

Health Reform and Health Insurance Markets 2014 Changes in New Hampshire

New Hampshire Insurance Department
August 20, 2013



New Hampshire Insurance Department Presentation Overview

- Insurance Department role and resources
- How health insurance markets work
- 2014 health insurance changes
- New Hampshire Health Insurance Marketplace
- Decision points for businesses and individuals
- Resources for further questions



New Hampshire Insurance Department Health Policy Resources

- NH Comprehensive Health Information System (NHCHIS)
 - Detailed claims data
- NH Supplemental Report - annual
- Rate review filings
- Special data requests (annual hearing report)
- National survey data
- Other financial filings

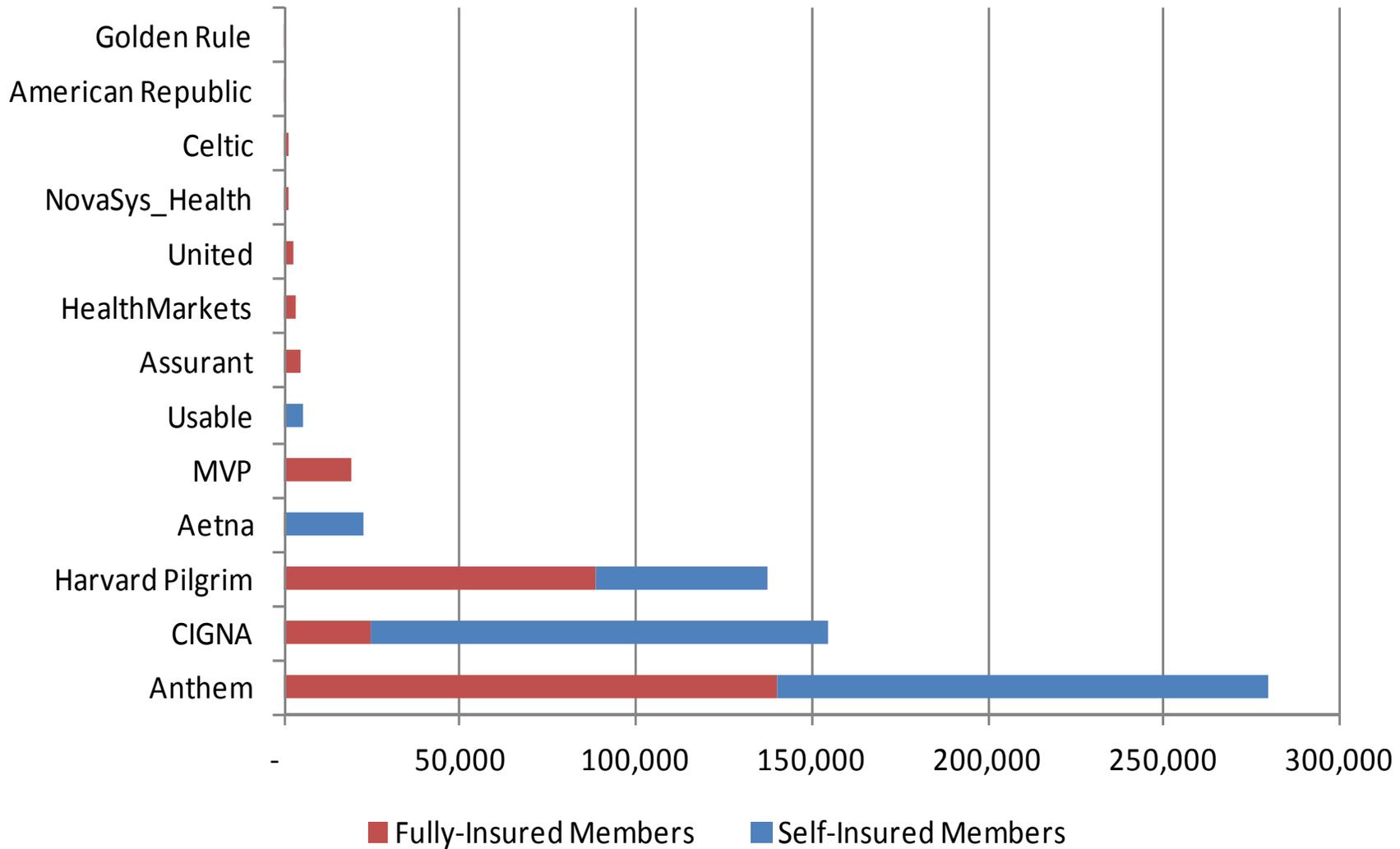


NH's Health Insurance Markets

- About 55% of “insured” people covered by self-funded employers
- 76% of people covered by large employers
 - Of those people, 29% are regulated as insured (140,000)
- 24% of people in small employers or individual products
 - 110,000 small employer member
 - 40,000 individual members



Health Insurance Carrier/TPA Member Distribution by Funding



Competition in Health Insurance Markets

Health insurance is different from other insurance or products - why?

