



# **National Health Care Reform Update**

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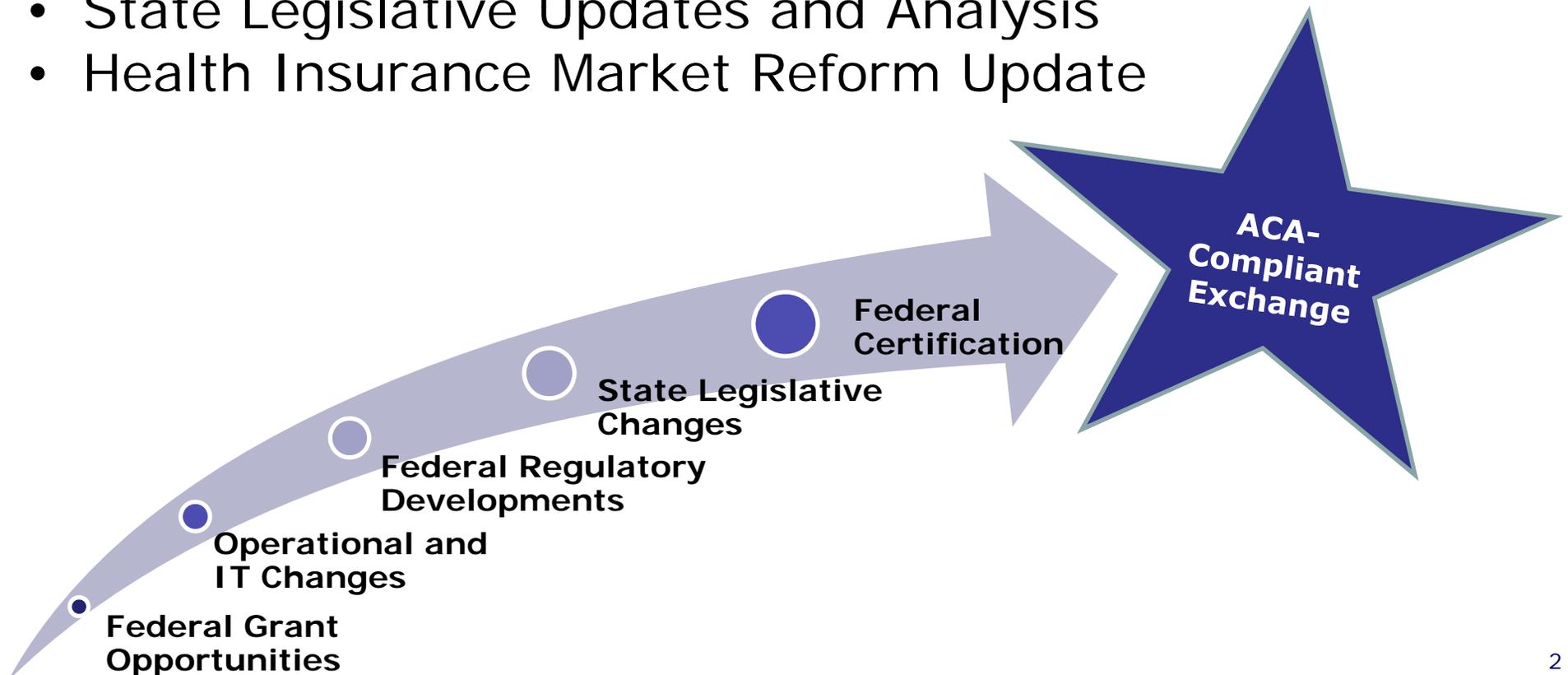
**Roni Mansur**  
**Chief Operating Officer**

**Board of Directors Meeting**  
March 8, 2012



# Agenda

- Update on Level 1 Establishment Grant
- ACA Operations and IT Transition Considerations
- Federal Regulatory Developments
- State Legislative Updates and Analysis
- Health Insurance Market Reform Update





