

MINNESOTA HEALTH INSURANCE EXCHANGE WORK GROUP REPORT

Finance

March 30, 2012

Work Group Focus

The purpose of the work group is to provide technical assistance and information on the options related to ongoing financing of a Minnesota Health Insurance Exchange.

Issues for Discussion

The work group has been tasked with providing the Advisory Task Force with information about the following issues:

- What are funding options for an Exchange, including pros and cons
 - Presented December 21, 2011
- Recommendations of funding principles
 - Presented January 10, 2012
- Who benefits from an Exchange and how does that relate to funding options
 - Workgroup met February 8, 2012
 - Discussion summary below.
- What specific funding options can be used to meet estimated budget needs
 - Future discussion

In addition to these issues, the Task Force may refer additional issues to this Work Group for additional assistance and input.

Meeting Update

Finance work group work to date

The Finance Workgroup met three times in late 2011 to review funding options for a Minnesota Health Insurance Exchange. The workgroup presented to the Advisory task force on December 21st, outlining principles to consider, funding options, and pros and cons of each option. In addition the workgroup produced a set of recommendations for the Task Force to consider on January 10th, 2012.

The advisory task force requested the workgroup meet to discuss the topic of who benefits from an Exchange in the context of how should the Exchange be funded. The workgroup met on February 8th to discuss the Task Force requests. The workgroup discussion included the need to:

- Define the purpose of the Exchange
- Review estimated participation in the Exchange to better understand volume of various groups
- Categorize participation groups by direct benefit or ancillary benefit received by the Exchange

The following is a summary of the February 8th workgroup discussion.

Purpose of Exchange

Purpose of the Health Insurance Exchange is to increase health literacy of health insurance purchasers and create a more efficient market place for eligibility determination for:

- Public programs, tax subsidy and cost sharing reduction,
- Comparison shopping,
- Health plan enrollment, and
- Fund aggregation.

Participation Estimates

Participation in the Exchange for health insurance coverage/enrollment is expected to phase up beginning on 2014 to an estimated 2016 participation level of 1,150,000 individuals. Analysis on 2014 and 2015 phase in is currently underway. The table below shows the estimated participation in an Exchange in 2016 assuming the state does not implement a Basic Health Plan option and Minnesota is not required to maintain its current Medical Eligibility levels for children over 150% FPG.

Assuming BHP and/or a higher Medically Assistance eligibility levels for children would minimally impact the total estimate, but the categories would change, specifically Tax Credit recipients would decrease and Public Insurance Enrollees would increase by about 220,000 each.

Estimated 2016 Participation in a Minnesota Health Insurance Exchange

	Estimated Exchange Enrollment	% of total
Tax Credit Recipients	390,000	33.91%
Non-Tax Credit Recipients in Reform Market	70,000	6.09%
Total Individuals	460,000	40.00%
Enrollees in Firms Receiving Tax Credit	70,000	6.09%
Enrollees in Firms <50 Not Receiving Tax Credit	95,000	8.26%
Enrollees in Firms 50-99	25,000	2.17%
Total Employees	190,000	16.52%
Public Insurance Enrollees	500,000	43.48%
Total Estimated Exchange Enrollment	1,150,000	100%

Categories of benefits

Direct Beneficiaries

- Individuals purchasing insurance through an exchange
 - General benefits for all individuals using Exchange
 - Provides Navigator/broker services for assistance
 - Provides information to aid in selecting appropriate plan
 - Provides easier transition between markets for public assistance, tax credit and employees of small firms from/into other markets
 - Provides potential for reduced costs with risk pooling
 - Benefits for specific individuals
 - Provides individual eligibility determination for Medical Assistance
 - Provides individual eligibility determination and processing of advance premium tax credit
 - Provides individual eligibility determination and processing of cost sharing reductions
 - Provides potential for reduced costs with risk pooling, eligibility for advance premium tax credit and cost sharing reductions.
 - Provides options for other individuals choosing to purchase through exchange
 - Provides health plan choice and enrollment for employees of small business purchasing through exchange
 - Provides option to pool resources for employees with multiple sources of payment
 - Small business owners
 - Provides information to aid in selection appropriate plan(s)
 - Provides options for defined contribution
 - Provides administrative relief in managing health plan choose and enrollment
 - Provides Navigator/broker services for assistance
 - Provides information on tax credit eligibility for certain small businesses
- Insurers – direct benefit
 - Provides apples to apples comparison of products sold on Exchange
 - Provides a distribution channel to sell products to certain groups (APTC individuals and small business)
 - Provides member months purchased through Exchange
 - Provides opportunity to reduce administrative costs
 - Provides fund aggregation for members with multiple sources of payment

Ancillary Benefits

- General public
 - Provides for general provider and plan information, cost and quality information

- Provides for potential state savings
- Provides for exception process to individual mandate
- Provides for transition between markets
 - Individual losing coverage due to job loss, reduction of hours, etc.
- Increased coverage potentially could lead to decreased uncompensated care, improved public health, and reduced health care costs overtime

Upcoming Meeting Topics

May/June 2012 through December 2012

- Merge with Governance Workgroup
- Begin detailed discussion/review of funding options to meet estimated budget needs