

Health Reform: An Update on Federal and Washington-Specific Activity

**EBPA Legislative Presentation
November 3, 2011**

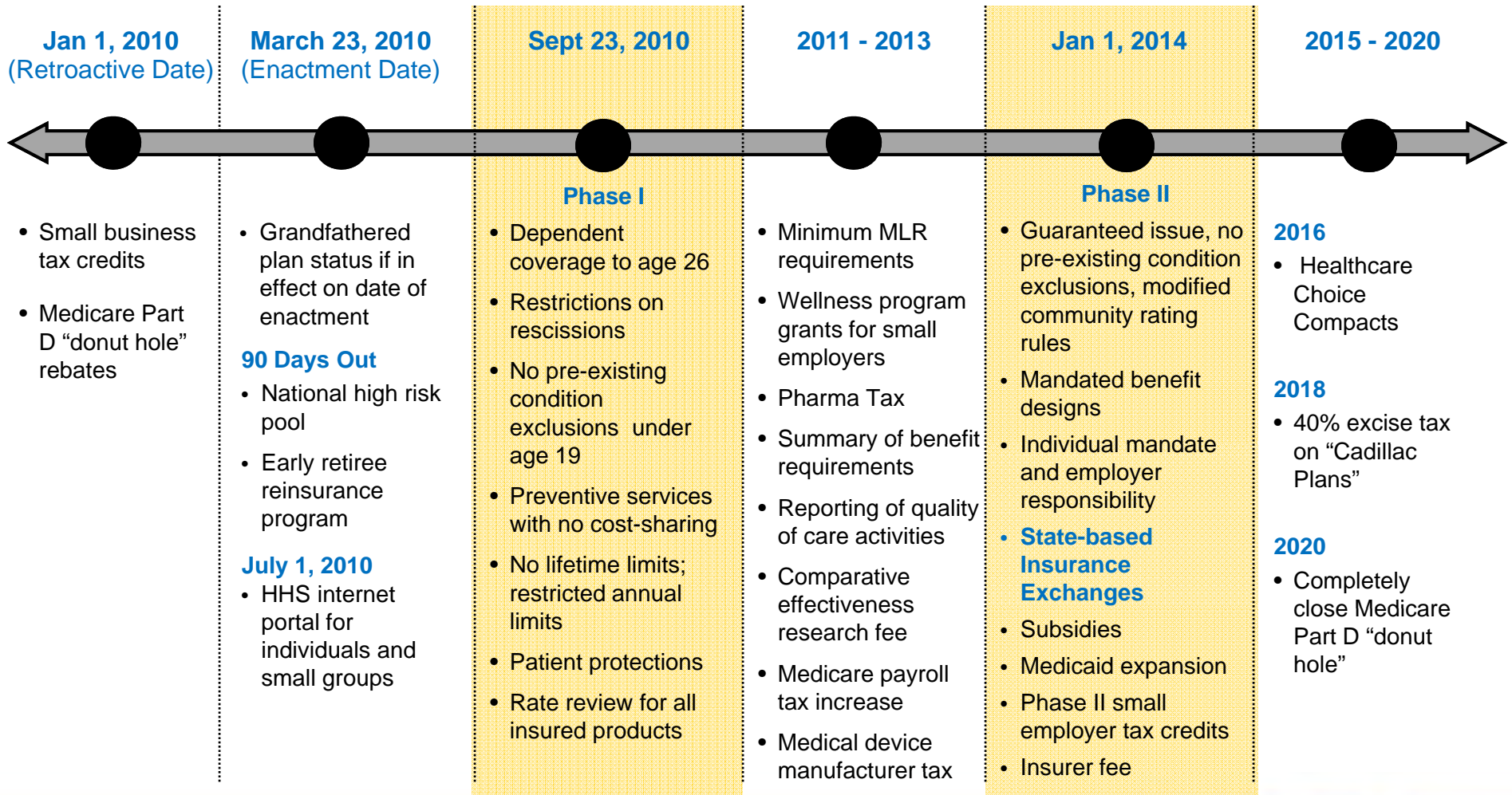
**Len Sorrin
Director, Congressional & Legislative Affairs**

Agenda

- Federal Healthcare Reform Activity
- Washington's Health Exchange
- Current Washington Political Scene
- Q&A

