

The background features a large, faint logo of the Indiana Department of Insurance. It consists of a central torch with a flame, surrounded by a circular arrangement of stars. The word "INDIANA" is written in an arc above the torch. The entire logo is rendered in a light yellow color against a blue background with a subtle wave pattern.

Indiana Department of Insurance

Health Finance Commission Update

July 22, 2013

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Indiana Rate Shock

Department of Insurance Analysis

- ▶ The Department of Insurance's chief, in-house actuary has concluded that individual health insurance rates in Indiana will increase **72% on average** as a result of Affordable Care Act (ACA) for the 2014 plan year
- ▶ For small group insurance rates in Indiana, rates will increase **8% on average** as a result of ACA for the 2014 plan year
 - The rate shock was not as dramatic for these products because small group health insurance was guaranteed to be issued to eligible employers who were providing coverage to their employees in Indiana
- ▶ By contrast, before 2014 individual health insurance can exclude people who have preexisting health conditions

New Taxes & Fees Leading to Increased Premiums

- ▶ Annual Fee on Health Insurance Providers (ACA Section 9010)
 - \$8 billion nationwide tax assessment in 2014, increasing to \$14.3 billion in 2018
 - Indiana's carriers will bear approximately \$220 million
- ▶ Temporary Reinsurance Program Collections (ACA Section 1341)
- ▶ “Cadillac Tax” Excise tax on high value plans (ACA Section 9001)
- ▶ Comparative Effectiveness Research Assessment (ACA Section 6301)
- ▶ Limitation on deductibility of remuneration to highly paid individuals (ACA Section 9014)

Source: Milliman Comprehensive Assessment of ACA Factors, April 25, 2013

Source: NAIC HCRAWG

State Rate Review Subgroup;

http://www.naic.org/documents/committees_b_ha_tf_related_docs_aca_fees.pdf

Indiana's Method

- ▶ Indiana took the average per member per month (PMPM) base line rate of \$251 for 2012 and compared it with the 2014 PMPM of \$536, in which the IDOI deems actuarially justified
- ▶ This method only accounted for insurers who are *still writing business* in this line of insurance and *will remain* in 2014

72% Individual Increase Breakdown

- 72% increase does not include any changes due to trend
 - In the future, the primary change will be trend
 - Other smaller changes may occur in the future as reinsurance goes away and assumptions are fine tuned

72% increase primarily in year 1 (2014)	% Increase
Market Issues	52%
Morbidity	17%
Other Cost of Care	5%
Benefit Changes	-4%
Miscellaneous - New Taxes & Fees	2%

