

# Affordable Insurance Exchanges

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## Overview of Exchanges

### What is an Exchange?

- An online market where private insurers compete for consumers' business
- Gives consumers information to compare private insurance on apples-to-apples basis
- There are two exchanges: individual and SHOP
- The Small Business Health Options Program (SHOP) exchange will be available for small businesses (less than 50)



## Overview of Exchanges

### Benefits for consumers, businesses and industry

- Premium tax credits and subsidies for consumers will only be available through the exchange
- Tax credits for small businesses will only be available through the exchange
- Level playing field encourages competition and efficiency



## Overview of Exchanges

### Administration Models

- **State-Based** – State decides how to build, operate, and maintain the exchange
- **Partnership** – State and federal government work together to reduce overlapping regulation
- **Federally-Facilitated** – Federal government decides how to build, operate, and maintain a state's exchange

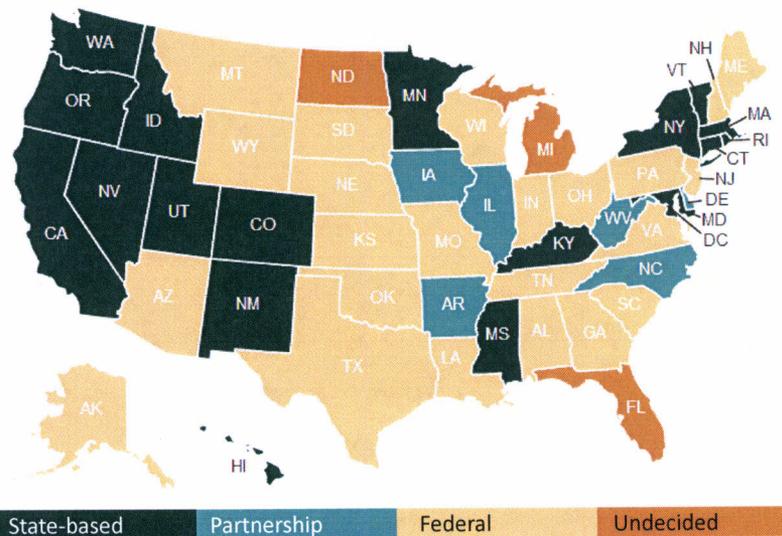


## State Decisions

- 18 states and DC are pursuing state-based exchange
- 6 states are pursuing partnership exchange
- 3 states have no official decision
- 23 states will have a federally facilitated exchange



Health Insurance Exchanges by State



Source: National Conference of State Legislatures, [Federal Health Reform](#), [State Legislative Tracking Database](#), [Politico.com](#), Commonwealth Fund analysis.

## Overview of Exchanges

### Timeline for Implementation

- **April - July 2013** – Insurers provide information necessary to participate in exchange, including provider network, rates, plan features, etc.
- **Aug. 2013** – HHS tests the display and accuracy of Insurers' plan information



## Overview of Exchanges

### Timeline for Implementation

- **Sept. 2013** – Employers register and provide information to participate in SHOP exchange
- **Oct. 2013 – March 2014** – Consumers and employees shop for and enroll in plans
- **Jan. 1, 2014** – Exchange-purchased policies begin to take effect



## Federal Tax Credits & Subsidies

- Tax credits for premiums in the individual market exchange are provided on a sliding scale to people with income between 400% and 100% of the federal poverty level (FPL)
  - “Advanceable credits” are an option
- Those with income between 250% and 100% of FPL will also receive assistance with their cost sharing (co-pays, deductibles, etc.)



## Individual Exchange

First open enrollment begins October 1, 2013 – March 30, 2014



### I am likely :

- Employed, but my employer does not offer a health plan;
- Sole proprietor or self-employed;
- Uninsured and new to the insurance market
- Previously insured through high-risk pools or in the individual market;
- Employed by a business that offers a health plan, but my premium is more than 9.5% of my household income. I may qualify for a premium tax credit to buy a plan.



