STATE HEALTH INSURANCE EXCHANGES:
Identifying Issues, Barriers, and Opportunities

Presented to the
Mississippi Insurance Exchange Advisory Board
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Jackson, MS
Mandated State Exchange Functions

Portal / Web site

Data Service Hub
- IRS
- Treasury
- Social Security
- Home Land Security
- HHS

Enrollment and Eligibility Interface
- Verify Income
- Tax Credits
- Subsidies
- Cost Reduction
- Verify Citizenship
- Verify Residency

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

Administration Interface
- Notifications
- Billing or Invoices

Communication Interface
- Employee or Consumer
- Pay Premiums

TPA
- Customer Service
- Financials
- Risk Adjustment

ONLINE CALCULATOR
- Display Total Costs

Navigator
- Eligibility

STATE Medicaid
- Reporting

Employee or Consumer
- Admin, Life Events, etc.

State Insurance Agency
- Certify, Recertify, Decertify Health Plans

LEAVITT PARTNERS
Core Exchange Functions

Portal / Web site

Enrollment Interface

Plan Comparison Interface

Administration Interface

Communication Interface

Carrier 1
Carrier 2
Carrier 3
Carrier 4

Health Plan #1
Health Plan #2
Health Plan #3
Health Plan #4

Admin, Life Events, etc.

Billing or Invoices

Employer or Consumer

Point of Sale Portal

True Exchange
Barriers to Implementation

• Overall lack of certainty
  — 2012 Elections
  — Constitutional challenges

• Lack of timely guidance from HHS
  — 1968 new or expanded powers given to the Secretary of HHS

• Heavy Technology Lift
  — Systems development
  — Strained public/private sector resources

• Tough statutory timelines
  — Agreement among state officials
  — Stakeholder buy-in
The Future of the Law: Budget

- Exchange administrative costs
  - Federal funding opportunities for exchange establishment through 2014
  - On-going operational costs are the responsibility of the state

- Exchange premium subsidies

- Medicaid expansion
The Future of the Law: SCOTUS

Four Questions, Five Primary Issues

1) Commerce Clause
   • Does Congress have the authority to require individuals to purchase health insurance?

2) 10\textsuperscript{th} Amendment
   • Is it unconstitutional for Congress to require states to expand (and pay for) Medicaid

3) Taxation
   • Is the “penalty” really a “tax”?

4) Anti-Injunction Act
   • If the “penalty” really is a “tax”, is it premature to even address the first three questions?

5) Severability
   • If the Supreme Court decides that the individual mandate is unconstitutional, can the rest of the law stand?
The Future of the Law: 2012 Elections

• Who will occupy the White House?
  — Is “effective“ repeal by Executive Order possible?

• Who controls the House and Senate and to what degree?
  — Is actual repeal possible?
  — Will statutory timelines remain?
What’s Trending?

- Lack of federal guidance means many state reform efforts will largely be focused on the small group market
- Exchanges will be used as tools to reform Medicaid
- Fully functioning, PPACA compliant state exchanges by 2014 is questionable
  - Majority of states indicate insufficient lead time on PPACA implementation
  - Political and practical barriers abound
- Federally Facilitated Exchange will be ready
Likely State Scenarios in 2014

3 Primary Buckets

• States making significant progress (5-10)
  — Will be certified as “approved”
  — Will likely still rely on federal processes for some functionality

• States making some progress (30-35)
  — Will be certified as “conditionally approved”
  — Will be considered state-federal “hybrid”

• States making little or no progress (5-10)
  — Will have a federally-facilitated exchange
  — May continue to work toward a state-facilitated exchange
Strategic Imperatives for States

- Define the state’s vision; identify long- and short-term strategies
- Perform environmental assessment
- Develop a blueprint
- Proactively engage all stakeholders
- Act NOW
  - Be thoughtful, deliberative, and decisive in planning and implementation efforts
  - Understand the implications of actions or lack thereof
  - Be creative in finding unique solutions that work for the state’s unique circumstance
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