

Health Reform Changes: What's New for 2014?

New Hampshire Insurance Department
October 16, 2013



New Hampshire Insurance Department Presentation Overview

- What's New in 2014
- Key Questions for Individuals and Businesses
- Appendix:
New Hampshire's Health Insurance Markets



What's New in 2014?

- Individual mandate
- New rules for individual and small group market
 - Essential health benefits
 - Metal levels
 - New rating factors for calculating premiums
- “The Marketplace” and SHOP Exchange
 - Medicaid
 - Subsidies for individuals
 - Tax credits for small employers
 - Online Oct 1, 2013 - coverage Jan 1, 2014
- Requirements for large employers (2015)



Health Reform Timeline (timeline slide courtesy of NAIC)

Implementation Timeline



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, cont.

- 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



Major Changes for NH

- 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.
- **Self-employed** 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**.



Sliding Scale for Eligible Individuals Seeking Coverage

Percentage of poverty line	Individual Income 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

Sliding Scale for Eligible Households Seeking Coverage (Family of Two)

Percentage of poverty line	Household Income (for a family of two) Annual dollar amount (2013)	Premium contribution as % of income	Monthly premium contribution
100 – 133%	\$15,510 - \$20,628	2%	\$26 - \$34
133 – 150%	\$20,628 - \$23,265	3 – 4%	\$52 - \$76
150 – 200%	\$23,265 - \$31,020	4 – 6.3%	\$76 - \$163
200 – 250%	\$31,020 - \$38,775	6.3 – 8.05%	\$163 - \$260
250 – 300%	\$38,775 - \$46,530	8.05 – 9.5%	\$260 - \$368
300 – 350%	\$46,530 - \$54,285	9.5%	\$368 - \$430
350 – 400%	\$54,285 - \$62,040	9.5%	\$430 - \$492

Sliding Scale for Eligible Households Seeking Coverage (Family of Three)

Percentage of poverty line	Household Income (for a family of three) Annual dollar amount (2013)	Premium contribution as % of income	Monthly premium contribution
100 – 133%	\$19,530 - \$25,975	2%	\$33 - \$43
133 – 150%	\$25,975 - \$29,295	3 – 4%	\$65 - \$98
150 – 200%	\$29,295 - \$39,060	4 – 6.3%	\$98 - \$205
200 – 250%	\$39,060 - \$48,825	6.3 – 8.05%	\$205 - \$328
250 – 300%	\$48,825 - \$58,590	8.05 – 9.5%	\$328 - \$464
300 – 350%	\$58,875 - \$68,355	9.5%	\$464 - \$541
350 – 400%	\$68,355 - \$78,120	9.5%	\$541 - \$618

Sliding Scale for Eligible Households Seeking Coverage (Family of Four)

Percentage of poverty line	Household Income (for a family of four) Annual dollar amount (2013)	Premium contribution as % of income	Monthly premium contribution
100 – 133%	\$23,550 - \$31,322	2%	\$39 - \$52
133 – 150%	\$31,322 - \$35,325	3 – 4%	\$78 - \$118
150 – 200%	\$35,325 - \$47,100	4 – 6.3%	\$118 - \$247
200 – 250%	\$47,100 - \$58,875	6.3 – 8.05%	\$247 - \$395
250 – 300%	\$58,875 - \$70,650	8.05 – 9.5%	\$395 - \$559
300 – 350%	\$70,650 - \$82,425	9.5%	\$559 - \$652
350 – 400%	\$82,425 - \$94,200	9.5%	\$652 - \$746

Examples of Anthem's Exchange plans applying subsidies

100% FPL - Individual Income \$11,490 or family of four income \$23,550

		Deductible/Coinsurance	21 year old	40 year old	60 year old
Bronze	Single	\$5,750/10%	\$0	\$0	\$0
	Family	\$11,500/10%	\$0	\$0	\$0
Silver	Single	\$500/0%	\$18	\$18	\$17
	Family	\$1,000/0%	\$37	\$36	\$34
Gold	Single	\$1,000/10%	\$81	\$72	\$132
	Family	\$2,000/10%	\$175	\$198	\$317

300% FPL - Individual Income \$34,470 or family of four income \$70,650

		Deductible/Coinsurance	21 year old	40 year old	60 year old
Bronze	Single	\$5,750/10%	\$177	\$210	\$140
	Family	\$11,500/10%	\$399	\$372	\$232
Silver	Single	\$2,500/10%	\$226	\$272	\$271
	Family	\$5,000/10%	\$557	\$557	\$554
Gold	Single	\$1,000/10%	\$268	\$326	\$385
	Family	\$2,000/10%	\$695	\$718	\$837

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:
 - Operated by the federal government (CMS/CCIIO)
 - Under NH's partnership model, the state will operate some specific functions that are related to traditional state roles
- You can still buy insurance outside the Marketplace



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 (www.healthcare.gov)** to provide plan information and options in a standardized format.
- Operate a **toll-free hotline (1-800-318-2596)**.
- 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 (Insurance Department):**
 - » 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 (NH Health Plan) include:**
 - » State-specific outreach and education
 - » Coordinate with 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.



