Family	Health Status	Monthly Premium Bronze Plan Comparison			Monthly Premium Silver Plan Comparison		
		Current Lumenos HSA Plus \$5,500	2014 Lowest Cost Bronze	Rate Change	Current Lumenos HSA Plus \$5,500	2014 Lowest Cost Silver	Rate Change
55 Year Old Single Male	Excellent	\$253	\$471	87%	\$108	\$591	+78%
55 Year Old Single Female	Excellent	\$262	\$471	80%	\$154	\$591	+72%
55 Year Old Single Male	Poor	\$840	\$471	-44%	\$304	\$591	-33%
55 Year Old Single Female	Poor	\$833	\$471	-44%	\$582	\$591	-33%



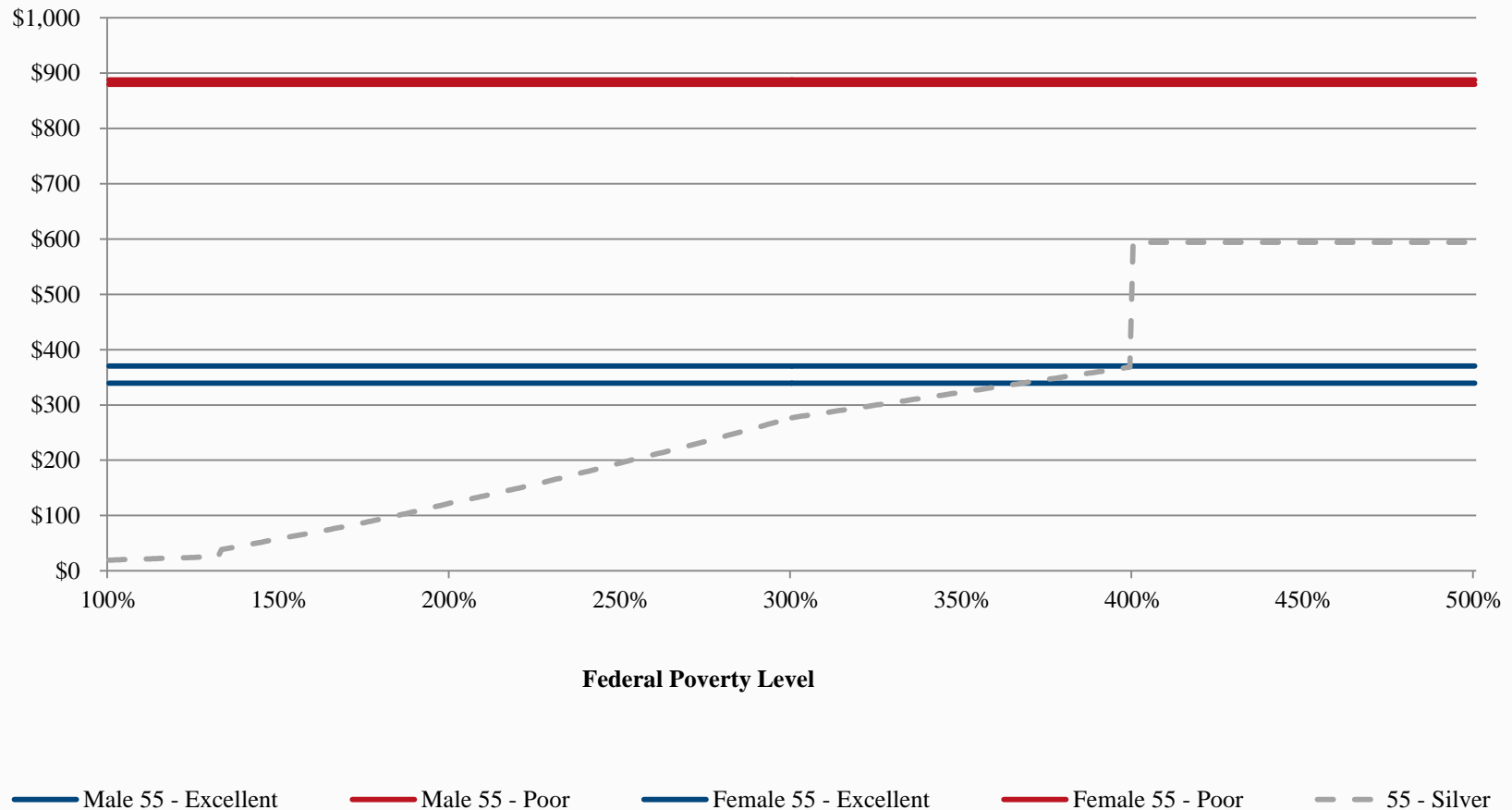
Individual Marketplace Premiums Current Market \$2,500 Deductible Plan vs. 2nd Lowest Cost Silver Plan After Premium Tax Credit Subsidy



