Affordable Care Act Update

SEEMA VERMA, STATE HEALTHCARE REFORM LEAD
HEALTH FINANCE
OCTOBER 18, 2011

Agenda

- Update on Key Activities.
- Federal Notices of Proposed Rulemaking (NPRMs).
- Federal Partnership Option.

Update on Key Activities

- **HIP**
  - CMS response: no decision on HIP.
  - Waiver renewal – public comments & hearing.
- **Healthcare Reform Meetings**
  - NGA, NAIC, CMS & HHS regulation meetings.
- **Exchange Planning**
  - Business requirements.
  - Operating cost model.
  - Reviewing draft regulations.
  - Review of required legislation.
- **MLR**
  - Application deemed complete; HHS to respond by October 28th, although Secretary can give 30 day extensions.
- **Rate Review Grant Cycle II Approval**
  - Grant award of $3.9M to improve rate filing requirements, and transparency and consumer interfaces.
  - DOI has launched "Rate Watch" website where all rate filings are available and searchable.
- **External Review Appeal**
  - Submitted to CCIIO on September 12.
- **Updates on Medicaid Cost Model**

HHS Proposed Rules

- July 15, 2011.
  - Exchanges (HIX) & Qualified Health Plans (QHPs).
  - Risk adjustment & reinsurance.
- August 11, 2011.
  - Medicaid eligibility changes.
  - Exchange eligibility determinations.
  - Premium tax credits (IRS).
- Yet to be released:
  - Essential benefits.
  - Notice requirements.
  - Quality metric requirements.
  - Risk adjustment/reinsurance final details.
- Comments due to federal government on October 31st.

Risk Adjustment & Reinsurance

- Risk Adjustment
  - Permanent program where the State or HHS assesses charges to plans that have a lower than average actuarial risk and makes payments to plans that have a higher than average actuarial risk.
    - States that operate a HIX are eligible to operate the risk adjustment program.
- Reinsurance
  - Temporary program (2014-16) that collects from carriers and redistributes the dollars to carriers with the highest costs.
    - If a state operates a HIX, must operate reinsurance.
    - If a state does not operate a HIX, can elect to operate reinsurance or defer to federal government.

Eligibility for QHPs and "Insurance Affordability Programs"

"Insurance Affordability Programs" = Medicaid, CHIP & premium tax credits

2 key inputs for eligibility:

- Requires verification of citizenship/legal presence, state residency & incarceration.
- Eligibility calculation based on Modified Adjusted Gross Income (MAGI).
  - Household income.
  - Household size.

In most cases, to verify applicant information, the Exchange will:

- Rely on electronic date sources (federal hub), such as Social Security Administration, IRS, Department of Homeland Security and other HHS-approved sources.
- Follow specific procedures to verify information through other means, such as requesting document from applicants, if needed.

If applicant information is inconsistent with electronic data sources

- In the Exchange, the applicant has approximately 90 days to provide documentation to resolve the inconsistency.
- Self attestation.

MAGI Medicaid Eligibility: 2014 & Beyond

• Multiple categorical groupings are collapsed into 4 major categories for all non-disabled individuals under 65 and under 133% FPL:

- Parents and caretaker relatives.
- Adults
- Pregnant women.
- Children under age 19.

•Major Departures from Current Eligibility Determination:

- "Real-time" determinations.
- Income: Retrieve information from IRS; can continue to look at current monthly income for new applicants but now have option to project annual income for current beneficiaries.
- Household size: Linked to tax filer status.
- Asset tests eliminated.
- Self-Attestation.
- Single streamlined application for all programs.
- Renewals: State no longer need a renewal form from all individuals; coverage is continued if information is sufficient to make continued determination.

•Provides enhanced FMAP for newly eligible individuals & proposes three different methodologies for the calculation.

Five Core Functions of an Exchange

Consumer Assistance	Consumer support assistors; education and outreach; Navigator management; call center operations; website management; and written correspondence with consumers to support eligibility and enrollment.
Plan Management	Plan selection approach (e.g., active purchaser or any willing plan);collection and analysis of plan rate and benefit package information; issuer monitoring and oversight; ongoing issuer account management; issuer outreach and training; and data collection and analysis for quality.
Eligibility	Accept applications; conduct verifications of applicant information; determine eligibility for enrollment in a Qualified Health Plan and for insurance affordability programs; connect Medicaid and CHIP-eligible applicants to Medicaid and CHIP; and conduct redeterminations and appeals.
Enrollment	Enrollment of consumers into qualified health plans; transactions with Qualified Health Plans and transmission of information necessary to initiate advance payments of the premium tax credit and cost-sharing reductions.
Financial Management	User fees; financial integrity; support of risk adjustment, reinsurance, and risk corridor programs.

Federal-State Exchange Partnerships

Under the proposed partnership, States may choose to operate the following Exchange functions:

–Option 1 –Plan management functions.
Plan selection approach (e.g., active purchaser or any willing plan); collection and analysis of plan rate and benefit package information; issuer monitoring and oversight; ongoing issuer account management; issuer outreach and training; and data collection and analysis for quality.

–Option 2 –Selected consumer assistance functions.
In person assistance, Navigator management and outreach and education.

–Option 3 –Both selected consumer assistance & plan management functions.

Exchange functions other than selected consumer assistance or plan management functions will be performed by HHS under these options.

Federal Partnership

- Eligibility for Medicaid & Premium Tax Credits combined.
- Will States be charged for federal Exchange?
- User and or carrier Fees?
- State concerns.