Rhode Island
Health Benefits Exchange

Staff Presentation to
House Finance Committee
March 27, 2013
• Affordable Care Act

• RI Health Benefits Exchange
Affordable Care Act

- Patient Protection and Affordable Care Act of 2010
  - Overview
  - Medicaid Expansion
Affordable Care Act

- Aims at decreasing the number of uninsured individuals
- Requires that all individuals have medical coverage or pay a penalty
  - Exceptions (Undocumented immigrants, members of Indian Tribes, incarcerated)
Affordable Care Act – *Uninsured*

<table>
<thead>
<tr>
<th>State</th>
<th>Number (in thousands)</th>
<th>% of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>364</td>
<td>10.3%</td>
</tr>
<tr>
<td>Maine</td>
<td>128</td>
<td>9.7%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>140</td>
<td>10.8%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>288</td>
<td>4.4%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>125</td>
<td>12.0%</td>
</tr>
<tr>
<td>Vermont</td>
<td>56</td>
<td>9.1%</td>
</tr>
<tr>
<td>United States</td>
<td>49,146</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

*U.S. Census, Sept. 2012*
Affordable Care Act – Key Provisions

- Insurers are prohibited from imposing dollar limits on benefits, like hospital stays or testing
- Dependent children can remain on parents’ plans until 26th birthday
- Insurers are prohibited from dropping policyholders when they get sick
- Insurers are prohibited from excluding pre-existing medical conditions
- New plans must cover preventive care and medical screening
Affordable Care Act – Medicaid Expansion

- Allows states to extend Medicaid benefits to non-disabled, childless adults ages 19-64 at or below 138% of poverty as of Jan. 1, 2014
- Article 19 (Hearing Feb. 13)
  - Governor includes $69.8 million in federal funds
- 100% federally funded until Dec. 2016
  - State’s share to grow from 5% in 2017 to 10% in 2020
## Affordable Care Act – Medicaid Expansion

<table>
<thead>
<tr>
<th>SFY</th>
<th>State Share of Extended Benefits</th>
<th>Total</th>
<th>General Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>0.0%</td>
<td>$152.0</td>
<td>$-</td>
</tr>
<tr>
<td>2016</td>
<td>0.0%</td>
<td>$165.3</td>
<td>$-</td>
</tr>
<tr>
<td>2017</td>
<td>2.5%</td>
<td>$180.0</td>
<td>$4.5</td>
</tr>
<tr>
<td>2018</td>
<td>5.5%</td>
<td>$194.0</td>
<td>$10.8</td>
</tr>
</tbody>
</table>
Affordable Care Act – Medicaid Expansion

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newly Eligible</td>
<td>80,983</td>
</tr>
<tr>
<td>Assume initial enrollment of 25%</td>
<td>20,170</td>
</tr>
<tr>
<td>Per Member/Per Year Cost</td>
<td>$6,929</td>
</tr>
<tr>
<td>Annual Cost</td>
<td>$139.7 million</td>
</tr>
<tr>
<td>Cost beginning January 1, 2014</td>
<td>$69.8 million</td>
</tr>
</tbody>
</table>
Affordable Care Act – Medicaid Expansion

Other States:

- 27 states, including District of Columbia support Medicaid expansion
- 17 states opposed
- 7 states are weighing options (Kansas, Kentucky, South Dakota, Tennessee, Utah, West Virginia and Wyoming)
Affordable Care Act

- Mechanisms to reduce health insurance costs
  - Can purchase health insurance through exchanges
  - Subsidies to individuals/families
  - Tax credits to employers
RI Health Benefits Exchange

- What it is
- Who is doing what
- Who can use it
- How it works
- What’s left to decide
RI Health Benefits Exchange

- Marketplace for individuals/families and small businesses to compare policies and premiums, and purchase health insurance
- Must be in place and ready to function on January 1, 2014
  - Ready to begin accepting applications in October 2013
## RI Health Benefits Exchange

