

New Hampshire Insurance Department



January 2013

Health Insurance Exchange

- Status
- Players
- Key Dates and Decision Points
- Partnership
 - Plan Management
 - Consumer Assistance
- Navigators



Market Rule Categories

- Market Rules (Rating)
- Transition
- Counting
- Transparency in Billing
- Clean-Up



Market Rules (Rating) Individual

Pre-ACA (Current Rules)	Post ACA (New Rules)
Not Guaranteed Issue	Guaranteed Issue
Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - 4:1 * Health Status <ul style="list-style-type: none"> - 1.5:1 * Tobacco <ul style="list-style-type: none"> - 1.5:1 * Membership Tier 	Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - specified scale, 3:1 * Geographic Rating <ul style="list-style-type: none"> - specified scale * Tobacco <ul style="list-style-type: none"> - 1.5:1 * Membership Tier <ul style="list-style-type: none"> - Member Developed Rates
	Grandfathered Plans Exempt



Market Rules (Rating) Small Group

Pre-ACA (Current Rules)	Post ACA (New Rules)
Guaranteed Issue	Guaranteed Issue
Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - Age Brackets * Group Size * Industry - 3.5:1 limitation on above * Membership Tier 	Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - specified scale, 3:1 * Geographic Rating <ul style="list-style-type: none"> - specified scale * Tobacco <ul style="list-style-type: none"> - 1.5:1 * Membership Tier <ul style="list-style-type: none"> - Member Developed Rates
	Grandfathered Plans Exempt



Anti-Selection

- Overview/Concerns
- Individual Market Mitigation
- Small Group Mitigation



COUNTING Small Group

Pre-ACA (Current Rules)	Post ACA (New Rules)
Eligible Employees	All Employees
50 Employees	As of 2016, 100 employees State Discretion until then.
Groups of One	No Groups of One



Billing Small Group List Bill vs Composite Bill

- Does not impact total premium
 - Impacts EE contribution requirements
 - Impacts EE adds and deletes
- SHOP will be List Billed

Pre-ACA (Current Rules)	Post ACA (New Rules)
Employer Choice	List Billing Required with Composite Billing Option
Mostly composite rating is used	Composite Rates with Tobacco Add-On



Clean Up

- Essential Health Benefits
- Grandfathered Plans Exempt
- Medical Underwriting Prohibited
- Guaranteed Issue and Guaranteed Renewable
- Preexisting Condition Exclusions Prohibited
- Repeal NH HealthFirst



Premium Rate Review Grants

- **Cycle I – ended September 30, 2011**
 - First public rate review hearing
 - Analysis of the current premium rate review process
 - Studies on the impact of hospital costs and “cost shifting”
- **Cycle II – ends September 30, 2014**
 - Continue with public rate review hearings
 - Implementation of recommendations for improving the rate review process
 - Modeling the impact on premiums from ACA changes
 - Analysis of stoploss insurance options
 - Critical analysis of statutes and regulations
 - Analysis of available data sources
 - Improvements to the NH Comprehensive Health Information System (NHCHIS)
 - Analysis of opportunities related to provider payment reform



Public Rate Review Hearings

- Costs are driven by three factors: unit cost, increases in utilization, and increases in the service mix or intensity (e.g. Remicade)
- In 2011, premiums were up 3.8%, with average buy down of 4.8%
- Medical claim trends down over the past three years, from 10.9% in 2009 to 3.0% in 2011
- 17.8% of premium going to administrative costs & profits



Hospital cost findings

- Personnel costs represent the largest single category of hospital costs
 - At 57 percent of the total expenses, these costs are nearly ten times greater than capital costs (six percent)
- Part-time employees are 35% of all hospital employees
 - 65% of the employees at Exeter Hospital and 50% at Wentworth-Douglass are part time
- Nursing salary levels were 26% greater in Manchester than in Conway or Rochester/Dover
 - 33% greater in Lebanon



What is hospital cost shifting?

