

# HEALTH INSURANCE MARKETPLACE

**May 21, 2013**

**Agent/Broker  
Outreach Meetings**

# Agenda

- Introduction and Welcome
- Health Insurance Marketplaces
- Market Reforms Overview
- Enrollment Process
- The Marketplace and Small Businesses
- Applying for Small Business Health Options Program (SHOP) and SHOP Advantages
- Agent/Broker Role in the Marketplace
- Marketplace Registration and Training
- Closing Remarks

# Session Guidelines

- This is a ninety (90) minute Webinar session.
- If time allows, there will be a live Q & A period at the end of the session.
- For questions regarding logistics, contact the REGTAP Registrar at [registrar@regtap.info](mailto:registrar@regtap.info) or (800) 257-9520.

# Purpose

- To provide Agents and Brokers with program and operational guidance to encourage their participation in Individual and Small Business Health Options Program (SHOP) Marketplaces.

# Introduction and Welcome

# Increasing Access to Coverage for Individuals

- The Affordable Care Act (ACA) was enacted in March 2010.
- The primary goals of the ACA are to decrease the number of uninsured Americans and reduce the overall costs of health care.

# Increasing Access to Coverage

## **The Affordable Care Act:**

- Establishes the Health Insurance Marketplace to help individuals obtain health insurance coverage (including stand-alone dental) and to help small businesses to purchase insurance through the SHOP.
- Provides for premium tax credits and cost-sharing reductions to help eligible low-income and middle-income individuals purchase health insurance through a Marketplace.
- Provides a small business health care tax credit to eligible employers.
- Provides new opportunities for State Medicaid programs to cover additional adults and children with low incomes, and simplifies the eligibility rules for Medicaid and CHIP.

# Agents and Brokers Welcome!

- If allowed by their state, licensed agents and brokers who agree to register with the Marketplace, complete training, and adhere to privacy, security and other state and federal requirements will be able to help qualified individuals enroll in coverage through the Marketplace.
  - Most states are expected to allow agents and brokers to facilitate enrollment and help individuals apply for the premium tax credit and cost-sharing reductions.
- The Congressional Budget Office (CBO) estimates that 9 million uninsured eligible individuals could obtain coverage through the Marketplace in 2014, rising to an estimated 25 million by 2022.

# Agents and Brokers Welcome! (cont'd.)

- Many small employers will want to learn about SHOP and apply for coverage and claim a tax credit, if eligible.
- Agents and Brokers will be able to participate in Federally-Facilitated Marketplaces, (FFMs) and State Partnership Marketplaces, (SPMs) unless prohibited by states.