### Core Functions

<table>
<thead>
<tr>
<th>Function</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Assistance</strong></td>
<td>Consumer support, education and outreach</td>
</tr>
<tr>
<td><strong>Plan Management</strong></td>
<td>Collection and analysis of plan rate and benefit package information</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>Accept application; conduct verifications of applicant information and determine eligibility in Medicaid, CHIP</td>
</tr>
<tr>
<td><strong>Enrollment</strong></td>
<td>Enroll consumers into qualified health plans; transmission of information to initiate advance payments of the premium tax credit and cost-sharing reductions</td>
</tr>
<tr>
<td><strong>Financial Management</strong></td>
<td>User fees; financial integrity</td>
</tr>
</tbody>
</table>

Source: Centers for Medicare and Medicaid Services
RI Health Benefits Exchange: Options

- State-Based Exchange
  - Operate its own health exchange and perform all related activities – 18 states

- State-Federal Partnership
  - Shared responsibilities and states will manage certain aspects – 7 states

- Federally-Facilitated Exchange
  - HHS will assume primary responsibilities – 26 states
  - Can transition to state-based after Jan. 2014
## RI Health Benefits Exchange

### Where We Are:

<table>
<thead>
<tr>
<th></th>
<th>Rhode Island</th>
<th>Other Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange Decision</td>
<td><em>State Based Exchange</em></td>
<td><em>State/Federal or Federally Facilitated</em></td>
</tr>
<tr>
<td>Approval Status</td>
<td><em>Conditional Approval</em></td>
<td><em>N/A</em></td>
</tr>
<tr>
<td>Structure</td>
<td><em>Operated by State</em></td>
<td><em>Quasi or non-profit</em></td>
</tr>
<tr>
<td>Type of Exchange</td>
<td><em>Active Purchaser</em></td>
<td><em>Clearinghouse</em></td>
</tr>
</tbody>
</table>


RI Health Benefits Exchange

- What it is
- **Who is doing what**
- Who can use it
- How it works
- What’s left to decide
RI Health Benefits Exchange

- Who is doing what
  - Governance and Structure
  - Funding
  - Unified Health Infrastructure Project
RI Health Benefits Exchange

- Healthcare Reform Commission
- Advisory Board
- Expert Advisory Committee
- Governor
- Department of Administration
- Health Benefits Exchange Staff
- Consulting Firms
- Subcontractors
- Office of the Health Insurance Commissioner
RI Health Benefits Exchange

- Established by Executive Order 11-09
- Advisory Board
  - Makes recommendations to the Governor on how to run and set up the Exchange
  - 13 member board:
    - 9 members are appointed by the Governor
    - Directors or designees from DOA and DOH, Heath Insurance Commissioner and Secretary of OHHS
RI Health Benefits Exchange

- Expert Advisory Committee
  - Consists of 22 members
  - Includes members with expertise in Rhode Island's health care system
  - Provide insight and advice to the Exchange Board and staff
# RI Health Benefits Exchange

<table>
<thead>
<tr>
<th>Agency</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$28.8</td>
<td>$28.3</td>
<td>15.0</td>
</tr>
<tr>
<td>Business Reg.</td>
<td>3.4</td>
<td>1.7</td>
<td>5.0*</td>
</tr>
<tr>
<td>Office of the Lt. Gov.</td>
<td>0.1</td>
<td>0.1</td>
<td>1.3*</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$32.4</strong></td>
<td><strong>$30.2</strong></td>
<td><strong>21.3</strong></td>
</tr>
</tbody>
</table>

*Some staff work on other ACA programs*
Governor recommends 15.0 full-time positions in the Department of Administration: 8.0 positions are filled

- Director - Appointed by the Governor
  - Responsible for organizing, administering and managing the operations of the Exchange
Other positions

- Deputy Director: Responsible for the oversight of the technical implementation during the build of the Exchange
- Assistant Director: Responsible for operational development and managing contracts
- Other positions include a legal counsel, senior policy, marketing specialist and finance
Office of the Health Insurance Commissioner

- Initial administration of Exchange Planning and Establishment I grants
  - Expires May, 2013; OHIC requested federal extension
- Shares staff with Exchange
- Administers two related ACA grant programs
  - OHIC staff and contractors developing systems for insurance product rate review and consumer protection
OHIC: Affordable Care Act Grants