— Male 25 - Excellent
 — Male 25 - Poor
 — Female 25 - Excellent
 — Female 25 - Poor
 - - 25 - Silver



Individual Marketplace Premiums Current Market \$2,500 Deductible Plan vs. 2nd Lowest Cost Silver Plan After Premium Tax Credit Subsidy



Subsidized Coverage in the Marketplace- Second Lowest Cost Silver Plan



FPL	2013 Estimated Annual Income* (Individual)	Required % of Income Contribution towards Premiums**	2014 Estimated Annual Premium Contribution (Individual)**	Cost Sharing: Aggregate cost of care % enrollee pays**	Annual cost-sharing limit (Individual)	Maximum possible cost: Premium +Cost-sharing limit**
100-133%	\$11,490 - \$15,282	2%	\$288-\$312	6%	\$2,250	\$2,538-\$2,562
133-150%	\$15,282 - \$17,235	3% to 4%	\$312-\$696	6%	\$2,250	\$2,562-\$2,946
150-200%	\$17,235 - \$22,980	4% to 6.3%	\$696-\$1452	13%	\$5,200	\$2,946- \$6,652
200-250%	\$22,980 - \$28,725	6.3% to 8.05%	\$1452- \$2316	27%	\$6,350	\$6,652- \$8,666
250-300%	\$28,725 - \$34,470	8.05% to 9.5%	\$2316-\$3276	30%	\$6,350	\$8,666-\$9,626
300-400%	\$34,470- \$45,460	9.5%	\$3276-\$4356	30%	\$6,350	\$9,626- \$10,706

*Estimated income is pretax modified adjusted gross income

**Assumes selection of second lowest cost silver plan. Actual contribution amounts will vary based on selected plan



Is ACA coverage affordable?

- Will uninsured individuals be able to afford ACA coverage or will they choose to pay the individual mandate penalty?

	Subject to the maximum, penalty is the greater of:		Maximum Penalty
	Dollar Penalty**	Percent Penalty	
2014	Adult: \$95	1% of annual household income	National average premium for a Qualified Health Plan (QHP) Bronze Plan that would cover the applicable individual(s)
	Under 18: \$48		
	Maximum: \$285		
2015	Adult: \$325	2% of annual household income	
	Under 18: \$163		
	Maximum: \$975		
2016	Adult: \$695	3% of annual household income	
	Under 18: \$348		
	Maximum: \$2,085		

ACA Coverage Costs and the Individual mandate Penalty



FPL	2013 Estimated Annual Income* (Individual)	Maximum possible cost: Premium +Cost-sharing limit**	Estimated Individual Mandate Penalty 2014*	Estimated Individual Mandate Penalty 2015*	Estimated Individual Mandate Penalty 2016*
100-133%	\$11,490 - \$15,282	\$2,538-\$2,562	\$115-\$153	\$325	\$695
133-150%	\$15,282 - \$17,235	\$2,562-\$2,946	\$153-\$172	\$325-\$345	\$685
150-200%	\$17,235 - \$22,980	\$2,946- \$6,652	\$173-\$230	\$345-\$469	\$695
200-250%	\$22,980 - \$28,725	\$6,652- \$8,666	\$230-\$288	\$460-\$575	\$695 -\$862
250-300%	\$28,725 - \$34,470	\$8,666-\$9,626	\$288-\$345	\$575-\$689	\$862-\$1,035
300-400%	\$34,470- \$45,460	\$9,626- \$10,706	\$345-\$455	\$689-\$909	\$1,035-\$1,364

*Penalty for single adult, penalties for a family will vary. Penalties estimates based on 2013 FPL, will change based on FPL in year assessed.