- Too many companies can result in higher premiums
- Buyers plan to use their insurance
- Benefit design impacts use of coverage
- Concentrated bargaining power
 - Health care providers
 - Insurance companies



Factors in Insurance Company Competition

Main Factors:

- Medical claims costs
 - Provider contracts
- Insured population health status

- Other Factors:

- Membership
 - Underwritten & self-funded
- Organizational efficiency
- Return on Investments
- Customer service



Provider Discounts – What are they?

- Health care providers develop charges for medical services
 - Charges may be extremely specific or by procedure
 - Medication, surgical supplies, laboratory services
 - Incisions, excisions, endoscopies
- Health insurance companies and health care providers negotiate payment rates
 - Payment rates may be based on a discount from charges, procedure, or an alternative reimbursement method, such as per diems or per case
 - Patient cost sharing is dependent on the negotiated rate

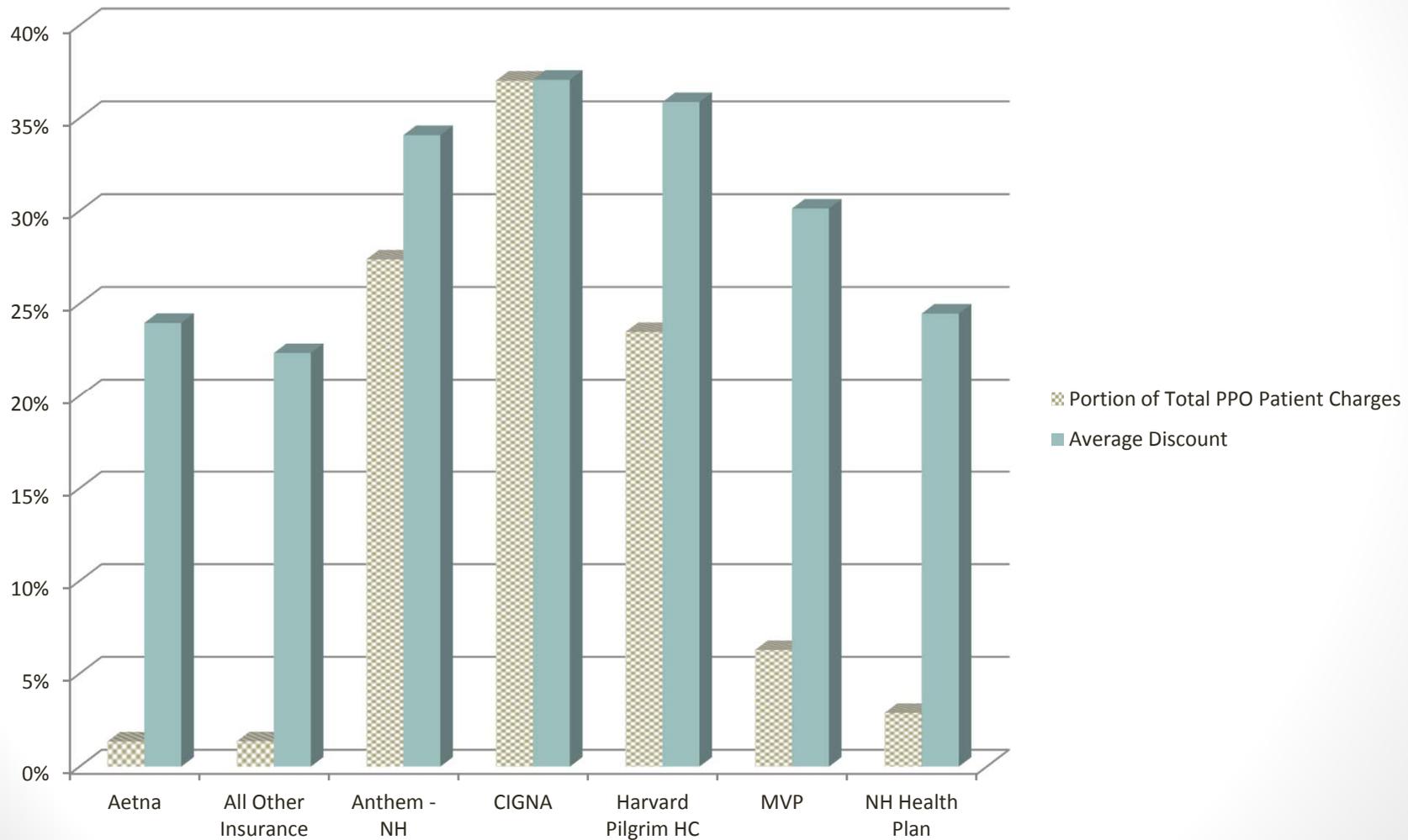


The significance of discounts...

- Two carriers have similar insured populations, the same premiums, and a ninety percent loss ratios, but:
 - Carrier RED obtains an average provider discount equal to 31 percent
 - Carrier GREEN obtains a 34 percent discount
- Result = the administrative cost portion of the premium would need to be forty percent less for carrier RED to be competitive with GREEN



Provider Discounts and Market Share for PPO Products in New Hampshire



Source: NHCHIS CY2011

Population Health Status

- Population health status has a dramatic impact on health insurance premiums
 - The reason for age/gender or population based risk adjustment
- Health status is influenced by many factors, including: environment, genetics, diet, demographics, educational background, access to medical care, and behaviors
- Health status is correlated with socioeconomic status



New Hampshire-specific Medical Care Cost Analysis

- Annual premium rate review hearings
- Supplemental report
- Analysis of delivery system costs



Health Insurance Premiums

- Recent Trends
 - 2011 increase = 4%
 - 2011 benefit reduction = 5%
 - 2010 increase = 3%
 - 2010 benefit reduction = 10%



Medical Costs Drive Premiums

- Medical cost trend includes price, utilization, and service mix changes
- Overall 2011 trend equal to 3%
 - Down from 9-11% in 2009
- Utilization decrease of 2% in 2010 and 2011
- Payments to providers increased 5% in 2010 and 2011



What About Cost Shifting ?

- Research commissioned by the Department did not show an association between Medicaid patient volume and higher commercially insured rates at particular hospitals
