PATIENT PROTECTION AND AFFORDABLE CARE ACT: HEALTH BENEFIT EXCHANGE OVERVIEW

Commonwealth of Pennsylvania
June 2010
Pennsylvania Exchange Planning

1. Define proposed Exchange model based on PPACA provisions and amendments
2. Finalize Exchange model to meet final Federal guidance
3. Complete operational planning to implement Exchange
4. Implement Exchange
## Key Dates for Implementing Exchange

<table>
<thead>
<tr>
<th>Dates</th>
<th>Milestones</th>
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<tbody>
<tr>
<td>Through January 1, 2015</td>
<td>States may receive grant funding for Exchange activities, including planning</td>
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<tr>
<td>By January 1, 2013</td>
<td>DHHS will review progress of state in planning for Exchange implementation</td>
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<td>January 1, 2014</td>
<td>Exchanges must be operational, including:</td>
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<td>• Website availability to streamline application and enrollment for Medicaid, CHIP and qualified health plans</td>
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<td>• Transition of individuals insured through a high risk pool into qualified health plans</td>
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<td>2014</td>
<td>DHHS and States to begin monitoring premium increases</td>
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<td>Beginning January 1, 2015</td>
<td>Exchanges must be self-sustaining and allowed to charge fees to participating health insurance issuers, or to otherwise generate funding, to support operations</td>
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<td>Beginning 2017</td>
<td>Exchanges may offer large group health plans</td>
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**KEY POLICY DECISIONS: EXCHANGE CONTINUUM**

- **Minimum**
  - Adopt Governing Board and Establish Exchange Structure
  - Minimum Plus Selected Options
  - Codify Governance in State law and establish Exchange Board by Jan. 1, 2013
- **Comprehensive**
  - Establish guidelines for accounting and quality reporting before go-live date

### Governance
- **Minimum**
  - Include Subsidized Insurance and Small Business
  - Establish outreach, including Navigator program
- **Comprehensive**
  - Include Individual Market, Large Employers, Medicaid and CHIP
  - Provide interactive website and integrate subsidized health program outreach activities
  - Coordinate outreach of state, local government and university-supported health plans and Exchange

### Insurance Market Interface
- **Minimum**
  - Include Subsidized Insurance and Small Business
  - Establish outreach, including Navigator program
- **Comprehensive**
  - Include Individual Market, Large Employers, Medicaid and CHIP
  - Provide interactive website and integrate subsidized health program outreach activities
  - Coordinate outreach of state, local government and university-supported health plans and Exchange

### Outreach
- **Minimum**
  - Include Subsidized Insurance and Small Business
  - Establish outreach, including Navigator program
- **Comprehensive**
  - Include Individual Market, Large Employers, Medicaid and CHIP
  - Provide interactive website and integrate subsidized health program outreach activities
  - Coordinate outreach of state, local government and university-supported health plans and Exchange

### Coverage and Benefits
- **Minimum**
  - Include Subsidized Insurance and Small Business
  - Establish outreach, including Navigator program
- **Comprehensive**
  - Include Individual Market, Large Employers, Medicaid and CHIP
  - Provide interactive website and integrate subsidized health program outreach activities
  - Coordinate outreach of state, local government and university-supported health plans and Exchange

### Eligibility
- **Minimum**
  - Include Subsidized Insurance and Small Business
  - Establish outreach, including Navigator program
- **Comprehensive**
  - Include Individual Market, Large Employers, Medicaid and CHIP
  - Provide interactive website and integrate subsidized health program outreach activities
  - Coordinate outreach of state, local government and university-supported health plans and Exchange

### Operations
- **Minimum**
  - Include Subsidized Insurance and Small Business
  - Establish outreach, including Navigator program
- **Comprehensive**
  - Include Individual Market, Large Employers, Medicaid and CHIP
  - Provide interactive website and integrate subsidized health program outreach activities
  - Coordinate outreach of state, local government and university-supported health plans and Exchange

* Continuum provides examples of a variety of tasks Exchanges can perform, but is not all-inclusive.
**Meet Federal guidelines.*
**Governance**

**Must Do:**
- Establish an Exchange Governing Board
- Decide to implement one or two Exchanges (individual and small business)
- Decide whether to form a regional exchange with another state
- Decide whether to form more than one subsidiary Exchange within Pennsylvania or across state lines
- Identify entity to operate Exchange (existing or new governmental, existing or new non-profit, other)
- Codify Governance structure and Exchange decisions in State law prior to January 1, 2014

**Options to Consider:**
- Codify Governance structure and Exchange decisions in state law prior to January 1, 2013

**Other Recommendations:**
- Do not wait until 2013 to bring the necessary legislation before the State Legislature
Insurance Market Interface

**Must Do:**
- Certify "qualified health benefits plans" consistent with federal guidelines
- Offer "one-stop" exclusive entry point for individuals and small businesses to purchase subsidized insurance
- Mandate specifics of insurance plans to be offered in accordance with federal guidelines

**Options to Consider:**
- Offer "one-stop" entry point for non-subsidized insurance group insurance
- Define Small Group Market as employers with up to 50 employees; can later expand to employers with up to 100 employees
- Merge Small Group and Individual Markets

**Other Recommendations:**
- Don’t allow Exchange plans to be offered both within and outside of the Exchange
- Don’t compel individuals or employers to purchase health insurance through the Exchange
**Outreach**