**Enrollees that select plans with less expensive premiums will have greater cost-sharing responsibilities when they need care

Premium Tax Credit and Non-payment of premiums

- 90 day grace period to pay premiums during the year
- First 30 days, all claims paid
- For days 31 to 90, claims suspended
 - Insurers are required to inform providers that individuals in this non-payment period may not have services covered
 - Individual will be liable for the cost of services received in this period and providers will be required to seek payment from the individual
- Individuals must pay all unpaid premiums by the close of the 90 day period
 - The individual will be disenrolled from coverage at the close of 90 days of non-payment
 - Cannot re-enroll till open enrollment, or special enrollment periods



Premium tax credit reconciliation

- Reconcile tax credit when taxes filed
- The advanced payment granted is based on projected household income for 2014
 - If when taxes are filed an individual received more tax credit than they were eligible for they will owe money to the IRS
 - If when taxes are filed an individual received less tax credit than they are eligible for they will receive the remainder as a credit or refund
 - Amounts of premium tax credit that have to be repaid are limited by FPL:

Household income	PTC repayment limit: Single Individual	PTC repayment limit: Family
< 200% FPL	\$300	\$600
200% to 300% FPL	\$750	\$1,500
300% to 400% FPL	\$1,250	\$2,500
<400% FPL	Full repayment required	Full repayment required

Indiana Navigators

- To promote consumer protection, Indiana initiated a training and certification requirement for individuals that assist consumers with eligibility and enrollment in Exchanges and Medicaid
- Indiana Navigators must be trained by a certified training provider, pass a certification exam, adhere to privacy and security agreements, disclose conflicts of interest, annually renew their certification and participate in continuing education

Agents and Brokers

- Health insurance agents/brokers/producers are impacted by the ACA
- Greatest impact in individual market
 - Current role maintained in group markets
 - Some SHOP employers may not use a broker
- Requirement to register with federal Marketplace to sell QHPs
- Navigators and other consumer assistors fill part of the broker role
 - Cannot advise on health plan selection

Essential Health Benefits (EHBs)

- **Starting in 2014:**
 - Must offer benefits in each of the following 10 Essential Health Benefits categories:
 - Indiana defaulted to the Anthem PPO plan
 - Impacts benefits in small & individual group
- EHB benefits are set for 2014 and 2015
 - Will change in 2016

1. **Ambulatory patient services**
2. **Emergency services**
3. **Hospitalization**
4. **Maternity and newborn care**
5. **Mental health and substance abuse disorder services, including behavioral health treatment**

6. **Prescription drugs**
7. **Rehabilitative and habilitative services and devices**
8. **Laboratory services**
9. **Preventive and wellness services and chronic disease management**
10. **Pediatric services, with oral and dental**

There were seven options for the EHB benchmark in Indiana. The Anthem PPO plan was the default option. Cost and benefits in this plan were the median of costs and benefits in all options.

Indiana EHB Benchmark Options Analysis: Benefit Variations Among Plans								
Plan	Federal GEHA	Federal BCBS	State Employee Plan	Lumenos HSA	Anthem PPO	United Health I9L POS	Advantage HMO	Estimated Benefit PMPM Cost
Estimated Monthly Cost	\$398.61	\$398.38	\$397.67	\$395.12	\$394.75	\$392.31	\$392.24	
Chiropractic	+	+	+	+	+	+	-	\$1.72
Acupuncture	+	+	-	-	-	-	-	\$1.25
Morbid Obesity (MO) Surgery	+	+	+	-	-	-	-	\$2.25
MO non-surgical treatment	+	+	+	-	-	-	+	N/A
TMJ	+	+	+	+	+	-	-	\$0.68
Hearing Aids	+	+	-	-	-	+	-	\$0.20
Artificial organ transplants	+	-	-	-	-	-	+	N/A
Smoking Cessation	+	+	*	+	-	-	+	\$0.37
Infertility Diagnoses	+	+	-	-	-	+	+	N/A
Infertility Treatment	+	+	-	-	-	+	-	\$0.10
Breast Feeding Education	+	+	+	+	+	-	+	\$0.10

