

YOUR TASK: ASSEMBLE A 5,000 PIECE PUZZLE

Forecast: Chance of Tornado

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For the Health System Reform Task Force
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Goal

- Review Utah's Health Exchange
- Identify requirements for compliance with a federal exchange
- Identify state options and policy decisions
- Suggest a framework for managing the issues

Utah's Health Exchange

Guiding Principles for Health Insurance Market Reform - Utah

- ⊙ Individuals and families should be able to **own their health insurance**
- ⊙ **Insurance should be portable** from employer to employer
- ⊙ Individuals and families should be able to **choose a plan** that works best for them
- ⊙ Employees should be able to **combine premium contributions** from multiple sources to be applied toward payment of one policy
- ⊙ Insurance carriers should **compete on VALUE and on managing risk— not on avoiding risk**
- ⊙ **Government should act as a facilitator— not an operator**

Creation of the Defined Contribution Market

What are Defined Contribution arrangements?

- ⦿ Employer-sponsored health plans that allow individual employees full control over their plan choice
- ⦿ Rather than promising or providing a certain level of health benefit, the employer offers a pre-determined level of funding that the employee then controls and uses to purchase their choice of health insurance

Method for Implementing Utah's Principle of Consumerism

Establishing the Utah Health Exchange

- ◎ Internet-based information portal
- ◎ Three core functions:
 - 1) Provide consumers with helpful information about their health care and health care financing
 - 2) Provide a mechanism for consumers to compare and choose a health insurance policy that meets their needs
 - 3) Provide a standardized electronic application and enrollment
- ◎ Multiple source premium aggregator
 - Combines premium payments from multiple sources (i.e. second employer, spouse's employer, etc.) to be applied toward a single policy

The Affordable Care Act

- The Patient Protection and Affordable Care Act (P.L. 11-148), enacted March 23, 2010
- Health Care and Education Reconciliation Act of 2010 (P.L. 111-152, enacted March 30, 2010)

Requirements for Compliance with the ACA

- Utah must establish an individual market exchange and a small employer market exchange
- A Utah exchange must meet federally mandated core functions
- Utah must meet a January 2013 deadline

The “Exchange” and the “SHOP”

- ◎ American Health Benefit Exchange (AHBE)
 - Individuals and families purchase qualified coverage and if they are below certain income levels may receive premium and cost sharing subsidies.
- ◎ Small Business Health Options Program (SHOP)
 - Small businesses with up to 100 employees may purchase qualified coverage.
 - Premium subsidies are not available through the SHOP exchange. (Tax credits are available for certain employers.)

Core Functions of An Exchange

- ◎ Related to the individual mandate
 - Individual responsibility determinations
 - Notifications of appeals of employer liability
 - Reporting to the IRS
 - Free choice vouchers
 - Seamless eligibility and enrollment for Medicaid, CHIP and other state programs
 - Adjudication of appeals for eligibility
 - Navigator program
 - Reinsurance

Core Functions of an Exchange

- ◎ Related To Qualified Health Plans
 - Certification, recertification and decertification of qualified health plans
 - Quality rating systems

Core Functions of an Exchange

- ◎ Related To Federal Subsidies
 - Eligibility determinations for exchange participation, advance payment of premium tax credits, cost sharing reductions, and Medicaid
 - Administration of premium tax credits and cost sharing reductions
 - Premium tax credit and cost sharing reduction calculator

Core Functions of an Exchange

- ◎ Already performed by the Utah Health Exchange
 - Risk adjustment
 - Exchange website
 - Applications and notices
 - Enrollment process for small group market
 - Outreach and education
 - Call center

2013 Deadline

- ◎ A state must demonstrate to HHS that it will have a functioning exchange by 2014, or the federal government will establish an exchange through an agreement with a non-profit.
- ◎ The exchange must be self-sustaining by 2015.

Sec. 1311(d)

What Are Utah's Options?

Assuming the ACA is Upheld

- ◎ **Option One**

Do NOT take affirmative steps to establish an ACA compliant exchange in 2014, and do NOT certify in January 2013 that the state will be capable of running an exchange in 2014.

- ◎ **Option Two**

Work to establish and operate a federally compliant exchange in 2014, and certify in January 2013 that the state will be capable of running an exchange in 2014.

Result of Option One

- The federal government will run an individual and SHOP exchange in Utah in 2014
- Utah can apply to run an ACA compliant exchange beginning in 2015, or later, but will have to establish and operate the exchange without federal grant money

Result of Option Two

- Enter the decision “forest” of operational and information technology decisions associated with establishing and running two exchanges
- Develop the exchange on our own or in partnership with the federal government
- Develop a state-based risk adjustment methodology for the Utah exchange and obtain federal approval by fall 2013, or accept federal risk adjuster methodology

Assuming the ACA is *not* upheld in its entirety . . .



What Are Utah's Policy Decisions?

Do We Establish an ACA Exchange?

- ◉ Would Utah lose control of its Medicaid eligibility system under a federally facilitated exchange?
- ◉ Does Utah want a risk adjuster model specific to Utah, or is the federal model adequate?
- ◉ Does Utah have the resources necessary to establish and operate an exchange by 2014?
- ◉ What are the potential costs and benefits of running a state-based exchange for Utah?

How Can the Task Force Manage the Issues?

“Triage” the issues



Suggested Process

- ⦿ Establish and continually reassess study priorities throughout the interim
- ⦿ Limit your studies to major policy and operational decisions the task force wishes to decide or influence
- ⦿ Coordinate with and monitor the work of the executive branch

Begin the Process

- ⦿ The regulation of navigators
- ⦿ Essential health benefits
- ⦿ High-risk enrollees and a state-based reinsurance program
- ⦿ Basic Health Program
- ⦿ State-based risk adjuster methodology

“Change is inevitable—
except from a vending
machine.”

Robert C. Gallagher



Questions?

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