8% Small Group Increase Breakdown

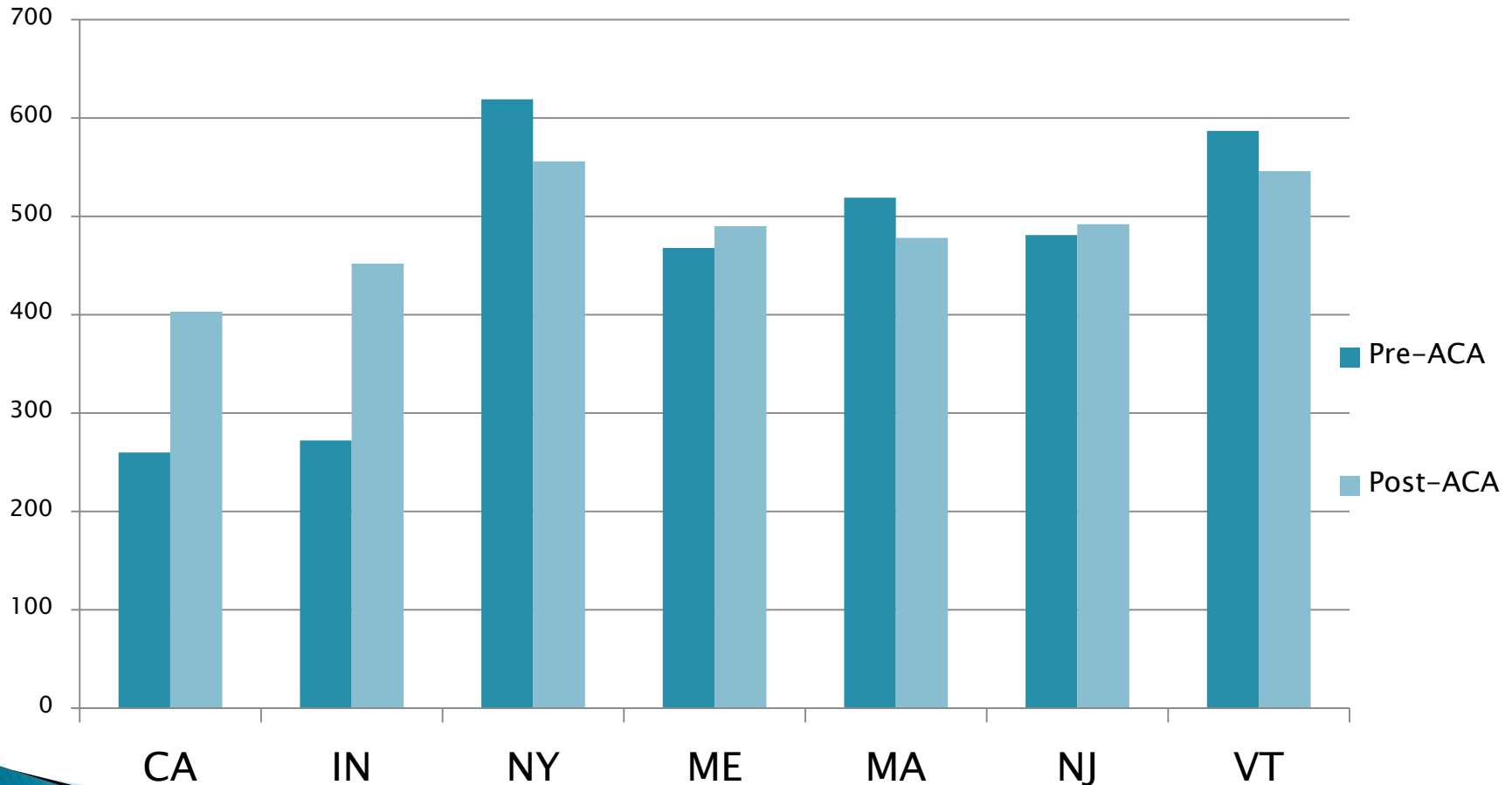
8% increase primarily in year 1 (2014)	% Increase
Morbidity Issues	8%
Network Cost Savings	-2%
Miscellaneous - New Taxes & Fees	2%

Society of Actuaries' (SOA) Method

- ▶ By contrast, the SOA did a similar PMPM analysis
 - Analysis included insurers who were writing business in 2012
 - Analysis does not account for insurers who will not be writing business in 2014 due to market withdrawal
 - For example, 17 companies have withdrawn from Indiana's individual health insurance market and 10 have withdrawn from the small group market since ACA became law on March 23, 2010
- ▶ Using SOA's method, which is similar to Ohio's projected ACA rate analysis, Indiana's individual health insurance rates will increase 97% on average for 2014
- ▶ IDOI's official actuarial projection is 72%

Pre & Post ACA Premiums

Average \$ Per Member Per Month



Comparing State Rating Practices

State	Individual Market Rating Limit	State High Risk Pool	SOA % Projected Change in Non-Group PMPM
CA	NRS: No Rating Structure	YES	55.2%
IN	NRS: No Rating Structure	YES	66.4%
ME	ACR: Adjusted Community Rating	NO	4.7%
MA	ACR: Adjusted Community Rating	NO	-8.0%
NJ	C: Pure Community Rating	NO	2.2%
NY	C: Pure Community Rating	NO	-10.1%
VT	C: Pure Community Rating	NO	-7.1%

Indiana Index Rates PMPM

Company	2012 Individual	2014 Individual	2012 Small Group	2014 Small Group
MD Wise (HMO)	N/A	\$534	N/A	N/A
Coordinated Care (HMO)	N/A	\$567	N/A	N/A
Physicians Health Plan of Northern Indiana	\$148	\$389	\$358	\$448
Anthem Insurance Companies, Inc.	\$255	\$541	\$349	\$494

