

Health Care Reform & Exchanges

General Session

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Presentation Topics

- Types of Exchanges – public and private
- Navigators
- Early results/problems/rates
- Individual/SHOP Participation
- Issues for future
- Questions?

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What are Today's Health Insurance Exchanges?

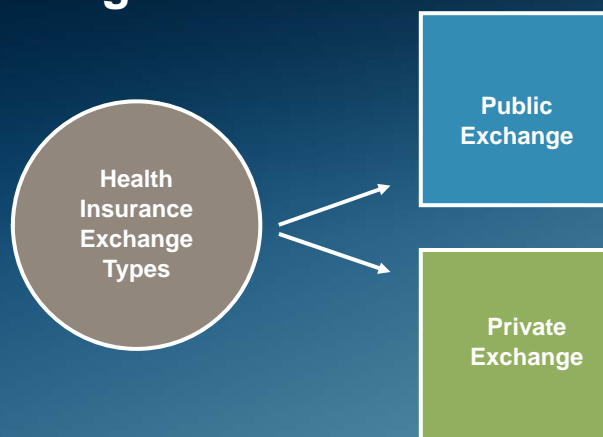
- Online shops to purchase health insurance products



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Types of Health Insurance Exchanges



Source: Lorem ipsum

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Public Health Exchange

- Established as required under the Patient Protection and Affordable Care Act (ACA)
- Required by all 50 states
- Managed by the government
 - Federal Exchanges – managed by the Federal Government
 - State Exchanges – managed by the State Government
 - State Partnership Exchanges – managed by Federal/State Government
- Only Qualified Health Plan's products offered for sale

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Private Health Exchange

- Existed prior to ACA
- Managed by a private entity
 - Broker
 - Insurer
 - Consulting Firms
- Health plans on private exchange must still comply with ACA requirements
 - Can also offer supplemental products beyond what is available on the public exchange

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Two Exchange Models

- Based on Different Purchaser
- Can exist in a Public or Private Exchange
- Individual
 - Individual policy sold to individuals
 - Individual policy sold to individual employees
- Group
 - Group policy sold to employees
 - Called SHOP for Public Exchange

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Individual Exchange Model

- Multiple Plan Designs offered
- Multiple Carriers to choose from
- Employees can purchase in individual private exchanges under a defined contribution approach
- Employees can only purchase in individual public exchange under limited conditions (e.g., employer drops coverage)
- Individuals who purchase on public exchange may qualify for premium and/or cost sharing subsidies

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Group Exchange Model

- Multiple Plan Designs offered
- Typically only a single carrier to choose from
- Public SHOP exchange has multiple carriers to choose from
- Must purchase on public SHOP exchange for employer tax credits

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Public versus Private



- Lower income individuals will likely favor public individual exchanges
 - Premium and Cost-Sharing Subsidies
- Employers wanting to use a defined contribution approach will likely favor private individual exchanges
- Employers qualifying for tax credits will likely favor public SHOP exchange

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Navigators



- Established by the ACA to help individuals purchase coverage on the public exchange.
- Can be brokers and agents but not permitted to receive indirect or direct compensation for enrolling members into health plans by insurers while functioning in this role.
- Navigators cannot sell consumers health coverage. They are compensated by the Exchange.

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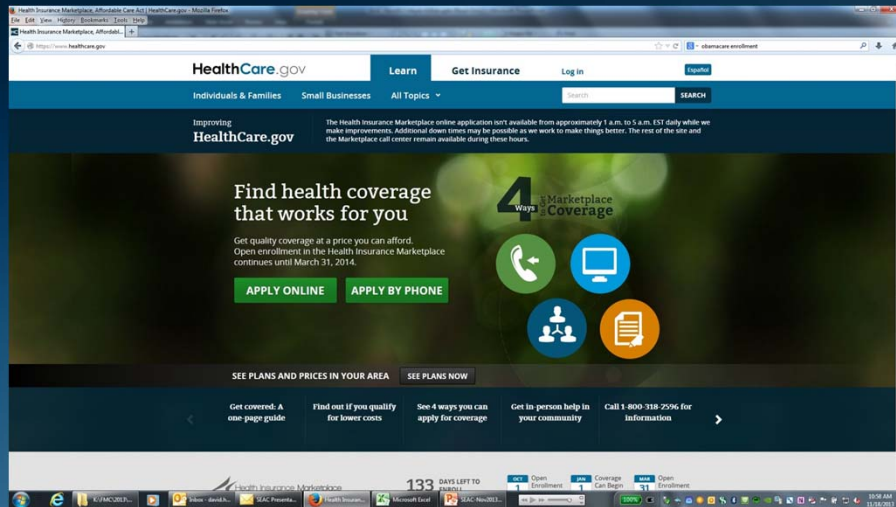
Headlines

