



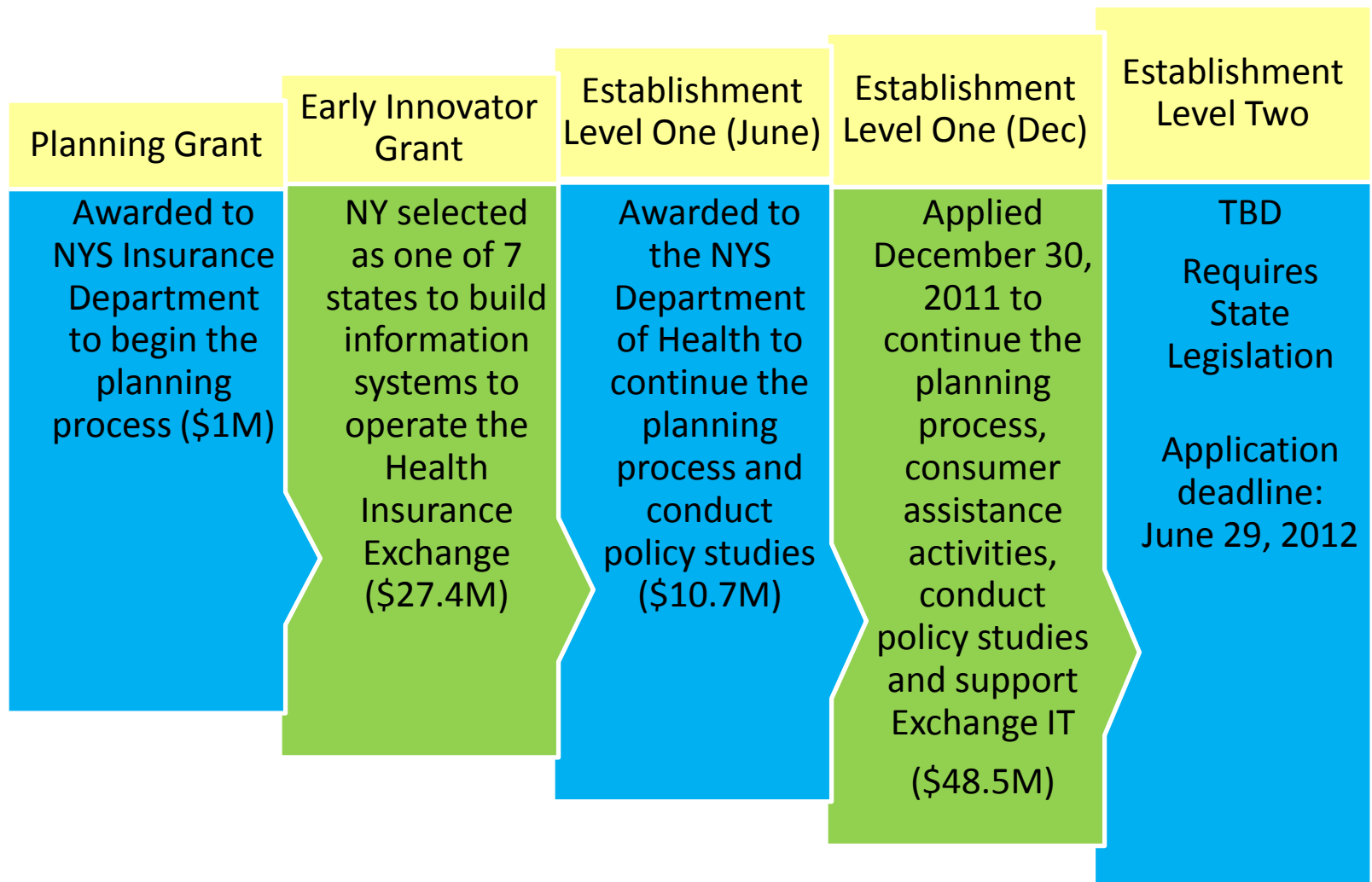
Federal Health Care Reform in New York State

Health Insurance Exchange Planning: Status Report and Preliminary Modeling Results

Lisa Sbrana

*Health Care For All New York
January 24, 2012*

New York Awarded Federal Grants to Plan and Implement Exchange



Exchange Planning Work Underway

With Planning and Establishment Grant Funding and Technical Assistance from the Robert Wood Johnson Foundation, New York has a series of Exchange activities underway:

- Simulation Modeling
- Business Operations Work Plan
- Five-Year Exchange Budget and Self-Sustainability Analysis
- Exchange Policy Studies

December Level 1 Application

- Additional support for Exchange IT including all payer database
- Continued funding for consumer assistance
- Funding for consultant assistance:
 - Actuarial
 - Business processes for Exchange IT systems
 - Small Business Health Options Program (SHOP)
 - QHP rating system
 - Appeals

