



**Mississippi Health Insurance Exchange Advisory Board**

**Mississippi Insurance Department**

**Commissioner Mike Chaney**

**October 10, 2012**

**Jackson, Mississippi**

# Updates & Announcements

**Adoption of  
Advisory Board Meeting Minutes  
from September 12, 2012**

# **Final Recommendations from Advisory Subcommittees on Employer Participation**

# Value for Small Employers

**Products and services the Small Employer Exchange can provide that would be of the most value include:**

- Simple Exchange processes
- Multiple health plan options for employees
- Detailed guidance about participation for small employers
- Tools and services that relieve administrative burdens
  - Aggregated billing
  - Employee assistance
  - Comprehensive comparison tool
  - ‘Health coach’ concept
  - Calculation of small business tax credit
  - Streamlined process for transitioning an individual from the Small Employer Exchange to the individual exchange, and vice versa

# Small Employer Participation

## Participation rate requirements are important, but should be approached with caution

- Pro: safeguards against adverse selection
  - Should be set at current state carriers' common participation requirements
- Con: could be a barrier to participation in the Small Employer Exchange if set too high
- Everyone who wants to participate in the SHOP should have the opportunity

# Small Employer Participation

## Other Participation Considerations

- Monetary incentives
  - Tax incentives
  - Gift Cards
- Possibility of increasing the participation eligibility to businesses with 100 or fewer employees
  - It may increase the pool of participating employees and increase plan portability
  - Nevertheless, participation eligibility should remain with businesses with 50 or fewer employees for simplicity in starting the exchange

# Defined Contribution Plans

## Defined Contribution Plans: Pros

- Can attract employers who currently do not offer insurance
- Without it, there is little incentive for small groups who currently offer insurance to use the Exchange
- Availability of premium aggregation offers significant value to families

## Defined Contribution Plans: Cons

- There is a potential for cost-shifting from employers to employees
- There is also a shift in risk and responsibility to the employee



# Defined Contribution Plans

## Minimum contribution requirement should be balanced

- High employer requirement may discourage employer participation
- High employee contribution may discourage employee participation

# Additional Recommendations

- Training for agents, employees, & employers on defined contribution should be provided
- Exchange needs to include an education element
  - Consumers who choose a High Deductible Health Plan need to know that they have opportunity to establish a Health Savings Account on the exchange, and perhaps be led to create one.

# **Employer Participation Advisory Board Discussion**

# Market Research

# The Mississippi Health Insurance Exchange: *Health Reform Recommendations*

The State of Mississippi, by and through the Mississippi Insurance Department, commissioned Leavitt Partners and Cicero Group to research and develop a series of health policy recommendations based on state-wide stakeholder consultations. The following slide deck is an aggregation of those recommendations.

Among these stakeholders were primary care physicians, health insurance brokers, hospital executives, health plan executives, and state legislators.

All stakeholders were either pre-informed of the PPACA reforms, or received sufficient education (during the interview). Stakeholders were then interviewed regarding the impacts they anticipated in their markets, as well as their recommended solutions to the challenges they expect.



*Mississippi  
Insurance  
Department  
Health Reform  
Report*

## **In order to maximize interview participation among all stakeholders, the following strategies were implemented:**

- Over 1,500 phone calls to physician clinics, hospitals, specialty practices, health organizations, non-profit health entities, state legislators, health plan executives, and government agencies
- 1,200 personalized direct mail pieces sent to hospital executives and primary care physicians
- 2,000 email invitations sent to hospital executives, primary care physicians, brokers, state legislators, and health plan executives

# REPORT METHODOLOGY: Part 2 of 3

Stakeholder	Screening Criteria	Number of Interviews
<b>Primary Care Physician:</b>	<p>Participants were required to:</p> <ul style="list-style-type: none"> <li>• Be a primary care physician</li> <li>• Be licensed to practice in Mississippi</li> <li>• Currently be practicing in Mississippi</li> <li>• Not be employed by a hospital system</li> </ul>	11
<b>Hospital Executives:</b>	<p>Participants were required to:</p> <ul style="list-style-type: none"> <li>• Currently work at a Mississippi hospital</li> <li>• Not work at a VA or military hospital</li> <li>• Hold a VP (or equivalent) position or higher</li> <li>• Work in position that deals with one of the following: strategy, operations, marketing, public/government relations, or policy</li> </ul>	17
<b>Brokers:</b>	<p>Participants were required to:</p> <ul style="list-style-type: none"> <li>• Be licensed to sell insurance in Mississippi</li> <li>• Be an active broker in Mississippi</li> </ul>	5
<b>Health Plan Executives:</b>	<p>Participants were required to:</p> <ul style="list-style-type: none"> <li>• Offer small group or individual plans in the Mississippi market</li> <li>• Cover &gt;5,000 Mississippi residents</li> </ul>	5 across 3 carriers
<b>State Legislators:</b>	<p>Participants were required to:</p> <ul style="list-style-type: none"> <li>• Currently hold a House or Senate seat in Mississippi</li> <li>• Currently serve on the Insurance Committee in either the State House of Representatives or State Senate</li> </ul>	17

## Advisor Engagement

- Joel Ario – Former Director of the Office of Insurance Exchanges at HHS
- Dr. Jim Madara – Current CEO of the American Medical Association and former dean of the University of Chicago Pritzker School of Medicine.
- Dr. Barry Straube – Former Chief Medical Officer for the Centers for Medicare and Medicaid Services
- Ray Scheppach – Former Executive Director of the National Governors Association