IDOI Responsibilities

Federally Facilitated Marketplace

IDOI Responsibilities with Federally Facilitated Marketplace

- ▶ IDOI maintains jurisdiction for all IN plans:
 - Licensure
 - Rate review
 - Financial solvency
 - Coordination with Federal Marketplace
- ▶ Overall responsibility for market
 - Ensure that outside market is not at a disadvantage
 - Review of enrollment requirements
 - Open Enrollment Periods

House Enrolled Act 1328

- ▶ Signed by Governor Pence on May 11, 2013
 - Prevents ceding State authority to the federal government
- ▶ Key policies of Legislation
 - Level Playing Field Provisions
 - Dissolution of Indiana Comprehensive Health Insurance Association (ICHIA)
 - Federally Facilitated Marketplace (FFM) Provisions
 - Consumer Assistance Program
 - Application Organization
 - Navigator

Rate Review Process Timeline

- ▶ Companies have filed with the Indiana Department of Insurance for review as required by State law
 - July 31, 2013 – Deadline for the Department to submit final rate dispositions to the federal government
 - IDOI will submit FFM plans to the federal government authorities before July 31, 2013
- ▶ Upon receipt, the federal government will review all plans to determine final marketplace participation

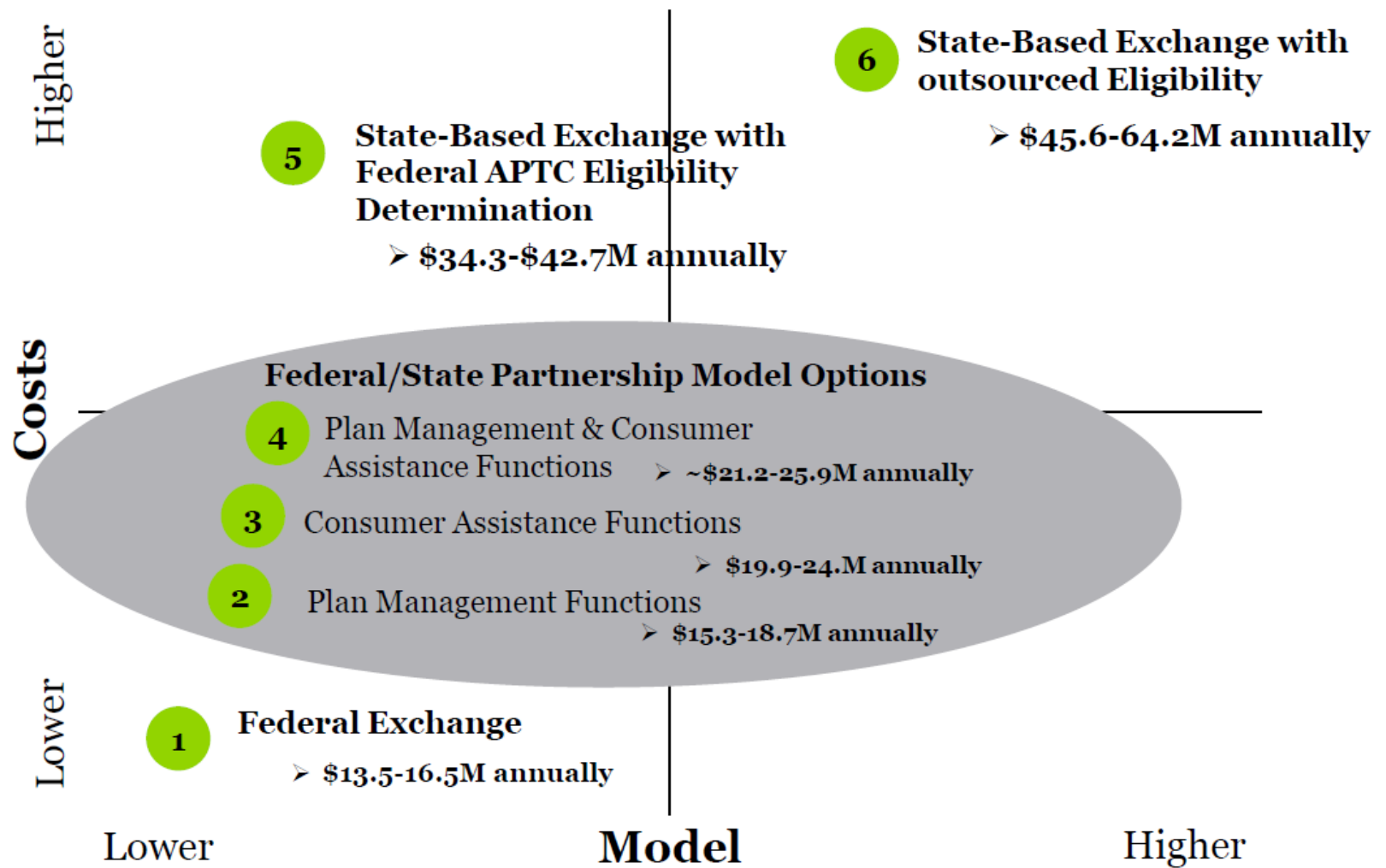
Marketplace

Understanding the Implications for Indiana

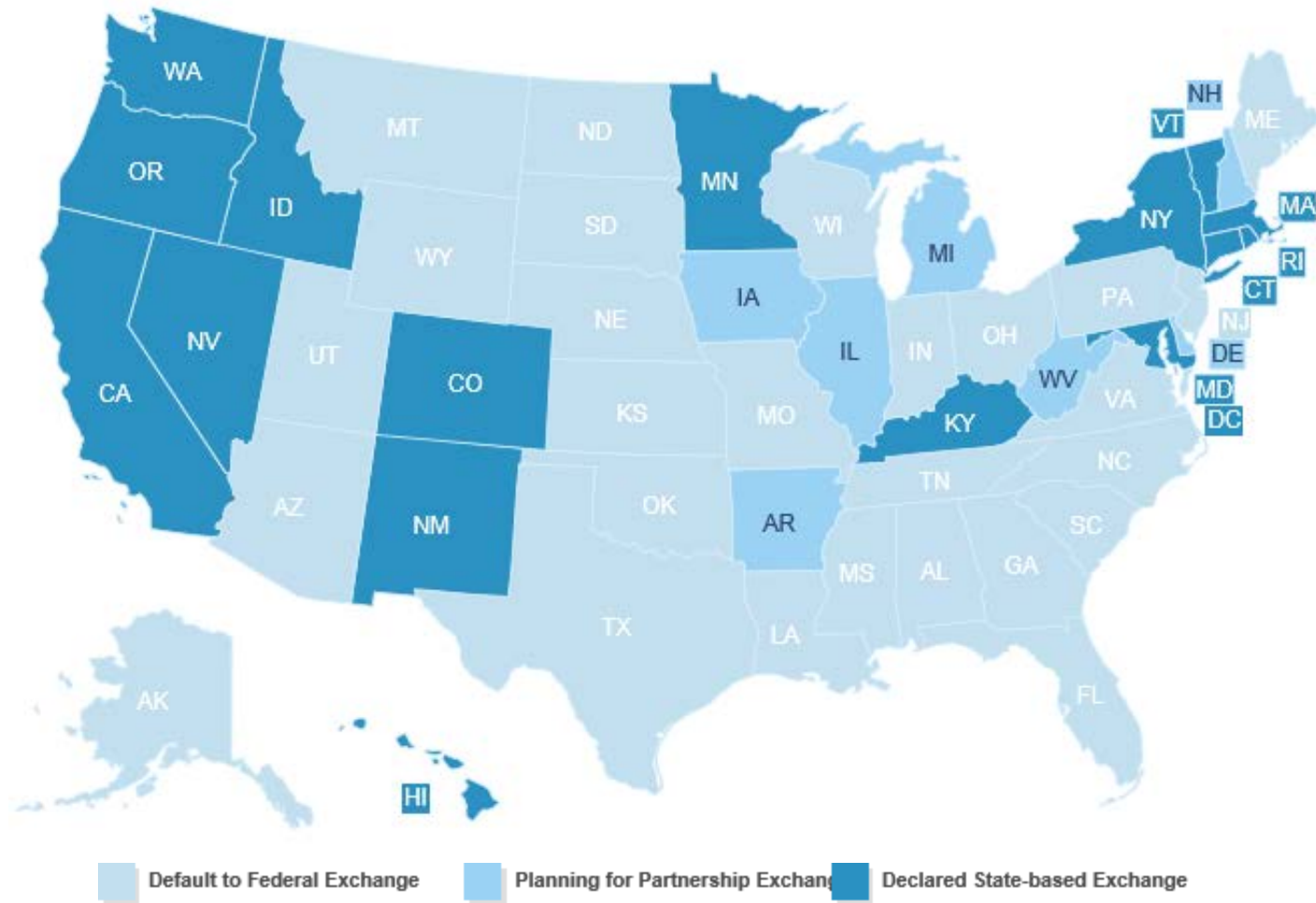
Indiana Decision