**Must Do:**
- Outreach to small businesses
- Outreach to uninsured (including information about subsidized insurance through Exchange, Medicaid, CHIP and other public insurance programs)
- Establish a Navigator program

**Options to Consider:**
- Establish an interactive website to provide for more informed consumer choice

**Other Recommendations:**
- Develop an outreach plan for both small businesses and the uninsured
**Coverage and Benefits**

- **Must Do:**
  - Adopt coverage guidelines for insurance plans in accordance with federal guidelines
  - Develop four basic plans (Bronze, Silver, Gold and Platinum)
  - Develop standardized format for presenting coverage options, including a uniform outline of coverage
  - Procure insurance products to offer through Exchange that meet the federal benefit standards
  - Develop electronic calculator for consumers to estimate actual cost of coverage

- **Options to Consider:**
  - Sell qualified health plans that provide only the essential benefits package
  - Mandate identical benefits for each insurance offering (Bronze, Silver, Gold, and Platinum)
  - Whether the State will prohibit qualified health benefit plans from covering abortions

- **Other Recommendations:**
  - Do not sell plans that are not qualified health benefits plans
ELIGIBILITY DETERMINATIONS

Must Do:
- Adopt Federal standards by January 1, 2014
- Collect Federally-required information for determining eligibility from the individual mandate and submit it to DHHS
- Implement a system that meets Federal standards for using a single streamlined eligibility application form for state subsidized programs
- Inform individuals of eligibility requirements for Medicaid, CHIP and other applicable state or local programs, and screen and enroll eligible individuals in these programs
- Certify exemptions from the individual mandate

Options to Consider:
- Adopt Federal standards or state-specific standards as early as possible (e.g., by January 1, 2013)
- Contract with Medicaid to determine all Exchange eligibility
- Medicaid to contract with Exchange to provide eligibility services
- Adopt state standards requiring conduct of eligibility determinations in real-time through Exchange

Other Recommendations:
- Locate responsibility for eligibility determinations for individual programs in one entity
OPERATIONS

Establish Exchange meeting Federal requirements
Establish personnel and develop integrated IT infrastructure to support operations on day one
Establish personnel and systems to provide eligibility-to-evaluation supports to consumers and businesses

Must Do:

• Establish staffing and budget for the Exchange
• Develop web portal and toll-free consumer hotline
• Create necessary system links with existing State and public insurance infrastructures
• Develop Exchange website to provide standardized comparative information on qualified health benefits plans
• Provide an initial and annual open enrollment periods
• Assign ratings based on relative quality and price to qualified health benefits plans
• Certify exemptions from the individual mandate
• Develop protocols for utilizing DHHS system and streamlined application forms
• Transfer information from the Secretary of Treasury on exemptions from the individual mandate
• Provide information to employers about employees who cease coverage in a qualified health benefits plan

Options to Consider:

• Seek grant opportunities made available by the DHHS for Exchange planning activities
• Develop state-specific streamlined application form for state health subsidy programs that conforms to federal requirements

Other Recommendations:

• Start planning now
• Establish an interagency implementation team and necessary subgroups
• Create a stakeholder group to inform planning
**Potential Federal Funding Opportunities**

- **Through January 1, 2015**, a state may receive planning and establishment grant funding for its Exchange.

- **Beginning January 1, 2015**, Exchanges must be self-sustaining and allowed to charge assessments or user fees to participating health insurance issuers, or to otherwise generate funding, to support operations.

- States or Exchanges may also receive grants to establish, expand or provide support for offices of health insurance consumer assistance or health insurance ombudsman programs.
## Examples of Health Exchanges

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<tr>
<th>Governance</th>
<th>Massachusetts</th>
<th>Utah</th>
<th>Connecticut</th>
<th>New York</th>
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<tbody>
<tr>
<td>Independent quasi-governmental agency with a 10-member Board</td>
<td>Government Agency</td>
<td>Private Entity</td>
<td>Private Entity</td>
<td></td>
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<tr>
<td>Insurance Market Interface</td>
<td>Commonwealth Care: Five insurers&lt;br&gt;Commonwealth Choice: Seven insurers&lt;br&gt;Three product levels</td>
<td>Three insurers offering 66 health plan options</td>
<td>Four insurers offering over 40 health plan options</td>
<td>Four insurers offering 26 health plan options</td>
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<tr>
<td>Outreach</td>
<td>Interactive website</td>
<td>Interactive website</td>
<td>Interactive website</td>
<td>Interactive website</td>
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<tr>
<td>Coverage and Benefits</td>
<td>Small groups (2-50), sole proprietors, employees of non-offering companies, part-time employees of offering companies, non-working individuals</td>
<td>Offers plans for small businesses (2-50); opens to large groups in 2012</td>
<td>Offers a suite of plans for small businesses (3-100)</td>
<td>Offers plans for small businesses and non-profits (2-50)</td>
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<tr>
<td>Eligibility Determinations</td>
<td>Medicaid Agency and Enrollment Broker</td>
<td>Enrollment conducted via Internet portal</td>
<td>Handles administrative details: enrolls consumer in plan</td>
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</tr>
<tr>
<td>Examples of Operations</td>
<td>Operates premium assistance for low-income</td>
<td>Allows premium aggregation, plan portability</td>
<td>Offers full-service human resources (e.g., assistance complying with Federal law)</td>
<td>Uniform rates for businesses with fewer than 50 employees</td>
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