



## Economic Affairs Interim Committee

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### 62nd Montana Legislature

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## Questions/Options for Addressing Components of Health Insurance Exchanges

*Prepared by Pat Murdo, Legislative Research Analyst*

Under House Joint Resolution No. 33, the Economic Affairs Interim Committee is to look at health insurance exchanges. The committee supported looking at insurance exchange components and how to address state mandates, along with the interaction of an exchange with Medicaid and premium assistance. With the federal government still developing guidelines for various aspects of health insurance exchanges and the Montana 2011 Legislature voting against bills to establish an exchange, the committee's exploration of health insurance exchange issues remains temporarily academic but potentially important if the legislature and the state decide to become more involved as the federal government moves forward with an exchange in this state. Proposed federal guidelines issued in July allow for a federal-state partnership and an assumption of a federally established exchange by a state after 1 year. A separate handout addresses issues for consideration in light of the new guidelines and whatever the U.S. Supreme Court may decide on lawsuits challenging the constitutionality of the federal act that called for establishing health insurance exchanges by January 1, 2014. As events and guidelines develop, there remain educational opportunities for the Committee to consider. The following questions are intended to help the Committee decide which specific aspects of a health insurance exchange are of interest and what presentations to schedule.

**How many Montanans would participate in a health insurance exchange?** (See Tables next page.) If the market here is too small, how many insurers would be expected to participate in an exchange and would they participate in both the individual and the small group market (what is known as the SHOP-- Small Business Health Options Program -- exchange)? Is a regional exchange the solution, and if so how would the regulatory issues of each state be addressed? Is there a difference with a national exchange?

- Briefing paper on coverage
- Panel on potential insurer participants, including possible national insurers that might participate, and insurance commissioner

**How many Montana businesses under 50 employees provide health insurance and would they continue to provide health insurance if an exchange is established (and it is cheaper to pay tax penalties for not providing insurance)?** Should the state facilitate the process?

- Panel of Montana small business representatives
- Briefing paper based on small business survey/studies

**If an insurance plan is offered on the health exchange, does the committee want the insurer offering the plan to make that same plan available off the exchange in a seamless way?** Do state laws need to be changed to avoid duplication of regulation? Does the state want to require an insurer who offers plans on an exchange to offer plans outside the exchange?

- Panel of insurers, the insurance commissioner, federal health official

**If a federal-state partnership is available rather than solely a federally run exchange, what**

**roles do committee members think are important for the federal government to handle and what roles for the state?**

1. Rate review and medical loss ratio calculations
2. Benefit determinations (beyond the federally set essential benefits package)
3. Other?
  - Panel of insurers, the insurance commissioner, federal health official

**If the federal government outlines an essential benefits package that does not include one or more of Montana's mandates, the legislature might propose legislation removing the mandates, provide funding for subsidized policies to cover the mandates, or do nothing, which means some policies do, exchange policies don't. What is the state's choice?**

- Panel of insurers, advocates for the mandates, and the insurance commissioner

**What recommendation would the state make for provider network adequacy in an exchange and what measures or incentives would the state use to assure provider network adequacy?**

- Panel of medical and hospital provider representatives, health educators, DPHHS

**Potential Pool of Uninsureds and Where They Might be Covered**

**Currently Uninsured** an estimated 157,000 people

- Covered by Medicaid - if eligible *between 50,000 and 80,000 people*
- Buy on a Health Insurance Exchange *between 77,000 and 100,000 people*

**Currently Insured through Employer if Employer willing to shift to Exchange model** 254,800 (Total of eligible private-sector employees in Table below)

**Montana Firms, by size, Offering Health Insurance and Employees with Health Insurance in 2010**

	<b>Under 10 employees</b>	<b>10 -24 employees</b>	<b>25-99 employees</b>	<b>100-199 employees</b>	<b>1000 &amp; up employees</b>
Montana firms offering health insurance	28.8% ~6,640	46.7% ~1,720	77.5% ~1,610	94.7% ~1,420	99.4% ~2,790
Private-sector employees eligible for health insurance	80.1% ~58,655	76.3% ~36,610	77.3% ~45,930	69.5% ~40,350	76.9% ~73,255
Private-sector employees eligible & enrolled in health insurance	79.2%	79.8%	74.1%	81.5%	83.5%
Part-time private-sector employees in health insurance	n.a.	n.a.	n.a.	n.a.	47.1% (~8,400)

Data from: Agency for Healthcare Research and Quality, Department of Health and Human Services  
[http://meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables\\_results.jsp?component=2&subcomponent=2&year=-1&tableSeries=2&searchText=&searchMethod=1&Action=Search](http://meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=2&year=-1&tableSeries=2&searchText=&searchMethod=1&Action=Search)