Changes to Covered benefits

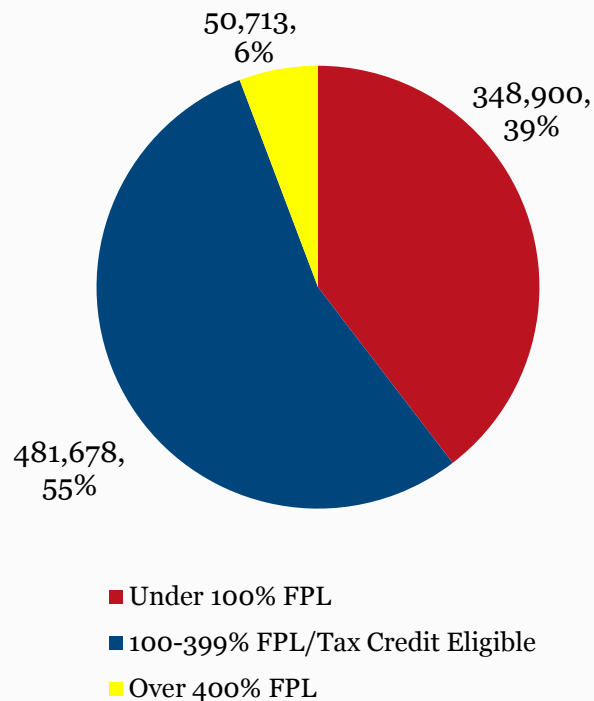
- Due to the EHB requirements all plans in the individual market will now be required to offer:
 - Maternity & Newborn Care
 - Mental Health & Substance Abuse
 - Prescription Drugs
 - Pediatric dental & vision
 - Applied Behavioral Therapy for Autism
 - Not subject to rehabilitative service limits
- Pre-2014 most individual market plans did not include these services
 - Some services could be purchased in addition to the policy, but were cost-prohibitive
- Plans in the small group market are also required to offer these services beginning in 2014
 - Many small group plans already offered some or all of these services but their may have been a waiting period before a benefit kicked in
 - For example 1 year waiting period before eligible for maternity benefits
 - Benefits must now be offered without waiting periods applied to any benefit that is EHB

Decline in the Uninsured

- With the implementation of subsidized Marketplace coverage and the requirement that individuals maintain insurance the rate of individuals uninsured will decline
- Uncertain by how much
- The newly insured will seek care
 - What is the health status of the newly insured?
 - Will there be sufficient provider capacity?
 - Will the newly insured understand how their insurance works?

Premium Tax Credits Reduce the Uninsured in Indiana

Uninsured Hoosiers



TOTAL UNINSURED = 881,291

Starting in 2014:

More than 480,000 currently uninsured individuals will be eligible for Premium Tax Credits on the federal Marketplace.

Nearly 349,000 uninsured individuals will make **too little** to qualify for premium assistance, but **too much** to qualify for traditional Medicaid.

More than 50,000 uninsured individuals will make **too much** to qualify for any state or federal insurance affordability program.

With the availability of Premium Tax Credits and Cost-Sharing reductions, the number of uninsured Hoosiers should **decrease more than 50%**.