# Health Insurance Marketplaces

# What is the Health Insurance Marketplace?

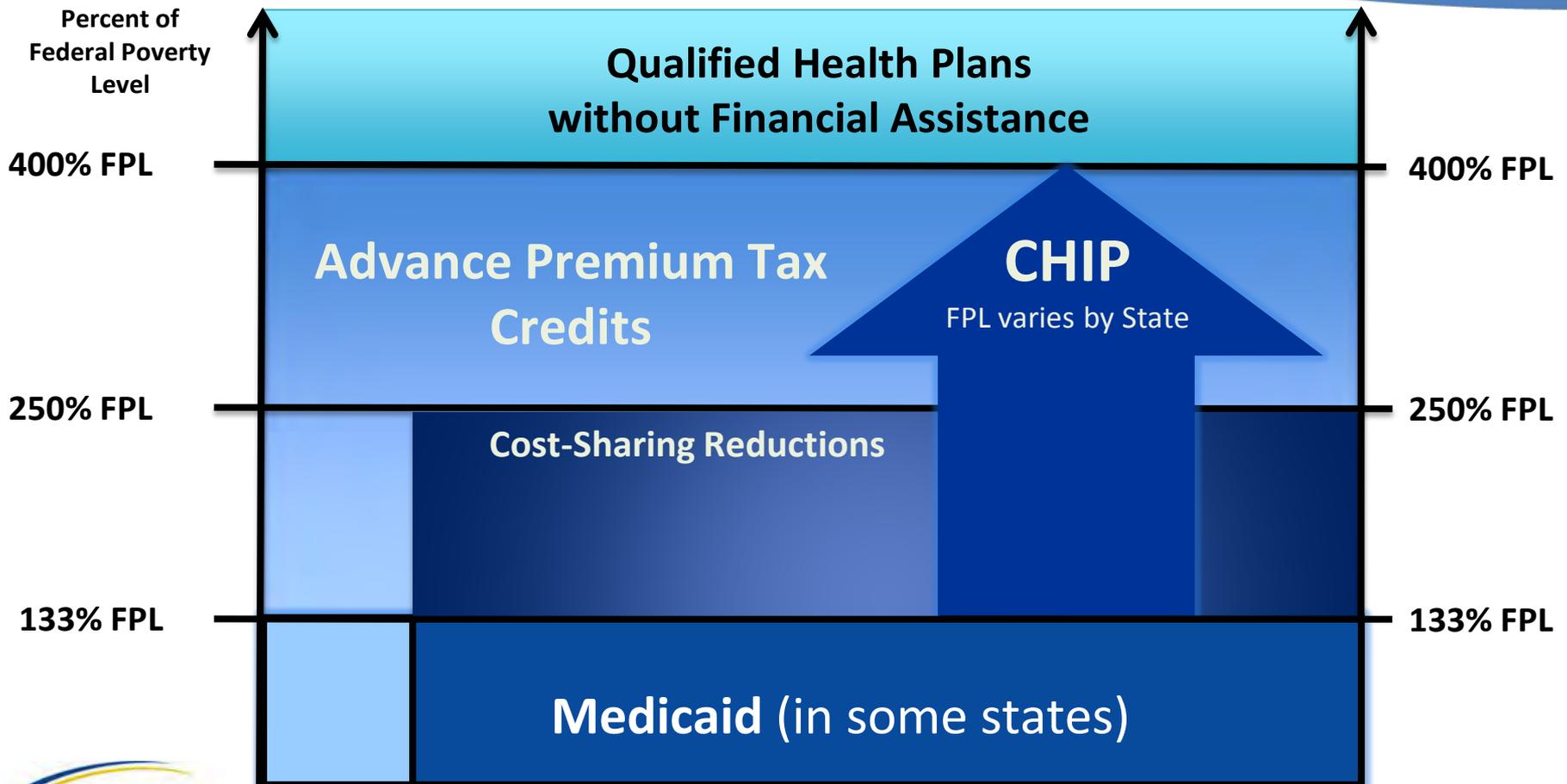
- New commercial insurance Marketplace where qualified employers and qualified individuals can shop for private health insurance plans.

**Enrollment starts October 1, 2013**

**Coverage starts as soon as January 1, 2014**

- All consumers will have more choice and selection in health plans; and consumers will have access to insurance affordability programs, if eligible.

# Health Coverage Options for Individuals in 2014



# Is Financial Assistance Available in the Marketplace?

- Advance premium tax credits:
  - Lower the monthly premium amount an individual pays throughout the year.
  - Available to eligible individuals with household incomes between 100% and 400% of the FPL (\$45,960 for an individual and \$94,200 for a family of 4 in 2013), and who don't have access to health insurance coverage that qualified as "minimum essential coverage".
  - Based on household income and family size for the taxable year.
  - Paid each month by the federal government to the insurer.
  - Reconciled on the taxpayer's tax return after end of year of coverage year.

# Is Financial Assistance Available in the Marketplace? (cont'd.)

- Cost-sharing reductions:
  - Reduces out-of-pocket expenses such as deductibles, copayments and coinsurance.
  - Generally available to enrollees in Silver level plans with income between 100% (\$11,490 for an individual and \$23,550 for a family of 4 in 2013) and 250% FPL (\$28,725 for an individual and \$58,875 for a family of 4 in 2013).
  - Based on household income and family size for the taxable year.
  - Also available to American Indians/Alaska Natives.

# State Marketplace Options

- Each State can choose to:
  - create and run its own Marketplace: **(SBM)**
  - partner with the federal government to run some Marketplace functions: **(SPM)**; or
  - have a Marketplace that's operated by the federal government: **(FFM)**
- Federal grant awards for state activities related to establishing a Marketplace will be made through December 31, 2014.

