

Minnesota Health Insurance Exchange

Senate Commerce Committee
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Overview

- What is an Exchange?
- Goals of an Exchange
- Components of an Exchange
- What has been done to date
- What's next
- Key issues

What is an Exchange?

A new marketplace where Minnesotans can find, compare, choose, and get quality health care coverage that best fits their needs and budget – starts in 2014.

The image displays two overlapping screenshots of the Minnesota Health & Human Services Exchange Prototype website.

The top screenshot shows the main navigation bar with the following links: [Home](#) | [How to Use](#) | [Request Exemption](#) | [Health Insurers](#) | [About the Exchange](#). The main heading reads "Welcome to the Health Insurance Exchange" and "Use this site to shop for and compare health plans from our major health in...". Below this is a large image of a family (a woman, a man, and a child) in a field. To the right of the image is a "What would you like to do?" section with a "GET STARTED" button and a "Login to an existing account" section with fields for "User ID:" and "Password:" and a "LOGIN" button.

The bottom screenshot shows the "Minnesota Health & Human Services Exchange Prototype" login page. It features a search bar with the text "START HERE: Click the '?' icon to view detailed Guidance on the Prototype Homepage". Below the search bar is a "Welcome to the Minnesota Exchange Prototype" section with a "Find out if you are eligible for assistance and purchase your health plan online." message and "Open Enrollment now until March 1, 2012." Below this are three buttons: "Apply for Assistance & Purchase Plans", "Purchase Plans", and "Get Cash/Food Assistance". To the right is a login form with fields for "Username", "Password", and "Forgot password? Click here.", and an "Log In" button.

Below the login form are several informational sections:

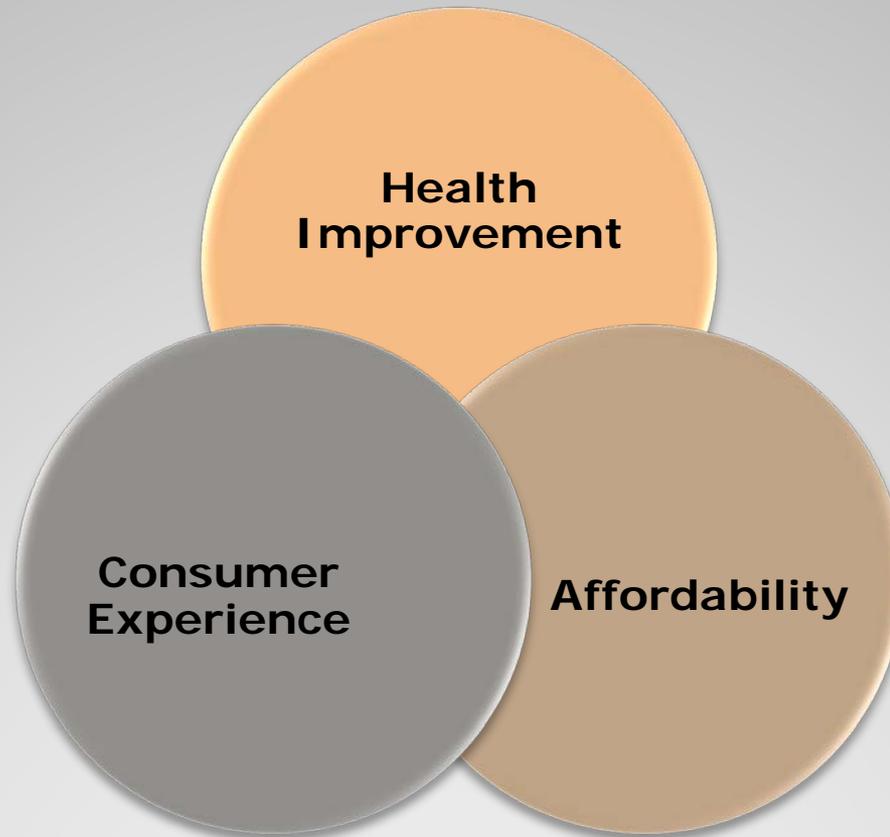
- How this Site Works:** You can check eligibility for assistance, shop for and compare assistance offerings, and apply for assistance. Alternatively you can go straight to purchase health plan online. Links: [Frequently Asked Questions](#), [View a Demo](#).
- What is Health Care Reform?:** Health care reform makes health care more affordable, holds insurers more accountable, expands coverage to all Americans and makes our health system sustainable. Links: [Health Care Reform Act](#), [Health Care Insurance Explained](#).
- Quality Assured Health Care Providers:** Information on the standards and practices that providers need to meet in order to participate in the exchange. Link: [View list of qualified providers](#).