- ▶ Indiana declined to operate a State Based Marketplace
- ▶ \$45.6–64.2MM needed annually to operate a state based marketplace
 - No ascertainable metric that Hoosiers would benefit from incurring the cost of operating the Marketplace
 - No evidence it would lower costs or premiums for Hoosiers
 - No policy or operational authority at State-level

Exchange Models- Annual Average Cost 2013 to 2017



State Decisions For Creating Health Insurance Marketplaces



As of May 28, 2013: 17 Declared State-based Marketplace; 7 Planning for Partnership Marketplace; 27 Default to Federally Facilitated Marketplace; <http://kff.org/health-reform/state-indicator/health-insurance-exchanges/#>

Federally Facilitated Marketplace

Understanding the Implications for Indiana

Federally Facilitated Marketplace Responsibilities

- ▶ Operate a toll-free call center and website
 - Allow consumers to compare information on all available health plans as well as apply for coverage
- ▶ Determine eligibility for premium tax credits and cost-sharing reductions
 - Applies to citizens and legal residents in families with household income between 100% to 400% of the Federal Poverty Level (FPL)
- ▶ Determine exemptions from the individual mandate
- ▶ Establish a federal navigator program
- ▶ Manage Qualified Health Plans (QHPs)
 - Certifying, recertifying, and decertifying QHPs

Potential Marketplace Participants*

Company	Individual Marketplace	SHOP Marketplace
MD Wise (HMO)	X	N/A
