HEALTH INSURANCE MARKETPLACES:
RACE TO THE DEADLINE

NIHCM FOUNDATION WEBINAR

Scott Keefer
Vice President
Policy and Legislative Affairs
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• The Minnesota Health Reform Environment

• Health Reform Readiness a Health Plan Perspective

• Factors Critical to Success and Expectations Management
The Minnesota Health Reform Environment - the Political Background

- Governor Mark Dayton and sizeable Democratic majorities in the House and Senate enthusiastically support the ACA
- Republicans controlled the 2011-12 legislature and failed to move any substantive ACA-related legislation
- Prior to 2013, implementation activity centered around the work of an advisory task force established by the Governor
- Exchange enabling legislation was enacted in March on a party-line vote
- Medicaid was expanded early in the current legislative session
- Governor Dayton appointed the HIX or “MNSure” board last week
The Minnesota Health Reform Environment
– Critical Policy Issues

• MinnesotaCare, the existing Medicaid expansion will continue through 2014 and narrows significantly the size of the exchange
• The future of the Minnesota Comprehensive Health Association (MCHA) -- the largest high-risk pool in the nation with enrollment of 27,000 -- is the most significant policy unknown
• Operational details pose the most significant risk, but have garnered little attention; the state (and health plans) are operating legacy platforms with integration posing an enormous challenge
• The legislature continues to debate implementation issues, including an autism mandate impacting the May 17 filing deadline
• The premium impact is unclear but state modeling predicts a 20-30% individual market increase depending on the above
Minnesota Reform Readiness: The Exchange and Market Redesign

Exchange Enabling and Market Rules Legislation

• Exchange was established as a government agency
  • 7 person board with exemption from state rulemaking
  • Any qualified health plan (QHP) can participate in 2014; active purchaser allows exchange to exclude plans in 2015
  • 2014 “seed” funding from general fund, coupled with premium tax that ramps up to 3.5%
• Market reforms legislation still moving
  • Application of ACA reforms to traditional small-group and individual market and conformity of MN law
  • Significant discussion around network
  • Limited discussion around affordability and sustainability
Health Reform Readiness – Practical and Operational Challenges

Practical Challenges – delays of final rules and functionality

• Late release of essential benefits and actuarial value complicated by market dynamics and legislative environment
• Delay in ACA functionality of SERFF rate filing system and the short window to state filing deadline of May 17th
• Critical flexibility in a few areas; waiver of $2/4k deductible limits under reasonableness standard and area rating factors

Operational – core IT requirements lacking

• Enormous risk for IT systems integration (can our systems talk?)
• State focus on sprint testing; beta testing with plans months away
• Outreach and education effort; the challenge of Greater MN
Readiness Summary: The Timeline to Open Enrollment

**2012**
- Aug-Oct: HIX design review for State-Based Exchanges (SBE); little regulatory activity
- Nov: Draft Rules: Market Reforms, EHB and Actuarial Value Calculator
- Dec: Deadline for federal conditional approval of state exchanges

**2013**
- Jan-March: Minnesota legislature considers HIX enabling legislation; final federal rules for market reforms, actuarial value and EHB
- March: Earliest date for HIT requirements from the state; SERFF functionality expected by March 28.
- April-May: Product submission to meet state DOC deadline of May 17
- Jul-Sep: Testing of the federal data hub and other operational elements with stakeholders
- Oct: Open enrollment begins
- Jan: Exchange coverage effective

**2014**
- Risks and unknowns
  - Exchange governance structure and ability to pick winners and losers
  - Regulatory and administrative simplification
  - Operational readiness and federal data hub
  - Scope of inside/outside rules and products
- Market size and knowns
  - Group size limit of 50 for 2014
  - Separate markets for 2014
  - Most “QHP” based on existing law
  - MNCare extension reduces size of exchange market substantially

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Health Reform: Managing Expectations and Charting a Path for Success

1. Manage expectations: start-up problems are a certainty
   - Major changes on short timeline will not allow perfection before launch
   - Market confusion and lack of awareness about eligibility
   - Managing consumer reaction to shifts in the responsibility for purchasing

2. Premium cost mitigation: legislative/regulatory fixes are vital
   - Higher costs will result from benefit buy-ups and new risk mix
   - Driving benefits toward value and the consumer role
   - Reduce distortions that hasten shifts among market segments

3. Innovation not government should drive cost and quality
   - Web platforms must make sense to consumers
   - Part D experience provides valuable lessons
   - The size and scope of exchanges is unclear