- Lower outpatient commercial prices were associated with a higher percent of:
 - Medicaid inpatient days
 - Medicaid inpatient discharges
- Higher inpatient commercial prices were associated with:
 - Occupancy rate
 - Hospital cost per commercial discharge
 - Medicare percent of inpatient charges
 - Casemix index for commercial discharges and for all discharges



Network Adequacy and Delivery System Capacity

- RSA 420-J:7 Network Adequacy (Ins 2700)
- What is happening in the delivery system?
 - Investment in Community Health Centers
 - Increased use of mid-level providers (NPs, PAs), health coaches, and community health workers
 - Telemedicine
 - Hospitalists
 - Urgent care centers and walk in clinics
 - Accountable Care Organizations and medical homes
 - Hospital services provided in non-traditional settings
 - Incentives exist for restructuring the delivery system with a lower cost structure



2014 Changes to Insurance



Health Reform Timeline (timeline slide courtesy of NAIC)

Implementation Timeline



What's New in 2014?

- Individual mandate
- New rules for individual and small group market
 - Essential health benefits
 - New rating factors for calculating premiums
 - Metal levels
- “The Marketplace” and SHOP Exchange
- Subsidies for individuals
- Employer coverage in 2014 and after



The Individual Mandate

- As of 2014, every individual must have health insurance coverage or pay a penalty.
 - Coverage includes employer coverage, individual major medical coverage, Medicaid, Medicare.
 - Limited exemptions to penalty requirement (e.g., low income)
- Administered and enforced by IRS
- Penalty amount:
 - 2014: \$95 per household member (up to \$285) or 1% of income (whichever is higher).
 - 2015: \$325 per household member (up to \$975) or 2% of income (whichever is higher).
 - 2016: \$695 per household member (up to \$2095) or 2.5% of income (whichever is higher)
 - After 2016 – cost of living adjustments
- Goals:
 - Get everyone covered
 - Improve stability of insurance risk pool



Essential Health Benefits

The ACA requires coverage of services in 10 categories:

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity & newborn care
5. Mental health and substance abuse disorder services, incl. behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services
8. Laboratory services
9. Preventative and wellness services and chronic disease management
10. Pediatric services, including oral and vision care



Essential Health Benefits

- All plans in the individual and small group markets must cover the Essential Health Benefits (EHBs).
- Matthew Thornton Blue chosen as NH's EHB benchmark.
- Medicaid must cover the same ten services, but has a different benchmark.



