



The Center on
Health Insurance Reforms
Georgetown University Health Policy Institute

The Affordable Care Act: Implementation of Insurance Reforms and Exchanges

Alliance for Health Reform

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Health Insurance 101: Cooperative Federalism

- States are and continue to be the primary regulators of health insurance for consumers in the individual and small group markets.
 - “Self-funded” plans are primarily regulated by the federal government.
- Congress adopted a cooperative approach in 1996 when it passed HIPAA for shared regulation between the federal government and the states.
- ACA builds on HIPAA framework.
- When does the federal government step in?
 - Insurance market reforms
 - Exchanges



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The Affordable Care Act: Insurance Market Reforms

- **Implemented in phases:**

2012 and 2013 – Preparing for 2014

2010 – Early Market Reforms

- Eliminates lifetime and annual caps on benefits essential health benefits
- Bans preexisting condition exclusions for children under 19
- Expands dependent coverage to age 26 without limitations
- Requires minimum standard of appeals procedures after an insurer denies a claim
- Implements new medical loss ratio standards
- Requires review of certain rate increases

2014 – Heavy Lifting

- Guaranteed issue/renewal
- Ban on preexisting condition exclusions
- Coverage of essential health benefits package
- Modified community rating based on age, tobacco use, geography, family membership (individual or family coverage)
- Nondiscrimination
- Health insurance exchanges

Insurance Reform 101: Key Concepts

- **Guaranteed issue and renewal**
- **Modified community rating**
- **Pre-existing condition exclusions**
- **Essential health benefits**
- **Out-of-pocket maximum**
- **“Precious metal” tiers (Bronze, Silver, Gold, Platinum)**

Insurance Reform 101: Issues to Watch

- Compliance
- Affordability
 - Premiums
 - Cost-sharing
- Access to care
- Adequacy - where are the gaps?

Health Insurance Exchanges 101

- Affordable Care Act called for establishment of health insurance exchanges in every state and DC by January 1, 2014.
 - Not a new concept - several state, local exchanges pre-dated ACA
 - American Health Benefit Exchanges - individual market
 - Small Business Health Options Program (SHOP) exchanges
- People enroll in “qualified health plans.”
- Four “metal tiers” corresponding to cost sharing levels.
- People with incomes 100-400% FPL eligible for income-related premium tax credits and cost-sharing subsidies.

Options for Exchange Establishment

- **Three main types of exchanges:**
 - State-Based Exchange
 - State Partnership Exchange
 - Plan management
 - Consumer Assistance
 - Marketplace Plan Management
 - Federally Facilitated Exchange
- **In reality, a continuum of options for states.**

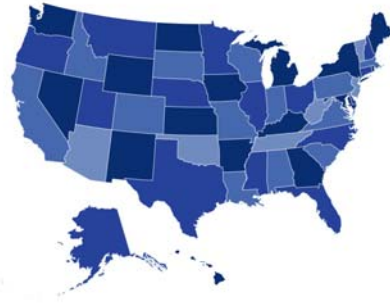
Outstanding Issues on Health Insurance Exchanges

- Will State-Based Exchanges with conditional approval meet the conditions and deadlines?
- How will coordination between states and federal government work in federally facilitated exchanges?
- Will the federal government be able to meet timelines for standing up exchanges by October 1, 2013?
- How will state decisions on Medicaid expansion impact the exchanges? How well will exchanges coordinate with Medicaid generally?

Thank you!

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