What is an Exchange?

- Essentially, an Exchange is a marketplace for major medical insurance.

- A one-stop shop for health insurance -- similar to Travelocity, Expedia, and Priceline.

- This is perhaps an underestimate in that the Exchange:
  - Will be a massive undertaking;
  - Will provide many services beyond simply offering different insurance products for sale;
  - The web portal comparison piece is just the “tip of the iceberg.”
Minimum Requirements for the Exchange

- 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 & 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 certified by the Exchange may be offered through the Exchange.
  - HHS issued guidance on Essential Health Benefits on December 16, 2011.
Essential Health Benefits

- HHS issued guidance on Essential Health Benefits on December 16, 2011.
- The guidance sets forth the intended regulatory approach of HHS, which allows states to select an existing health plan to set the “benchmark” for the items & services to be included in the Essential Health Benefits package.
- The four benchmark plans are:
  - One of the three largest small group plans in the state;
  - One of the three largest state employee health plans;
  - One of the three largest Federal employee health plan options;
  - The largest HMO plan offered in the state’s commercial market.
- HHS intends to require that a health plan offer benefits that are “substantially equal” to the benchmark plan selected by the state and modified as necessary to reflect the 10 categories of coverage listed by PPACA.
PPACA Section 1302 sets out ten categories of coverage that must be included in the Essential Health Benefits package:

1) Ambulatory patient services;
2) Emergency Services;
3) Hospitalization;
4) Maternity and newborn care;
5) Mental health and substance use disorder services, including behavioral health treatment;
6) Prescription drugs;
7) Rehabilitative and habilitative services and devices;
8) Laboratory services;
9) Preventive and wellness services & chronic disease management;
10) Pediatric services, including oral & vision care.
Exchange Functions

- Certify and decertify plans to be sold on the Exchange
- Operate a toll-free customer service hotline
- Maintain a website to provide standardized information on plans
- Use a standardized format for presenting coverage options
- Inform individuals of eligibility for Medicaid, CHIP, etc.
- Make available a calculator to determine the actual cost of coverage
- Provide a rating system for plans available through the Exchange
- Collect premiums for plans sold through the Exchange and forward those premiums to the carrier
- Operate separate Exchanges for individuals and for small employers
- Manage the movement of individuals inside and outside the Exchange and between the individual and small employer Exchange
- Establish a “Navigator” program to assist consumers in enrollment
- Develop a risk adjustment program to appropriately distribute among carriers the costs associated with high-risk individuals
Mandated Exchange Functions

**Portal / Web site**
- Data Service Hub
- Enrollment and Eligibility Interface

**Plan Comparison Interface**
- Health Plan #1
- Health Plan #2
- Health Plan #3
- Health Plan #4

**Administration Interface**
- Carrier 1
- Carrier 2
- Carrier 3
- Carrier 4

**Communication Interface**

**Customer Service**
- Notifications
- Billing or Invoices
- Customer Service

**Risk Adjustment**
- Pay Premiums

**Fiscal Agent**

**Treasury**
- IRS
- Treasury
- Social Security

**Homeland Security**
- Homeland Security

**Health Plan Comparison Interface**
- Health Plan #1
- Health Plan #2
- Health Plan #3
- Health Plan #4

**Health Plan Administration Interface**
- Carrier 1
- Carrier 2
- Carrier 3
- Carrier 4

**State Insurance Agency**
- Certification, Recertification, Decertification
- Health Plans

**Online Calculator**
- Display Total Costs

**Supports**
- Buy Premiums
- Admin, Life Events, etc.

**Service Hub**
- Verify Income
- Tax Credits
- Subsidies
- Cost Reduction
- Verify Citizenship
- Verify Residency
- Reporting

**Guidance**
- Navigator

**Eligibility**
- State Medicaid

**Customer Service**
- Notifications
- Billing or Invoices
- Customer Service

**Risk Adjustment**
- Pay Premiums

**Fiscal Agent**

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- Notifications
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**Risk Adjustment**
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**Fiscal Agent**
### Insurance Plan Benefit Details and Comparison

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Estimated Cost</th>
<th>Customer Ratings</th>
<th>Office Visit for Primary Doctor</th>
<th>Office Visit for Specialist</th>
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<td>PPO</td>
<td>$948.42 monthly</td>
<td>Not Yet Rated</td>
<td></td>
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</tbody>
</table>

### Compare Plans

- **Savor 80**
  - Best Seller
  - Apply
  - Remove from comparison

- **CeltiCare Preferred Select PPO 80/20 Plan**
  - Best Seller
  - Apply
  - Remove from comparison

- **Copay Select 70 - 2500**
  - Best Seller
  - Apply
  - Remove from comparison

- **CeltiCare Preferred Select PPO 80/20 Plan**
  - Best Seller
  - Apply
  - Remove from comparison
It looks like we have 109 Major Medical plans available, starting at $124.10 per month. Now let's find the right plan for you.
“For Mississippians, By Mississippians”
The enabling legislation for the Risk Pool is found in Mississippi Code Annotated 83-9-203 et. seq., 1972 as amended.