Metal Levels

- Metal levels are a way to help consumers understand the relationship between premium levels and cost sharing.
- Plan levels of coverage vary depending on the metal level:

Levels of Coverage	Plan pays on Average	Enrollees Pay on Average*
Bronze	60%	40%
Silver	70%	30%
Gold	80%	20%
Platinum	90%	10%

- All plans cover the same services (EHBs).

*amount based on average cost of an individual; may not be the same for every enrolled person.



New Rating Factors

- **Individual** market - pre-2014 allowable factors:
 - Age, Health Status, Tobacco Use
 - Membership Tier (e.g. family plan)
- **Small group** market - pre-2014 allowable factors:
 - Age, Group Size, Industry
 - Membership Tier (e.g. family plan)
- 2014 Allowable factors (**same for both**):
 - Age (specified scale) at 3:1
 - Tobacco Use at 1.5:1
 - Membership Tier
 - **Member Developed Rates**
 - Geographic Rating – single area for NH



Implications of Individual and Small Group Market Changes

- Individual market looks more like current small group market, and vice versa:
 - **Guaranteed issue**, no health underwriting
 - **No pre-existing condition** exclusions
 - **“Per member” rates** consider characteristics of all covered persons (up to three children)
- **High Risk Pool no longer needed**, because all individuals are guaranteed coverage in the individual market.
- **Sole proprietors** use individual market
- **Limited open enrollment period** in individual market
 - October 1, 2013-March 31, 2014
 - October 15-December 7, 2014 (and after)



What is the Health Marketplace?

- The Health Benefit Marketplace, also known as the Exchange, is an **online marketplace** where individuals will be able to purchase health insurance.
- Low and moderate-income people using the Marketplace will be able to obtain **payment assistance** to help them buy health insurance.
 - Some may also get **reductions** on deductibles and other cost-sharing.
 - People can also use the Marketplace to **enroll in Medicaid**.



The Health Marketplace, cont.

- Small businesses will be able to use a separate marketplace called the **SHOP exchange** to provide health insurance to employees and to see if the business qualifies for a **small business tax credit**.
- The Marketplace and SHOP will be open for enrollment in health plans beginning **October 1, 2013**.
 - The coverage will take effect beginning **January 1, 2014**.



New Hampshire's Marketplace Partnership

- New Hampshire's Marketplace will be constructed and operated by the federal government (CMS/CCIIO) in accordance with federal standards.
- Under NH's partnership model, the state will operate some specific functions that are related to traditional state roles.
- The individual and small group markets outside the Marketplace continue to exist.



NH Health Insurance Marketplace – With Partnership

Federal Marketplace Functions

The Marketplace set up by the federal government will perform the following tasks:

- **Maintain a website** to provide plan information and options in a standardized format.
- Operate a **toll-free hotline**.
- Administer the **tax credit** and transfer to the Treasury and employers a list of eligible employees.
- Make available a **calculator** to determine actual cost of coverage after subsidies.
- Administer the individual responsibility **mandate**.
- Establish a **Navigator** program that provides grants to entities that assist consumers

The federal government will also set up the **SHOP** Exchange for small employers

Plan Management

- **State role:**
 - » Qualified Health Plan certification, including licensure and good standing, Essential Health Benefits, meaningful difference review
 - » Collection and analysis of plan rate and benefit package information
 - » Ongoing issuer oversight
 - » Plan monitoring, oversight, data collection and analysis for quality
 - » Assist consumers who have complaints about carriers or plans.

Consumer Assistance

- **Potential State roles include:**
 - » State-specific outreach and education
 - » Oversee conduct of Navigators
 - » Possible supplemental in-person assistance program
- **Federal role:**
 - » Call center operations
 - » Website management
 - » Written correspondence with consumers on eligibility/enrollment
 - » Selection of Navigators

NH DHHS will continue to operate the state Medicaid program, including an interface with the Marketplace.

Plan Management

- The **plan management function** is well underway.
- NHID made recommendations to CCIIO on July 31, 2013 about which health plans qualify for sale on the Marketplace (QHPs).
 - Deadline for filing 2014 QHPs has passed; Multistate plans possible
 - Additional new carriers in 2015?
 - Rates and plans public: October 1
- NHID will regulate carriers and help consumers with plan issues.



