
Insurance Market Compliance with the Affordable Care Act House Health Care

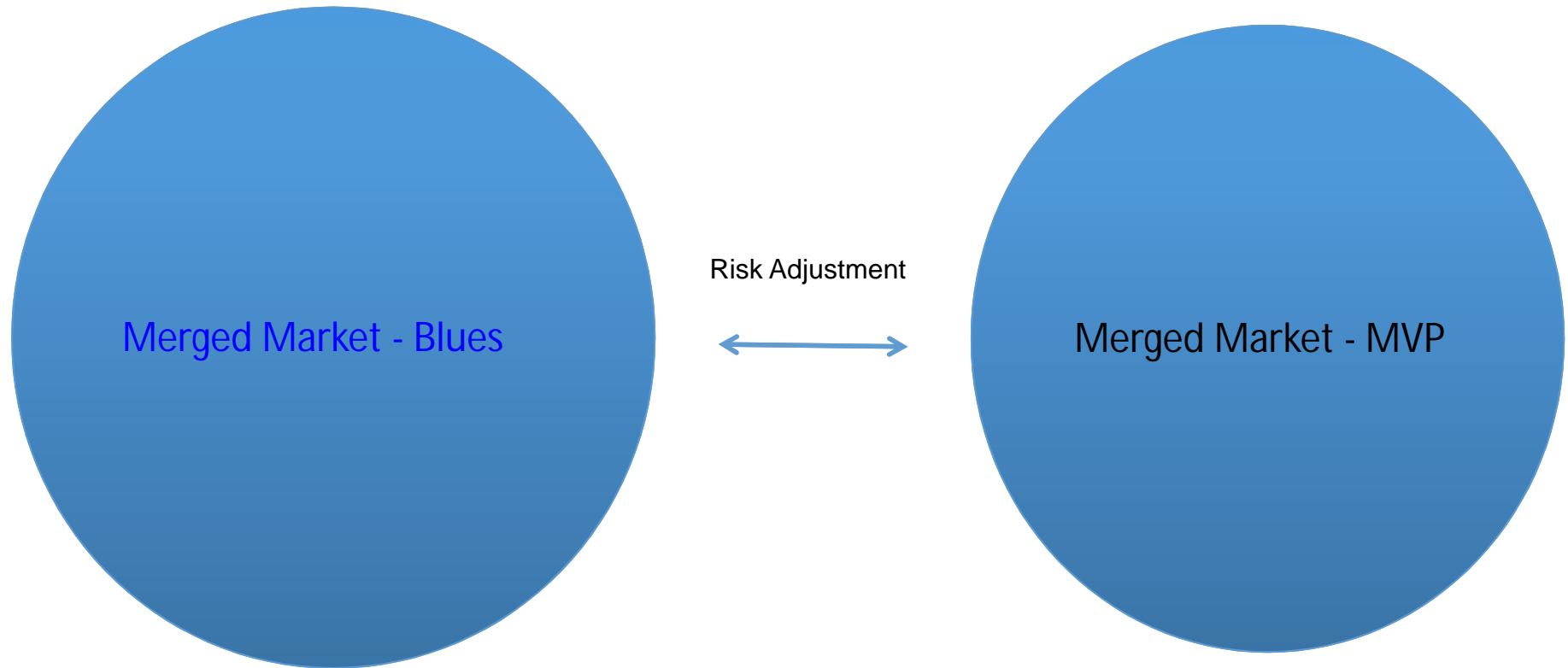
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ACA Requirements - 2014

- Community rated pool by insurer w/ risk adjustment
 - Individual market
 - Small group market
 - Definition of small group:
 - 2016 – 100 employees or less
 - 2014 & 2015 – state option of 50 employees or less
 - State option to merge Individual and small group market

- Federal essential health benefits package applies to individual & small group markets
 - Essential health benefits – benchmark plans
 - Benefits packages (“metal levels”)
 - We come back to this....