At the bottom, there is a calculator section titled "How will the Health Reform Act affect my household?". It includes a "How you might be affected." section with the instruction "Answer the questions on the left to see how you might be affected." and a form with the following questions:

- How many people are in your household?
Adults: Children:
- What is the annual income of your household?
\$

A "Check" button is located at the bottom right of the calculator form.

Goals of an Exchange – Promote the Triple Aim



Goals of an Exchange – Address Barriers to Competition

Imperfect Information

Lack of Consumer Engagement

Barriers to Health Care Market Competition

Lack of Mobility and Portability

Too Few Sellers

Goals and Opportunities of an Exchange

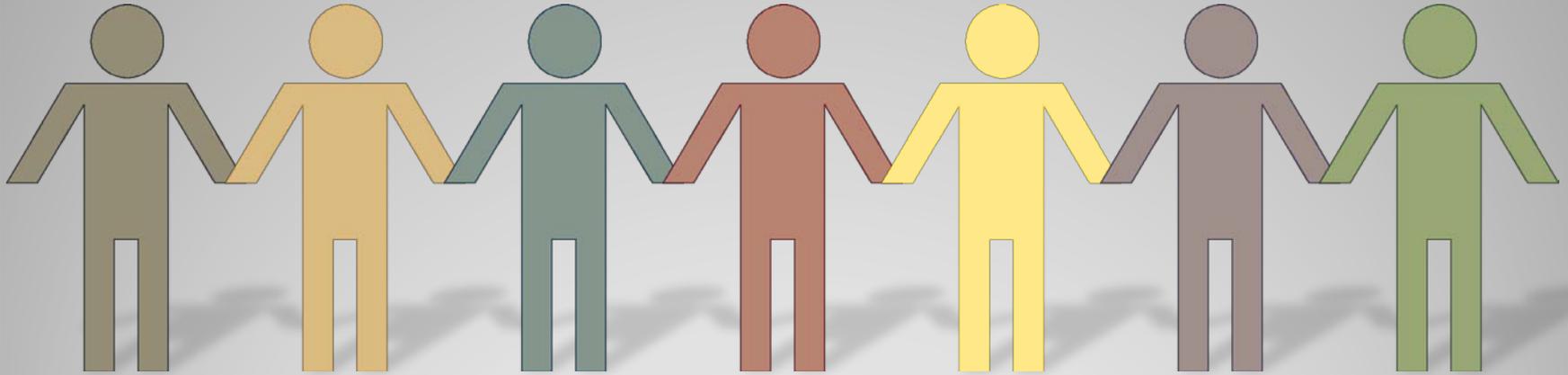
Advance the Triple Aim

- Simple one-stop shop
- Streamline access to public and private coverage
- Financial assistance for individuals and small businesses
- Promote quality and improved health outcomes through competition on value

Enhance Market Competition

- Transparent “apples to apples” comparison information
- Foster market competition on value and affordability
- Engage consumers in well-informed decision making
- Choice, mobility, and portability
- Reduce barriers to entry for newer and smaller insurers

Projected Participation – 1.3 million Minnesotans



**Individual
Consumers –
450,000**

**Small Businesses
and Employees –
160,000**

**Medical Assistance
Enrollees –
690,000**

Exchange Components: Eligibility

- **Individuals:**
 - General **Individual Market**
 - **Individual Subsidies** (138-400% FPL): Through Exchange to those not eligible for “affordable” employer coverage. Subsidies limit “Silver plan” premiums to 2 - 9.5% of income and cost-sharing subsidies limit actuarial value to 94 - 70%.
 - **Medicaid Eligibility** (<138% FPL)
 - **Basic Health Plan/other options** (138-200% FPL)
- **Small Groups:**
 - Eligible up to 100 employees, state can limit to 50 employees until 2016
 - Sliding scale tax credits through Exchange for 2 years for up to 50% of employer premium portion for < 25 employees and < \$50,000 average wage
- **Large Groups:**
 - May be allowed to participate in 2017 at state discretion

