HEALTH CARE TASK FORCE OCTOBER 4, 2011

BILL DEAL – DIRECTOR
IDAHO DEPARTMENT OF INSURANCE

HEALTH CARE REFORM IN IDAHO
RATE REVIEW

CMS REVIEWED IDAHO'S LAWS, REGS, AND BULLETINS

- Determined that Idaho does not meet criteria for an effective rate review program.
- Decision was made to have CMS begin reviewing rate increases subject to review proposed for use in Idaho beginning 9/1/11.
- To retain state-based regulation for effective rate review – request for re-evaluation was submitted
- 8/24/11 – CMS accepts plan that Idaho will take to satisfy effective rate review program. CMS moves Idaho to fully effective list and notifies carriers of change in status

HEALTH CARE REFORM IN IDAHO RATE REVIEW– DOI BULLETIN 11-07

- "Health insurers shall continue to submit rate filings with the department prior to implementation of rates. Such filings shall be submitted using SERFF and, commencing on 9/1/2011 and thereafter, shall include Parts I and II of the Preliminary Justification under 45 CFR 154.215 if the health insurer is seeking to implement a rate increase that meets or exceeds the threshold described in 45 CFR 154.200, currently 10%."

HEALTH CARE REFORM IN IDAHO RATE REVIEW- DOI BULLETIN 11-07

- "Health insurers are hereby notified that they are required to submit such rate filings to the Department and to HHS prior to implementation of rates. The health carrier must submit a "Preliminary Justification," Parts I and II , on a form and in the manner prescribed by HHS. The filings shall include the data elements which include those set forth in 45 CFR 154.301(a)(4), and the actuarial memorandum in the form attached to this bulletin."

HEALTH CARE REFORM IN IDAHO RATE REVIEW- DOI BULLETIN 11-07

- "As part of Idaho's Effective Rate Review process, the Department will review Parts I and II of the Preliminary Justification information, which information will also be available to the public for review. Once the Department's review is complete and it has made its determination as to the reasonableness of the new rate, the Department shall, within five (5) business days thereafter, share its determination with HHS and the public."

HEALTH CARE REFORM IN IDAHO RATE REVIEW – PROPOSED LEGISLATION

- Amending section 41-4706 and 41-5206, Idaho Code
- "notwithstanding the foregoing or any other applicable exemption from public disclosure set forth in chapter 3, title 9, Idaho Code, the director may make any information consisting of or related to rating material available to the public that is otherwise required by applicable law to be made public."

HEALTH CARE REFORM IN IDAHO RATE REVIEW – PROPOSED LEGISLATION (CONT.)

- "Information that shall be available to the public includes, but is not limited to, the information set forth in Part I, rate increase summary, and Part II, written description justifying the rate increase, as described in 45 CFR section 154.215, and the director's final determination related to such filings as described in 45 CFR section 154.215(b)(2)."

HEALTH CARE REFORM IN IDAHO
RATE REFORM – PROPOSED LEGISLATION

- "Premium rates charged for a health benefit plan as defined in chapter 45, title 41, Idaho Code, shall not be excessive, inadequate or unfairly discriminatory. A premium rate is excessive if the rate is unreasonably high for the coverage provided. A premium rate is inadequate if the rate is unreasonably low for the coverage provided and the continued use of the rate would endanger the solvency of the insurer or disrupt the insurance marketplace." (cont.)