Subsection 83-9-213(2)(p) specifically states:

- (2) The association may:
  
  (p) Serve as a mechanism to provide health and accident insurance coverage to citizens of this state under any state or federal program designed to enable persons to obtain or maintain health insurance coverage.

Section 83-9-213(3) states:

- (3) The commissioner may, by rule, establish additional powers and duties of the board and may adopt such rules as are necessary and proper to implement Sections 83-9-201 through 83-9-222.
Mississippi Comprehensive Health Insurance Risk Pool Association

- The Association is operated by a nine-member board of directors, as stated in Section 83-9-211(2)(a).
- The board of directors consists of:
  - Four (4) members appointed by the Insurance Commissioner. Two (2) of the commissioner’s appointees shall be chosen from the general public and shall not be associated with the medical profession, a hospital, or an insurer. One (1) appointee shall be representative of medical providers. One (1) appointee shall be representative of health insurance agents.
  - Three (3) members appointed by the participating insurers, at least one (1) of whom is a domestic insurer.
  - The Chair of the Senate Insurance Committee and the Chair of the House Insurance Committee, or their designees, who shall be nonvoting, ex officio members of the board.
The Commissioner of Insurance issued Bulletin 2011-9 on October 18, 2011, which established an Exchange Advisory Board & Advisory Subcommittees.

The Advisory Board will assist the Department of Insurance as it develops rules, regulations, and policy governing the Exchange.

The Advisory Board and Subcommittees consist of members representing the following stakeholder groups:

- A) Educated health care consumers
- B) Individuals & entities with enrollment experience
- C) Advocates for hard-to-reach populations
- D) Small businesses & self-employed individuals
- E) State government agencies
- F) Federally-recognized tribes within the State
- G) Public health experts
- H) Health care providers
- I) Large employers
- J) Health insurance issuers
- K) Health insurance agents & brokers holding current licenses
The State of Mississippi proactively sought feedback to create health insurance solutions. Over one thousand small businesses and consumers across Mississippi have shared feedback in person, by mail, telephone, and online.

Participants

- Small Businesses
- Employees
- Business Associations
- Economic Development Leaders
- Consumer Advocates
- Legislators
- Health Care Providers
- Insurance Carriers
- Broker Representatives
- Policy Analysts
How do Mississippians feel about the ACA?
The vast majority of respondents oppose the Affordable Care Act.

To What Degree Do You Support the ACA?

- **Oppose**: 53%
- **Support**: 22%
- **Undecided**: 25%
A health benefit exchange is a marketplace where individuals and businesses can compare and shop for health insurance. Mississippi’s health benefit exchange will be a competitive solution, not a government entitlement program.

How a Health Benefit Exchange Works

Employees

Company health plan

Small Group

Compare and select health plan

Health Insurance Exchange

Insurers compete on quality and value

Insurer 1

Insurer 2

Insurer 3

Insurer 4
The health benefit exchange is not a silver-bullet for improving all health care challenges, but it is one critical component in expanding coverage and improving the health insurance markets.

**Health Insurance Challenges**

- Lack of Transparency
- Administrative Burden
- Unpredictable Costs
- Difficult Enrollment
- One-Size-Fits-All Plans

**Health Benefit Exchange Solutions**

- Easily compare plan options among insurers
- Easy to manage policies
- Tools for predicting and managing costs
- Simple enrollment process
- Employees can select customized plans
Who Should Build the Health Benefit Exchange?

The ACA requires that a health benefit exchange be in place by 2014. If the state does not create an exchange, Mississippi will be automatically enrolled and required to pay for using the federal health benefit exchange.
How do businesses and consumers feel about the health insurance market in Mississippi?

**Statement**

“Improving access to health insurance is critical to economic growth in Mississippi.”

Percent of Mississippians Agreeing with Statement: 73%

“I support a solution sponsored by Mississippi to improve access to health insurance.”

Percent of Mississippians Agreeing with Statement: 70%

“It is currently easy to compare the different health plan options available to Mississippians.”

Percent of Mississippians Agreeing with Statement: 27%
Health insurance benefits are more important in attracting the best employees than most employer respondents realize.
Defined Contribution Model for Small Employers
The health benefit exchange could allow for a Defined Contribution Model where employers select a specific amount they will contribute to employee plans. Employees can then take that money and select a plan for themselves.

How a Defined Contribution Model Works

Company contributes a specific amount to employees

Employees compare and select health plan

Insurers compete on quality and value

Health Insurance Exchange

Insurer 1
Insurer 2
Insurer 3
Insurer 4
Defined Contribution plans have several benefits for both employers and employees.