Exchange Components: Functions

- Provide one-stop shop including a call center and website
- Ensure health insurance plans meet certain standards
- Provide comparative information on health benefit plans, costs, quality, and satisfaction using a standard format
- Provide assistance online, by phone, by mail, and by fax
- Facilitate “real-time” eligibility and enrollment
- Determine eligibility for individual and employer tax credits, Medicaid, and coverage requirement exemptions
- Process appeals for determinations
- Establish a “Navigator” program
- Additional functions for small employers: Employee choice and premium aggregation
- Comply with numerous federal oversight, auditing, and reporting provisions

Exchange Components: Market Rules

- **Benefit, Rating, and Issue Rules:** Apply to all individual and small group plans inside and outside the Exchange not “grandfathered”
 - **Benefit Rules:** Must provide essential benefits and fit an actuarial level (Bronze, Silver, Gold, Platinum, or “Catastrophic”); small group deductible limits \$2,000/\$4000
 - **Rating and Issue Rules:** Premium variation based on health status prohibited. Rating variation limited to tobacco use (1.5:1), age (3:1), geography, and family composition. Guarantee issue.
- **Premiums:** For the “same plans” inside and outside Exchange must be the same
- **Open Enrollment:** Applies inside and outside Exchange in proposed rules

Exchange Components: Plan Certification

- Marketing criteria
- Network adequacy requirements
- Accreditation
- Disclosure of information
- Implementation of a quality improvement strategy
- Utilization of a standard format for comparing plan options
- Utilization of a uniform enrollment form/process
- Health plan offering of at least 1 “Silver” and 1 “Gold” plan
- Multi-state plans within 4 years – potentially different rules
- Plans may start filing the end of March and must file by mid May to participate in October 1, 2013 open enrollment

Exchange Components: Risk Sharing

- **Reinsurance:** From 2014-2016 reallocates \$25 billion to individual market plans inside and outside Exchange with high risk individuals. Funded by fully and self insured plans. National redistribution in proposed rules.
- **Risk Corridors:** From 2014-2016 for individual and small group plans - will operate similar to Part D program.
- **Risk Adjustment:** Permanent risk sharing mechanism for individual and small group plans inside and outside Exchange.
- **Risk Pooling:** Individual market plans inside and outside Exchange are in same risk pool. Small group plans inside and outside Exchange are in same risk pool.
- **Market Merger:** States may merge their individual and small group market risk pools. Merged markets would allow defined contribution into individual market for true portability.

Exchange Components: Operation

- **Governance:**

- Government entity
- Quasi public-private entity
- Private non-profit entity established by the state
- State-Federal partnership
- Federally facilitated Exchange

- **Financing:**

- HHS to fully fund states for Exchange start-up through 2014. Starting in 2015, Exchange must be self-sustaining.
- Federal funding for Navigators not allowed in 2014 – but funding allowed for in-person assister program

Minnesota's Choice

Option 1:
State Based Exchange

Option 2:
State Partnership Exchange

Option 3:
Federally-facilitated Exchange
without Partnership



State vs Federal Considerations



- Minnesota is unique:
 - Long history of public and private health reforms
 - Strong regulatory environment
 - Nation-leading bipartisan reforms to improve value
- Plan Management: Certification requirements and process
- Customer Service
- Navigator and Broker Programs
- Financing
- Comparison Data: Cost, Quality, and Satisfaction
- Medicaid Interactions

What is the Blueprint?

The Blueprint is the application describing readiness to perform Exchange activities and functions to the U.S. Department of Health and Human Services (HHS) for states seeking approval to operate a State-based Exchange.