# Update on Level 1 Establishment Grant

- Health Connector received a Level 1 Establishment Grant Award of \$11.6 million on February 22, 2012
  - Critical to enabling the Health Connector to become an ACA-compliant Exchange
  - Helps to ensure that we are able to offer products and services which best meet the needs of individuals and small businesses in MA
  - Supports work with state partners in moving forward with implementation of key components of national health care reform
- Terms of the award
  - Budget and project period is from February 2012–February 2013
  - Progress reports must be submitted in July, January and May



# Update on Level 1 Establishment Grant (cont'd)

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- Activities funded by the award
  - Staff activities related to the establishment of an ACA-compliant Exchange
  - Projects related to the following, among others:
    - Product Development: Conduct product development necessary to ensure the products on our shelf align with market preferences among the MA small and non-group markets; meet ACA requirements pertaining to new Platinum, Gold, Silver, Bronze and Catastrophic levels of coverage; and incorporate the Essential Health Benefits
    - 3Rs (Risk Adjustment, Re-insurance and Risk Corridors): Identify the options before the state with respect to implementing the reinsurance, risk corridor and risk adjustment programs required by the ACA



# Update on Level 1 Establishment Grant (cont'd)

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- Projects related to the following, among others (cont'd):
  - Outreach and Education Strategy: Develop a strategy for educating individuals and small businesses on the impact of the ACA and the new affordable health insurance options that may be available to them in 2014
  - Project Management Assistance: Provide project management assistance to help execute an internal Program Management Office (PMO), facilitate workgroup coordination and ensure adherence to key milestones



# Key ACA Operations and IT Transition Considerations



# Current State Program Elements – Commonwealth Care

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- Provides subsidized health insurance coverage for adults between 0-300% FPL without requisite access to employer-sponsored insurance
  - Likely the only affordable coverage option for this population
- Annual procurements with MCOs to negotiate plan designs and full-risk contracts
- Three plan types (PT1, PT2, PT3) based on income level
  - Same plan designs for all MCOs for a given plan type
  - Premiums may vary by MCO for (and even within) a given plan type
- Five Commonwealth Care MCOs:
  - BMC HealthNet Plan, CeltiCare, Fallon Community Health Plan, Neighborhood Health Plan, Network Health



# Current State Operations – Commonwealth Care

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- The Health Connector currently shares with or relies upon MassHealth for the following Commonwealth Care-related functions:
  - Application processing
  - Eligibility determination and verification
  - Eligibility appeal adjudication
  - Customer service for eligibility
  - MCO interface
- The Health Connector, supported by a vendor (Dell), additionally administers the following Commonwealth Care-related functions:
  - Plan selection and enrollment
  - Premium billing
  - Customer service
  - Member web tools



# Current State Program Elements – Commonwealth Choice

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- Commonwealth Choice is a health insurance Exchange that allows individuals and small businesses to choose and enroll in unsubsidized health insurance plans
  - Individuals and small business can compare plans and enroll on the web
  - Governed by merged market regulations
  - Premiums are the same “inside” and “outside” the Exchange for identical products
- Periodic Seal of Approval process is conducted to contract with commercial insurance carriers



# Current State Program Elements – Commonwealth Choice (cont'd)

- A wide variety of health insurance plans are offered on the Exchange “shelf”
  - Four Health Insurance Programs
    - Individual/Non-Group
    - Young Adult Plan (YAP)
    - Voluntary Plan
    - Business Express
  - Six Benefit Packages (adults) – Gold, Silver High, Silver Low, Bronze High, Bronze Medium, Bronze Low
  - Eight Commercial Insurance Carriers
    - Blue Cross Blue Shield of Massachusetts
    - BMC HealthNet Plan
    - CeltiCare
    - Fallon Community Health Plan
    - Harvard Pilgrim Health Care
    - Health New England
    - Neighborhood Health Plan
    - Tufts Health Plan