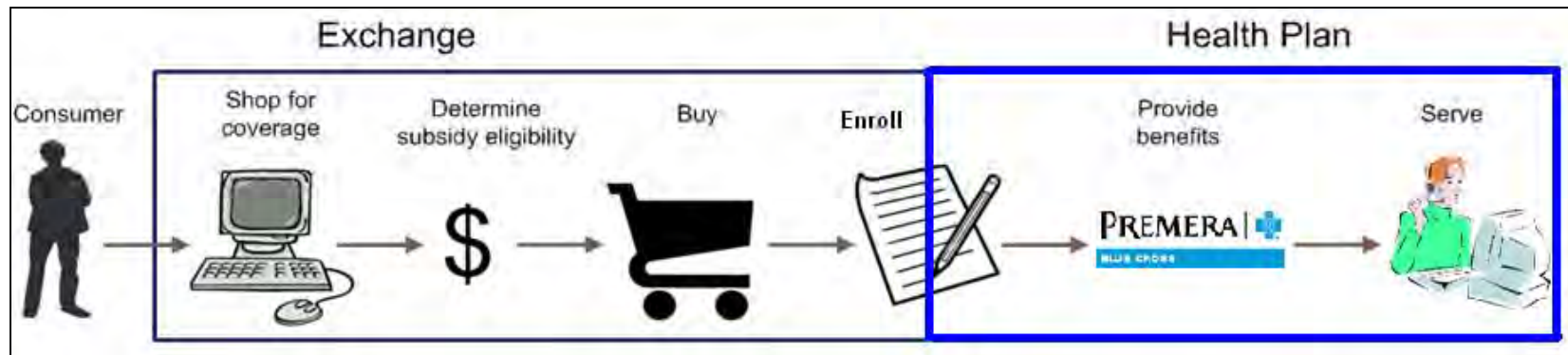
Federal Healthcare Reform Activity

Timeline of Healthcare Reform



Healthcare Exchanges

- Intended to provide a front-end shopping experience matching consumers with “Qualified Health Plans”



- “No Wrong Door” concept will apply: Exchange must enroll applicants eligible for Medicaid and Children’s Health Insurance Program (CHIP)
- Prior to 2016, states can limit Exchange eligibility to employers of 50 and fewer employees and individuals
- In 2017, Exchanges may be opened to larger employers

Federal Subsidies

- Eligible for one or both subsidies on individual or family basis if income is between 100% and 400% of the Federal Poverty Level
- Two forms of subsidy assistance:

Premium Assistance Credit

- Funds 90.5% - 98% of premium
- Based on second-lowest cost “Silver Plan” less maximum % of household income an individual or family can pay

FPL	Max % of Household Income
100% – 133%	2%
133% – 150%	3% – 4%
150% – 200%	4% – 6.3%
200% – 250%	6.3% – 8.05%
250% – 300%	8.05% – 9.5%
300% – 400%	9.5%

Cost-Sharing Subsidy

- Reduces individual’s cost-sharing (out of pocket expenses) by increasing the actuarial value of the plan they qualify for
- Must purchase a “Silver Plan”