Application Components

- 1.0 Legal Authority and Governance
- 2.0 Consumer and Stakeholder Engagement and Support
 - Includes stakeholder consultation, Tribal consultation, outreach and education, call center, website, Navigators and Agents/Brokers
- 3.0 Eligibility and Enrollment
- 4.0 Plan Management
- 5.0 Risk Adjustment and Reinsurance
- 6.0 Small Business Health Options Program (SHOP)

Application Components

- 7.0 Organization and Human Resources
- 8.0 Finance and Accounting
- 9.0 Technology
- 10.0 Privacy and Security
- 11.0 Oversight, Monitoring and Reporting
- 12.0 Contracting, Outsourcing and Agreements

Minnesota Receives Conditional Approval

- Submitted application on Nov 16, 2012
- Received conditional approval on Dec 20, 2012
- 18 states and DC conditionally approved
- States may receive conditional approval if they have made significant progress and can demonstrate they will be ready for operation by October 1, 2013
- States that receive conditional approval have negotiated an agreement with HHS that specifies conditions for future approval including milestones and operational readiness assessments

Key Values



Simple - yet robust, trusted, and secure



Streamlined - same experience regardless of coverage type



Consumer Engagement – enable well-informed choices by providing information that is understandable, comparable, and easy to use



Foster Fair Competition – by insurers and health care providers on value and service



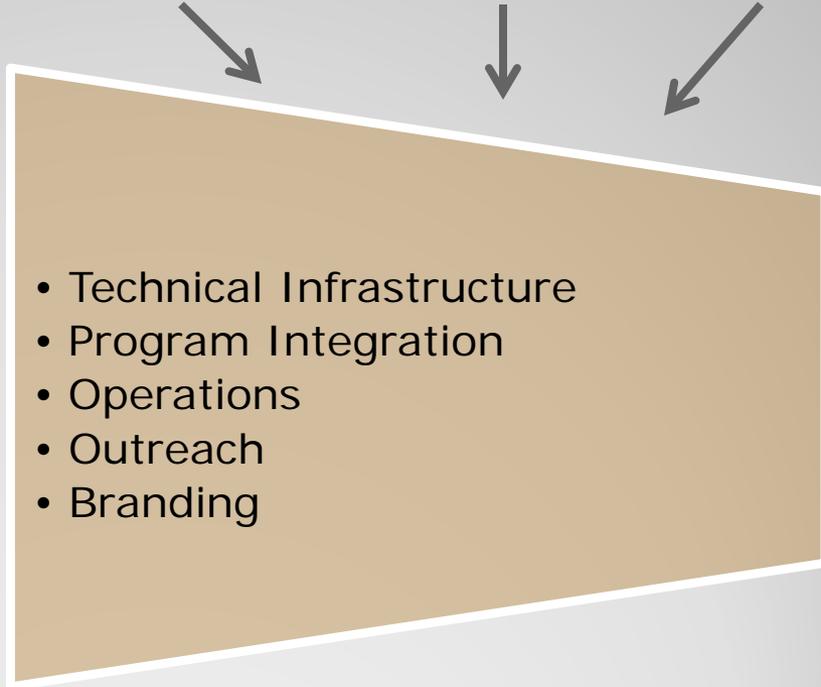
Cost Effective – use what works but take the opportunity to eliminate existing duplication and create more efficient processes



Flexible – adaptable and scalable to changing needs

Grant Funding

Federal Grant of \$1 M February 2011	Federal Grant of \$4.2 M August 2011	Federal Grant of \$23.3 M February 2012	Federal Grant of \$42.5 M August 2012	Expected Federal Grant of \$39.2 M January 2012
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Stakeholder Engagement

Advisory Task Force

Task

Advises Administration on the design and development of a Minnesota Health Insurance Exchange

Composition

15 members represent a balance of interests, including consumers, employers, labor, health care providers, health insurers, Medicaid, agents and those with experience navigating health plan enrollment, and experts in public and private health care markets and public health improvement