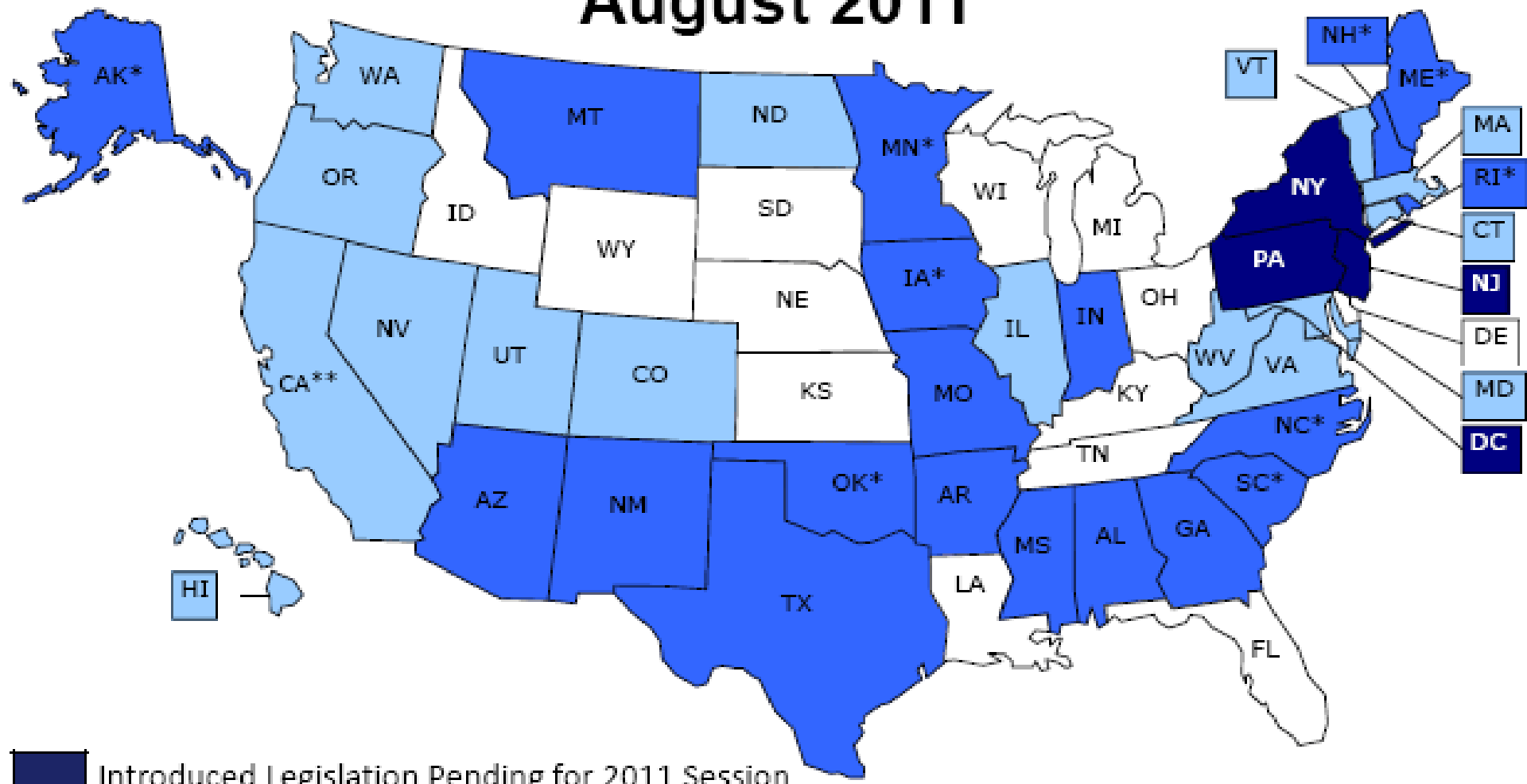
HEALTH CARE REFORM IN IDAHO RATE REVIEW – PROPOSED LEGISLATION (CONT.)

- "A premium rate is unfairly discriminatory if it is a higher or lower rate for the same benefits than that charged to any other person of the same class or group with like expectations of loss."

HEALTH CARE REFORM IN IDAHO FEDERAL JUDICIAL DECISIONS

- In a lawsuit filed by more than half the states (Idaho included), Judge Roger Vinson ruled the requirement that individuals buy health insurance is unconstitutional. Judge Vinson also said the entire health care law "must be declared void" because the requirement is linked to other parts of the law (January 31, 2011.
- Eleventh Circuit Rules Individual Mandate Is Unconstitutional (August 12, 2011)
  - "Ability to compel Americans to purchase an expensive health insurance product they elected not to buy, and make them re-purchase that insurance product every month for their entire lives – A wholly novel and potentially unbounded assertion of congressional authority."