1. Costs are more predictable since the employer can choose the amount they will contribute each year to health plans.

2. Employers no longer have to select plans for employees thus reducing enrollment and administrative burdens.

3. Employees can select plans that are customized to their needs.
Challenges
The success of any health benefit exchange hinges on **high participation rates**. How can the state ensure high participation rates and avoid adverse selection?

**Health Plan #1: Low Participation**
- Healthy people leave to pursue other plans. Plan premiums rise because the plan must pay to serve unhealthy participants.

**Health Plan #2: High Participation**
- High participation rates mean healthy people offset cost of serving unhealthy people.
Besides high participation rates, the health benefit exchange must overcome other challenges to succeed. Some of these challenges are informing rural populations, overcoming low rates of connectivity, and helping Mississippian understand health insurance and health benefit exchanges.

**Rural Challenges**

How do we reach Mississippi’s mostly rural population?

**Technological Challenges**

Mississippi is one of the least technologically connected states in the country; yet, most health benefit exchanges rely heavily on the Internet.

**Complexity of Health Insurance**

We must educate Mississippian of all education levels about health insurance.
PPACA Timeline

**2010**
- **March 23, 2010**: PPACA enacted
- **June, 2010**: Early Retiree Reinsurance Program (ERRP) established
- **August, 2010**: HHS awarded $49 million in exchange planning grants to states; **MS awarded $1 million**
- **July, 2010**: Pre-existing Condition Insurance Plan (PCIP) established; **MS: 125 enrollees**
- **September 23, 2010**: Provisions in Effect:
  - Adult Dependent Coverage extended to 26
  - Coverage of Preventative Services without cost-sharing
  - Prohibition on lifetime limits
  - Restricted annual limits
  - Restrictions on rescissions of coverage
  - Prohibition of pre-existing condition exclusions up to age 19
  - **MS: 1 company offering child-only coverage**
- **November 1, 2010**: HHS & Treasury issued final rules on Exchange eligibility, Medicaid Eligibility, & Premium Tax Credits

**2011**
- **March 23, 2011**: Comments due on Exchange Plan
- **April 15, 2011**: Latest date for a state to submit an Exchange Plan
- **July 1, 2011**: HHS issued proposed rule on Establishment of Exchanges & QHPs
- **July 15, 2011**: HHS issued proposed rule on Establishment of Exchanges & QHPs; **MS received over $20 million**
- **August 12, 2011**: HHS & Treasury issued proposed rules on Exchange eligibility, Medicaid Eligibility, & Premium Tax Credits; **MCHIRPA has agreed to operate the Exchange in MS**
- **October 31, 2011**: Comments due on Exchange Establishment Proposed Rule; **MS has submitted comments**
- **December 1, 2011**: HHS determines whether each state will have compliant Exchanges operational by January 1, 2014

**2012**
- **January 1, 2012**: Latest date for a state to submit an Exchange Plan
- **January 1, 2012**: Exchange coverage begins
- **January 1, 2012**: Individual Mandate in effect
- **January 1, 2012**: Essential Health Benefits plans
- **January 1, 2012**: Risk Adjustment
- **January 1, 2012**: Individual Market Reinsurance Program & Risk Corridors
- **January 1, 2012**: Rating Rules: No health status, 3:1 max age, 1.5:1 tobacco use
- **January 1, 2012**: Single risk pools in individual & small group markets

**2013**
- **January 1, 2013**: HHS determines whether each state will have compliant Exchanges operational by January 1, 2014
- **October 1, 2013**: Initial Exchange open enrollment period begins
- **February 28, 2014**: Initial Exchange open enrollment period ends

**2014**
- **January 1, 2014**: Provisions to Take Effect:
  - Guaranteed Issue in ALL markets, including Exchanges
  - No annual limits on essential benefits
  - Premium Tax Credits offered through Exchanges

**Provisions to Take Effect:**
- Exchange coverage begins
- Individual Mandate in effect
- Essential Health Benefits plans
- Risk Adjustment
- Individual Market Reinsurance Program & Risk Corridors
- Rating Rules: No health status, 3:1 max age, 1.5:1 tobacco use
- Single risk pools in individual & small group markets
A health benefit exchange is a tool for improving access to health insurance by creating a marketplace where businesses and individuals can easily select and compare health plans.

A health benefit exchange will increase transparency, simplify enrollment, and reduce the administrative burden experienced by businesses offering health insurance. The exchange is just one of a combination of solutions needed to improve access to health care.

There are many challenges to implementing a health benefit exchange in Mississippi. But the state is committed to working collaboratively with businesses and consumers to create an exchange by Mississippians, for Mississippians.
Mississippi Insurance Department
Commissioner Mike Chaney

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