Federal Health Care Reform
in New York State

Health Insurance Exchange Planning in New York

Danielle Holahan

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Exchange Planning in New York

- Inter-agency Exchange Planning Team
  - Led by the Governor's Office, with the Departments of Health and Financial Services
  - Coordinates with IT Project Office
  - Consults with other State agencies (Civil Service, OMH, OASAS, and Tax and Finance) on specific issues
- Exchange authorizing legislation not yet enacted
  - Passed in New York's Assembly in 2011
  - Included in Governor's 2012-13 Executive Budget
- Pending Exchange legislation would:
  - Establish a State-based Exchange
  - 9-member Board
  - 5 Regional Advisory Committees
  - Require 13 Policy Studies

New York Awarded Federal Grants to Plan and Implement Exchange

Planning Grant	Early Innovator Grant	Establishment Level One (June)	Establishment Level One (Dec)	Establishment Level Two
Awarded to NYS Insurance Department to begin the planning process ($1M)	NY selected as one of 7 states to build information systems to operate the Health Insurance Exchange ($27.4M)	Awarded to the NYS Department of Health to continue the planning process and conduct policy studies ($10.7M)	Applied December 30, 2011 to continue the planning process, consumer assistance activities, conduct policy studies and support Exchange IT ($48.5M)	TBD Requires State Legislation Application deadline: June 29, 2012

Exchange Planning Work Underway

With Planning and Establishment Grant Funding and Technical Assistance from the Robert Wood Johnson Foundation, New York has a series of Exchange activities underway:

- Simulation Modeling
- Business Operations Work Plan
- Five-Year Exchange Budget and Self-Sustainability Analysis
- Exchange Policy Studies

Exchange Policy Studies

Study	Consultant	Target Completion Date	Funding Source
Insurance Market Issues: --Market Merger --Group Size	Urban Institute	April 2012	Planning Grant
--Benefit Standardization --Risk Adjustment	Wakely Consulting	April 2012	RWJF/NYSHF
--Inside/Outside Exchange	TBD	TBD	Establishment Grant
Basic Health Plan	Urban Institute	April 2012	Planning Grant
Self-Sufficiency	Wakely Consulting	April 2012	Planning Grant
Role of Navigators	Wakely Consulting	April 2012	RWJF
Role of producers, chambers, associations	Wakely Consulting	April 2012	RWJF
Integration of public programs	Manatt Health Solutions	April 2012	RWJF
Health Disparities	Center for Health Care Strategies	April 2012	RWJF

Exchange Policy Studies

Study	Consultant	Target Completion Date	Funding Source
Essential Health Benefits	TBD	TBD	Establishment Grant
Benchmark Benefits	TBD	TBD	Establishment Grant
Purchasing Role	TBD	TBD	Establishment Grant
HNY/FHP Buy-In	TBD	TBD	Establishment Grant
HSAs	TBD	TBD	Establishment Grant
Large Employer Participation	TBD	TBD	TBD

Exchange Policy Studies

- **Insurance Market Issues**
  - Market Merger
    - Whether to merge the individual and small group markets and what impact such a merger has on premiums
    - Modeling by Urban Institute is underway (Planning Grant-funded)
  - Group Size
    - In 2016, the definition of small group will be 100 employees or less in the Exchange. From 2014 to 2016, states can define group size as 2-50 or 2-100 employees. What definition should NY use? How will this affect the market inside and outside the Exchange?
    - Modeling by Urban Institute is underway (Planning Grant-funded)
  - Benefit Standardization
    - Whether benefits offered to individuals and small groups should be standardized inside the Exchange, or inside and outside the Exchange
    - A study is underway by Wakely Consulting (RWJF-funded)

Exchange Policy Studies

- **Insurance Market Issues (contd)**
  - Reinsurance/Risk Adjustment
    - ACA requires states with a state-based exchange to establish a temporary reinsurance program for 2014 – 2016; States can choose to administer their own risk adjustment program or have HHS administer it
    - A study is underway by Wakely Consulting (RWJF/NYSHF-funded)
  - Aligning Rules with Outside Market
    - Whether insurers participating in the exchange be required to offer all health plans sold in the exchange to individuals or small groups purchasing coverage outside of the Exchange; Whether the individual and small group markets should be placed entirely inside the Exchange
    - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
  - Definition of Small Group/Sole Proprietors Outside the Exchange
    - Whether to revise the definition of "small employer" outside the Exchange to be consistent with the definition as it applies within the Exchange
    - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)