Health Exchange Establishment Legislation
August 2011



Introduced Legislation Pending for 2011 Session

Did not Pass in 2011

Enacted Exchange Establishment

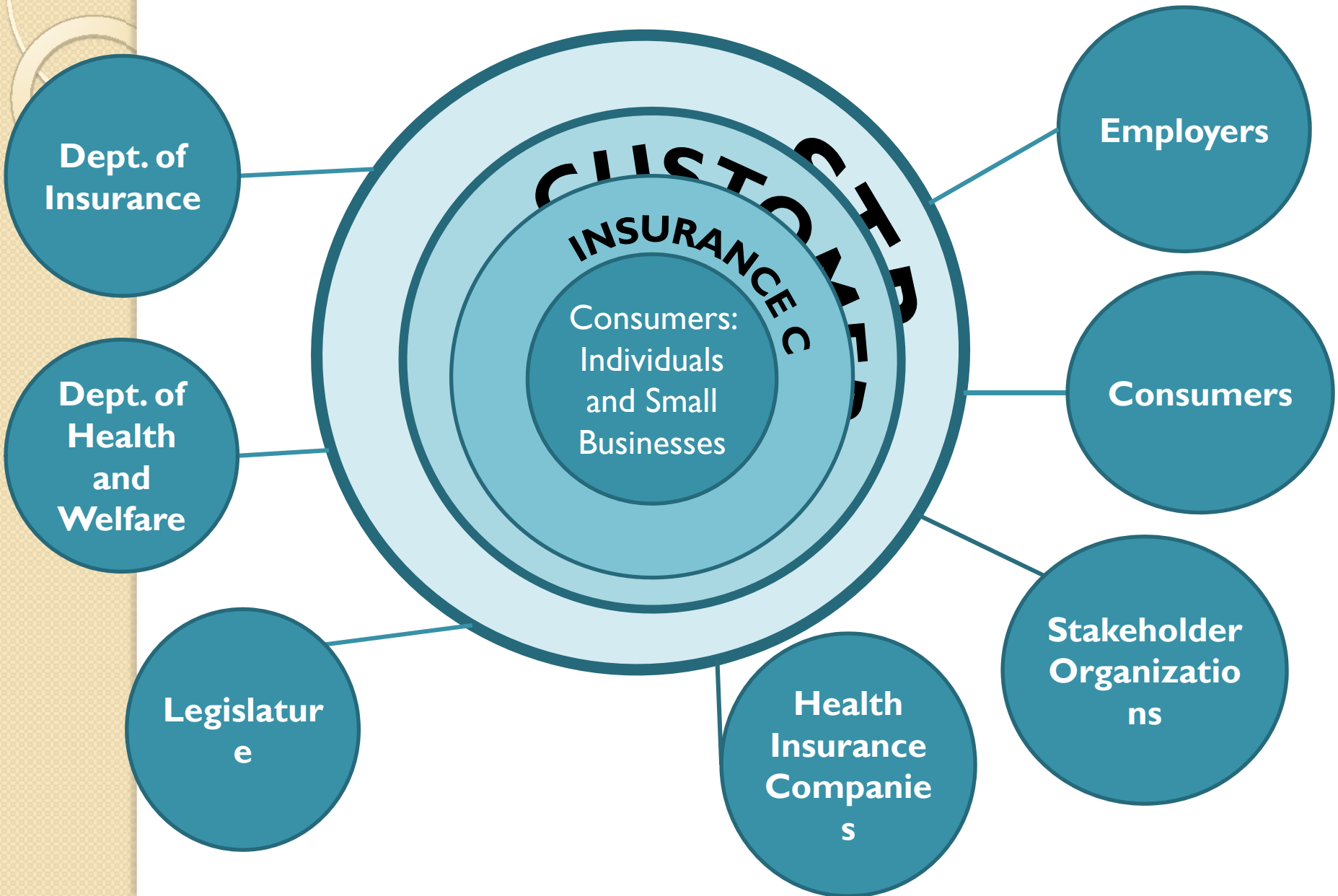
No 2011 Legislative Action to Establish an Exchange

* Indicates that it is a 2011-2012 carry over state and the bill can be reintroduced in the 2012 legislative session.

** California is the only state to pass exchange establishment in 2010.

http://www.ncsl.org/?tabid=21388

Exchange Framework



HEALTH CARE REFORM IN IDAHO HEALTH INSURANCE EXCHANGES

- Planning Is Complete –
- Idaho Is Now Eligible To Apply For The First Level Implementation Grant.
- DOI And DHW Have Requested Authority From Governor Otter To Apply For HIE Implementation Grant. – Application Due 9/30/11

HEALTH CARE REFORM IN IDAHO HEALTH INSURANCE EXCHANGES

SEPTEMBER 20, 2011

- Governor Otter Announces That DOI And DHW Will Be Allowed To Apply For Federal Grant Funding To Implement An Idaho Exchange

- "A Difficult Choice, But One I Find Far Preferable To Submitting To A Federally Established Insurance Exchange With All The Loss Of Control Over Our Own Destiny That Entails." Governor Otter

- "This Is A Discussion We've Been Having Since 2007 – Well Before Health Care Reform. Goal Is To Establish A State-based Exchange Emphasizing Free-market Principles & Create A Competitive Marketplace For Individuals & Businesses."