The screenshot shows the Fox News website interface. At the top, there are navigation links for Fox News, Fox Business, iReport, Fox News Radio, Fox News Latino, Fox Nation, and Fox News Insider. A search bar is visible. Below the navigation, there are several news items. The main headline is "ObamaCare SURVIVES" with a sub-headline "Court Lets Stand Affordable Care Act, Individual Mandate". To the right of the headline, there is a "73°" temperature indicator and an "Axiron" advertisement. Below the main headline, there is a "PROGRAMMING ALERT" for Rupert Murdoch and a "MARKETS" section. At the bottom of the screenshot, there is a "WEB SHOWS" section.

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Headlines



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Headlines

- Headlines from across the nation have been reporting on the massive failures of the system that was three years in the planning. Here are just a few examples:
- [CNNMoney](#): "Obamacare enrollment stymied by exchange glitches"
- [Washington Post](#): "Signing up for ObamaCare: 'This Was Totally Disappointing'"
- [Washington Examiner](#): "The Glitchy, Error-Filled Misadventures of Creating an Account on HealthCare.gov"
- [Associated Press](#): "Glitches Hit NY's Online Health Insurance Website"
- [Baltimore Sun](#): "Maryland health insurance exchange stumbles out of the gate"
- [Lexington Herald-Leader](#): "Glitches Hamper Access to Kentucky's ObamaCare Website"
- [New York Post](#): "ObamaCare Rollout Riddled with Glitches, Delays"

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Latest Headlines on Exchange Enrollment

- **From CBS News (November 13, 2013)**
 - HHS: At least 106,185 enrolled in Obamacare so far
- **From CNN (November 13, 2013)**
 - **The latest on Obamacare enrollment**
 - **HealthCare.gov (covers 36 States)**
 - 27,000 enrolled
 - 975,000 submitted an application
 - **State-run programs (14 States plus Washington, DC)**
 - 120,000 enrolled
 - Largest enrollment is 59,000 in CA

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Cause of Problems

- **Application process**
 - Complicated application and slow processing
 - Verification of eligibility
 - Premium subsidies
 - Cost sharing subsidies
 - Communication with different systems
 - IRS
 - Social Security
 - State Medicaid
 - Insurers

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Cause of Problems (cont.)

- Delays in application of the regulations and laws
 - Freedom of choice in the SHOP exchanges
 - Combined out-of-pocket maximums
 - Implementation of quarterly rate increases
 - Confusion over keeping current insurance provisions

- Carriers exiting the exchanges

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Premium Rates - General

- Resulting premium rates increased
 - Richer benefits (i.e., less member cost sharing)
 - Flattening the age curve
 - Elimination of underwriting
 - Uninsured entering the marketplace

- Narrowed range of premium rates
 - Review process scrutinized assumptions
 - Pressure on market extremes

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Premium Rates – Issues

- Lack of credible data
 - New marketplace
 - Available data includes:
 - Underwriting
 - No uninsured lives
 - Less rich benefit plans

- Need to anticipate member decision making
 - Choice of benefits
 - Will uninsured enter the commercial market
 - Will employer's drop coverage

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Premium Rates – Issues

- Affect of risk mitigation on premium rates

- Carriers promoting early renewals for individuals and small groups

- Possibility of small groups self-insuring

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Individual/SHOP Participation

- Assumptions used in rate development
 - Individual – moderate to high participation
 - Small group – low participation

- Assumptions given delays/problems/changes
 - Individual – low to moderate participation
 - SHOP – very low participation

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Issues for the Future

- 2015
 - Rate development process will begin in the 1st quarter of 2014
 - Remaining lack of credible data
 - Possibly no additional information on member choice
 - Affect of risk mitigation on premium rates largely unknown
 - Will risk mitigation be fully funded by Congress?
 - Will extension of non-compliant plan renewals be allowed again?

- 2016 and beyond
 - Two of Three R's will go away
 - Experience will start to emerge as basis for pricing
 - Be prepared for anything?

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Questions

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