- Rate Review: Develop policies and operations for premium and rate review of health insurance companies operating within RI’s borders
- Consumer Assistance Planning: Establish state insurance consumer assistance and data collection program
RI Health Benefits Exchange

- System Integrator cost is estimated at $59.3 million
- RI Health Benefits Exchange is contracting out the work through various vendors
  - Independent verification and validation contract
  - Call center
## RI Health Benefits Exchange

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development and implementation of integrated eligibility system</td>
<td>Deloitte</td>
</tr>
<tr>
<td>Technical &amp; financial assistance</td>
<td>Wakely Consultant</td>
</tr>
<tr>
<td>Consumer assistance and procurement development</td>
<td>Day Health Strategies</td>
</tr>
<tr>
<td>Policy development for system development</td>
<td>Faulkner Consultant Group</td>
</tr>
<tr>
<td>Independent verification and validation</td>
<td>CSG Consulting</td>
</tr>
<tr>
<td>Call Center</td>
<td>To be determined</td>
</tr>
</tbody>
</table>
Unified Health Infrastructure Project

- Unified Health Infrastructure Project (UHIP)
  - Office of Health and Human Services project to implement a new assistance enrollment system that ties into the Health Benefits Exchange
- Estimated cost of $236.0 million project through CY 2020
Unified Health Infrastructure Project

- Unified Health Infrastructure Project (UHIP)
  - In coordination with the Health Benefits Exchange to implement ACA
  - Apply through the Exchange and if Medicaid eligible will be directed to UHIP
  - Eventually create one system to apply for medical and cash assistance benefits
RI Health Benefits Exchange

- What it is
- Who is doing what
- **Who can use it**
- How it works
- What’s left to decide
RI Health Benefits Exchange

Who can use it

- Small Businesses
- Individuals/families
  - Medicaid Integration
RI Health Benefits Exchange

Small Businesses

- Business with less than 25 full-time employees
- Credit took effect for tax year 2010
- If offer affordable health insurance to employees
  - Credits are worth up to 35% of the cost of the premiums
  - Would increase to 50% in 2014
  - Obtain credit through tax return
RI Health Benefits Exchange

Small Business

- Exempts small business with less than 50 employees
- ACA Penalties:
  - $2,000/employee for not offering benefit but excludes first 30 employees
  - $3,000/employee if coverage does not cover at least 60% of the covered services or exceeds 9.5% of employee’s income
RI Health Benefits Exchange

- Act requires that insurers offer plans within four levels of coverage
- Plans get scored – based on a specified share of the full actuarial value
- All must cover essential benefits (such as ambulatory services, emergency care, and prescription drugs)
RI Health Benefits Exchange

<table>
<thead>
<tr>
<th>Type</th>
<th>Covering Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>60.0%</td>
</tr>
<tr>
<td>Silver</td>
<td>70.0%</td>
</tr>
<tr>
<td>Gold</td>
<td>80.0%</td>
</tr>
<tr>
<td>Platinum</td>
<td>90.0%</td>
</tr>
</tbody>
</table>
RI Health Benefits Exchange

- Subsidies

- If qualify, subsidy received will be based on the premium for silver plan

- If an individual wants to purchase a gold or platinum, will have to pay the difference between premium credit and the cost of the expensive plan
RI Health Benefits Exchange

Subsidies for low income individuals & families

- 133% and up to 400% of federal poverty level
  - Will receive federal subsidies if purchase through exchange
- Income from 133% to 150% of federal poverty level
  - Will pay premium cost of 3% to 4% of income
## RI Health Benefits Exchange

<table>
<thead>
<tr>
<th>Income (% of FPL)</th>
<th>Salary (Family of 3)</th>
<th>Premiums (% of Income)</th>
<th>Annual Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>133%</td>
<td>$24,352</td>
<td>3.00%</td>
<td>$731</td>
</tr>
<tr>
<td>150%</td>
<td>$27,465</td>
<td>4.00%</td>
<td>$1,099</td>
</tr>
<tr>
<td>200%</td>
<td>$36,620</td>
<td>6.30%</td>
<td>$2,307</td>
</tr>
<tr>
<td>250%</td>
<td>$45,775</td>
<td>8.05%</td>
<td>$3,685</td>
</tr>
<tr>
<td>300%</td>
<td>$54,930</td>
<td>9.50%</td>
<td>$5,218</td>
</tr>
<tr>
<td>350%</td>
<td>$64,085</td>
<td>9.50%</td>
<td>$6,088</td>
</tr>
<tr>
<td>400%</td>
<td>$73,240</td>
<td>9.50%</td>
<td>$6,958</td>
</tr>
</tbody>
</table>
RI Health Benefits Exchange