# Health Plans in the Marketplace

- Health plans must be certified to be offered in a Marketplace, and must meet certain minimum standards.
- Health plans will be standardized in 4 coverage tiers based on the percentage of the total allowed cost of benefits paid by a health plan on average:
  - Bronze: Plans cover 60% of the costs
  - Silver: Plans cover 70% of the costs
  - Gold: Plans cover 80% of the costs
  - Platinum: Plans cover 90% of the costs

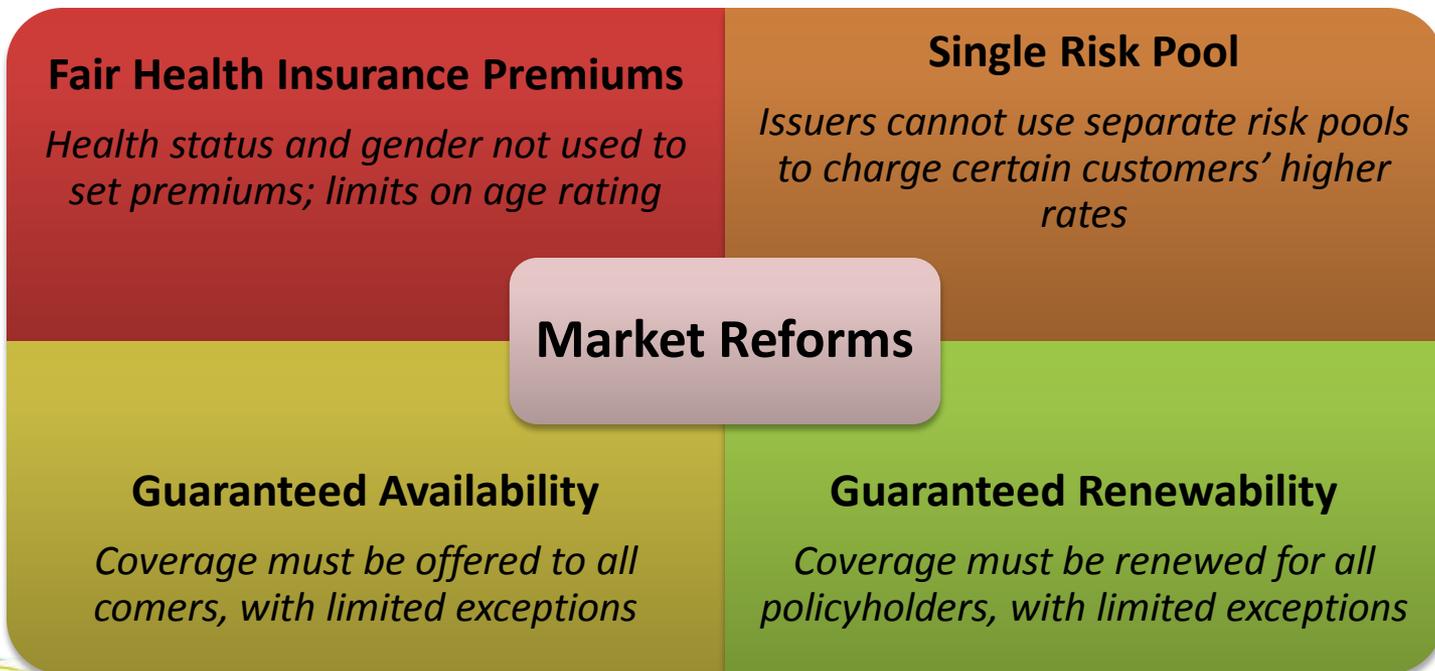
# Health Plans in the Marketplace (cont'd.)

- All health plans offered through the Marketplace must include 10 required Essential Health Benefits:
  - ambulatory patient services
  - emergency services
  - hospitalization
  - maternity and newborn care
  - mental health and substance use disorder services, including behavioral health treatment
  - prescription drugs
  - rehabilitative and habilitative services & devices
  - laboratory services
  - preventive and wellness services and chronic disease management
  - pediatric services including oral and vision care
- Health plans must comply with new market reforms, as applicable.

# Market Reforms Overview

# Market Reforms

The market reforms collectively ensure that individuals and employers will have a minimum set of protections with respect to access to health insurance coverage and greater premium stability in all states, both inside and outside the Marketplace.



# Covered Markets and Effective Date

- The market reforms apply to non-grandfathered health coverage starting in policy years (individual) or plan years (group) beginning on or after 1/1/14.

	Individual	Small Group	Large Group
Fair Health Insurance Premiums	Yes	Yes	No, unless a State allows issuers to sell large group coverage in Marketplace (2017+)
Single Risk Pool	Yes	Yes	No
Guaranteed Availability	Yes	Yes	Yes
Renewability	Yes	Yes	Yes

- The market reforms do NOT apply to grandfathered health insurance coverage, self-funded plans, excepted benefits, or individual short-term limited duration coverage.