HEALTH CARE REFORM IN IDAHO HEALTH INSURANCE EXCHANGE

- LEVEL I GRANT SCOPE
  - Background Research – analysis of Idaho insurance market & issues impacted by an exchange
  - Stakeholder Consultation – engage the various shareholder groups & individuals in Idaho. Determine what is wanted & needed in an exchange
  - Governance – establish the governance structure for an exchange

HEALTH CARE REFORM IN IDAHO HEALTH INSURANCE EXCHANGE

- LEVEL I GRANT SCOPE (cont.)
  - Program Integration – agreements with state departments including DOI & DHW as appropriate
  - Exchange IT Systems – conduct an in-depth review of our state's current system capabilities & develop a plan of action for going forward

HEALTH CARE REFORM IN IDAHO HEALTH INSURANCE EXCHANGE

- LEVEL I GRANT SCOPE (cont.)
  - Financial Management – evaluate alternative financial models for sustaining financial integrity of an exchange going-forward.
  - Oversight & Program Integrity – internal policies & procedures to address effectiveness & efficiencies of an exchange including waste, fraud & abuse issues.

HEALTH CARE REFORM IN IDAHO HEALTH INSURANCE EXCHANGE

- LEVEL I GRANT SCOPE (cont.)
  - Health Insurance Market Reforms – implement market reforms & plans to monitor consumer protection.
  - Providing Assistance to Individuals & Small Businesses, Coverage Appeals & Complaints – analyze feedback from stakeholders on matters relating to consumer assistance, program information & accountability.

HEALTH CARE REFORM IN IDAHO HEALTH INSURANCE EXCHANGE

- LEVEL I GRANT SCOPE (cont.)
  - Business Operations of the exchange –
    - Call Centers
    - Website
    - Eligibility determinations for participants (include premium tax credits & cost-sharing reductions)
    - Enrollment Process
    - Outreach & Education
    - SHOP – small business health option program

Level 1 Grant Cost Breakdown ($30.9M)

1. Background Research ($565,000)
2. Stakeholder Consultation ($753,000)
1. Legislative and Regulatory Action ($159,000)
2. Governance (Combined with Core Area 3)
3. Program Integration ($415,000)
4. Exchange IT Systems ($8,263,000)
5. Financial Management ($790,000)
8. Oversight and Program Integrity ($301,000)
9. Health Insurance Market Reforms ($627000)
10. Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints ($534,000)
11. Business Operations of the Exchange ($16,683,000)

- Project Management & Strategic Alignment ($1,888,000)

Exchange Functions

Consumer Assistance	Consumer support assistors; education and outreach; Navigator management; call center operations; website management; written correspondence with consumers to support eligibility and enrollment.
Plan Management	Plan Selection approach (e.g., active purchaser or any willing plan); collection and analysis of plan rate and benefit package information; issuer monitoring and oversight; ongoing issuer account management; issuer outreach and training; and data collection and analysis for quality.
Eligibility	Accept applications; conduct verifications of applicant information; determine eligibility for enrollment in a Qualified Health Plan and for insurance affordability programs; connect Medicaid and CHIP-eligible applicants to Medicaid and CHIP; and conduct redeterminations and appeals.
Enrollment	Enrollment of consumers into qualified health plans; transactions with Qualified Health Plans and transmission of information necessary to initiate advance payments of the premium tax credit and cost-sharing reductions.
Financial Management	User fees; financial integrity; support of risk adjustment, reinsurance, and risk corridor programs.

In Summary

- Preserve Idaho's authority in the exchange by not defaulting to a Federal Exchange
- Maintain Idaho's consumer-centric focus & orientation
- Leverage Idaho's existing system, knowledge and technology
- Continue to be proactive & build what is good for Idaho
- Continue to rely on Idaho's many important stakeholders