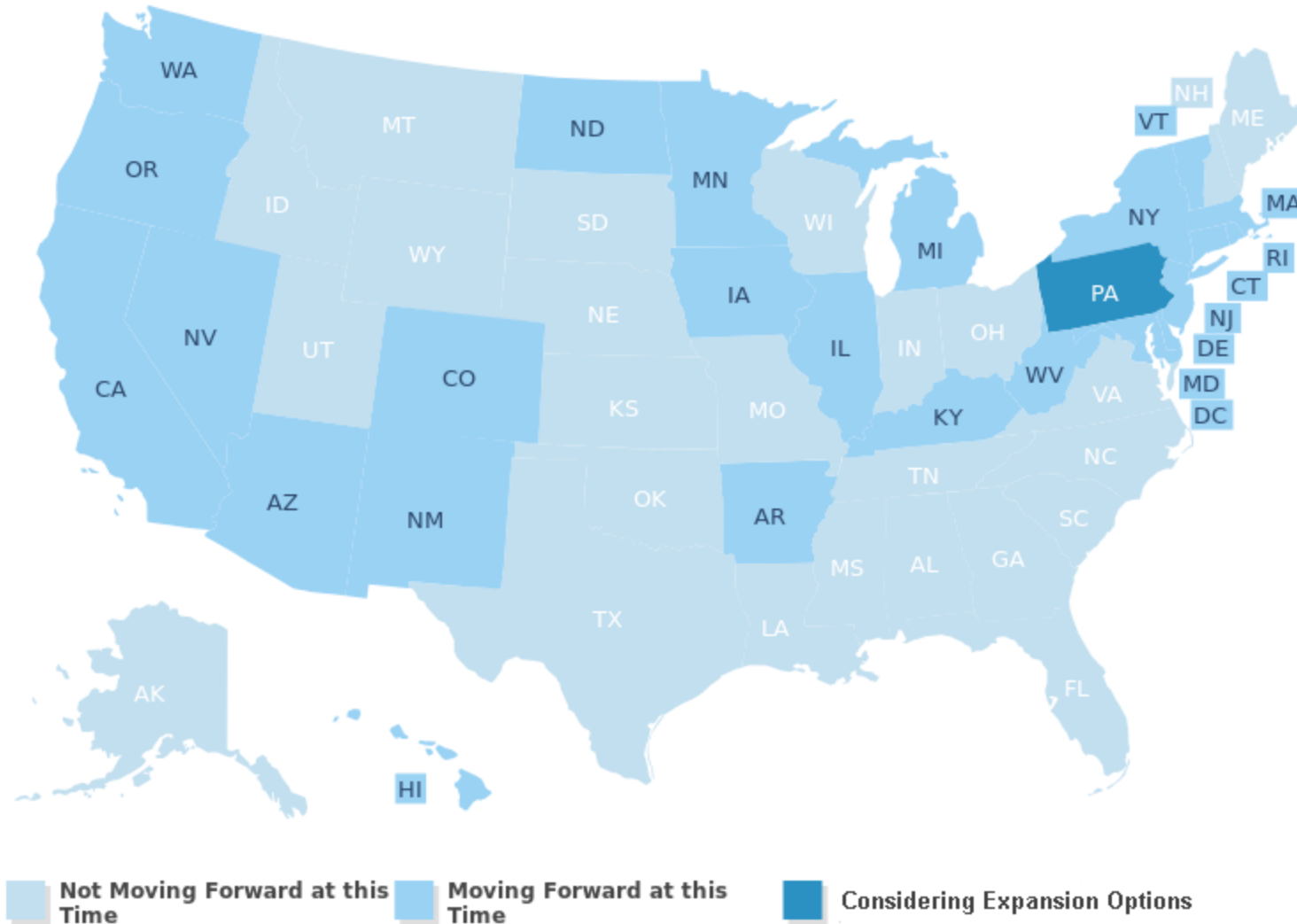
Coverage gap

- In most circumstances, premium tax credits are not available below 100% FPL
- State option to expand Medicaid < 100% FPL
- Current Medicaid covers children, pregnant women, the blind & disabled, and very low-income parents and caretakers
- The exact gaps in coverage will vary by state depending on the difference between current Medicaid eligibility levels and 100% FPL

Medicaid: To expand or not to expand

- To date 23 states and D.C. have elected to expand Medicaid
- 27 states have decided not to expand Medicaid or are still examining options
 - States concerned about:
 - Long term program sustainability
 - Inflexibility of Medicaid requirements
 - Ability to assure provider access to new enrollees
- To address these restrictions, some states have proposed 1115 demonstration waivers to expand Medicaid
 - Arkansas will cover all Medicaid expansion eligible individuals through QHPs on the Exchange
 - Iowa will cover part of the Medicaid expansion eligible individuals through Exchanges and will leverage ACOs

States on Expansion



State Challenges

- Eligibility
 - Modified Adjusted Gross Income
 - New Application
 - New Coverage Groups/Thresholds
 - Presumptive Eligibility
- Impact on Other Programs
 - Public Health
 - Overlap with pregnancy, disability coverage, etc.