

## CAHU CE Rules

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- ✍ Please refrain from using cell phones for calling, texting, email, etc during the meeting
- ✍ Please refrain from talking during the meeting
- ✍ Please wait to leave the room until the break unless absolutely necessary.
- ✍ **WILL BE SIGNING IN and OUT Today**

# Today's Program

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- ✍ Status of Legislation
- ✍ Employer & Individual Mandates
- ✍ Subsidies
- ✍ Public Option
- ✍ Break
- ✍ Health Exchange
- ✍ Individual & Small Group Ins Reforms
- ✍ Medicaid Expansion
- ✍ Role of the Agent
- ✍ Ohio Implementation

# Status of Legislation

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- ✍ House Bill 3962 passes U.S. House, Saturday November 7
- ✍ Senate Finance Committee and Senate HELP Committee bills in process of merging.

# Employer Mandate (HB)

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- ✍ Requires employers to “play” by offering coverage or “pay” into the Health Exchange Trust Fund.
- ✍ Requires employee Auto Enrollment into lowest cost premium plan, 30 day opt out provision.
- ✍ “Any contribution on behalf of an employee with respect to which there is a corresponding reduction in the employee’s compensation will not be treated as an amount paid by the employer.

# Side-By-Side Employer Mandate

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## House Bill (Pay or Play)

### **If Employer “Plays”**

☞ An “offering employer” generally must offer all of its employees the option of selecting individual or family health coverage.

☞ Pay 72% of Single plan (FT)

☞ Pay 65% of family plan (FT)

☞ Bill will require coverage of part time employees. Contributions to be determined by the “Health Commissioner”

## Senate

### **Sen Finance**

No Mandate

Employers with 50+ employees will be subject to non tax deductible fee for every full time person not covered (Except Medicaid Eligible)

### **Sen HELP**

Employers Must pay 60% of employee coverage, or pay annual \$750 per employee fee, \$375 for pt time.

Employers with 25 or fewer exempt

## If Employer Pays (House Bill)

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- ✍ The contribution is generally 8% of the average salary for the employer. Small employers with annual payrolls at or below \$500,000, are exempt from this requirement.
- ✍ **In the 2<sup>nd</sup> year of Exchange, Employer must pay up to 8% for employees who opt out of employer plan in favor of an exchange option**
- ✍ \$100 per day penalty for non compliance

# Employer Mandate

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## Small Employer “Pay” Exemption Annual Payroll...

- ✍ Less than \$500K = 0%
- ✍ \$501K - \$585K = 2%
- ✍ \$586K - \$670K = 4%
- ✍ \$671K - \$750K = 6%

# Side-By-Side Individual Mandate Defined

## House Bill

✍ In 2013, all citizens and legal residents purchase qualified plans

- ✍ Exchange Plans
- ✍ Grandfathered Ind & Grp plans
- ✍ Medicare, Medicaid
- ✍ Military & Veteran Plans

Exceptions, those under FPL, or for religious objections

## Senate Bills

### Sen Finance

In 2013, all citizens and legal residents purchase qualified plans

- ✍ Ind Market
- ✍ Sm Grp Market (Bronze or better)
- ✍ Public plans

No “unreasonable” out of pocket limits (less than current HAS limits), annual or lifetime max

### Sen HELP

Exceptions also for individuals for whom affordable coverage not available, or creates hardship.

# Side-By-Side Individual Mandate Penalties

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## House Bill

Penalty is equal to 2.5% of Adjusted Gross Income up to cost of avg basic plan in the Exchange.

Does not include an affordability exemption, as premiums increase making coverage less affordable, the additional tax must be paid.

## Senate Bills

### Sen Finance

For those not reporting on tax return...

Excise tax of no more than \$750 per adult in household, phased in between 2013-17. Individuals who would have to pay in excess of 8% of AGI for lowest cost plan exempt from excise tax

### Sen HELP

Penalty equal to 50% of unsubsidized premium of lowest cost qualified plan.



# Subsidies & Public Option

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 Chris Heiberger

# H.R. 3962 Subtitle C – Individual Affordability Credits

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## Sec. 341 – Availability through Health Insurance Exchange

- ✍ Affordable credit eligible individuals will be eligible for:
  - ✍ Affordable Premium Credit
  - ✍ Affordable Cost Sharing Credit
- ✍ Exchange eligible individual may apply for credits, Commissioner will determine eligibility

# H.R. 3962 Subtitle C – Individual Affordability Credits

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- ✍ Commissioner to authorize whether a particular's State Medicaid agency can determine
  - ✍ Additional money being set aside to Reimburse the participating states
- ✍ Medicaid screen and enroll obligation is to determine if individual would be eligible for Medicaid, and continued eligibility will be based on current Medicaid rules
- ✍ No one is eligible for credits if they are not a citizen or national of the US or lawfully present in the US
  - ✍ Extensive process to determine eligibility of non-US citizen process. \$30,000,000 appropriated to carry out this process
- ✍ Streamlined process for US Citizens

# H.R. 3962 Subtitle C – Individual Affordability Credits

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## ✍ Use of Affordability Credits

- ✍ In the first two years may only be used for Basic plan.