# Fair Health Insurance Premiums

- The only factors that may be used to vary the premium rate for a plan in the individual or small group market are:
  - Age
  - Family
  - Tobacco use
  - Geography
- Health plans cannot change premium rates based on health status, claims experience, gender, industry classification, small group size, etc.

# Age Rating

- Plan premium rates can vary within a ratio of 3:1 for adults 21 and older.
  - Rates also can vary for children under 21 based on actuarial justification.
- States can establish age curves or can default to Federal age curve.
- Age bands: 0-20; one-year bands between 21-63; 64 and older.

# Tobacco Rating

- Premium rates can vary within 1.5:1 ratio.
- Can vary based on age (e.g.; 1.2:1 for those under 35).
- Small group plans may only impose a tobacco surcharge in connection with a wellness program that complies with section 2705(j) of the PHS Act and that allows participating individuals to avoid the full amount of the surcharge.
- Tobacco use defined in terms of regular use and time of last use (i.e., average 4+ /week within the last 6 months).

# Geography

- States are permitted to establish rating areas:
  - Based on Metropolitan Statistical Areas (MSAs)/non-MSAs, 3-digit ZIP codes or counties; and
  - Established as of January 1, 2013, or no more rating areas than the number of MSAs plus one in the state.
- If a state did not establish rating areas, default in one rating area for each MSA and one rating for all the non-MSA areas in the state.

# Family Size

- The total premium for family coverage generally must be determined by summing the premiums for each individual family member.
  - For family members under 21, total premium includes only the premiums for no more than the three oldest covered children.
  - Tobacco and age rating must apply only to the portion of the premium attributable to applicable covered family member.
  - If a state prohibits age and tobacco rating, the state may require using uniform family tiers and the corresponding multipliers.

# Rating in the Small Group Market

## (inside and outside the Marketplace)

- Total premium charged to the group is determined by summing the premiums of covered participants and beneficiaries.
  - Same requirements regarding per-member rating and family tiers with corresponding multipliers apply.
- If a state does not permit rating based on age or tobacco use, that state can require the use of family tiers instead of per-member rating.