Governor's Executive Budget

- Establishes Exchange as public benefits corporation
- Nine member governing board
- 5 regional advisory committees
- 13 policy studies

Exchange Certification Process

- To operate a state-based Exchange in 2014, certification by HHS must be approved by January 1, 2013
- Application process begins Summer/Early Fall 2012
- Requirements for Certification
 - Enabling authority for state-based Exchange
 - Governance – Board Members, Executive Leadership
 - Operational Readiness

Exchange Certification Process

- Functions the Exchange must develop in 2012:
 - Consumer Outreach and Education
 - Call Center
 - Insurance Portal
 - Navigator Program
 - Eligibility and Enrollment Processes
 - Certification Process for Qualified Health Plans and Plan Management
 - Financial Management
 - SHOP
 - Oversight and Monitoring
 - Appeals Process

Exchange Certification Process

- Key policy decisions that must be made in 2012:
 - Exchange enabling authority
 - Select Board Members and Executive Leadership
 - Determine approach to Navigator Program
 - Determine the role of Insurance Producers
 - Establish Qualified Health Plan certification process
 - Determine Essential Health Benefits
 - Determine whether to offer a Basic Health Program
 - Determine approach to Reinsurance and Risk Adjustment Programs
 - Determine small group size (50 or 100)
 - Determine funding mechanism for Exchange
 - Public Program Integration & Bridge Plan Transition

Preliminary Modeling Results

Urban Institute Health Insurance Policy Simulation Model

- **Basics of the model:**
 - HIPSM simulates coverage decisions of employers, families, and individuals
 - Uses multiple years of the CPS matched with several national data sets (e.g., MEPS)
 - Simulates state Medicaid eligibility and enrollment
 - Simulated firms model the ESI offer decision
 - Premiums for employer and non-group health insurance risk pools are based on medical expenses, administrative load, and subsidies
 - Individual and family decisions modeled based on evidence from research literature
- **Questions the model answers:**
 - Number of newly insured New Yorkers under health reform
 - New and previous sources of coverage
 - Estimated cost to government, employers, and individuals
 - Impact of various policy decisions
 - Modeling results will inform Exchange policy decisions and budget needs

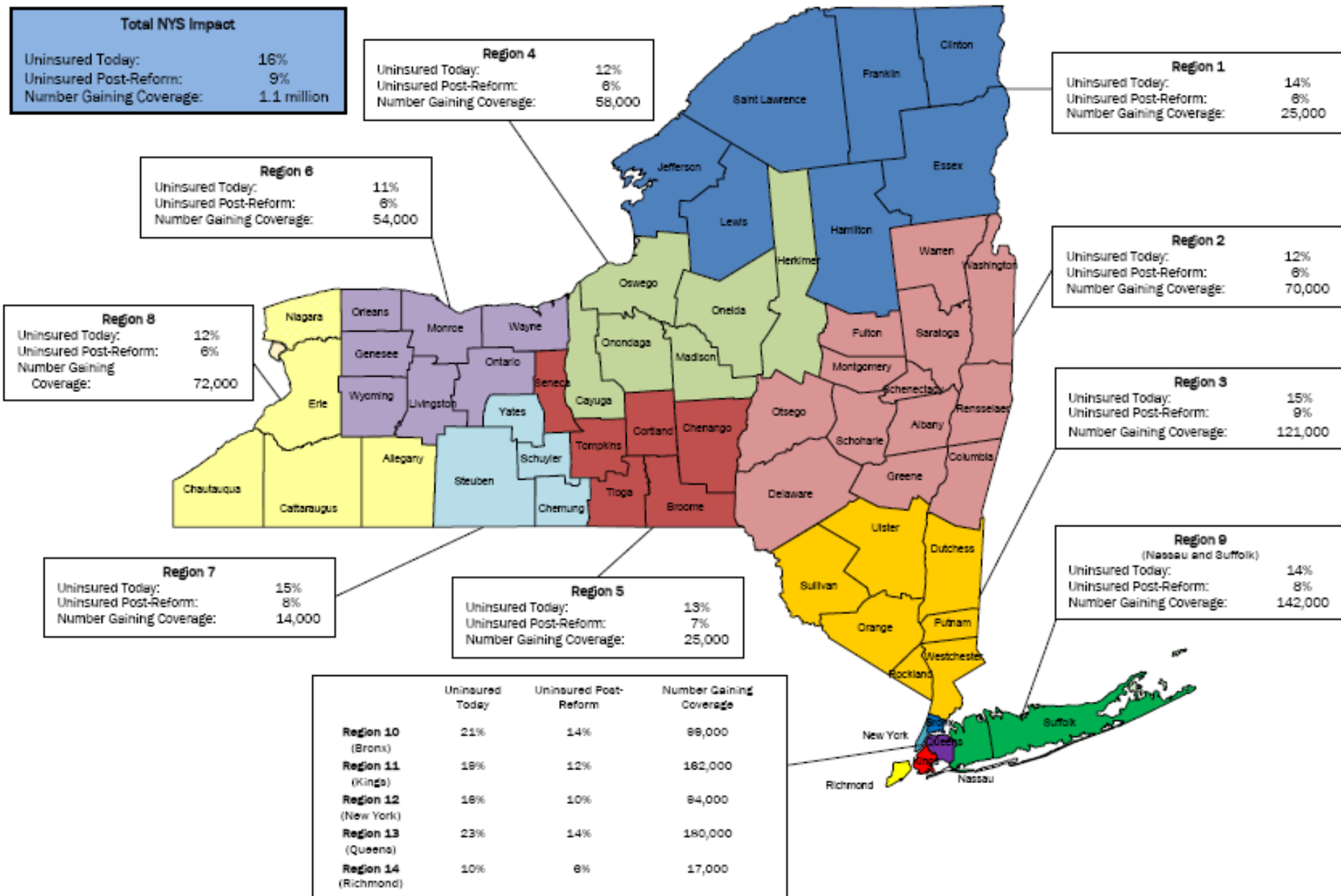
With Federal Health Care Reform, Over One Million Uninsured New Yorkers Will Gain Coverage in 2014