Coordinated Care (HMO)	X	N/A
Physicians Health Plan of Northern Indiana	X	X
Anthem Insurance Companies, Inc.	X	X

*Pending Federal Marketplace Participation Approval

Plan Levels Offered

Company	Individual Marketplace	SHOP Marketplace
MD Wise (HMO)	B, S, G	N/A
Coordinated Care (HMO)	B, S, G	N/A
Physicians Health Plan of Northern Indiana	C, B, S, G	B, S, G
Anthem Insurance Companies, Inc.	C, B, S, G	B, S, G, P

	Level of Coverage
C	Catastrophic
B	Bronze
S	Silver
G	Gold
P	Platinum

Geographic Rating & Coverage Areas

IDOI Bulletin 197
45 CFR §147.102(b)

Geographic Rating Areas in Indiana

Region	Counties
1	Lake, LaPorte, Porter
2	Elkhart, Kosciusko, Marshall, St. Joseph, Starke
3	Adams, DeKalb, Huntington, LaGrange, Noble, Steuben, Wabash, Wells, Whitley
4	Allen
5	Benton, Jasper, Newton, Warren, White
6	Cass, Fulton, Howard, Miami, Pulaski
7	Carroll, Clinton, Fountain, Montgomery, Putnam, Tippecanoe, Tipton
8	Blackford, Delaware, Grant, Jay, Randolph
9	Clay, Parke, Sullivan, Vermillion, Vigo
10	Boone, Hamilton, Marion, Morgan, Shelby, Hendricks
11	Fayette, Hancock, Henry, Madison, Union, Wayne
12	Bartholomew, Decatur, Jackson, Jennings, Rush
13	Brown, Johnson, Lawrence, Monroe, Owen
14	Dearborn, Franklin, Ohio, Ripley, Switzerland
15	Daviess, Dubois, Greene, Knox, Martin, Orange, Perry, Pike, Spencer
16	Clark, Crawford, Floyd, Harrison, Jefferson, Scott, Washington
17	Gibson, Posey, Warrick, Vanderburgh



