

HEALTH INSURANCE MARKETPLACES: RACE TO THE DEADLINE

NIHCM FOUNDATION WEBINAR

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Health Reform Implementation Outline



- 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
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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



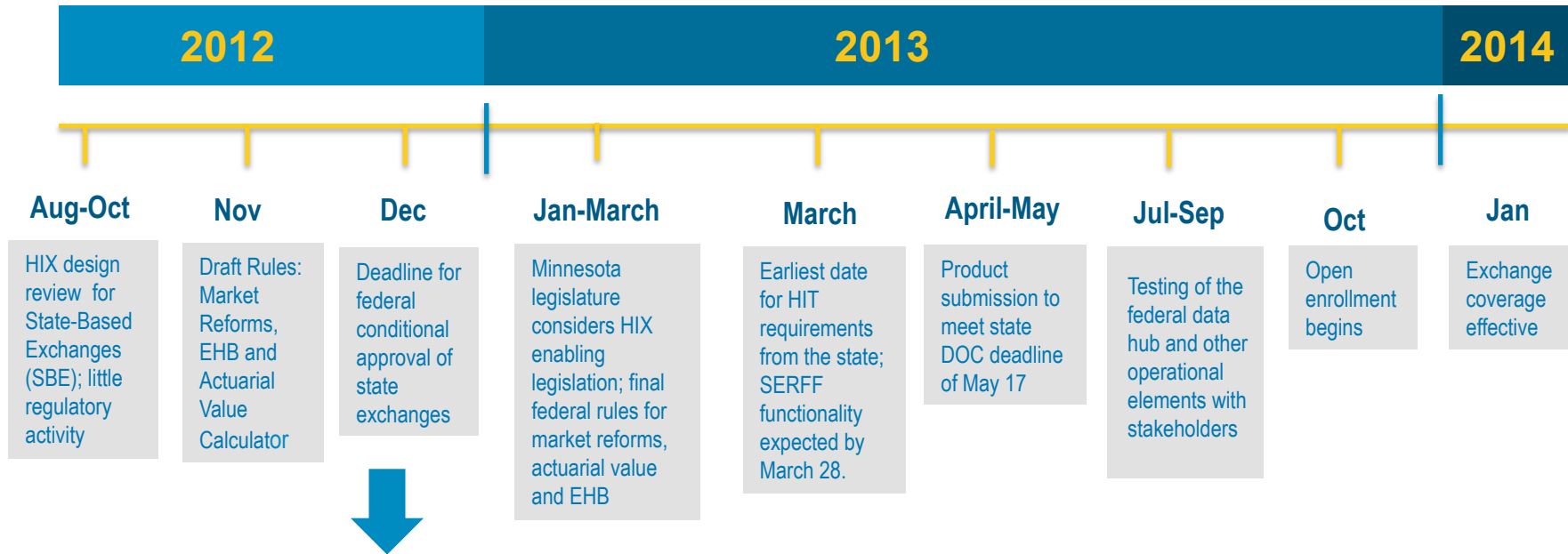
Practical Challenges – delays of final rules and functionality

- 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



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

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