Exchange Policy Studies

- **Basic Health Plan**
  - ACA allows states to create a new program for individuals below 200% FPL. State considerations include: What benefits should be included? Is this a more affordable option for consumers? Is this a way to address churning and continuity issues? What impact would a BHP have on the Exchange?
  - Modeling by Urban Institute is underway (Planning Grant-funded)
- **Self-Sufficiency**
  - In 2015, the Exchange is required to be self-sufficient. What are the anticipated annual operating expenses of the exchange? What are New York's options for funding the exchange?
  - A study is underway by Wakely Consulting (Planning Grant-funded)
- **Role of Navigators**
  - What should the criteria for eligibility to serve as a Navigator be?
  - A study is being conducted by Wakely Consulting (RWJF-funded)
- **Role of Insurance Producers, Chambers, Business Associations**
  - What role should producers, chambers, business associations play in enrolling individuals and small groups into qualified health plans?
  - A study is being conducted by Wakely Consulting (RWJF-funded)

Exchange Policy Studies

- **Integration of Public Health Insurance Programs**
  - How should public health insurance programs be integrated with the Exchange?
  - A study is being conducted by Manatt Health Solutions (RWJF-funded)

- **Role of Exchange in Decreasing Health Disparities**
  - What role can the Exchange to play in reducing health disparities?
  - A study is being conducted by Center for Health Care Strategies (RWJF-funded)

Exchange Policy Studies

- **Essential Benefits**
  - Advise State on the selection of a benchmark plan; identify the opportunities and challenges with the selection of different benchmark plan options; analyze the potential cost impacts to the State and consumers of the various benchmark choices
  - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
- **Benchmark Benefits**
  - Individuals eligible through the new MAGI category are entitled to benchmark benefits. What will that package look like? Will there be benefits that the State currently offers that should be continued? How will they be paid for?
  - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)

Exchange Policy Studies

- **Purchasing Role of the Exchange**
  - Should the Exchange be an active purchaser or clearinghouse? What are the advantages and disadvantages of each option?
  - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
- **Healthy New York and Family Health Plus Employer Partnership**
  - What will the impact of the exchange be on these programs? Should these programs continue post-2014?
  - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
- **Health Savings Accounts**
  - Whether and to what extent HSAs should be offered through the Exchange?
  - RFP issued 11/15/11 for study of this issue (Establishment Grant-funded)
- **Large Employer Participation**
  - The ACA provides states with the option of including large employers in the Exchange in 2017. Should New York adopt this option? Study should consider the impact on premium growth in the outside market
  - This issue will be included in future study (Establishment Grant-funded)

Early Findings: Urban Institute Modeling

- The ACA is anticipated to reduce the number of uninsured in New York by 1 million people
- Exchange enrollment is estimated to be 1.1 million people
- Estimated federal subsidies to individuals and small businesses: $2.6 billion
- Premiums expected to decline in the small group and non-group markets under health reform in all scenarios modeled
- Policy Options:
  - Coverage and cost estimates are similar across all scenarios (market merger, group size 50/100, maintenance of Medicaid eligibility levels)
  - When non-group/small group markets are merged, larger premium reduction for individuals and modest increase for employers
  - When maintain Medicaid eligibility levels, state costs are higher, Exchange is smaller, non-group premiums are higher, but household costs are lower for low-income

Early Findings: Urban Institute Modeling (continued)

Basic Health Plan

- Estimated enrollment: 468,000
- Exchange size declines from 1.1 million to 820,000
- Potential to increase affordability of coverage, improve continuity of coverage, and shield enrollees from subsidy clawback
- Provider payment rates would likely be below commercial rates, which could limit access to providers; potential impact on the Exchange due to adverse selection impact on premiums, reduced negotiating leverage with plans
- Significant uncertainties: calculation of the federal payment (pending federal guidance and uncertainty of second lowest cost Exchange silver plan)

Additional Information

www.HealthCareReform.ny.gov

Questions regarding implementation can be sent to:
HealthCareReform@exec.ny.gov