# Current State Operations – Commonwealth Choice

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- The Health Connector primarily owns and administers the online web portal for shopping and enrollment, including the provider search functionality
- The Health Connector contracts with The Small Business Service Bureau (the Sub-Connector) to administer the following services:
  - Enrollment
  - Premium billing
  - Rating
  - Customer service
  - Carrier file interface
  - Broker management



# Impacts of the ACA on Health Connector Program Elements and Operations

- Medicaid expansion, as required by the ACA, underscores that the Health Connector needs to focus on Qualified Health Plans (QHPs) and commercial insurance in the small/non-group market
  - Continue to demonstrate added value for individuals and small businesses who have other options
  - Build on existing relationships with commercial insurance carriers to distribute their products on the Exchange “shelf”
  - Serve as a viable distribution channel for brokers and navigators



**The Exchange must be nimble and entrepreneurial, able to rapidly react to changing trends in the commercial market, (new products, innovation, new merged market rules, etc.)**



# Impacts of the ACA on Health Connector Program Elements and Operations (cont'd)

- Core vision of the ACA does not separate subsidized and unsubsidized individuals shopping through the Exchange into separate programs



**Health Connector needs to revisit the current organizational and operational structure which is bifurcated based on eligibility for subsidies**



# Impacts of the ACA on Health Connector Program Elements and Operations (cont'd)

- Changes to the products and health insurance plans that are available through the Health Connector
  - “Metallic” tiers based on actuarial values
  - Employee Choice products for small businesses
  - Cross-market risk adjustment can support greater product and network variations
  - Phase out Young Adult Plans (YAPs)
  - Products for groups of 51-100 no later than 2016



**Complexity of the products and health insurance plans available through the Exchange will alter the Health Connector’s online shopping and user experience and supporting IT systems and business processes**



# Impacts of the ACA on Health Connector Program Elements and Operations (cont'd)

- Preliminary regulatory guidance indicates the Exchange should “use a single streamlined application to determine eligibility and to collect information necessary for enrollment for: (1) QHPs; (2) Advance payments of the premium tax credit; (3) Cost-sharing reductions; and (4) Medicaid, CHIP or the BHP, where applicable.” (45 CFR § 155.405, draft rule)
- New technology links needed to facilitate this requirement
  - Links to the Federal services data hub (in development)
  - Links to existing state data sources



**Integrated, real-time eligibility determination will require changes to the user experience and new “back-end” technology infrastructure and business processes**



# Impacts of the ACA on Health Connector Program Elements and Operations (cont'd)

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- Other requirements of the ACA will require changes to existing business processes and technology or development of new infrastructure
  - Administer a different mechanism for delivering subsidies to individuals, *i.e.* advanceable premium tax credits and cost-sharing reductions for non-Medicaid eligible individuals up to 400% FPL
  - Create a channel for individuals to make payments directly to carriers
  - Develop a cost calculator
  - Facilitate the determination of tax credit eligibility for small businesses



# Key Transition Activities

- The Early Innovator/Health Insurance Exchange–Integrated Eligibility System (HIX-IES) project will deliver new IT systems needed to support key ACA-driven changes
  - This project is a collaborative effort involving MassHealth/EOHHS, the Health Connector and UMass Medical School (UMMS), funded predominately through the Early Innovators Grant and other federal resources
  - The Health Connector is currently working with MassHealth/EOHHS to develop and design key IT systems and determine ongoing responsibilities for integrated, real-time eligibility determination; web portal; mechanisms to exchange data with carriers; enrollment and billing system changes; rating engine; plan management systems; financial management systems
  - The procurement process to select a systems integrator involves an inter-agency team and is currently underway
  - The systems integrator will be the primary IT vendor that will work with the HIX-IES team made up of representatives from the Health Connector, EHS and UMass Medical School (UMMS) to design, develop and implement systems to support changes required by the ACA