Qualified Health Plans

- A Qualified Health Plan
 - Is offered by an issuer (insurance company) that is licensed by the state and in good standing
 - Covers Essential Health Benefits
 - Is offered by an issuer that offers at least one plan at the “silver” level and one at the “gold” level of cost sharing
 - Is offered by an issuer that charges the same premium rate whether the plan is offered on or off the Marketplace
 - Ensures access to an adequate range of clinicians



Key Questions for Individuals and Businesses

Individuals

- Am I required to have insurance in 2014?
- Is employer coverage available, sufficient and affordable to me?
- Do I qualify for financial assistance based on income?

Businesses

- Do I have 50 or more employees?
- Might I qualify for a small business tax credit?
- Might my employees qualify for financial assistance if I do not offer coverage?
- Does the coverage I offer provide minimum value and is it affordable to my employees?



Do I already have coverage?

Minimum Essential Coverage

- Employer-sponsored coverage (including retiree and COBRA coverage)
- Coverage purchased in the individual market
- Medicare Part A coverage and Medicare Advantage
- Most Medicaid coverage
- Children's health Insurance Program (CHIP)
- Certain types of veterans health coverage administered by the Veterans Administration
- TRICARE
- Coverage provided to Peace Corps volunteers
- Coverage under the Nonappropriated Fund Health Benefit Program



Who Doesn't Have to Pay the Fee?

Uninsured people don't have to pay a fee if they:

- Would have qualified under the new income limits for Medicaid, but their state has chosen not to expand Medicaid eligibility
- Are determined to have suffered a hardship
- Are a member of a federally recognized Indian Tribe
- Participate in a health care sharing ministry
- Are a member of a recognized religious sect with religious objections to health insurance



Who Doesn't Have to Pay the Fee? (continued)

Uninsured people don't have to pay a fee if they:

- Are uninsured for less than 3 months of the year
 - Transition relief for those pending new plan year through employer
- Are determined to have low income and coverage is considered unaffordable
 - The minimum premium is more than 8% of household income
- Are not required to file a tax return because their income is too low
- Are not lawfully present
- Individuals who are incarcerated



Subsidy Availability

- Substantial subsidies are available through the Marketplace for those at 100%-400% of federal poverty (FPL).
 - Individuals: \$11,490 - \$45,960
 - Family of 4: \$23,550 - \$94,200
 - <http://kff.org/interactive/subsidy-calculator/>
- Those under 100% FPL are **not** eligible for subsidies; the ACA presumed they would be covered by Medicaid.
- **THE CHASM:** Without the Medicaid expansion, those who aren't currently eligible for Medicaid will have **no** access to coverage or subsidies.



Employer Coverage May Mean No Subsidy

People with access to employer coverage **cannot receive a subsidy** on the Marketplace unless the employer coverage is **unaffordable** or **insufficient**.

- **Insufficient:** employer sponsored health insurance plan does not meet minimum value
 - *Minimum Value:* Plan pays for 60% of the services and benefits
- **Unaffordable:** employee's share of the premium for an **individual** plan exceeds 9.5% of household income

Employer Coverage Tool on HealthCare.gov:

[https://www.healthcare.gov/downloads/ECT Application 508 130615.pdf](https://www.healthcare.gov/downloads/ECT_Application_508_130615.pdf)



Types of Subsidies

- Financial help for working families includes:
 - **Tax credits** to health plans to pay premiums for qualified individuals
 - Premium Tax Credits
 - Advanced Tax Credits
 - **Reduced cost sharing** to lower out-of-pocket spending for health care



Sliding Scale for Eligible Individuals

Percentage of poverty line	Annual dollar amount (2013)	Premium contribution as % of income	Monthly premium contribution
100 – 133%	\$11,490 - \$15,282	2%	\$19 - \$25
133 – 150%	\$15,282 - \$17,235	3 – 4%	\$38 - \$57
150 – 200%	\$17,235 - \$22,980	4 – 6.3%	\$57 - \$121
200 – 250%	\$22,980 - \$28,725	6.3 – 8.05%	\$121 - \$193
250 – 300%	\$28,725 - \$34,470	8.05 – 9.5%	\$193 - \$272
300 – 350%	\$34,470 - \$40,215	9.5%	\$272 - \$318
350 – 400%	\$40,215 - \$45,960	9.5%	\$318 - \$364

When can I enroll?