# SECTION 1

## Insurance Market Reforms

Legislating  
New Reforms

**Adhere to PPACA-prescribed  
timelines**

Legislating  
New Reforms

**Focus on meeting basic  
regulatory requirements of  
PPACA; nothing more**

# SECTION 2

## One, Mississippi Risk-Pool Stability

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Don't cap the number of health insurers or insurance products on One, Mississippi; develop intuitive search optimization tool**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Allow ancillary insurance  
products on One, Mississippi**

Participation

**Adverse  
Selection**

Limit  
Restrictions

Education &  
Outreach

Consumer

**Same Bronze/Catastrophic  
coverage inside and outside  
of the exchange**

Participation

**Adverse  
Selection**

Limit  
Restrictions

Education &  
Outreach

Consumer

**Monitoring of inside and  
outside exchange products  
for price disparities  
exceeding 10%**



Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Impose consistent solvency standards to inside and outside of the exchange insurance products**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Create user-friendly metrics  
that provide insight into  
insurer business practices  
through One, Mississippi**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Target community-based  
Navigators and provide  
training and certification**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Insurers assign One, Mississippi as their managing general agent and pay a flat fee for each plan sold**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Empower MID to approve or  
reject rate increases for  
product inside and outside of  
the exchange**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Define a qualitative network  
adequacy standard**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Adopt NAIC standard in  
preventing benefit design  
discrimination**

Participation

Adverse  
Selection

Limit  
Restrictions

Education &  
Outreach

Consumer

**Don't limit marketing  
activities; but do define a  
standard**



**Expand  
Competition**

**Employer  
Participation**

**Engage national health  
insurance carriers to  
participate in Mississippi**

**Expand  
Competition**

**Employer  
Participation**

**Defer accreditation  
requirements to 2016**

**Expand  
Competition**

**Employer  
Participation**

**Allow integrated provider  
systems to apply for and sell  
product on One, Mississippi**

**Expand  
Competition**

**Employer  
Participation**

**Standardize tax treatment of  
carriers on One, Mississippi**

Expand  
Competition

Employer  
Participation

**Develop a strong SHOP  
option with “employer  
choice” features**

# **SECTION 3**

## Ensure Risk-Pool Stability Through the Supply-Side

# SECTION 4

## Payment & Delivery System Reform

# SECTION 5

## Risk-Adjustment



## Models

**Initially, defer to the HHS risk-adjustment model with the goal of a Mississippi-based model in subsequent years**

## Models

**Defer the three-year  
reinsurance program to the  
federal government**

# LP's General Recommendations

- 1) Reforms that prevent adverse selection and promote stable risk pools in One, Mississippi should be consistent on and off the exchange and should allow for maximum flexibility
- 2) In order for risk-pool stability, Mississippi will need to address the state's supply issues

# **Introduction to Exchange Market Regulation**

# Exchange Functions

- An exchange must provide these (and other) core functions:
  - Certification, re-certification and de-certification of plans
  - Assignment of a price and quality rating for listed plans
  - Standardized presentation of plan benefit options
  - Certification of individuals exempt from the individual responsibility requirement

# Certification

- An issuer must demonstrate that each health plan offering is a Qualified Health Plan (QHP)
- The Exchange must determine that each QHP serves the interests of the consumer or employer
  - Exchange may not exclude a plan based on price controls or designation as a fee-for-service plan
- Insurers must meet additional guidelines
  - Benefit standards for each QHP are met (EHB, cost-sharing limits, metal tier designation)
  - Licensed and in good standing
  - Quality improvement strategies are implemented and reported on

# “Metal Tiers”

- 4 Tiers: bronze, silver, gold, platinum
- Each tier corresponds to an Actuarial Value (AV)
- AV = percentage of health care costs the plan is expected to cover

Tier	Actuarial Value (AV)
Bronze	60%
Silver	70%
Gold	80%
Platinum	90%

# Plan Rating

- Issuers must offer the same premium rate for each QHP, without regard to whether it is offered inside or outside the exchange
- Premiums may vary depending on geography
- Rates must be set for an entire year
- Prior to a rate increase, the issuer must submit justification for the increase
- QHPs must also be given a quality rating based on relative quality and price



# Standardization

- Exchange must maintain an up-to-date website that provides standardized comparative information. Some include:
  - Premiums
  - Cost-sharing
  - Summary of benefits
  - Metal tier identification
  - Quality ratings
  - Enrollee satisfaction survey results
  - Provider directory
  - Others

# Oversight Responsibilities

- Exchanges must ensure plan compliance with regulatory standards established by HHS in the following areas:
  - Marketing, network adequacy, accreditation for performance measures, accreditation for performance measures, and uniform enrollment procedures
  - Information on the availability of in-network and out-of-network providers
  - Review and posting of past premium increases and plan justifications for current rate hikes
  - Public disclosure of plan data (e.g., claims handling policies, financial disclosures, enrollment data, rating practices)

# Market Regulation Questions

- What should be the minimum requirements for a carrier to operate on an exchange?
- How should provider network adequacy be determined?
- What should the standard format for presenting coverage options to consumers look like?

# Network Adequacy

- HHS generally recommends that states defer to the current NAIC standard:
  - Providers should be accessible without unreasonable delay
- Moving forward, Mississippi may want to develop its own standard for network adequacy

# Insurer Participation Requirements

- Insurers participating on the exchange must offer at least one silver-level plan and one gold-level plan
  - Bronze, silver, gold, or platinum (i.e., “metal level”) refers to the actuarial value of the plan’s cost-sharing features
- Insurers must offer a child-only plan with coverage levels equal to other QHPs
- Insurers must charge the same premium rate for each of their QHPs regardless of whether they are offered through the exchange or directly through an agent
- Plans offered on the exchange must comply with state insurance laws and federal requirements in the Public Health Service Act

# **Other Business & Closing Remarks**



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