# Key Transition Activities (cont'd)

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- Health Connector workgroups, working with key stakeholders as needed, are focusing on other aspects of ACA transition planning for our operations
  - Exchange-related business process changes and staff training
  - Product portfolio changes (e.g. plan designs, Employee Choice product)
  - Customer service strategy
  - Plan certification process
  - Outreach and education
  - Financial management and 3R-related activities
  - Development of a Navigator program
  - Oversight
  - Policy and appeals (e.g., exemptions from the individual mandate)



# Federal Regulatory Developments



# Federal Regulatory Developments

- Essential Health Benefits (EHBs)
  - EHBs are minimum benefit standards for all non-grandfathered small and non-group health plans
  - Statutorily, EHBs must include coverage for services within the following ten benefit categories:
    - Ambulatory patient services
    - Emergency services
    - Hospitalization
    - Maternity and newborn care
    - Mental health and substance use disorder services, including behavioral health treatment
    - Prescription drugs
    - Rehabilitative and habilitative services and devices
    - Laboratory services
    - Preventive and wellness services and chronic disease management
    - Pediatric services, including oral and vision care
  - The ACA directed the Secretary of the US Department of Health and Human Services (HHS) to further define the EHBs pursuant to these parameters



# Federal Regulatory Developments (cont'd)

- CMS/CCIIO provided guidance on EHBs in December and February
  - A state should select a benchmark plan that will serve as the reference point for the EHBs in that state
  - The plans a state may select from in choosing their benchmark include the following options:
    - The largest plan by enrollment in any of the three largest small group insurance products in the State's small group market;
    - Any of the three largest state employee health benefit plans by enrollment;
    - Any of the three largest national FEHBP plan options by enrollment; or
    - The largest insured commercial non-Medicaid Health Maintenance Organization (HMO) operating in the State
  - DOI is in the process of compiling comparative benefit information for these plans
    - States must select a benchmark option by Q3 2012



# Federal Regulatory Developments (cont'd)

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- Actuarial Value and Cost-Sharing Reductions Bulletin
  - Provides initial guidance on proposed regulatory approach for defining actuarial values for QHPs and other non-grandfathered small and non-group plans
  - Describes the proposed approach for implementing cost-sharing reductions for eligible Exchange purchasers



# State Legislative Updates and Analysis



# State Legislation

- The Governor filed language in an FY12 supplemental appropriations bill (H. 3898) designating the Health Connector as the ACA-compliant Exchange
  - Language provides the Health Connector with the authority to perform duties and responsibilities required of an American Health Benefit Exchange including, for example:
    - Certifying Qualified Health Plans (QHPs)
    - Determining eligibility for and administration of federal premium tax credits and cost-sharing subsidies
    - Overseeing exemptions from the federal adult health coverage mandate
    - Establishing a Navigator program
  - This legislative language and authorization is critical to ensuring:
    - The Health Connector is able to apply for a Level 2 Establishment Grant by June 30, 2012
    - The Commonwealth is able to receive federal certification of its Exchange by January 2013



## State Legislation (cont'd)

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- The state is in the process of identifying additional legislative changes that may be necessary to implement the ACA
  - Inter-Agency Task Force, representing about 20 state agencies, meets monthly
  - Workgroups of the Task Force are assigned with identifying potential legislative and regulatory changes, conducting relevant options analysis and stakeholder engagement and identifying the necessary timeline for legislative action on these issues
  - Focusing on when changes must be in place and working backwards to determine whether legislation must be enacted in the 2012 or 2013 legislative session



# Insurance Market Reform Updates



# Health Insurance Market Reform Workgroup Update

- With the Division of Insurance, the Health Connector continues to co-chair the Health Insurance Market Reform Workgroup under the state's Inter-Agency Task Force
- Insurance Market Reform workgroup has scheduled open meetings (March–May) to solicit stakeholder feedback on the following topics, among others:
  - EHB approach and options
  - Catastrophic health plans
  - Child only plans
  - Modified definition of small group market (1-50 to 1-100)
  - Potential rating factor adjustments (group size adjustment, industry code, etc.)
- Stakeholder engagement schedule for other inter-agency task force workgroups forthcoming