Marketplace Initial Open Enrollment

**October 1, 2013 through
March 31, 2014**

- Annual Open Enrollment Periods after that start October 15 and end December 7
- Special Enrollment Periods available in certain circumstances during the year



Large v. Small Employers

- To determine whether subject to employer penalty in 2015:
 - Large = **50 or more** full-time employees and/or full-time equivalents (FTEs)
 - Step 1: Count full-time employees (30+ hours per week),
 - Step 2: Count part-time employees by adding their hours per week and dividing by 30.
 - Step 3: Add 1+2
- Employers with 1-50 employees/FTEs using the test above may **use the SHOP Exchange**.
- Employers with 1-50 employees who are **actually eligible** (regardless of FTEs) for the employer-sponsored health coverage may use the **small group market outside the SHOP Exchange**.



Small Employers

Small employer options in 2014:

- Offer a **fully insured** plan through either:
 - The **SHOP** exchange (only way to access tax credit)
 - More information on tax credit:
<http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>
 - The private (off-exchange) **small group market**
- Offer a **self-funded** plan (if allowed by state law) where essential health benefits and metal level requirements don't apply
- **Stop offering coverage** - Let employees buy on
 - The Marketplace (where they can access subsidies), or
 - The individual market (no subsidies)

There is **no penalty** for employers with under 50 FTEs that do not offer coverage, even in 2015.



Large Employers

Large employer options in 2015:

(penalty delayed 1 year)

- Offer health insurance that meets **minimum coverage** definition and is **affordable** to all employees
 - Can be either fully insured or self-insured
 - No essential health benefit or metal level requirements
- Offer coverage that does not meet minimum requirements and **pay penalty** if employees receive subsidy
- **Stop offering coverage**, let employees buy through the individual market or Marketplace, and **pay penalty** based on total number of employees



Large Employer Penalties

Large employers (50 or more FTEs)

- Penalties starting in 2015 for
 - 1. Not offering coverage
 - \$2K per employee, minus first 30 employees
 - 2. Offering unaffordable or insufficient coverage
 - \$3K per employee receiving subsidy
 - Cap – no greater than penalty #1 amount
 - No penalty for employees who qualify for Medicaid.
- Penalties apply to for-profit, non-profit and government entity employers



Consumer Assistance – federal resources

- Federal website (HealthCare.gov)
- Toll free call center
- NH-specific federal resources
 - Navigators
 - Certified Application Counselors
 - Qualified Health Centers
- Small Business Administration
- IRS
- Department of Labor



Consumer Assistance – state resources

- NH DHHS – will continue to administer Medicaid program, including customer service and eligibility determination
- NHID – consumer services, regulation of carriers and producers, outreach forums
- NH Health Plan
- Agents and Brokers
- Carriers
- Other outreach efforts



Navigators

- Federally funded to:
 - Raise awareness about the Marketplace
 - Help consumers understand health plan differences
 - Help consumers submit selections to the Marketplace
 - Provide culturally/linguistically appropriate information
- Must complete web-based training

Cannot recommend a particular plan



Certified Application Counselors

- Organization must apply
 - Applications available on marketplace.cms.gov/help-us/cac.html
 - Web-based training available in late-August
 - Employees /Volunteers will be certified
- Similar activities to navigators
 - Consumer education and enrollment assistance
 - Agree to keep personal information private
- Health care providers, hospitals, social service agencies



Agents and Brokers

Agents and brokers may help

- In providing information on QHPs
- In helping people enroll
- Agent and broker training is now available
 - Must register with the Marketplace

<http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/a-b-resources.html>

- Only assister licensed to recommend a particular plan



Federal Resources

U.S. Department of Health and Human Services

Health Reform Website/Marketplace

<http://www.healthcare.gov>

Help Center: 800-318-2596 (24/7)

Small Business Administration

(Employer information)

<http://www.sba.gov/healthcare>

<http://business.usa.gov/healthcare>

SBA Hotline: 800-706-7893 (M - F, 9-5)



New Hampshire Resources

NH Insurance Department

(603) 271-2261 **Consumer Hotline:** 800-852-3416

<http://www.nh.gov/insurance>

NH Department of Health and Human Services

<http://www.dhhs.nh.gov>

Medicaid – Client Services: (800) 852-3345. ext. 4344

NH Health Plan

[http://www.nhhp.org/nhhp/
consumerassistance.asp](http://www.nhhp.org/nhhp/consumerassistance.asp)



Your Presenters

- Roger Sevigny – Commissioner
- Tyler Brannen – Health Policy Analyst
- Jennifer Patterson – Life and Health Legal Counsel