Medicaid Expansion Status

The Medicaid Expansion Commission has recommended that New Hampshire participate in the expansion for adults 19-64 up to 138% of the federal poverty level effective January 1, 2014.

- Managed Care Model
- Current Medicaid Expansion benefit plus behavioral health and substance abuse benefit.
- Mandatory HIPP with a waiver as a precondition
- Voluntary Premium Assistance for Qualify Health Plan's offered on the exchange if cost effective
- Circuit breaker if federal matching rate drops.
- Data Collection

Medicaid Expansion Commission: <http://www.dhhs.nh.gov/sme/index.htm>

The full legislature is expected to vote this Fall on the Medicaid Expansion questions in special session.



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



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 meets 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 the employee's compensation

Employer Coverage Tool on [HealthCare.gov](https://www.healthcare.gov)



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



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



Small Employer Options

Small employer (under 50 FTEs) options in 2014:

- Offer a **fully insured** plan through either:
 - The **SHOP** exchange (only way to access tax credit)
 - 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.



Small Business Health Care Tax Credit

- If small businesses with **24 or fewer** employees provide coverage, they may qualify for the **Small Business Health Care Tax Credit** to help offset costs:
 - –Must have average annual wages below \$50,000; and
 - –Contribute 50% or more toward employees' self-only premium costs
- **Note:** The **maximum tax credit** is available to employers with 10 or fewer full-time equivalent employees and average annual wages of less than \$25,000

Small Business Health Care Tax Credit

- In 2010 - 2013, **up to 35%** of a for-profit employer's premium contribution
- –Employers can still deduct remainder of contribution
- –Credit can be claimed through 2013
- Starting in 2014, the **credit goes up to 50%**
- –To take advantage of the credit, business must buy coverage through one of the new small business health insurance Marketplaces known as SHOP
- –Credit can be claimed for any 2 consecutive taxable years beginning in 2014 (or beginning in a later year) through the SHOP

Small Business Health Care Tax Credit

Business
employs
fewer than
25
full-time
equivalent
employees

+

Employees'
average
annual
wages are
less than
\$50,000

+

Business
pays for at
least 50%
of
employees'
self-only
premium
costs

=

Up to 35% Federal Tax Credit in 2013 and *50% in 2014 if for-profit entity

**SHOP participants only*

Large Employer Options

Large employer (50 + FTEs) options in 2015:
(penalty delayed 1 year)

- Offer health insurance, either fully insured or self-insured, that meets **minimum coverage definition** (no essential health benefit or metal level requirements) and is affordable
- Offer some level of **coverage that does not meet minimum requirements** and **pay employer penalty** based on number of employees **receiving subsidy**
- **Stop offering coverage**, let employees buy through the individual market or Marketplace, and pay **employer penalty based on total number** of employees



Large Employer Insurance Coverage Standards

Coverage Provides Minimum Value

- Plan must cover, on average, at least 60% of the plan's total cost of incurred benefits
- HHS and IRS have an online calculator* employers or their brokers can use to input their plan details and determine if it meets the 60% value threshold.

* <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/mv-calculator-final-4-11-2013.xlsm>

Coverage is Affordable

- Coverage is unaffordable if the full-time employee's share of self-only coverage costs more than 9.5% of his/her annual household income
- Affordability safe harbor: If the cost to the employee of a self-only plan is not more than 9.5% of his/her wages as reported on Box 1 of the W-2, it's deemed affordable for purposes of Employer Shared Responsibility

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



Large v. Small Employers

- To determine whether large employer for **federal** purposes (eligible to use SHOP, 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
- To determine whether large employer for **state** purposes (eligible for small group plan outside SHOP):
 - Employ 1-50 employees who are **actually eligible** (regardless of FTEs) for the employer-sponsored health coverage
- 2016: small group market size increases to 100 employees, but penalty trigger remains at 50.



Notice of Coverage Options

- By October 1, 2013, employers subject to the Fair Labor Standards Act must provide each employee a notice of coverage options including:
 - Information about the Marketplace, including services available and how to access it
 - That the employee may be eligible for a tax credit if the employer's plan covers less than 60% of the average cost of services
 - That employees purchasing coverage through the Marketplace may lose the employer contribution to any health benefit plan offered by the employer
- US Department of Labor administers
- Further information and model notices:
 - <http://ipv6.dol.gov/ebsa/newsroom/tr13-02.html>
(Technical guidance)
 - Model Notices:
 - <http://ipv6.dol.gov/ebsa/pdf/FLSAwithplans.pdf>
(for employers offering plans)
 - <http://ipv6.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf>
(for employers not offering plans)



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)

TTY 800-706-7915

More information on tax credit:

<http://www.irs.gov/uac/Small-Business-Health-Credit-for-Small-Employers>



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)