- ACA Individual/Family Penalty Phase-in

<table>
<thead>
<tr>
<th>Year</th>
<th>Penalty</th>
<th>Up to</th>
<th>% of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$95 per adult &amp; $47.50 per child</td>
<td>$285</td>
<td>1.0%</td>
</tr>
<tr>
<td>2015</td>
<td>$325 per adult &amp; $162.50 per child</td>
<td>$975</td>
<td>2.0%</td>
</tr>
<tr>
<td>2016</td>
<td>$695 per adult &amp; $347.50 per child</td>
<td>$2,085</td>
<td>2.5%</td>
</tr>
<tr>
<td>2016+</td>
<td>Increase annually by COLA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Rlte Care Eligibility

<table>
<thead>
<tr>
<th></th>
<th>Children</th>
<th>Parents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rlte Care Income</td>
<td>Up to 250% of poverty</td>
<td>Up to 175% of poverty</td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACA Maintenance of</td>
<td>Up to 250% until Sept. 30, 2019</td>
<td>Up to 175 % until 1/1/2014</td>
</tr>
<tr>
<td>Effort</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Rite Care Cost Sharing

<table>
<thead>
<tr>
<th>Income Threshold Fed. Poverty Level</th>
<th>Monthly Cost Sharing*</th>
<th>Annual Cost Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 150%</td>
<td>No requirement</td>
<td>No requirement</td>
</tr>
<tr>
<td>150% up to 185%</td>
<td>$61</td>
<td>$732</td>
</tr>
<tr>
<td>185% to 200%</td>
<td>$77</td>
<td>$924</td>
</tr>
<tr>
<td>200% to 250%</td>
<td>$92</td>
<td>$1,104</td>
</tr>
</tbody>
</table>

*one payment per family regardless of family size enrolled
RI Health Benefits Exchange

- What it is
- Who is doing what
- Who can use it
- How it works
- What’s left to decide
RI Health Benefits Exchange

➢ How it works
  ▶ Sellers
  ▶ Buyers: individuals/families and small businesses
RI Health Benefits Exchange

- Sellers
  - Insurers offering health plans
  - Health care plans must cover essential health benefits: ambulatory services, emergency services, hospitalization, maternity and newborn care, prescription drugs, preventative and wellness service, laboratory services,

- Office of the Health Insurance Commissioner – making sure plans meet standards
RI Health Benefits Exchange

Online Portal
Consumer Log-on

Information Input
Individual/Family
Small Business

Eligibility Determination
Unified Health Infrastructure Project
Marketplace
Small Business Health Options Exchange

Product Options
Medicaid
Private Insurance Products
RI Health Benefits Exchange

- What it is
- Who is doing what
- Who can use it
- How it works
- What’s left to decide
RI Health Benefits Exchange

Federal guidance

- Plan definitions
- Regulations
Sequestration Impact:

- Planning and establishment grants are subject to the sequester
  - Possible 5.1% reduction
  - Awaiting further information
Sustainability

- Federal funds are supporting the planning, establishment and initial operations of the Exchange through the end of 2014
  - Covers one year of operations from opening
- Exchange must find way to support its operations
Sustainability

- FY 2014 – FY 2018 Estimate
  - Governor’s five-year forecast does not assume operating costs for the Exchange
- What are expected operating cost?
  - Staffing
  - Vendor contracts
- Who will determine those costs?
RI Health Benefits Exchange

References and Other Materials

- http://www.governor.ri.gov – Overview, frequently asked questions, board members, meetings and schedules
- http://healthreform.kff.org/ - State decisions and analysis
- http://www.ncsl.org – PPACA, state analysis
- http://ffis.org – federal funds for states
Rhode Island Health Benefits Exchange

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