	Number of People
Uninsured New Yorkers who will gain coverage through the Exchange	620,000
Uninsured New Yorkers who will gain coverage outside the Exchange	120,000
Uninsured New Yorkers who will gain coverage through Medicaid	390,000
Less: Insured New Yorkers who lose coverage	(70,000)
Newly Insured New Yorkers	1,060,000

Federal health care reform will reduce the number of uninsured middle-class New Yorkers in every region of the State

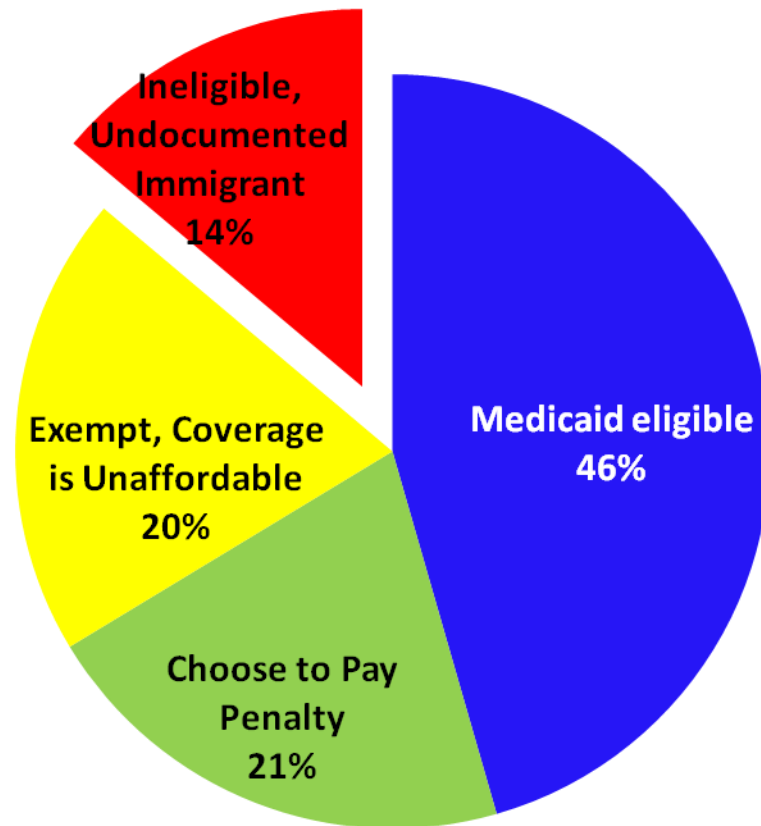
- Health reform will cut the number of uninsured in New York by 40 percent or more in every region of the State (see map)
- 600,000 middle-class New Yorkers will buy private coverage using federal tax credits that make it more affordable
- Small businesses will have access to more coverage options and help in administering health benefits so they can focus on running their businesses
- Reducing the number of uninsured will strengthen the State's health care delivery system

Impact of Federal Health Reform on New York's Uninsured



Source: 2009 American Community Survey data and the Urban Institute's Health Insurance Policy Simulation Model. Data include non-elderly persons.