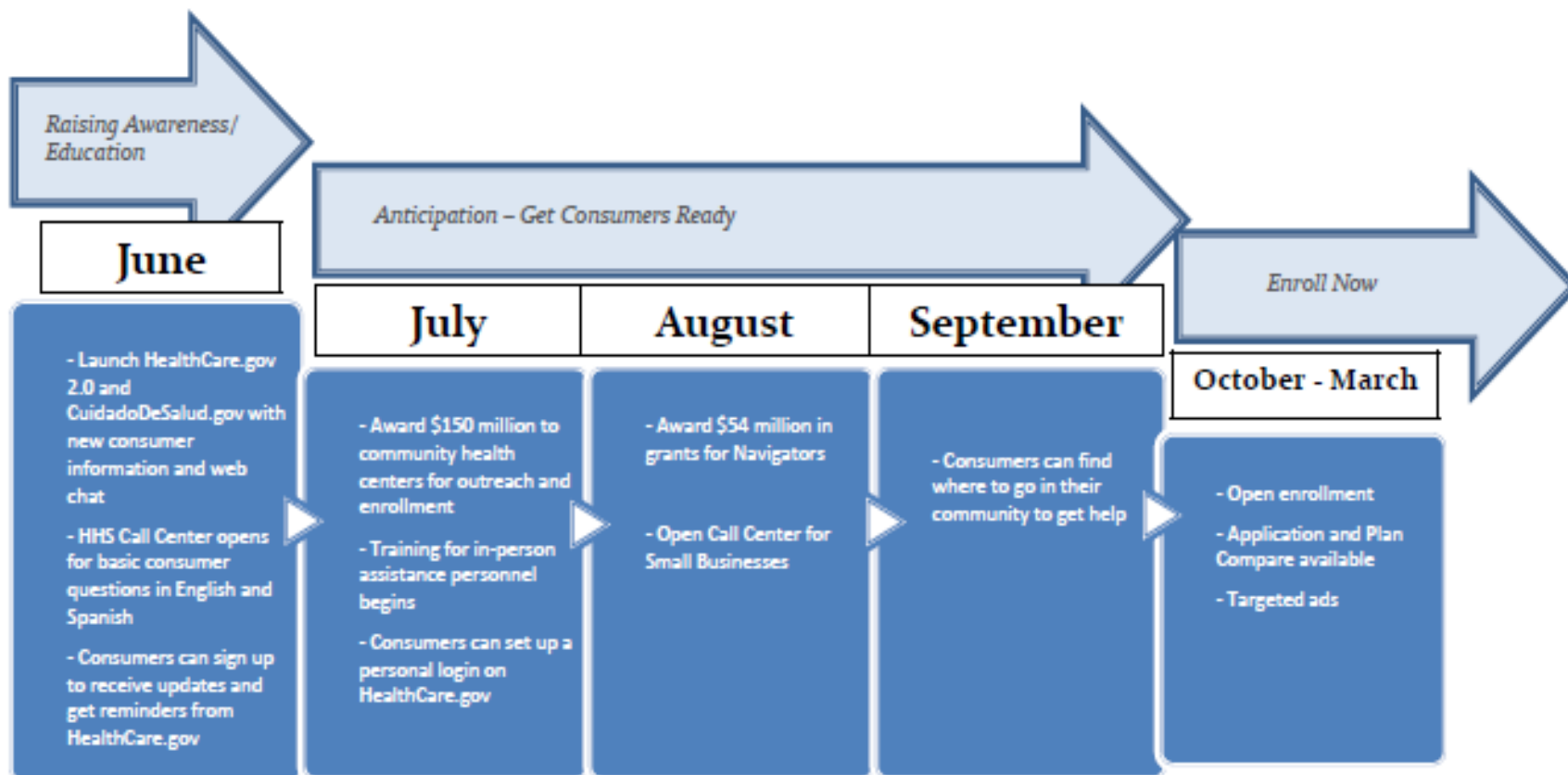
Coverage Areas

- ▶ In March 2013, the Department of Insurance issued Bulletin 197 addressing the new geographical rating areas as prescribed by the Affordable Care Act
 - Including a map of Indiana's new 17 regions or geographical rating areas
- ▶ Anthem plans will be available statewide*
- ▶ PHP will be available in regions 1–8, 10 and 11*
- ▶ MD Wise will be available in all regions, *except* for region 14*
- ▶ Coordinated Care will be available to regions 2, 3 and 4*

www.Healthcare.gov

Federally Facilitated Marketplace Website

On Target for Opening the Health Insurance Marketplace



Ongoing outreach: Digital Media, Public Events, Engaging Partners

HealthCare.gov

Learn

Get Insurance

Español

Individuals & Families

Small Businesses

All Topics ▾

Search



Welcome to the new
HealthCare.gov!

We've changed to help you get ready for the launch of the Health Insurance Marketplace on October 1.
[Learn about our changes](#)—including where to find some content that used to appear on this site.

The Health Insurance Marketplace is coming soon

A new way to get affordable coverage launches October 1.

Answer a few questions to learn if you qualify for lower costs.

START NOW

GET IMPORTANT NEWS & UPDATES

Email Address

SIGN UP



What is the Health Insurance Marketplace?

What is the Marketplace in my state?

What if I have job-based insurance?

How can I get coverage at lower costs?

What do small businesses need to know?



How the Marketplace works



Create an account

First you'll provide some basic information. [Sign up for Marketplace](#) emails now and we'll let you know as soon as you can create an account.

Apply

Starting October 1, 2013 you'll enter information about you and your family, including your income, household size, and more. [Use this checklist](#) now to help you gather the information you'll need.

Pick a plan

Next you'll see all the plans and programs you're eligible for and compare them side-by-side. You'll also find out if you can get [lower costs](#) on monthly premiums and out-of-pocket costs.

Enroll

Choose a plan that meets your needs and enroll! Coverage starts as soon as January 1, 2014.