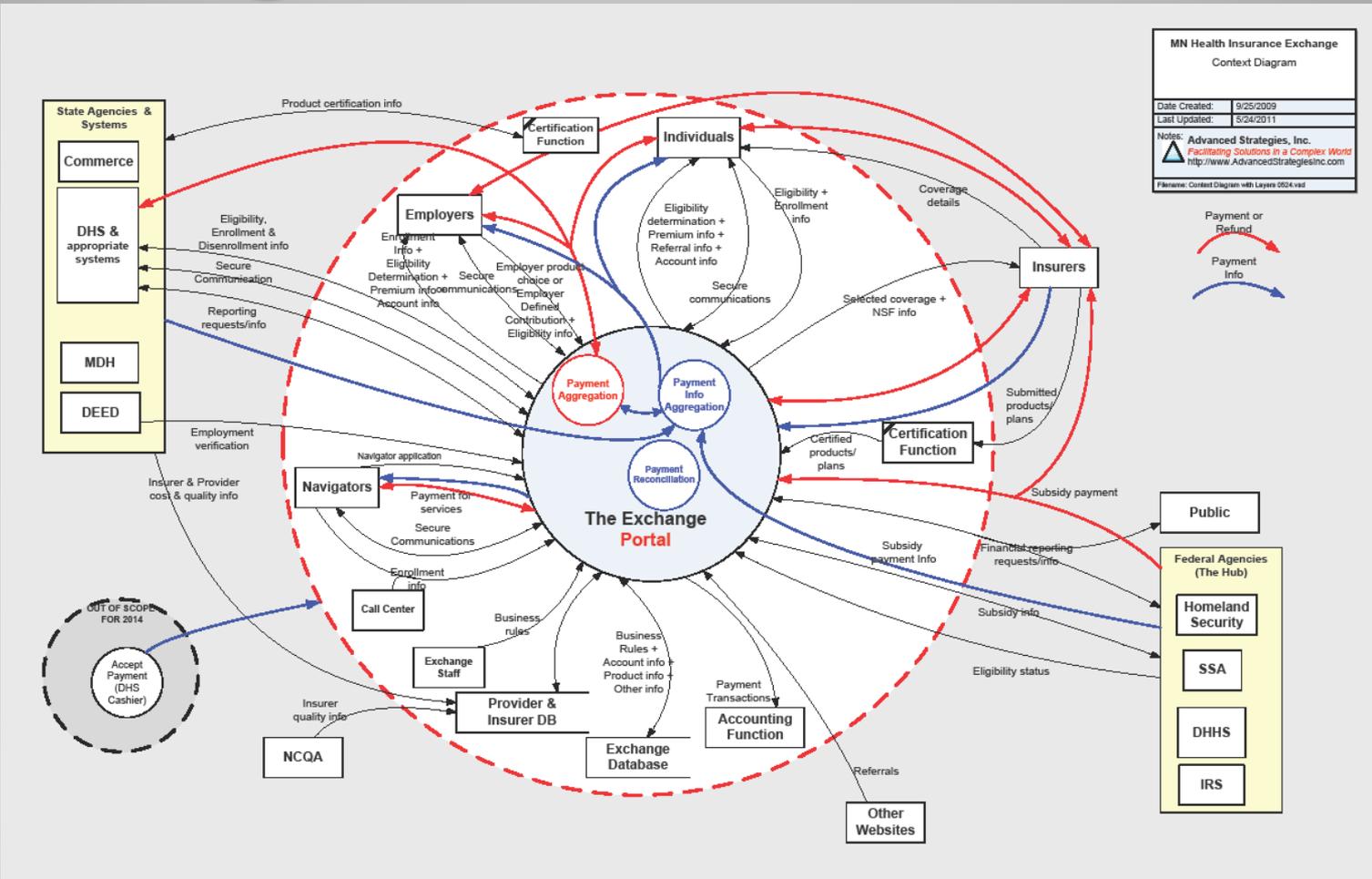
Stakeholder Engagement

Technical Work Groups

Develop, discuss, and provide technical assistance on options to the Health Insurance Exchange Advisory Task Force

Adverse Selection	Measurement and Reporting
Finance	Navigators
Governance	Outreach, Communications and Marketing
Individual Eligibility	Small Employers and Employees
IT and Operations	Tribal Consultation

Exchange Interactions



The User Experience

Helps to design a user experience that is responsive to people's different needs, desires and expectations.



Passenger

Get it done for me

How they want to engage: Hands-off

How they want to feel: Unburdened

What they're willing to give up: Control for convenience



Apprentice

Hold my hand

How they want to engage: Hands-on

How they want to feel: Like they're doing the right thing and making appropriate decisions

What they're willing to give up: Speed, convenience, and flexibility



Manager

Keep me posted

How they want to engage: Only when needed for oversight and approval

How they want to feel: Confident and well represented; that their time is used effectively

What they're willing to give up: A certain degree of control over the process



Engineer

Get out of my way

How they want to engage: Detail by detail

How they want to feel: Equipped to make decisions and changes when necessary

What they're willing to give up: Very little



Assister

How can I best help you?