- ✍ Future provisions to allow use with enhanced and premium plans – Individual would pay the different in premium

- ✍ Prohibits use of affordability credits for abortion coverage

## ✍ Access to Data

## ✍ No Cash Rebates

# H.R. 3962 Subtitle C – Individual Affordability Credits

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## Sec. 342 – Affordable Credit Individual

- ✍ Individual lawfully present in a state in the US, enrolled in the exchange as an individual (not through employer), with a modified adjusted gross income below 400% FPL for a family of their size, not a Medicaid eligible individual, and not enrolled in acceptable coverage other than an Exchange-participating health benefits plan.
- ✍ Members of same family who are affordable health credit individuals shall be treated as a single affordable health credit individual

# H.R. 3962 Subtitle C – Individual Affordability Credits

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- ✍ The term Affordable Credit Eligible Individual does not apply to full-time employees being offered coverage
  - ✍ Unless
    - ✍ Divorced or separated individuals or dependents that would otherwise be eligible
    - ✍ Unaffordable employer coverage – Beginning in Y2 in the case of an employee whose cost exceeds 12% of current modified adjusted gross income
- ✍ Income is defined as “modified adjusted gross income”

# H.R. 3962 Subtitle C – Individual Affordability Credits

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## Sec. 343 – Affordability Premium Credits

- ✍ Calculated on a sliding scale beginning at 1.5% for those at or below 133% FPL, and finishing at 12% for those at 400% FPL
- ✍ There is an out-of-pocket maximum set at \$500 for an individual and \$1000 for a family at the lowest income tier rising to \$5,000 for an individual and \$10,000 for a family at the highest income tier for individuals receiving affordability credits.

## H.R. 3962 Subtitle C – Individual Affordability Credits

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### Sec. 344 - **Affordability cost-sharing credit.**

The affordability cost-sharing credit reduces cost-sharing for individuals and families at or below 133% of poverty up to 400% of the federal poverty limit as specified in the act.

### Sec. 345 – Income Determination

### Sec. 347 – No Federal Payment for Undocumented Aliens

# H.R. 3962 Subtitle B – Public Health Insurance Option

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## Sec. 321 – Establishment and Administration of a Public Health Insurance Option (PHIO) as an Exchange-Qualified Health Benefits Plan

- ✍ Create low cost plan without sacrificing quality or access to care
- ✍ Only available through the exchange
  - ✍ Ensure level playing field by complying to the rules set for all Exchange-participating health benefits plan.
- ✍ Benefit Levels
  - ✍ Basic, Enhanced, Premium, and possibly Premium-Plus

# H.R. 3962 Subtitle B – Public Health Insurance Option

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(cont'd)

- ✍ Program can contract with private company to assist in management – no transfer of risk
- ✍ Ombudsman – Same as Medicare Beneficiary Ombudsman
- ✍ Data Collection – to support the establishment of premium rates and analyze quality and outcomes data
- ✍ PHIO to be treated the same as any QHBP

# H.R. 3962 Subtitle B – Public Health Insurance Option

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## Sec. 322 – Premiums and Financing

- ✍ Secretary will establish geographically adjusted premium rates
  - ✍ Must comply with all rules applicable to Exchange-participants
  - ✍ Levels must sufficiently finance claims and administration
  - ✍ Contingency margin must be appropriate amount to cover 90 days of claims and will be set by American Academy of Actuaries
- ✍ Establish Account in US Treasury for receipts and disbursements attributable to the operation of the PHIO

# H.R. 3962 Subtitle B – Public Health Insurance Option

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- ✍ Established Account (cont'd)
  - ✍ Start up funding will be \$2 billion and an additional appropriations to cover 90 days of claims based on enrollment
  - ✍ Amortization of start up funding – Repayment to start in year 1 amortized over 10 years
  - ✍ No Bailout – In no case shall the public health insurance option receive any federal funds for purposes of insolvency

# H.R. 3962 Subtitle B – Public Health Insurance Option

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## Sec. 323 – Payment Rates for items and services