“Some economists distinguish between cost shifting and price discrimination. Price discrimination is defined as different prices charged to different payers for similar services. Cost shifting is defined more narrowly as a dynamic response by hospitals to a reduction in Medicare payments, in the form of a fully or partially compensating increase in prices charged to private insurers.”

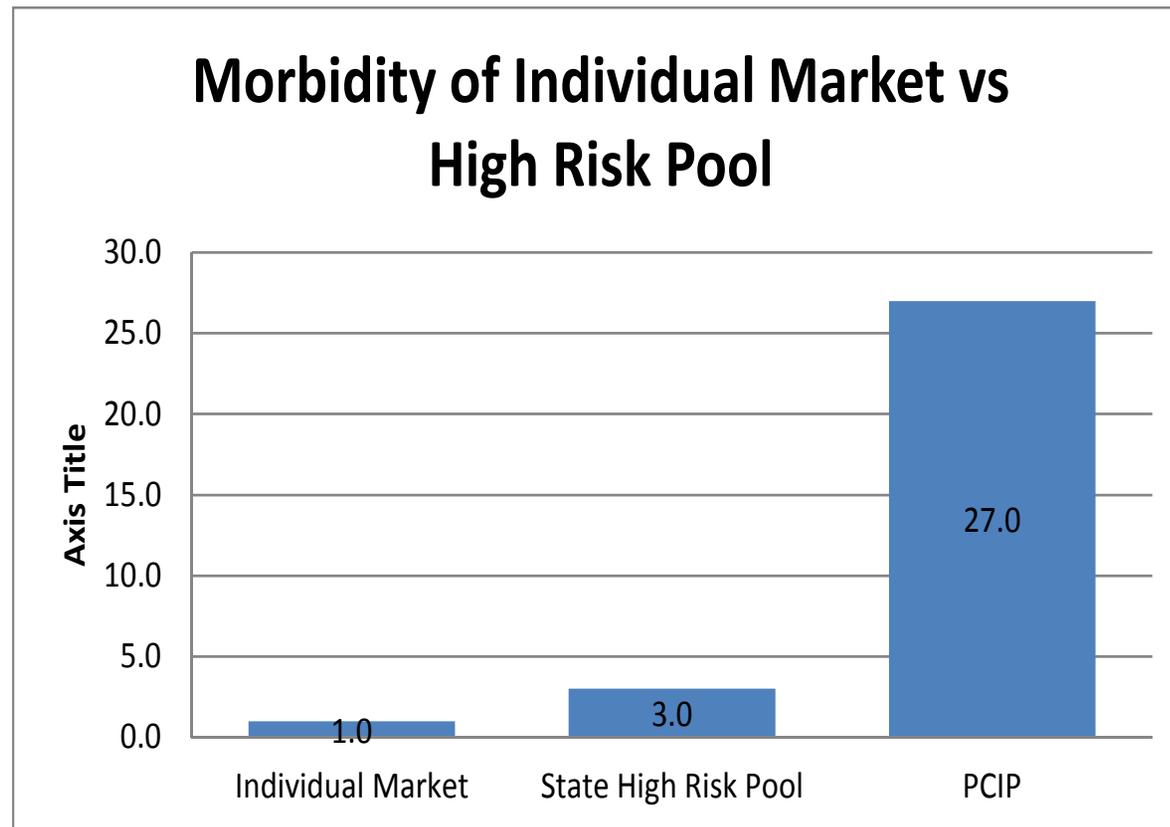


NHID Analysis

- There is no evidence of a causal relationship between cost shifting and price for hospital services
 - Confounders exist
- There are notable associations between hospital prices and other hospital measures
 - Most are not highly intuitive
- Eliminating all public payer shortfalls or price discrimination would not result in substantially lower commercial payments for hospital care