Learn more about the Marketplace

Questions? Live Chat

Marketplace Income Verification

- ▶ Obama administration has contracted with Equifax Workforce Solutions, a credit reporting agency, to help verify the incomes of people who apply for federal subsidies to buy insurance under the new health care law
- ▶ Federal officials will rely on company to verify income and employment
 - Provide information that is more current than what is available on federal income tax returns
 - Provide income information "in real time," usually within a second of receiving a query from the federal government

SHOP Marketplace

Small Business Health Options Program

Employer Mandate Delayed Until 2015

- ▶ The Obama administration delayed a key provision of the Affordable Care Act, giving businesses an extra year to comply with a requirement that they provide their workers with insurance but prolonging regulatory uncertainty crucial for business planning
 - Plan to re-vamp and simplify the reporting process
 - Some of this detailed reporting may be unnecessary for businesses that more than meet the minimum standards in the law
 - Allow employers time to test the new reporting systems and make any necessary adaptations to their health benefits

Employer Mandate Requirements

- ▶ Employers that averaged at least 50 full time employees during the prior calendar year^[1] must offer health insurance or pay a penalty^[2]
 - There is a formula for determining full-time equivalents (part-time workers) that could increase the total full-time employees an employer is considered to have at or above the 50 threshold, which would make this mandate applicable
 -
- ▶ Mandate specifically requires that employers must offer “affordable,^[3]” “minimum value”^[4] coverage to all “full-time employees”^[5] and their dependents.
 - The penalty is not applicable if the employer offers the coverage, but the employee declines it
- ▶ Coverage offer must be made to at least 95% of an employer’s full-time employees as defined and referenced
 - Exceptions for “seasonal employees” (i.e., Indiana agricultural community) and “variable hour employees”

^[1] 26 USC § 498H(c)(2)(A).

