EXHIBIT 3
DATE 2/8/13
HB

LFD
Montana Legislative Fiscal Division

Contact: Lois Steinbeck, Senior Fiscal Analyst
Rm. 118, State Capitol Building
P.O. Box 201711
Helena, MT 59620-1711
Phone: (406) 444-5391

www.leg.mt.gov/css/fiscal

Individual Health Insurance Exchange

- Individuals without insurance or without access to affordable employer insurance may shop on the individual exchange
- Will interface with IRS tax system, Homeland Security citizenship system, US Department of Labor
- Premium subsidies available to households with incomes from 100% FPL to 400% FPL
- Co-pay assistance available to households with incomes from 100% FPL to 250% FPL
- No premium or co.- pay assistance available for households with incomes below 100% FPL or above 400% FPL
- If employer health insurance is available, a person cannot shop on the individual exchange unless insurance is unaffordable - premium for employee only coverage exceeds 9.5% of household income or the plan does not offer "minimum essential value" – 60% actuarial value
- If an employee of a large employer (more than 50 employees) is eligible to purchase health insurance on the individual exchange and receives a subsidy, the employer is subject to a per employee penalty based on the number of total employees less the first 30 employees
- Individual exchange must either determine Medicaid eligibility or refer to state Medicaid eligibility system with the choice made by the state

SHOP Exchange (Small Employer Health Options Plan)

- Only employees of small employers - those with 50 or fewer employees - can purchase through SHOP exchange
- Two years of federal tax credits for employers available through the SHOP exchange (eligibility rules are different from Insure Montana)
- Small employers that employee family members are not eligible for federal tax credit on SHOP exchange

Both Exchanges

- Operational on October 1, 2013
- Open enrollment begins October 1, 2013 and ends March 31, 2014
- Health plan purchased effective on January 1, 2014
- Unknown which insurers will offer plans on the exchanges, but probably include Healthcare Co-op and possibly a national multi-state plan
- Association plans/purchasing pools cannot be offered on the exchange
- Will be an assessment on all health plans for reinsurance to cover adverse selection or large claims in first 3 years
- Will also be risk adjustment and risk corridor mechanisms in place

Insure Montana

- State program administered by the State Auditor; funded from health and Medicaid initiatives state special revenue
- Two components – year-end tax credits and monthly premium assistance payments
- Premium assistance/incentive is statutorily limited to insurance provided through the Insure Montana pool or qualified association plans

- Eligible small employer statutorily defined as 2 to 9 employees (SB 27 changes up to 25, if funding is available)
- Employer must pay at least 1/2 of the employee only premium
- Credits and premium assistance/incentives available only to employers who have no employees earning more than $75,000 (HB 48 changes eligibility for premium assistance; limited to households with incomes below 400% FPL - about $92,000 for a family of 4)
- Premium assistance/incentives available only for association and purchasing pool plans, which are not eligible for inclusion on either exchange
- Tax subsidies available to small employers who offer insurance
  - Tax credits based on individual, spouse, or family coverage with adjustments for age of employee
- Premium assistance/incentives available to small employers who have not offered insurance in the past 24 months
- Premium assistance/incentives paid to business and to employers with employees who earn less than $75,000
- Employee premium assistance payment based on total household income
- Premium assistance based on household income – higher amounts for lower income households