

Washington State Health Care Authority

Washington's Health Benefit Exchange

Joint Legislative Select Committee on
Health Reform Implementation

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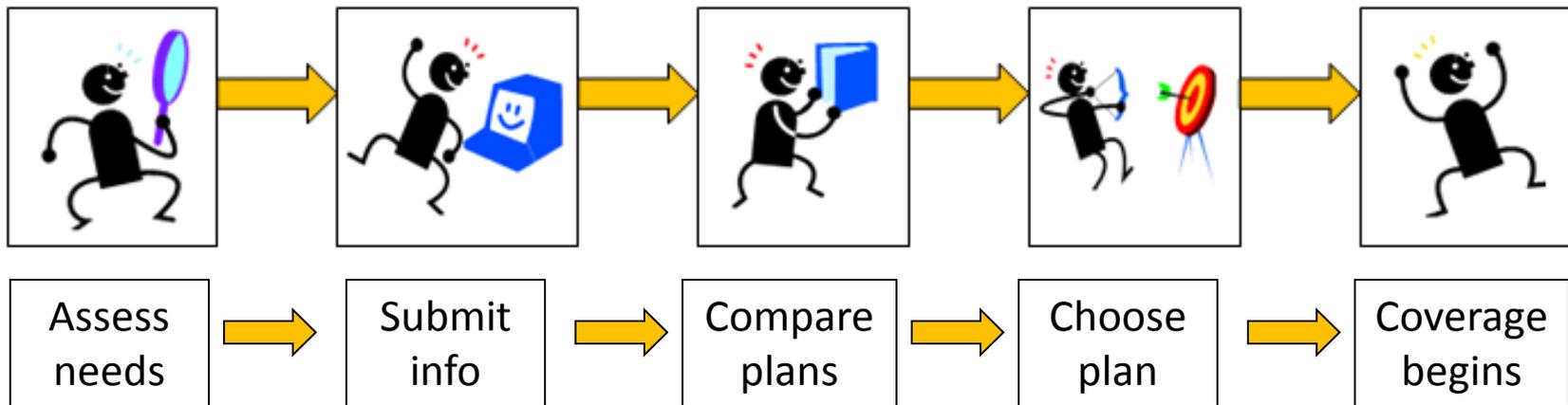
Access to the Exchange

The Exchange will be an easily accessible,
central online marketplace for
individuals, families
and **small businesses**
to purchase health insurance

Through the Exchange, Washingtonians will be able to:

- **Compare** health plans
- **Check** qualifications for tax credits or cheaper co-pays and deductibles
- **Choose and enroll** in a health plan according to
 - Personal health needs
 - Choice of doctors

An Online Shopping Experience



Visit the HCA Website for Updates

www.hca.wa.gov/hcr/exchange

- Policy options
- TAC meeting notes
- Notice of public meetings
- Grant applications
- HCA reports and publications

You can also sign up for our electronic mailing list on the website

Policy Options and Timeline

- Federal Basic Health Option by Amy Lischko
 - Draft paper released Oct. 10
- Criteria for Qualified Health Plans by Deborah Chollet
 - Draft paper released week of Oct. 10
- Market Rules Inside vs. Outside the Exchange by HCA and Milliman
 - Policy options released Oct. 10
- Future of WSHIP and Risk Leveling by Deborah Chollet and Milliman
 - Policy options will be released in late Oct./early Nov.

Policy Options and Timeline (continued)

- Small Business Exchange Functions by Wakely Consulting
 - Policy options will be released in Oct.
- Role of Navigators by GMMB Communications
 - Policy options will be released in Oct.
- Exchange Financing by Wakely Consulting
 - Policy options will be released in Nov.
- Medicaid/Exchange Integration by HCA
 - Policy options will be released in Nov.
- Essential Health Benefits by Center for Evidence-Based Policy at OHSU and Milliman
 - Policy options will be released in Nov.

Policy Options Update: Market Rules

The ACA addresses enrollee financial incentives through three policies:

1. Issuers may no longer turn away enrollees with costly medical conditions
2. Adults who can afford insurance under the individual mandate will face financial penalties if they do not enroll
3. Federal subsidies will help people pay for insurance

Policy Options Update: Market Rules

The ACA addresses issuer financial incentives by:

- Requiring issuers to pool together all enrollees from individual or small group market plans both inside and outside of the Exchange
- Requiring that premiums are determined by adjusted community rating
- Establishing a set of essential health benefits
- Establishing three risk leveling programs
- Directing the implementation of a permanent risk adjustment mechanism

Policy Options Update: Market Rules

The ACA directs the following minimum standards for the Exchange:

- Issuers participating in the Exchange offer at least one gold and one silver level plan, and
- Issuers participating in the Exchange charge the same premium for a plan offered both inside and outside of the Exchange

Policy Options Update: Market Rules

Options for Market Rules:

- Must offer at least one silver and one gold level plan outside of the Exchange
- Only catastrophic or bronze level plans offered inside of the Exchange could offer the same catastrophic or bronze level plans outside of the Exchange
- Only issuers participating in the Exchange may offer plans outside of the Exchange
- All health plans offered inside and outside of the Exchange must meet Qualified Health Plan criteria

Policy Options Update: Market Rules

The following categories will frame questions to be discussed in the policy brief:

- Private Insurance Market Issues
- Cost and Quality
- Consumer Outcomes
- Administration

Policy Options Update: Qualified Health Plan Criteria

- Option 1: Exchange certifies plans that meet minimum QHP requirements specified in the ACA
- Option 2: Exchange certifies plans with the intent of improving quality and/or access to greater service areas
- Option 3: Exchange certifies plans with the intent of better managing the cost of health plans

Policy Options Update: Qualified Health Plan Criteria

- Legislature sets guiding principles for criteria of QHPs and Board establishes criteria and makes selection
- Exchange needs to be nimble and able to adapt
- Exchange Board of Directors have the expertise necessary to:
 - Compare Exchange offerings to the outside market
 - Assess the tolerance that consumers and issuers have for change
 - Align QHP criteria with long-term goals of the Exchange

Policy Options Update: Qualified Health Plan Criteria

Draft paper discusses the following guiding themes:

- Maximizing plan participation
 - ACA standards may be sufficient
 - May encourage more plans to participate
 - More choices for consumers
- Maximizing consumer participation
 - Mix of consumers in Exchange critical
 - Low-income populations will be significant population in Exchange
 - Ways to expand access for populations with difficulties accessing care
 - Need to find ways to attract higher income individuals and small businesses

Policy Options Update: Qualified Health Plan Criteria

Draft paper discusses the following guiding themes:

- **Competitive Marketplace**
 - Higher quality standards may create new competitive marketplace
 - May increase quality outcomes for providers
 - Traditional means may encourage plans to compete on other factors for consumers (e.g., customer service)
- **Offering Meaningful Choice**
 - Is it possible to have too much choice? If so, how much choice is too much?
 - Unknown plan participation in 2014
 - Meaningful choice defined by individual consumers' priorities

Policy Options Update: Qualified Health Plan Criteria

Summary:

- New landscape in 2014 with many unknowns
- Criteria will likely need to change over time
- Guiding principles would set general standards
- Board has expertise to evaluate Exchange and outside market and decide upon criteria

Policy Options Update: Federal Basic Health Option

- Option 1: Standalone Basic Health Program
- Option 2: Rebranded low-income program combining Medicaid and Basic Health
- Option 3: No Basic Health Program

Policy Options Update: Federal Basic Health Option

Draft paper analyzes the options on the following criteria:

- Coordination with Medicaid and the Exchange
- Cost comparison
- Administration issues
- Exchange and provider issues
- Issues for beneficiaries

Policy Options Update: Federal Basic Health Plan

Conclusion:

- The Federal Basic Health Option provides affordable health care coverage to beneficiaries
- There are many unknown risks to the state, including:
 - Will the revenue provided by the federal government be sufficient to cover individuals enrolled in Basic Health?
 - What is the availability of state funds to develop, start up and administer Basic Health?
 - What is the risk that the establishment of a Basic Health program causes the Exchange to be unsustainable?
 - How will the present-day state budget situation affect the current Basic Health program, which in turn, may affect the decision to operate a Basic Health program in 2014?

Other Exchange Updates

- Tribal engagement
 - Working with AIHC to identify Tribal needs
- Public-private partnership structure separate and distinct from state
 - Quasi-state entity
 - Exempt from state personnel and contracting rules
 - Open meetings and public records apply
- IT systems RFP
 - Released late Oct./early Nov.
 - Hire system integrator to help identify design solutions

HCA Comments on Proposed Rules: Exchange Operations and Qualified Health Plans (QHPs)

Supportive of:

- The option of the Exchange to aggregate premiums and send to issuers

Opposed to:

- State Plan Amendment process for Exchange changes (like that used for Medicaid programs)
- *HHS requiring* that a majority of voting Board members represent consumers and small business
- *HHS requiring* the of type of organizations that run a Navigator

Other considerations:

- Exchange should have the option to adopt QHP selection criteria beyond the minimum standards in ACA
- HHS should not allow that an Exchange enrollee may not pay a premium during a three month grace period
- The SHOP, not federal regulation, should be allowed to establish a minimum participation standard based on state practices

HCA Comments on Proposed Rules: Risk Leveling

Supportive of:

- Allowing states to add a fee on top of the federal rate to pay the administrative cost of the reinsurance program
- Reinsurance program should not replace a state's private insurance market

Opposed to:

- Limiting benefits covered by reinsurance to the essential health benefits

Other considerations:

- Can the Federal Basic Health Option be included in the reinsurance program? If so, should the state include Basic Health in the reinsurance program?
- Should Washington State use the federal risk adjustment mechanism or should we develop our own?