

STATE HEALTH INSURANCE EXCHANGE

MISSISSIPPI INSURANCE DEPARTMENT
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What Is An Exchange?

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- Essentially a marketplace for major medical insurance.
- Travelocity, Expedia, Priceline – One stop shop for health insurance.
- This is perhaps an **Underestimate** in that the Exchange:
 - Will be a massive undertaking
 - Will affect millions of Americans
 - Will provide many services beyond simply offering different insurance products for sale.

What Do We Know About the Exchange?

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Unfortunately, not much at this point

The Details are in the Regulations...

**The expected 1000s of pages of Regulations
are not out yet.**

We Are Not Completely In the Dark

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The Affordable Care Act (ACA) provides us with a foundation.

We know:

- That by **January 1, 2014**, each state shall establish an American Health Benefit Exchange to sell individual and small group major medical policies.
- By **January 1, 2013** the Secretary of Health and Human Services (HHS) will determine whether each state will have an effective mechanism in place to run an Exchange by January 1, 2014, and if not, then the Federal government will step in to run the Exchange for the state.
- Only qualified health plans offering essential benefits and certified by the Exchange may be offered through the Exchange.

Four Levels of Coverage Will Be Available

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- **Bronze** – covers 60% of actuarial value of benefits
- **Silver** – covers 70% of actuarial value of benefits
- **Gold** - covers 80% of the actuarial value of benefits
- **Platinum** – covers 90% of the actuarial value of benefits

Small Group and Individual Coverage Will Be Offered

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- Small Group is defined under ACA as 1-100 employees.
- The State has the option of limiting this to 1-50 employees until January 1, 2016.
- MID is suggesting that small group be limited to 1 – 50 employees until January 1, 2016.

An Exchange Must

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- Certify and Decertify qualified health plans;
- Operate a toll-free hotline;
- Maintain a Web Portal with Standardized Information;
- Assign a Rating to each plan;
- Utilize a standard format for presenting insurance options;
- Determine eligibility for Medicaid, CHIP or other applicable state or local public programs;
- Make available a calculator to determine the actual cost of coverage after subsidies;
- Certify whether an individual is exempt from the coverage mandate;
- Transfer to the Treasury a listing of exempt individuals and employees eligible for tax credit;
- Provide to each employer the name of employees eligible for a tax credit; and
- Establish a Navigator program.

Beginning in 2017

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- States may choose to allow insurers to offer large group plans through the Exchange

Subsidies, Tax Credits and Mandates

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Subsidies will be available through the Exchange for individual taxpayers whose household income falls between 100% and 400% of the Federal Poverty Level (FPL)

- **400% of FPL** is approx. **\$88,000**.
- Therefore, a large portion of Mississippians will be eligible for some level of federal subsidy.
- This **Subsidy** will equal the difference between a percentage of household income and the second lowest cost **silver level plan** available through the Exchange.
- These subsidies will be paid by the **Federal Government** directly to the **insurer** and will **only** be **available** through the Exchange.

Individual Mandates

- In 2014, unless exempt, all individuals must maintain minimum essential coverage or pay a tax penalty that starts out at \$95/year for each covered family member and eventually increases to \$695/year per family member for 2016 and beyond.

Tax Penalties for Employers with more than 50 Employees

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1. If an employer fails to offer minimum essential coverage and one of its employees receives a subsidy through the Exchange, it will be subject to a penalty of \$2000 per employee.
2. If an employer offers coverage and one or more employees receives a subsidy through the Exchange, then the employer will be subject to a penalty of \$3000 per employee receiving a subsidy up to an amount not to exceed \$2000 times the total number of full time employees.
 - The first 30 employees are to be disregarded when calculating the number of employees for these tax penalties; and
 - Employers with 50 or fewer employees are exempt.