Appendix

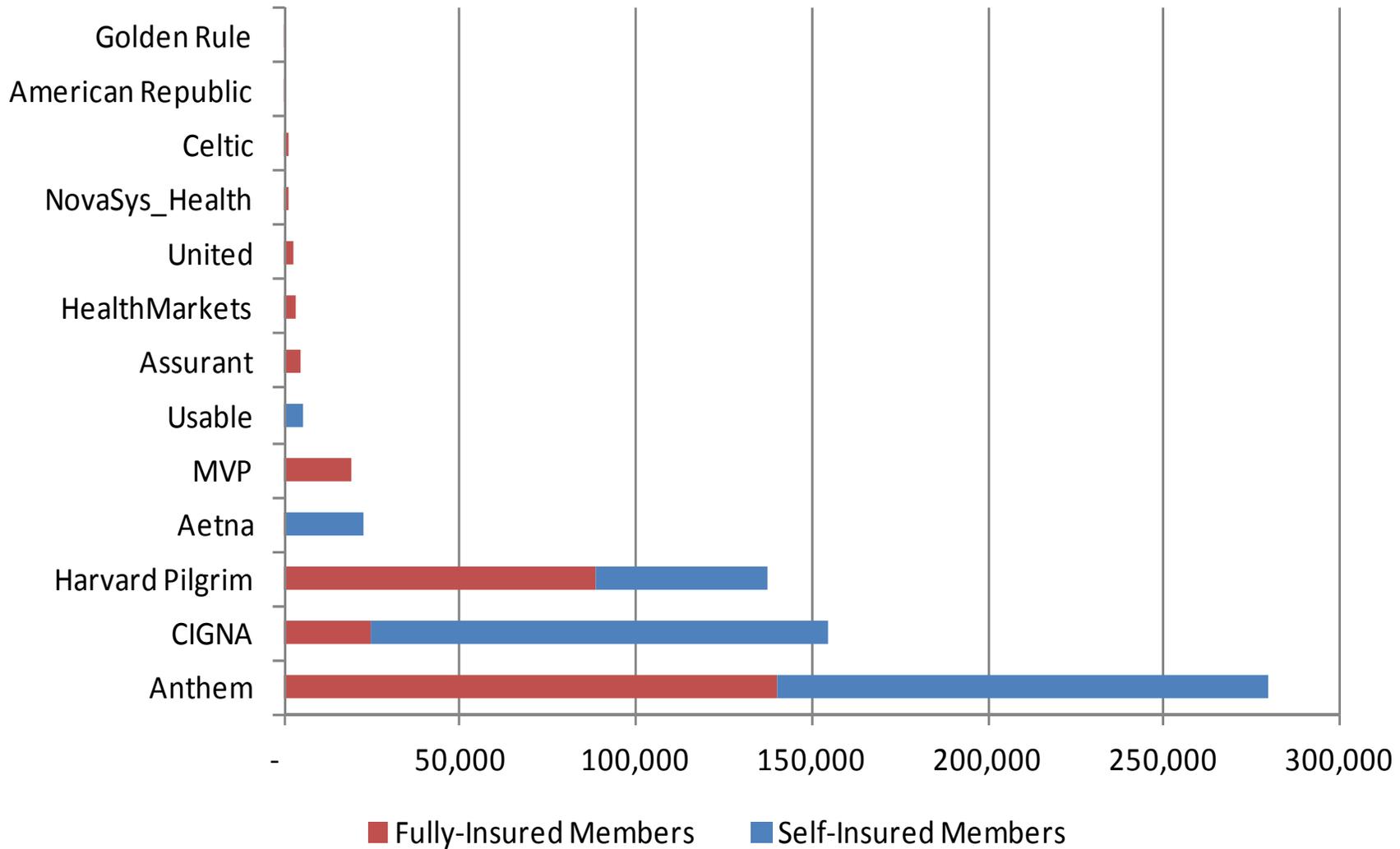
New Hampshire's Health Insurance Markets

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?

- 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



Health Insurance Premium Increases

- 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



Network Adequacy – RSA 420-J

- RSA 420-J:7 Network Adequacy – first adopted in 1997
 - A health carrier shall maintain a network that is sufficient in numbers, types, and geographic location of providers to ensure that all services to covered persons will be accessible without unreasonable delay.
- Department rules must address:
 - (a) Waiting times for appointments for non-emergency care.
 - (b) Choice of and access to providers for specialty care, specifically addressing the needs of the chronically ill, mentally ill, developmentally disabled or those with a life threatening illness.
 - (c) Standards for geographic accessibility . . .
 - (d) Hours of operation for the carrier, including any entities performing prior approval or pre-authorization functions.



Network Adequacy – Ins 2701

- Ins 2701.04(a): Each health carrier offering a managed care plan shall maintain a network of primary care providers, specialists, institutional providers, and other ancillary health care personnel that is **sufficient in numbers, types and geographic location** of providers to ensure that **all covered health care services are accessible** to covered persons **without unreasonable delay**.
- Specific requirements for PCPs, specialists, etc., including distance and travel time



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