^[2] 26 USC § 498H(a).

^[3] Affordable means that the employee’s contribution to the health plan for their individual cost of coverage cannot exceed 9.5% of the employee’s household income

^[4] Minimum value means that the health plan has at least a 60% actuarial value

^[5] “Full-time employee” is defined as one who works 30 hours per week or 130 hours a month
26 USC §498(H) (c)(4)(A).

Employer Mandate Penalties

▶ (1) “No Coverage Penalty”

- Employer offers NO COVERAGE to at least 95% of its full-time employees and dependents
- Penalty is \$2,000.00 times ALL of the full-time employees the entity has with the first 30 employees exempted from this calculation divided by the number of months in a calendar year with “no coverage”

▶ (2) “Inadequate Coverage Penalty”

- Coverage is “unaffordable” (more than 9.5% of one’s household income) or
- Coverage is not the minimum 60% actuarial value coverage
 - Penalty is \$3,000.00 times just the number of employees who are receiving subsidized exchange coverage (Advanced Premium Tax Credit or reduced cost-sharing) divided by the number of calendar months with no “adequate coverage”
 - “Inadequate coverage” also requires the employer to pay a \$3,000.00 penalty if someone not covered who qualifies for a subsidy receives coverage through the exchange even though they cover the 95% required
 - The “inadequate coverage” penalty cannot exceed the “no coverage” penalty.

Premium Tax Credits Trigger Employer Fines

- ▶ Individuals without affordable employer coverage have access to a Premium Tax Credit (PTC) in the Individual Marketplace
- ▶ Employer fines are triggered if one employee, who qualifies for a federal advanced premium tax credit or a cost-sharing subsidy, seeks insurance through the exchange
 - In that instance, a fine will be levied against the employer
- ▶ If an employee has or qualifies for Medicare, Medicaid, Tricare, VA Plan, Peace Corps plan or other certain Department of Defense plans
 - Considered to have minimum essential coverage
 - Will not be eligible for advanced premium tax credits or cost sharing subsidies on the exchange
 - Any of these employees could not trigger the employer “cost-sharing” penalty.^[6]

SHOP Requirements

- ▶ 70% Minimum Participation Rate (MPR) to form a group
 - Open enrollment available throughout the year
 - Employers who do not meet MPR may enroll between November 15th – December 15th each year
- ▶ Employer may implement a new-hire waiting period
 - May not exceed 90 days
 - May only change once per year during renewal cycles
- ▶ Rates quoted at beginning of a plan year remain in effect for 12 months
 - Applies to newly eligible employees as well

ICHIA Indiana High Risk Pool

Indiana Comprehensive Health Insurance
Association

ICHIA Dissolution

- ▶ Effective January 1, 2014, insurance companies cannot refuse to sell coverage or renew policies because of an individual's pre-existing conditions
 - Plans cannot impose annual or lifetime dollar limits on the amount of coverage an individual may receive.
- ▶ Based on these provisions, ICHIA coverage will no longer be needed in Indiana
 - The Federally Facilitated Marketplace will be a way for all individuals to purchase health insurance

ICHIA Town Hall Schedule

- ▶ **Terre Haute:** July 1, 2013 from 6:00 – 7:45 pm at the Vigo County Public Library located at One Library Square (7th & Poplar), Terre Haute, IN 47807 (Room B & C)
- ▶ **Rochester:** July 8, 2013 from 6:00 – 7:45 pm at the Fulton County Public Library located at 320 W. 7th Street, Rochester, IN 46975 (Room B)
- ▶ **Richmond:** July 10, 2013 from 5:30 – 7:30 pm at the Morrison-Reeves Library located at 80 W. 6th Street, Richmond, IN 47374 (Board Room)
- ▶ **Indianapolis:** July 16, 2013 from 6:00 – 8:00 pm at the Indianapolis Central Library located at 40 E. St. Clair Street, Indianapolis, IN 46204 (Riley Room)
- ▶ **Salem:** July 24, 2013 from 5:30 – 7:00pm at the Salem-Washington Township Public Library located at 212 N. Main Street, Salem, IN 47167

Contact

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