How they want to engage: Meet consumers where they are

How they want to feel: Like they're providing a valuable service

What they're willing to give up: Many of the easier cases

User Experience Principles

Grounded in different user needs and serve to inspire creative solutions to address those needs

Give Me Direction



Keep Me Moving



Support Me My Way



Next/Ongoing Steps

Legislation by
March 31, 2013

- Governance
- Financing
- Plan standards, participation, and process
- Customer Service, Navigators, Brokers

Business
Operations

- Customer Service/Call Center
- Navigators/Brokers
- Plan certification and comparison info
- Eligibility and enrollment
- Premium processing

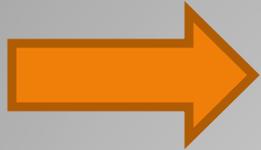
Technology

- Hardware/software
- Federal Hub
- Privacy/Security
- Program Integration

Outreach &
Marketing

- Branding – Name/Logo for the Exchange
- Messaging
- Outreach – TV, radio, social media, etc.

Key Issues



Governance



Financing



Plan standards, participation, and process



Navigators and Agents/Brokers

State Exchange Decisions for 2014

- State-Based Exchange: 18 States
 - Legislation: 10 States (CA, CO, CT, HI, MD, MA, NV, OR, VT, WA)
 - Executive Order: 4 States (KY, MS, NY, RI)
 - No Legislation/Exec Order: 4 States (ID, MN, NM, UT – not for individual)
- Partnership Exchange: 6 States
 - AR, DE, IA, IL, NC, WV
- Federal Exchange: 26 States

Governance Considerations

- **Type:** State, public/private, nonprofit
- **Board Structure:** Size, compensation, terms, appointing authority, conflict of interest
- **Task Force Recommended Principles:**
 - **Efficacy:** Ability and independence to effectively perform responsibilities
 - **Sustainability:** Continuity – protection from undue political influence, financial viability
 - **Strategic Responsiveness/Operational Flexibility:** Responsive to rapidly changing markets to meet consumer needs, attract enrollment, and be financially viable
 - **Accountability:** Ethics, open meetings, data practices

Governance: State Comparisons

- **Type:** State (1), public/private (8), nonprofit (1)
- **Board Structure:**
 - Size (10 members on average)
 - Conflict of interest – No (6), Yes (3)
 - Appointing Authority – Gov (4), Gov/Leg (4), Gov/AG (1)
- **Principles:**
 - **Strategic Responsiveness/Operational Flexibility:**
 - Subject to rulemaking process – No (8), Yes (2)
 - Subject to procurement/other administrative processes – No (8), Yes (2)
 - **Accountability:** All subject to open meetings, ethics, data practices

Financing Considerations

- For the 2014 benefit year HHS proposes a service fee/withhold from premiums equal to 3.5% of the premium charged by insurers for plans sold through Federal Exchange.
 - Federal Exchange has reserved the right to increase this
 - The comparable percent for the Minnesota Exchange is estimated to be lower than this percentage
- State Comparisons:
 - 6 states using similar financing mechanism, 4 states still discussing/refining
 - Of states with known budgets, NV and MN are lowest cost

Plan Standards, Participation, and Process

- Standards:
 - All states allow Exchange to set certification standards – some with legislative direction
 - 2 states working to ensure rules same inside and outside Exchange
- Participation:
 - Allow Exchange to select plans for participation – No (4), Yes (6)
 - Other participation/plan offering requirements inside and outside Exchange (5)
- Process:
 - In all states regulatory entities enforce either all or part of the certification standards
 - Most states are going to use SERFF

Navigators and Agents/Brokers

- Exchanges must have a Navigator program that:
 - Performs certain requirements (education, impartial information, facilitate enrollment, provide other assistance and complaint referrals, provide culturally/linguistically appropriate info/assistance) – Not sell or negotiate
 - Includes at least two types of eligible entities from a proscribed list, one must be community non-profit
 - Can not require producer licensure or E&O insurance
- Exchanges may also have separate programs for Brokers, In-Person Assistants, and Web Brokers:
 - Must comply with federal standards for training, conflict of interest, and privacy/security
 - Can assist with tax credits
 - Multiple compensation options - 1 state Exchange pays brokers

Questions?

mn.gov/HealthInsuranceExchange
healthreform.mn.gov
healthcare.gov

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