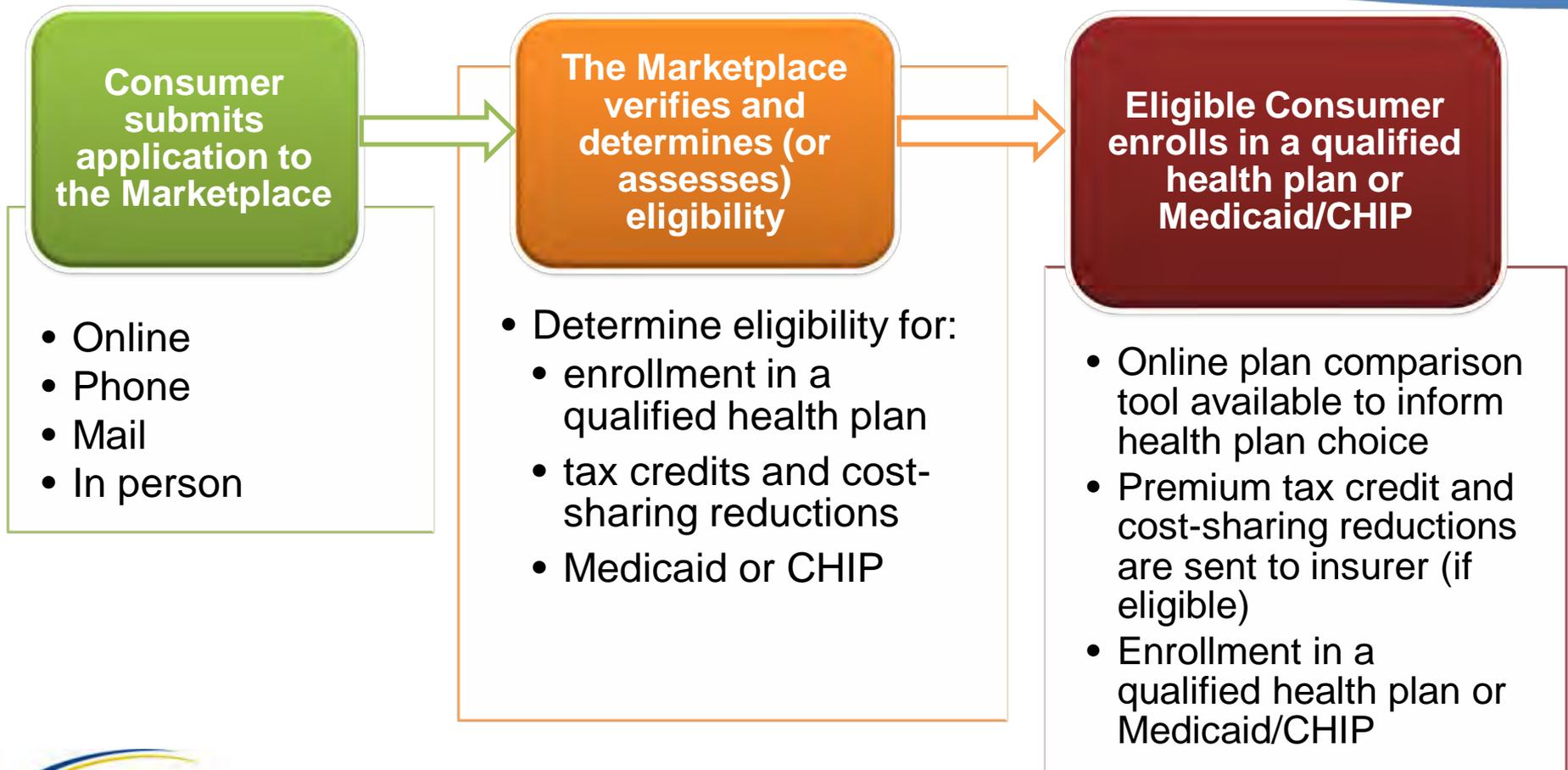
# Rating in the Small Group Market

(inside and outside the Marketplace) cont'd.

- States may require issuers to base premiums on average (composite) enrollee amounts
  - The total group premium must be the same total amount that would result from calculating on a per-member basis.
  - Employers can decide how to allocate contributions to health coverage.

# Enrollment Process

# What is the Enrollment Process for the Individual Market Marketplace?



# When Can Individuals Enroll?

- First Open Enrollment
  - October 1, 2013 - March 31, 2014
  - Coverage starts January 1, 2014 for plan selections made by December 15, 2013
- Annual Open Enrollment (after first year)
  - October 15 - December 7
  - Coverage begins January 1 of the next year
- Consumers eligible for Medicaid and CHIP can enroll at anytime.

# When Can Individuals Enroll? (cont'd.)

## **Certain events may allow eligible consumers to enroll during a Special Enrollment Period, including**

1. Loss of minimum essential coverage
2. Marriage, birth, or placement for adoption
3. Gain citizenship or qualifying immigration status
4. Enrollment errors by HHS or the Marketplace
5. QHP violates its contract (materials provision)
6. Change in eligibility for tax credits or cost-sharing reductions
7. Gain access to new plans as a result of a move
8. Indians may enroll or change QHPs one time per month
9. Exceptional circumstances
10. Enrolled in non-qualifying employer coverage

# Assistance Available in the Different Types of Marketplaces

	<b>Navigators</b>	<b>In-person assistance personnel</b>	<b>Certified application counselor</b>	<b>Agents and Brokers</b>
<b>State-Based Marketplace</b>	Yes	Optional for states	Yes	Optional for states
<b>State Partnership Marketplace</b>	Yes	Yes	Yes	Yes, if a state permits it
<b>Federally Facilitated Marketplace</b>	Yes	No	Yes	Yes, if a state permits it

# The Marketplace and Small Businesses

# How Will the Marketplace Affect Small Businesses?

- Starting in 2014, a SHOP will be available in each State.
- Starting October 1, plans will be available for review and enrollment for coverage starting as soon as January 1, 2014.
  - Rolling monthly enrollments for employers after January 1
- Once a group is enrolled, its rate is guaranteed for 12 months.

# How Will the Marketplace Impact Small Businesses? (cont'd.)

- To enroll, employer must:
  - Have its principal place of business or an employee worksite in a SHOP's service area.
  - Have at least 1 eligible employee:
    - In most cases, spouses and children cannot be counted.
    - Sole proprietors without other employees may enroll through the individual market Marketplace.

