

## **Planning for the Arkansas Health Benefits Exchange**

Governor Mike Beebe directed that the Arkansas Insurance Department (AID) lead planning efforts to determine optimal placement and operations of Arkansas's Health Insurance Exchange as required to comply with mandates of the Affordable Care Act.

The AID has been awarded a one year, \$1 million planning grant from the United States Department of Health and Human Services (DHHS) Center for Consumer Information and Insurance Oversight (CCIIO) to assist with studying options for development of the best possible Insurance Exchange for Arkansans. If planning milestones are achieved as defined by the DHHS Secretary, Arkansas will also be awarded needed funds to implement Arkansas' Exchange until January 1, 2015 at which time the Exchange must be fully self-funded. The Arkansas Exchange will be called the "Arkansas Health Benefits Exchange".

### **What is an Exchange?**

Per CCIIO, an Exchange is a "mechanism for organizing the health insurance marketplace to help consumers and small businesses shop for coverage in a way that permits easy comparison of available plan options based on price, benefits and services, and quality." As of January 1, 2014:

- Individuals/families with incomes under 138% of the federal poverty level (FPL) will be Medicaid eligible, based on income only—no longer will assets testing be required as for categorical eligibility.
- Children living in households with incomes too high for Medicaid eligibility may be eligible for Children's Health Insurance Programs (AR Kids First ); see <http://www.arkidsfirst.com/elig.htm>
- Individuals/families with incomes up to 400% of FPL will be eligible for tax credits or other reduced cost-sharing depending on their income.
  - See <http://www.cms.gov/MedicaidEligibility/Downloads/POV10Combo.pdf> for determination of percent of FPL by household size.
  - Only individuals/families obtaining health benefits coverage through the Arkansas Health Benefits Exchange will be eligible for the financial subsidies and supports.

### **How will an Arkansas Health Benefits Exchange (Exchange) Help?**

Exchanges will help individuals and small employers shop for, select, and enroll in high-quality, affordable private health plans that fit their needs at competitive prices. Exchanges will assist eligible individuals and families to receive premium tax credits or coverage through other Federal or State health care programs such as Medicaid or Children's Health Insurance Program (CHIP). By providing one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable.

Historically, the individual and small group health insurance markets (currently defined in Arkansas as 2-25 individuals) have suffered from adverse selection and high administrative costs, resulting in low value for consumers. Exchanges will allow individuals and small businesses to benefit from the pooling of risk, market leverage, and economies of scale that large businesses currently enjoy. It is expected that by pooling people together, reducing transaction costs, and increasing transparency, Exchanges will create more efficient and competitive markets for individuals and small employers. (Large employers may be included in the Exchange beginning January 1, 2017).

### **Time Line for Arkansas Exchange**

- Certified by DHHS – January 1, 2013
- Tested as Fully Operational – July 1, 2013
- Enrolling with Coverage – January 1, 2014
- Financially Self-Sufficient – January 1, 2015

## **Statutory Requirements for Exchange Functions**

- Certification, recertification and decertification of plans
- Operation of a toll-free hotline
- Maintenance of a website for providing information on plans to current and prospective enrollees
- Assignment of a price and quality rating to plans
- Presentation of plan benefit options in a standardized format
- Provision of information on Medicaid and CHIP eligibility, determination of eligibility for individuals in these programs, and enrollment of eligible individuals
- Provision of an electronic calculator to determine the actual cost of coverage, taking into account eligibility for premium tax credits and cost sharing reductions, and enrolling eligible individuals into the plan of their choice
- Establishment of a Small business Health Options Plan (SHOP) Exchange through which small employers may access coverage for their employees
- Certification of individuals exempt from the individual responsibility requirement
- Provision of information on certain individuals to the Treasury Department and to employers
- Establishment of a Navigator program that provides grants to entities assisting consumers
- Presentation of enrollee satisfaction survey results
- Provision for open enrollment periods
- Consultation with stakeholders
- Publication of data on the Exchange's administrative costs

## **Guiding Principles for Arkansas Health Benefits Exchange Development**

- Offer best value for informed consumers.
- Provide for selection of qualified plans as defined by DHHS.
- Avoid adverse selection by ensuring that those who buy through the Exchange are a broad mix of the healthy and the less healthy.
- Evaluate and determine eligibility for applicants in Medicaid, the Children's Health Insurance Program (AR Kids First), and other public health programs, including tax credits and premium subsidies, complying with all applicable federal statutes relating to nondiscrimination.
- Promote seamless access for applicants eligible for other health programs beyond the Exchange coverage options.
- Provide public outreach and insure stakeholder involvement
- Create a competitive climate that will offer purchasers a range of product offerings.
- Operate under transparency, protecting against conflicts of interest.
- Provide a framework for Small Business Health Options (SHOP) Exchanges.

## **Key Questions for the Developing Arkansas Health Benefits Exchange**

- What will be the governance and accountability structure? *Will we have a state, regional, or federal Exchange. If State, will it be within a State agency (existing or new), non-profit, quasi-governmental agency? How will border state issues be addressed?*
- Will individual and small business (SHOP) Exchanges will be merged? *Will the definition of a "Small Group" be 50 in 2014 (increased from 25), or increased to 100 as allowed? (100 in 2017).*
- How will we prevent "adverse selection"—where only individuals with high cost health needs purchase insurance through the exchange? *This will require study of inside/outside Exchange issues related to plans and purchasing rules.*
- Will Arkansas require additional benefits coverage beyond *minimal essential benefits* as defined by the federal government? *State must pay for any additional minimum benefits.*
- Will Arkansas establish a competitive bidding process for plans? *Will the Exchange serve a role of market regulator or plan purchaser?*

- How will we implement mandatory IT and security procedures to integrate state, federal, and private eligibility and enrollment determinations *into a seamless system that allows for easy movement between them with customer life changes?*
- What will be the role *Navigators* - community-based individuals/organizations that assist consumers in understanding and purchasing through the Exchange? *Will navigators be licensed, certified, regulated?*

### **Transparency In Exchange Planning**

The Arkansas Insurance Department commits to a transparent, inclusive Health Benefits Exchange planning process. The ultimate goals are consumer protection and access to quality, affordable health care. The Arkansas Exchange is committed to offering the best value for informed consumers. It will be:

- Well-researched and based on Arkansas needs
- In compliance with the Affordable Care Act and Arkansas law
- Integrated with other Arkansas health care reform efforts
- Financially viable
- Consumer supported.

*We invite you to participate in the development of the Arkansas Health Benefits Exchange and follow our progress through this website. Click on the link below to send us a message, make a suggestion, or ask a question. It is our intent to be open and transparent throughout this process. We will use this site to post meeting notices, new regulations, frequently asked questions (and answers), and other updates.*

*We are in the process of developing advisory groups to help guide planning to develop the best possible Exchange for Arkansans. We want to hear from you. Send comments, questions, or your interest in advisory group participation to [Cynthia.Crone@Arkansas.Gov](mailto:Cynthia.Crone@Arkansas.Gov).*

*Working together we can and will move toward improved health care access for Arkansans.*