Modeling Changes to Premiums



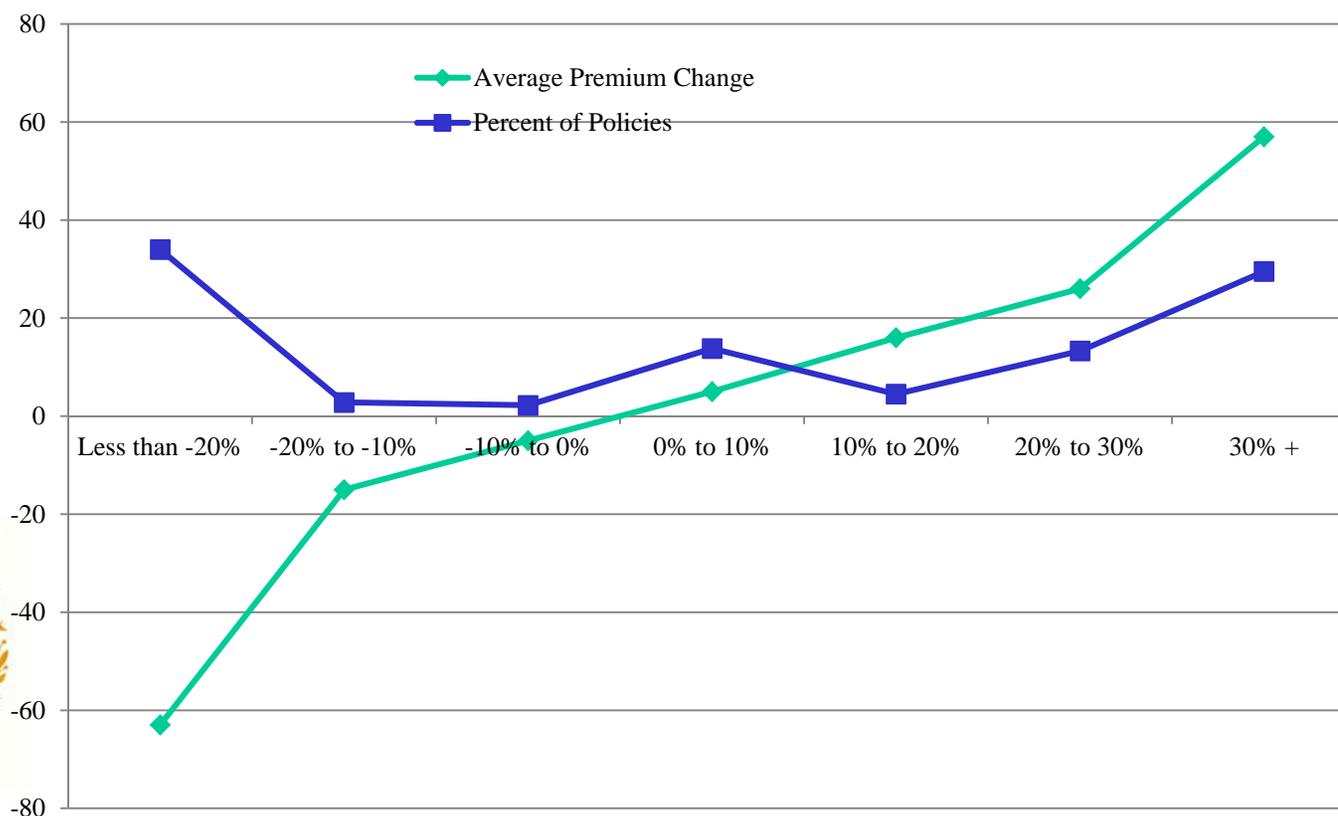
Individual Market Premium Drivers

	Premium Impact
CY 2014	
Individual Market	
HRP/PCIP	40%
Newly Insured	6%
Reinsurance	-8%
Minimum Actuarial Value	2%
Medical Loss Ratio Requirement	-6%
Cumulative CY 2014	30%



CY 2014 Individual Market Premium Changes by Premium Change Cohort after Subsidies.

2014 Individual Market Premium Impact – Post Subsidy



CY 2014 Individual Market Premium Changes by Premium Change Cohort after Subsidies.

Your Presenters

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