# How Will the Marketplace Impact Small Businesses? (cont'd.)

- To enroll, employer must (cont'd.):
  - Have fewer than 50 full-time equivalent employees (FTE).
    - States may elect to increase the limit to 100 for 2014 and 2015.
    - FF-SHOPs will use FTE counting methodology when establishing group size to determine employer eligibility.
      - State-based Marketplaces will be able to set their own counting methodology in 2014 and 2015.
    - States with their own Marketplace have more flexibility.
  - Offer SHOP coverage to all full-time employees (30+ hours per week).

# Small Business Tax Credits for Eligible Employers

- Small Business Tax Credits
  - Effectively lowers the cost of an eligible employer's contributions to the premium costs of employee health coverage.
  - Available since 2010 for eligible employers, including non-profits.
  - Up to 35% tax credit on employer contributions (increases to 50% in 2014).

# Small Business Tax Credits for Eligible Employers (cont'd.)

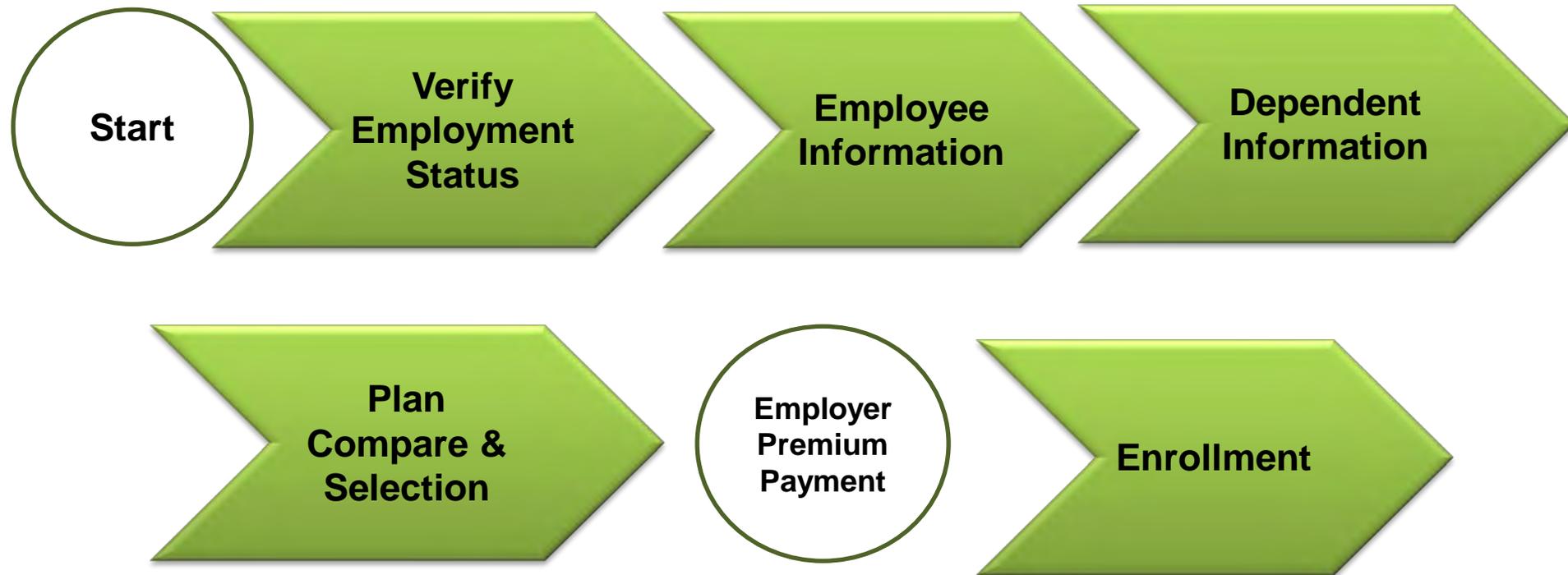
- Eligible Employers:
  - Employ fewer than 25 FTE employees.
  - Must contribute 50% or more toward the premium cost of employee coverage.
  - Average annual employee wage must be less than \$50,000 a year.
  - Beginning 2014, businesses must participate in SHOP to receive the tax credit.
- Nearly 360,000 businesses benefited from the tax credit in tax year 2011.

**Note:** Premium tax credits and cost-sharing reductions for individuals who are eligible to receive coverage from their employers through the SHOP.

