

# Summary of Recent Exchange Regulations

Presentation to the Minnesota Health Insurance Exchange Advisory Task Force

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# Essential Health Benefits and Accreditation

- ▶ HHS issued a proposed “Mini regulation” on June 5 and published the related final regulation last week
- ▶ Final rule outlines data collection issues related to essential health benefits (EHB) and some accreditation issues
- ▶ States are still waiting for more rules related to EHB policy

# Previous Guidance on EHB

- ▶ HHS previously released guidance on EHB that allows States to choose from one of ten options to serve as a benchmark plan for each State's EHB package
  - Largest plan by enrollment in any of the State's three largest small group products
  - Any of the three largest State employee health plans
  - Any of the three largest Federal employee health plans
  - Largest non-Medicaid health maintenance organization
- ▶ If a state does not affirmatively choose from the benchmark options in the third quarter of 2012, a state will "default" into the largest plan in the largest small group product

# EHB Provisions of Final Rule

- ▶ A key issue about this approach has been lack of clarity about what source of data should serve as the authoritative source of information on which small group products are the largest in each state
- ▶ HHS will use a federal source of data ([www.HealthCare.gov](http://www.HealthCare.gov)) to determine which small group products are the largest in each State
- ▶ This data source identifies a HealthPartners small group product as the largest in Minnesota



# EHB Provisions of Final Rule

- ▶ Carriers offering the three largest small group products in each state will be required to submit more detailed data
  - Administrative data to identify the largest plan by enrollment in that product
  - Key details about the largest plan, including
    - covered benefits
    - quantitative limitations on treatment
    - data on drug coverage
    - enrollment



# Accreditation Provisions of Final Rule

- ▶ ACA requires that Qualified Health Plans offered on the Exchange be accredited
- ▶ Rule identifies the entities (NCQA and URAC) that will initially be eligible to conduct accreditation
- ▶ Accreditation will be required for each carrier at the Exchange product level (e.g. Exchange PPO, Exchange HMO, etc.)
- ▶ Accrediting entities will be required to share certain data elements on quality with Exchanges

# Regulations on Health Insurance Premium tax credits

- ▶ Final IRS regulations on health insurance premium tax credit published on May 23, 2012
- ▶ Finalizes eligibility policy for premium tax credits (PTC); additional operational details on calculation of PTC; and clarifies application of PTC policies
- ▶ Although regulations are final, IRS is accepting public comments until August 21, 2012



# Premium Tax Credit Provisions

- ▶ Confirms that premium tax credits (PTC) are available to individuals enrolling through any of the three Exchange models:
  - State Based Exchange
  - State/Federal Partnership Exchanges
  - Federally Facilitated Exchanges
- ▶ Codifies definition of “family” for purposes of calculating PTC to mean individuals for whom taxpayer properly claims a dependency exemption deduction
- ▶ Definition of Modified Adjusted Gross Income is modified to include Social Security benefits



# Premium Tax Credit Provisions

- ▶ Applicable benchmark plan in computing PTC is second lowest cost silver plan in the rating area where the taxpayer resides
- ▶ Minimum essential coverage (MEC):
  - Allows greater flexibility in allowing individuals to receive PTC while their government-sponsored MEC (e.g. Medicaid, CHIP) is being processed
  - Forthcoming regulations on minimum essential coverage (MEC) likely to clarify that government-sponsored health programs with limited benefits (e.g. family planning services under Medicaid) are not considered MEC



# Premium Tax Credit Provisions

- ▶ Several clarifications made around employer-sponsored MEC
  - Confirmed 9.5% affordability test based on cost of self-only coverage and applies to the employee only. Future guidance forthcoming on affordability for related individuals
  - Final rule defers to future guidance how to treat wellness incentives and employer HRA contributions towards determination of employer-sponsored coverage

# Premium Tax Credit Provisions

- ▶ Detailed guidance on definition and method for calculating PTC
  - Exchanges must use maximum premium tax calculator service designed by HHS and IRS and available through the federal hub connection
- ▶ Clarifications to methodology in establishing second lowest cost silver plan (applicable benchmark plan) in calculating advanced premium tax credit amount
  - Month-to-month determination and may change due to changes in the coverage family.
  - May not be a single benchmark plan that covers an entire family



# Premium Tax Credit Provisions

- ▶ Outlines process and parameters for reconciling PTC with actual household income and family size for the taxable year
  - Actual premium tax credit calculated at end of taxable year using taxpayer's household income and family size for taxable year
- ▶ Provides details on reconciliation if taxpayer fails to pay premiums in full for three months
  - Three month grace period for taxpayer, but Exchange can terminate coverage retroactive to end of first month of grace period
- ▶ Outlines HIX reporting requirements to IRS