Most who remain uninsured post-reform are eligible for coverage



1.7 million residual uninsured

Exchange Policy Studies

1. Essential benefits
2. Insurance market issues
 - Market Merger
 - Group Size
 - Benefit Standardization
 - Reinsurance/Risk Adjustment
 - Aligning rules with outside market
 - Definition of small group/sole proprietors outside the Exchange
3. Basic Health Plan
4. Purchasing role
5. Self-sufficiency
6. Benchmark benefits
7. Healthy NY and Family Health Plus Employer Partnership
8. Health Savings Accounts
9. Role of Navigators
10. Role of insurance producers, Chambers, business associations
11. Role of Exchange in decreasing health disparities
12. Integration of Public Health Insurance Programs
13. Large employer participation

Exchange Policy Studies

- **Essential Benefits**

- Once the Secretary issues final rules on the essential benefits package, New York will need to determine if benefits currently mandated are in the package and if not, whether the mandate(s) should continue
- Study will include analysis of costs of continuing any such benefits and mechanisms to finance such costs, as well as consideration of rules for the outside market
- RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)

- **Benchmark Benefits**

- Individuals eligible through the new MAGI category are entitled to benchmark benefits. What will that package look like? Will there be benefits that the State currently offers that should be continued? How will they be paid for?
- RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)

- **Basic Health Plan**

- ACA allows states to create a new program for individuals below 200% FPL. State considerations include: What benefits should be included? Is this a more affordable option for consumers? Is this a way to address churning and continuity issues? What impact would a BHP have on the Exchange?
- Modeling by Urban Institute is underway (Planning Grant-funded)

Exchange Policy Studies

- **Insurance Market Issues**

- Market Merger

- Whether to merge the individual and small group markets and what impact such a merger has on premiums
- Modeling by Urban Institute is underway (Planning Grant-funded)

- Group Size

- In 2016, the definition of small group will be 100 employees or less in the Exchange. From 2014 to 2016, states can define group size as 2-50 or 2-100 employees. What definition should NY use? How will this affect the market inside and outside the Exchange?
- Modeling by Urban Institute is underway (Planning Grant-funded)

- Benefit Standardization

- Whether benefits offered to individuals and small groups should be standardized inside the Exchange, or inside and outside the Exchange
- A study is underway by Wakely Consulting (Planning Grant-funded)

Exchange Policy Studies

- **Insurance Market Issues (contd)**
 - Reinsurance/Risk Adjustment
 - ACA requires states with a state-based exchange to establish a temporary reinsurance program for 2014 – 2016
 - States can choose to administer their own risk adjustment program or have HHS administer it
 - A study is underway by Wakely Consulting (RWJF/NYSHF-funded)
 - Aligning Rules with Outside Market
 - Whether insurers participating in the exchange be required to offer all health plans sold in the exchange to individuals or small groups purchasing coverage outside of the Exchange
 - Whether the individual and small group markets should be placed entirely inside the Exchange
 - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
 - Definition of Small Group/Sole Proprietors Outside the Exchange
 - Whether to revise the definition of “small employer” outside the Exchange to be consistent with the definition as it applies within the Exchange
 - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)

Exchange Policy Studies

- **Purchasing Role**
 - Should the Exchange be an active purchaser or clearinghouse? What are the advantages and disadvantages of each option?
 - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
- **Self-Sufficiency**
 - In 2015, the Exchange is required to be self-sufficient. What are the anticipated annual operating expenses of the exchange? What are New York's options for funding the exchange?
 - A study is underway by Wakely Consulting (Planning Grant-funded)
- **Healthy New York and Family Health Plus Employer Partnership**
 - What will the impact of the exchange be on these programs? Should these programs continue post-2014?
 - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
- **Health Savings Accounts**
 - Whether and to what extent HSAs should be offered through the Exchange?
 - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
- **Role of Exchange in Decreasing Health Disparities**
 - What role can the Exchange to play in reducing health disparities?
 - A study is being conducted by Center for Health Care Strategies (RWJF-funded)

Exchange Policy Studies

- **Role of Navigators**

- What should the criteria for eligibility to serve as a Navigator be?
- A study is being conducted by Wakely Consulting (RWJF-funded)

- **Role of Insurance Producers, Chambers, Business Associations**

- What role should producers, chambers, business associations play in enrolling individuals and small groups into qualified health plans?
- A study is being conducted by Wakely Consulting (RWJF-funded)

- **Integration of Public Health Insurance Programs**

- How should public health insurance programs be integrated with the Exchange?
- A study is being conducted by Manatt Health Solutions (RWJF-funded)

- **Large Employer Participation**

- The ACA provides states with the option of including large employers in the Exchange in 2017. Should New York adopt this option? Study should consider the impact on premium growth in the outside market
- This issue will be included in future study (Establishment Grant-funded)

Exchange Information Systems

- **Early Innovator Requirements Development**
- **Enrollment UX 2014 - www.ux2014.org**
- **Systems Integrator Procurement**

Additional Information

www.HealthCareReform.ny.gov

Questions regarding implementation can be sent to:

HealthCareReform@exec.ny.gov

Lisa Sbrana

lbs05@health.state.ny.us