- ✍ Negotiation of payment rates for PHIO will be done by Secretary
- ✍ Reimbursement rates can't be lower than Medicare rates and not to exceed the average paid by all other QHBP offering entities.
- ✍ Establishment of Provider Network – Medicare providers may participate unless they opt out.
  - ✍ Providers given one year before PHIO begins to opt out
  - ✍ Annual Opt in provision as well

# H.R. 3962 Subtitle B – Public Health Insurance Option

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## Sec. 324 – Modernization Payment Initiatives and Delivery System Reform

- ✍ Plan will implement modern payment mechanisms and policies to include Patient centered medical Home.
  - ✍ Care Management payments, value based purchasing, bundling, performance or utilization based pmts, partial capitation, direct contracting with providers
- ✍ Requirements for Innovative Payments
  - ✍ Must improve outcomes, reduce disparities, provide efficient affordable care, address geographic variation, prevent or manage chronic disease, and promotes integrated care

# H.R. 3962 Subtitle B – Public Health Insurance Option

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(Sec. 324 cont'd)

- ✍ Encouraging use of high value services
  - ✍ PHIO may modify cost-sharing and payment rates to encourage use of services that promote health and value
- ✍ Promotion of Delivery System Reform
  - ✍ Successful payment and delivery systems will be implemented geographically as necessary and appropriate
  - ✍ Implementation may be delayed if it would place PHIO in a competitive disadvantage in a particular geographic area
- ✍ Payment methods can vary geographically



## H.R. 3962 Subtitle B – Public Health Insurance Option

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Sec. 329 – Enrollment in PHIO is voluntary

Sec. 330 – Enrollment in PHIO by members of  
congress



# Break

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🕒 Back in 10 Minutes, please.





# Exchanges

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 Carol Conway, RHU, MBA



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# What is a Health Insurance Exchange?

**A government entity established to facilitate the offering of health insurance choices –**

*Also known as  
connectors/gateways/co-ops*

# Duties of an Exchange

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- ✍ Establishes procedures for certifying qualified plans
- ✍ Certify that qualified health plans that meet specific criteria
- ✍ Facilitates the purchase of health insurance for individuals and small businesses
- ✍ Make information on health benefit options available to consumers
- ✍ Administer premium subsidies and risk-adjustment payments
- ✍ Facilitate enrollment and outreach
- ✍ Assessing surcharges or insurers to pay for administrative and operation expenses of the Exchange

# Exchange Options

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- ✍ **Senate Finance Proposal** – state-based exchanges – to be fully operational by 7/1/2013
- ✍ **H.R. 3961** – Creates within the federal government a nationwide Health Insurance Exchange

# Senate Finance Proposal

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- ✍ Exchanges must be state-based
- ✍ Exchanges will provide dedicated resources for small businesses and will include services and compensation for producers
- ✍ Multiple exchanges may exist within the state, and may be segmented by market
- ✍ Exchanges can contract to use services of existing private exchanges

## H.R. 3961

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- ✍ Dept of Health and Human Services to establish a public health insurance option to be offered through the Exchange
- ✍ Permits states to offer their own exchange OR join with a group of states to create their own exchange.
- ✍ Subsidies to purchase coverage will only be available through the Exchange
- ✍ ALL non-employer based coverage must be purchased through the Exchange
- ✍ Pay or Play mandate on Employers

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- ✍ Pay or Play mandate on Employers

## Affect on Current Market

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- ✍ **HR 3961** – Would abolish the private market for individual health insurance
  - ✍ Current individual plans would be “grandfathered” and subject to numerous restrictions
- ✍ **Senate Finance** - All individual and small group market insurers must participate in the state-based exchanges

# Public Option in the Exchange - H.R. 3961

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- ✍ Public Health Insurance Option is a required part of the Exchange
- ✍ Establish premium rates that can fully finance the cost of benefits and administrative costs of the public option

# Timeframe for Implementation

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- ✍ **Year One (2013)** – individuals not enrolled in other acceptable coverage AND small employers with 25 or fewer employees
- ✍ **Year Two** – employers with 50 or fewer employees
- ✍ **Year Three** – employers with 100 and fewer employees PLUS all other employers if permitted to do so by the commissioner

## Reality – Health Exchange in Massachusetts

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- ✍ Individual Plans – majority of individuals eligible for health insurance subsidiaries
- ✍ Employers – enrolled 40 businesses – total of 82 enrolled lives



# Insurance Mkt Reforms

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✍ Lee Nathans, RHU



# 2010 Changes to Insurance (House Bill)

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- ✍ Temporary High Risk Pool
- ✍ COBRA Extension
- ✍ Limit Loss Ratio
- ✍ Required Review of Health Premium Increases
- ✍ Dependent Coverage for children to 27
- ✍ Pre-Ex Changes