Current Vermont Risk Pools



Application of Risk Adjustment (3R's)

ACA Provision	Sold within Exchange		Sold Outside Exchange			Who Administers	
	Individual	Small Group	Individual	Small Group	Grand-Fathered	State Run HIX	Federal Run HIX
Risk Adjustment	Yes	Yes	Yes	Yes	No	State or HHS ¹	HHS
Reinsurance	Yes	No	Yes	No	No	State	State or HHS ¹
Risk Corridor	Yes	Yes	No	No	No	HHS	HHS

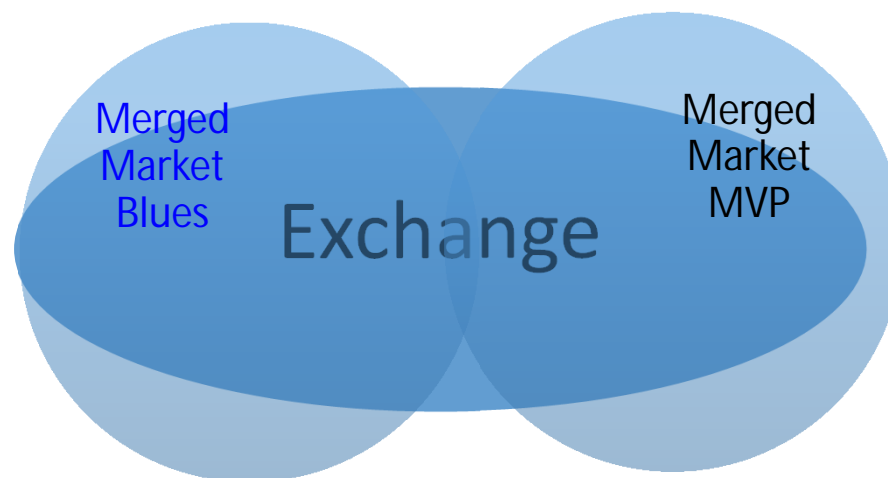
¹ State can decide to administer or allow HHS to administer. If HHS administers, all parameters will be Federal.

Source: Wakely Consulting Group

Where is the Exchange?

- Method of purchasing, *not* a separate pool
 - Plans are rated by carrier, but not by whether they were purchased through the Exchange, through an insurance broker, or directly from the insurer
 - Exchange is essentially a distribution channel for purchasing health insurance

Exchange as part of Market—2014



Common features of *all* plans in 2014

- Essential health benefits
 - Includes state mandates
- “Metals” – must meet an actuarial level
 - Applies to all plans in the markets, not just the Exchange
 - Bronze (60%), silver (70%), gold (80%), platinum (90%)
- Community rating by insurer
- Guaranteed issue & renewal

Qualified versus “Nonqualified”

- Differences between federal requirements for qualified plans seem very similar to current Vermont law

Qualified versus Vermont law

Federal requirement	Current Vermont law
Marketing may not discourage enrollment of individuals with significant health needs	Some marketing review as part of form review
Network adequacy & services area	Network adequacy requirements
Transparency	Transparency (new Act 48 requirements)
Essential Community providers & access for underserved populations	FQHCs commonly in networks now
Quality measures	Rule H-2009-03 (formerly rule 10)
Satisfaction Surveys	Managed Care insurers, yes

Method of purchasing (“inside/outside”)

- Would need to address broker fees for additional plans offered directly by a carrier
- Otherwise, plans are in same rating pool, so same plans must have same premium
 - Risk adjustment mitigates against adverse selection between insurers
- Number of insurers
 - Unlikely to vary
 - Act 48 & proposed federal regulations for small employer plans require at least 2 insurers

Method of purchasing (“inside/outside”)

- Possibly more variation at a given metal level if purchased outside the Exchange
 - But variation is controlled by actuarial values, so this is not unlimited
 - Variation increases provider administrative costs & not likely to create meaningful choice
 - Currently have 20 Qualified Health Plans

Method of Purchasing (“inside/outside”)

- Individual premium & cost-sharing subsidies
 - *Only available* for plans purchased through VHC
 - Subsidies available up to 400 % of poverty
 - Individual cannot have employer-sponsored coverage
- Small business tax credits
 - *Only available* for plans purchased through the Exchange
 - Available for 2 years
 - Employers with 25 employees or less
 - Wages under \$25,000