## Individual Exchange



### When I first log onto the Exchange:

- I will be screened to check if I am eligible for Medicaid (133% FPL) or if my dependents are eligible for Healthy Montana Kids(250% FPL)
- There will be a seamless transition to enroll in assistance programs to get coverage
- My income will be evaluated to see if I am eligible for premium tax credits or affordability credits to purchase private coverage
- Uniform application
- Streamlined eligibility process



## Individual Exchange

### Now I am ready to shop for insurance in the Exchange:

Each plan will have a platinum, gold, silver or bronze tier rating.



**PLATINUM:** 90 % of medical costs paid by plan  
10 % of medical costs paid by consumer

**GOLD:** 80% of medical costs paid by plan  
20% of medical costs paid by consumer

**SILVER:** 70% of medical costs paid by plan  
30% of medical costs paid by consumer

**BRONZE:** 60% of medical costs paid by plan  
40% of medical costs paid by consumer

*Actual cost-sharing may vary within tiers*

*Catastrophic plans are available to those exempt from the mandate (premium is not affordable, even with credits) and those under age 30.*



## Individual Exchange

I decide that I can afford a plan in the Silver Tier:



SILVER:  
Company A Plan 1  
Company A Plan 2  
Company B  
Company C



## Individual Exchange

I decide to purchase a plan based on my health needs:

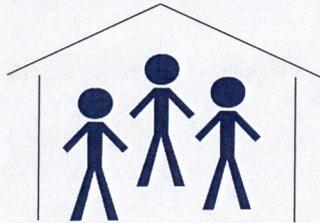


### All Plans include:

- a defined package of benefits that includes essential benefits ;
- a premium based on my age, number of dependents and whether I smoke, less any subsidy that I am eligible to receive;
- a network of providers specific to my circumstances;
- a package of services specific to my current needs;
- an affordability subsidy to assist with out-of-pocket costs if my income is between 250% and 100% of FPL.



## SHOP Exchange



### In the Exchange, businesses:

- are small employers with less than 50 employees (100 in 2016)
- can easily compare (on apples-to-apples basis) health coverage for employees and dependents the same as in the individual Exchange;
- have greater choice of products;
- may allow employees a choice of plans;
- employers may be eligible for a federal tax credit.



## Federally Facilitated Exchange

### The Federal Government is currently:

- Building and testing the IT infrastructure that will drive the exchanges
  - Insurers will begin submitting plans to the exchange by the end of March
- Preparing for the necessary public education and promotion of the exchanges
- Developing the long-term funding mechanism for the exchanges



## Transition to State-Based Exchange

- A state that does not have state-based exchange may seek approval to operate a state-based exchange after 2014
- The state's exchange plan must be approved prior to January 1 of the year before the first coverage sold through the exchange would be effective
- States must work with HHS to develop a transition plan
- No federal grant funding will be available to states for start-up costs after January 1, 2014



## Navigators and Agents

### Similarities and Differences

- Both navigators and agents help consumers find and understand insurance
- Navigators operate only within the exchange
- Unlike agents, navigators cannot be compensated via commissions
- States cannot require that navigators be licensed producers



## **Navigators, Assistors and CACs**

**The ACA allows for three new consumer assistance roles**

- Navigators – contracted through HHS
- Assistors – only available in state-based and partnership exchanges
- Certified Application Counselors – not paid by exchange or federal grants

-- Additional regulations forthcoming --



## **Individual Mandate**

**The IRS will be responsible for enforcing the individual mandate**

- Assessed on tax returns for individuals who meet the requirement
- No criminal penalties for failing to pay the individual mandate tax
- Individuals and families are exempt if:
  - The cost of insurance exceeds 8% of income
  - They don't earn enough to file a tax return
  - They fall into the Medicaid expansion population and the state does not approve expansion



## Individual Mandate

### Reporting coverage to the IRS

- The exchanges may report for those who purchase through an exchange
- Employers may report for employees covered under an employer-sponsored plan
- All others may report independently to the IRS on their tax returns



## Contact CSI

**800-332-6148**

**406-444-2040**

**[www.csi.mt.gov](http://www.csi.mt.gov)**