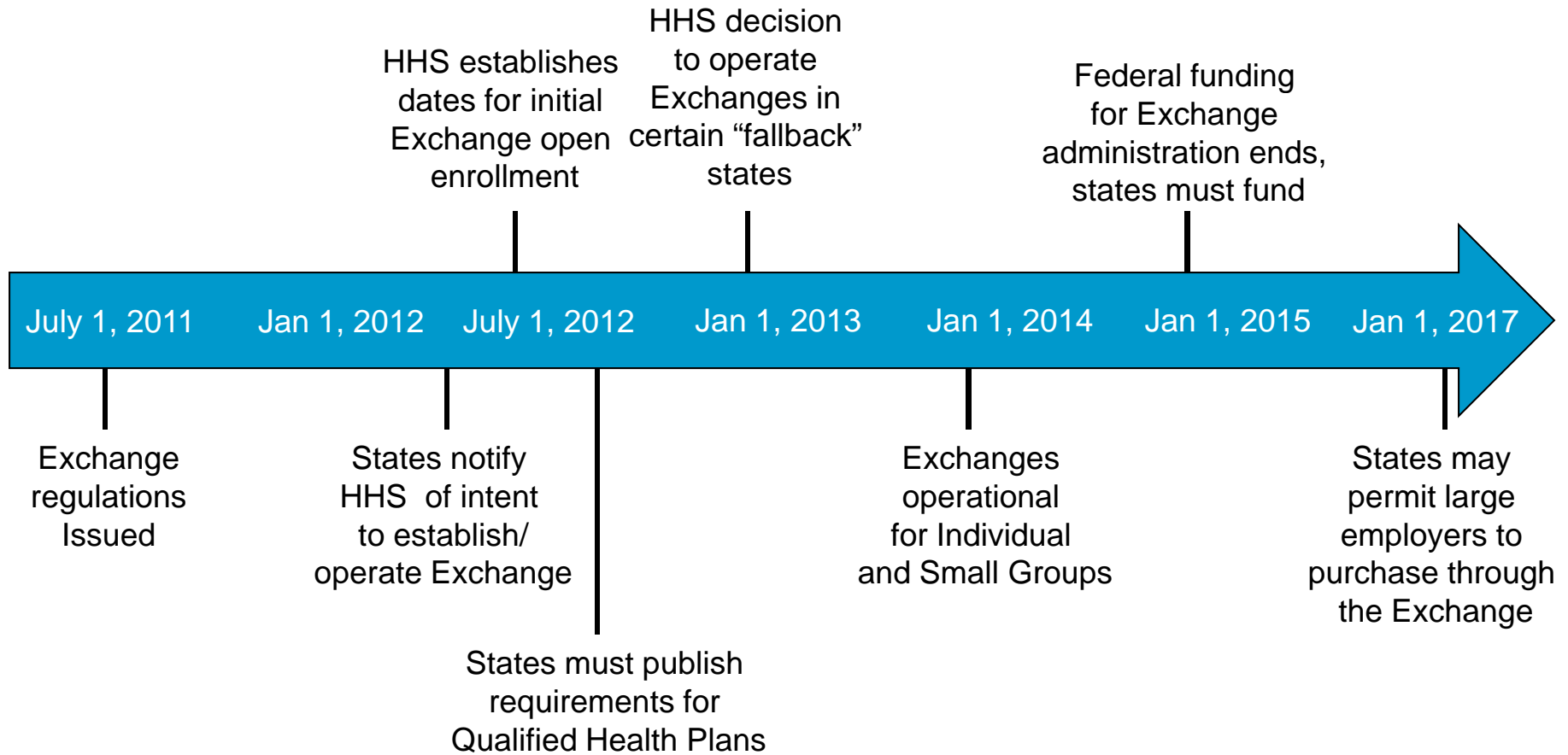
FPL	Max Actuarial Value
100% – 150%	94%
150% – 200%	87%
200% – 250%	73%

Exchange Health Plan Offerings

Insurers participating in the Exchange will be required to cover a series of mandated essential health benefits and offer one “Gold” and one “Silver” plan:

Platinum	<ul style="list-style-type: none">• 90% Actuarial Value
Gold	<ul style="list-style-type: none">• 80% Actuarial Value
Silver	<ul style="list-style-type: none">• 70% Actuarial Value
Bronze	<ul style="list-style-type: none">• 60% Actuarial Value
Catastrophic	<ul style="list-style-type: none">• For individuals under 30 and/or exempt from individual coverage mandate