# Employer Eligibility and Enrollment Process for FF-SHOPs



# Employee Eligibility and Enrollment Process for FF-SHOPs\*



\*Currently considering proposal for implementation in the FF-SHOP in 2015.

# Applying for Small Business Health Options Program (SHOP) and SHOP Advantages

# Advantages of SHOP

- To the extent permitted by States, agents and brokers of all sizes (including general agencies, brokerages, and independent brokers) will be able to help small employers enroll through SHOPs.
- CMS has proposed that, for 2014, employers would only be able to choose one plan through the FF-SHOPs to offer their employees.
  - Under CMS' proposal, State-based Marketplaces might, but need not, offer additional options.
- Although this may not occur in the first year for many SHOPs, agents and brokers will eventually be able to help employers offer their employees a choice of qualified health plans and help employees choose a plan.

# Advantages of SHOP (cont'd.)

- Issuers participating in SHOP will present cost and coverage information in a standard format that's clear and easy for agents and brokers to explain to clients.
- Agents and Brokers will be able to help employers easily compare plans based on price, coverage, quality and other important features.
- Many customer service functions in the SHOP will be fulfilled by brokers, providing agents and brokers the opportunity to maintain customer relationships and distinct market value.
- Applications will generally require less paperwork than current small group market; in addition, when premium aggregation takes effect, payment will be streamlined.

# Agent/Broker Role in the Marketplace

# Agent/Broker Role in the FFMs and SPMs

- Agents/Brokers relationships with issuers in FFMs and SPMs:
  - The amount and terms of compensation (including appointments) will be negotiated between the agent/broker and issuer.
    - State appointment and commission regulations remain in effect for FFMs and FF-SHOPs.
    - FFMs and FF-SHOPs will not pay commissions.
    - States that run their own Marketplace may appoint agents/brokers and pay commissions directly to producers.
- Agents/Brokers participating in an FFM or FF-SHOP should expect to be paid the same commission that issuers pay outside an FFM or FF-SHOP.

# Agent/Broker Role in the FFMs and SPMs

(cont'd.)

- Agent/Broker relationships with States' Department of Insurance:
  - To participate in the Marketplace, agents/brokers must be licensed and follow state appointment laws (where applicable).
  - Agents/Brokers must continue to comply with State laws to participate.
  - States will continue to be the primary regulatory authority overseeing agents/brokers.

# Agent/Broker Role in the FFMs and SPMs (cont'd.)

- To participate in the FFM or FF-SHOP, agents/brokers should:
  - Adhere to all state requirements for licensure, appointment, and market conduct;
  - Complete Marketplace on-line training\*;
  - Complete security authentication steps\*;
  - Complete the agent/broker agreement\*.

\*For agents and brokers working exclusively in FF-SHOPS, this is optional but strongly encouraged.

# Selling and Maintaining FFE/FF-SHOP Policies

- Agents/Brokers will be able to help clients apply for coverage and select a health plan.
- For the FFM (individual market QHPs), agents and brokers can work with consumers in either of two ways:
  - Through issuer websites
  - Work with the consumer using the Marketplace website
- For the FF-SHOP (SHOP QHPs), agents and brokers will work with consumers using the Marketplace website to complete the employer and employee applications.

# Marketplace Registration and Training

# Agent/Broker Marketplace Registration and Training

- Check with your state Marketplace authority to find out when registration and training will begin for states with their own Marketplace.
- The federal Health Insurance Marketplace will launch agent/broker registration and training site in late summer.

# *Questions?*

# Webinar/User Group Dates

- Log on to [www.REGTAP.info](http://www.REGTAP.info) to view the Training Events page for more information regarding future Agent/Broker Outreach Webinar Sessions.

# Resources

Resource	Resource Link
CCIIO Health Insurance Market Reforms	<a href="http://cciio.cms.gov/programs/marketreforms/">http://cciio.cms.gov/programs/marketreforms/</a>
CMS Health Insurance Marketplace	<a href="http://marketplace.cms.gov/">http://marketplace.cms.gov/</a>
HealthCare.gov website	<a href="http://www.healthcare.gov/">http://www.healthcare.gov/</a>
HealthCare.gov State Marketplace Information	<a href="http://www.healthcare.gov/marketplace/about/state-marketplace/index.html">http://www.healthcare.gov/marketplace/about/state-marketplace/index.html</a>

# Closing Remarks