# 2013 Changes to Private Insurance (House Bill)

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- ✍ Abolish Individual Health Market (HB)
- ✍ Impose Market Regs:
  - Guarantee Issue
  - Premium Rating
  - Prohibition on Pre-Ex



# Medicaid Expansion

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✍ Sandy Erb – Director, Voices for Ohio  
Children

# Medicaid Expansion

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✍ Sandy Erb – Director, Voices for Ohio Children

# Current Medicaid Eligibility in OH

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## ✎ Adults with Children

- ✎ 90% Federal Poverty Level (FPL)
  - ✎ Family of 4 - \$19,845.00

## ✎ Adults, no Children

- ✎ Currently Not Eligible

## ✎ Children

- ✎ Up to 150% FPL
  - ✎ Family of 4 - \$33,075.00

## ✎ Immigrants

- ✎ Not Eligible

## ✎ CHIP Program

- ✎ 151-200% FPL
  - ✎ Family of 4 - \$44,100.00



# Side-By-Side Federal Health Care Reform Proposals

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## House Bill

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### 9. Expansion of Medicaid

Beginning in 2013, expands Medicaid to adults below 150% of FPL

Beginning 2013, states may not use CHIP eligibility standards that are more restrictive than those in effect on June 16, 2009. CHIP enrollees are required to obtain coverage through the Exchange. 200% FPL in Ohio - CHIP children would be moved into Medicaid.

## Senate Bill

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### 9. Expansion of Medicaid

Expands Medicaid to 150% of FPL for all individuals

Individuals eligible for CHIP have option of enrolling in CHIP or through a Gateway

# Side-By-Side Federal Health Care Reform Proposals

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## House Bill

## Senate Bill

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### 9. Expansion of Medicaid

Medicaid primary care services reimbursement rates:

- ✍ 80% of Medicare for 2010
- ✍ 90% of Medicare for 2011
- ✍ 100% of Medicare for 2012 and after

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### 9. Expansion of Medicaid

Gives CHIP eligible individuals the option of enrolling in CHIP or through a Gateway.

Increases funding for Federally Qualified Health Centers



# Role of the Agent

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✍ Steve Brubaker, CLU RHU LUTCF



# Role of the Agent

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- ✍ NAHU Position and Outlook on House and Senate Bills



# Ohio Implementation

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 John McGough



## Exchanges (House Bill & Baucus Bill)

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- ✍ “Nothing in this division shall be construed to affect the role of enrollment agents and brokers under state law, including with regard to the enrollment and selection of individuals and employers in qualified health benefits plans including the public health insurance option.”

## Exchanges (House Bill – Authority of Exchange Commissioner )

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- ✍ Educational activities to increase awareness of the Health Insurance Exchange and available small-employer health plan options;
- ✍ Distribution of information to small employers with respect to the enrollment and selection process for health plans available under the Health Insurance Exchange, including standardized comparative information on the health plans available under the Health Insurance Exchange;

## Exchanges (House Bill – Authority of Exchange Commissioner )

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- ✍ Distribution of information to small employers with respect to available affordability credits or other financial assistance;
- ✍ Referrals to appropriate entities of complaints and questions relating to the Health Insurance Exchange;
- ✍ Enrollment and plan selection assistance for employers with respect to the Exchange; and
- ✍ Responses to questions relating to the Exchange.

# Other related programs

## Medicaid & CHIP

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- ✍ Questions that will need to be answered:
  - ✍ Will Medicaid & CHIP expansions be an appropriate area for agents to participate in enrollment process?
  - ✍ CHIP re-authorization bill authorizes states to use funds in private market – Feds need to pass implementing rules and then, will Ohio implement?

## Temporary High Risk Pool (House Bill)

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- ✍ During the 3-year period before Exchange is created, a national high risk pool is created for those denied coverage, offered unaffordable coverage, have an eligible medical condition or who have been uninsured for at least 6 months.
- ✍ Rates not higher than 125% of prevailing rate for comparable coverage in the state.

# Implementation of Insurance Reforms

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- ✍ Codifies into law the Health Care Coverage & Quality Council which was created in March 2009 in an Executive Order by Governor Strickland to advise the Governor and General Assembly, public and private entities and consumers on strategies to expand affordable health insurance coverage to more individuals and improve the cost and quality of Ohio's health care system.
- ✍ ODI will work with Council to implement reforms
- ✍ Legislature could pass legislation that implements federal authority

# Closing

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- ✍ Please sign out at table- **LEAVE SHEET ON TABLE**
- ✍ Certificates available before you leave