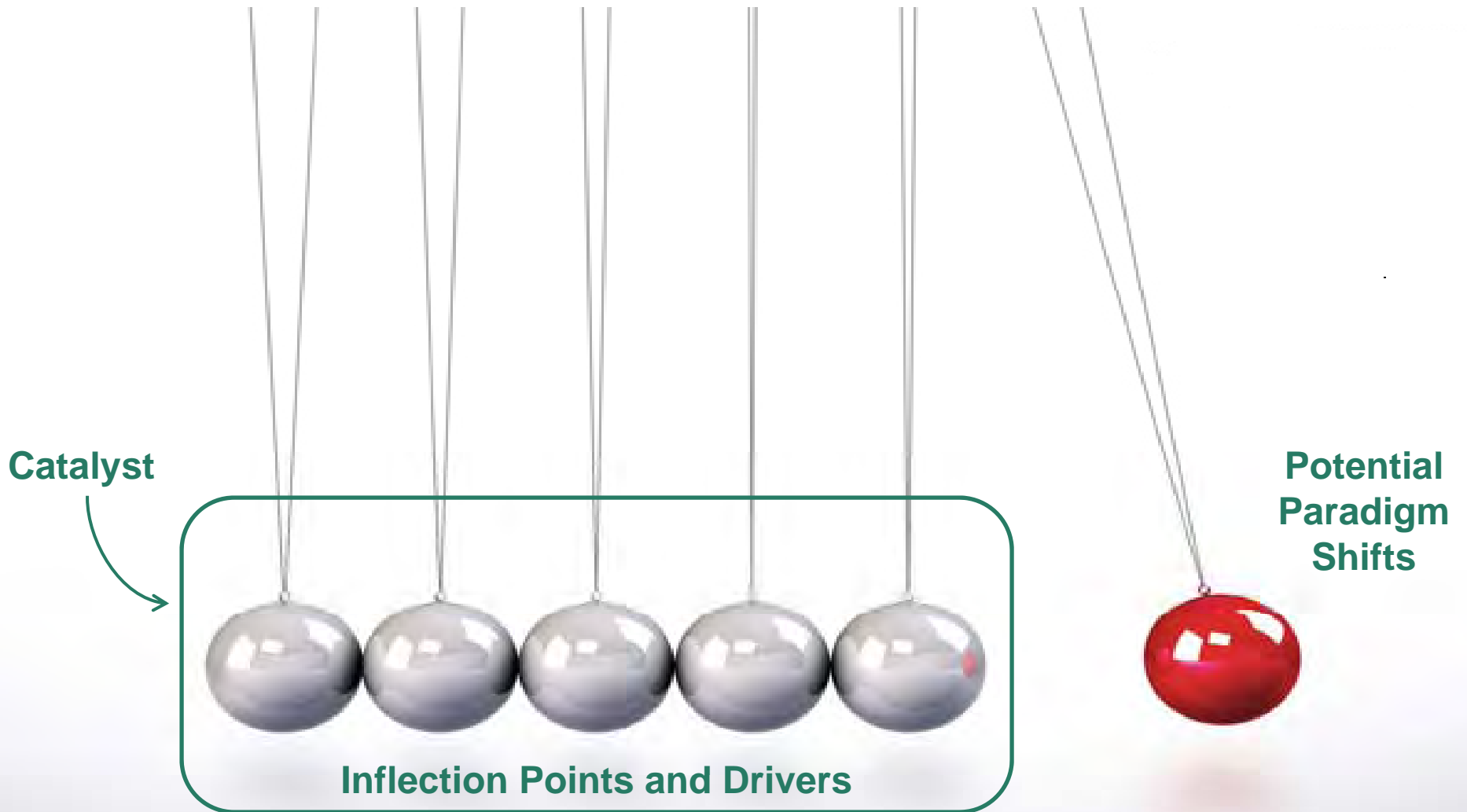
Exchange Timeline



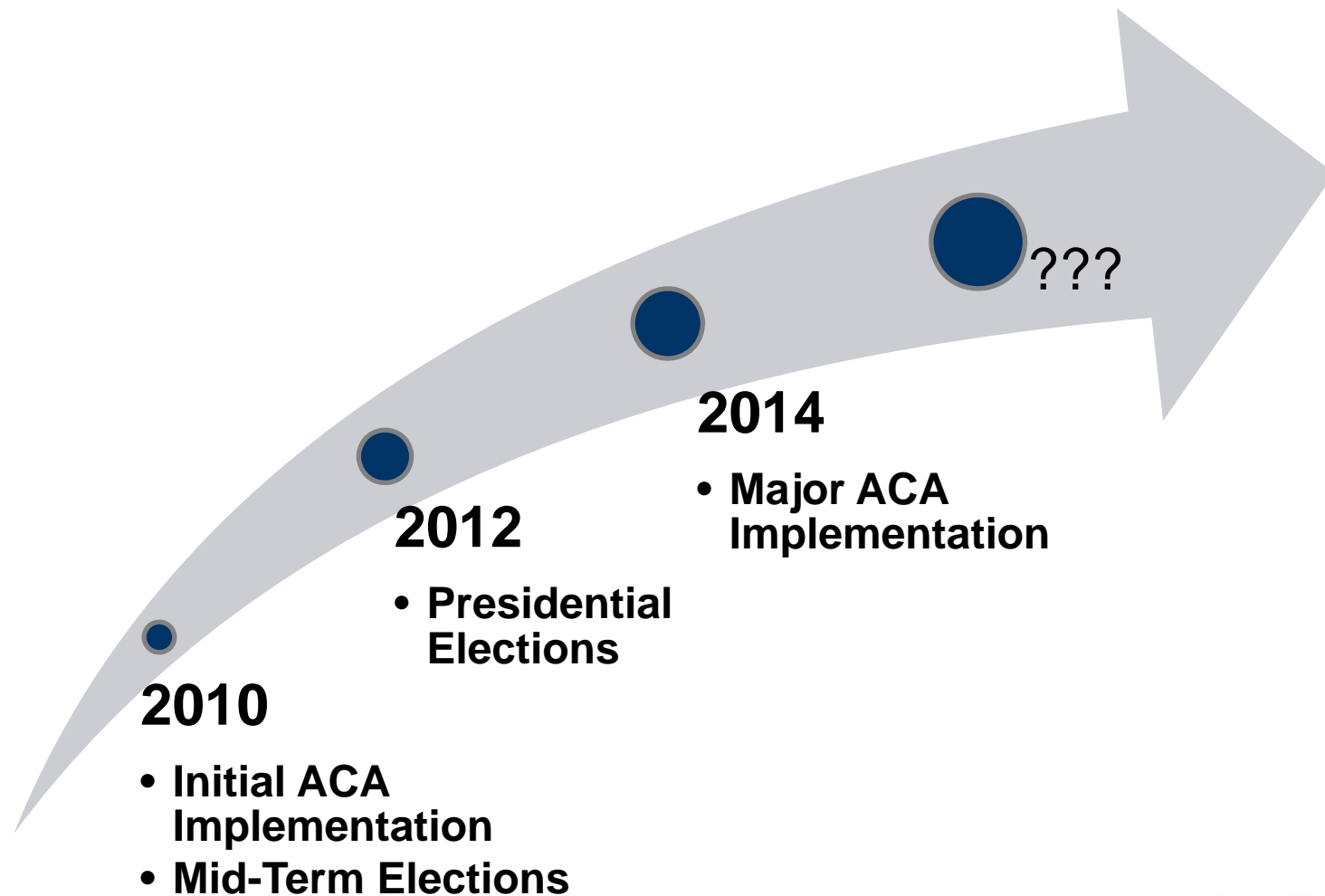
Proposed HHS Exchange Rules

- July and August: HHS released proposed Exchange rules
 - Included much flexibility for states in developing and implementing their Exchanges
 - Comments accepted until end of September
- States provided a great deal of flexibility in developing Exchanges

How Could It All Evolve?



Inflection Points for Change



Potential Catalysts

**Insurer or provider
financial stress**

**2014 freeze-up of
system**

**Massive
implementation
challenges**

**Accountable Care
Organizations**

**Underlying cost
of healthcare**

**Massive federal and state
deficits**

**State innovation
waivers**

**Employer market
implosion**

**Cost
implications of
ACA**

**Court challenges
to reform law**

Washington's Health Exchange

Washington's Health Exchange

- A public-private partnership, separate from state
- 9-member Board appointed by Governor by Dec 15, 2011
 - 8 members appointed from lists submitted by legislative caucuses (4 Republican and 4 Democratic)
 - Chair is non-voting except in case of tie
 - HCA and OIC are ex-officio
- Report from Joint Select Legislative Committee, HCA and Exchange Board due Jan 1, 2012 (detail on next slide)

Washington's Health Exchange

Current Activity:

- Board membership determination underway
- Governor must appoint Board from legislative nominee list by December 15
- State received 1 year, \$22.9 million grant to design/develop Exchange
- HCA is developing options and recommendations on policy decisions – report due by January 1
 - Also working on an operational plan for Exchange

Current Washington Political Scene

2012 Washington Political Scene

- Redistricting
- Gubernatorial Race
- Upcoming Legislative Session – Potential Issues:
 - Exchange Implementation
 - High Risk Pools
 - Benefit Mandates



Questions