

From Legislation to Reality 2011 and Beyond

An Update on the California Exchange

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Determinants of Variability

HHS

- How thin versus robust will HHS require state exchanges to be?
- How aggressively regulated will HHS require state exchanges to be?

States

- How thin versus robust will exchange capabilities and services to and for plans be?
- How aggressively will states regulate the market environment?

Dimensions of Variability

Exchange Capabilities

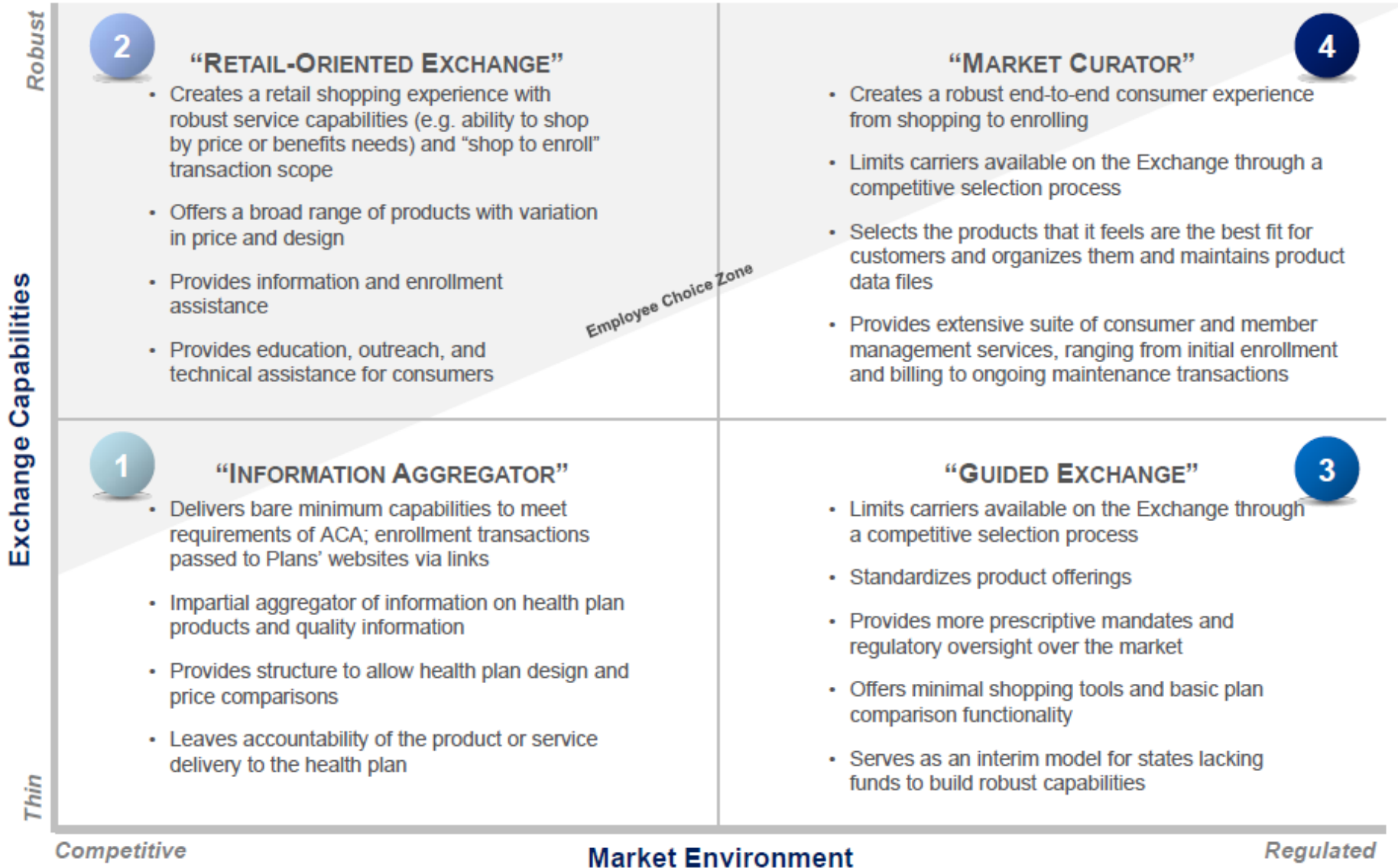
- Degree to which HHS and states:
 - Aggregate eligibility and billing data, work to ease carriers' administrative challenges and reduce costs, have the exchange be the “client,” versus the individuals and small groups who purchase in the exchange
 - Services to help plans succeed range from thin to robust

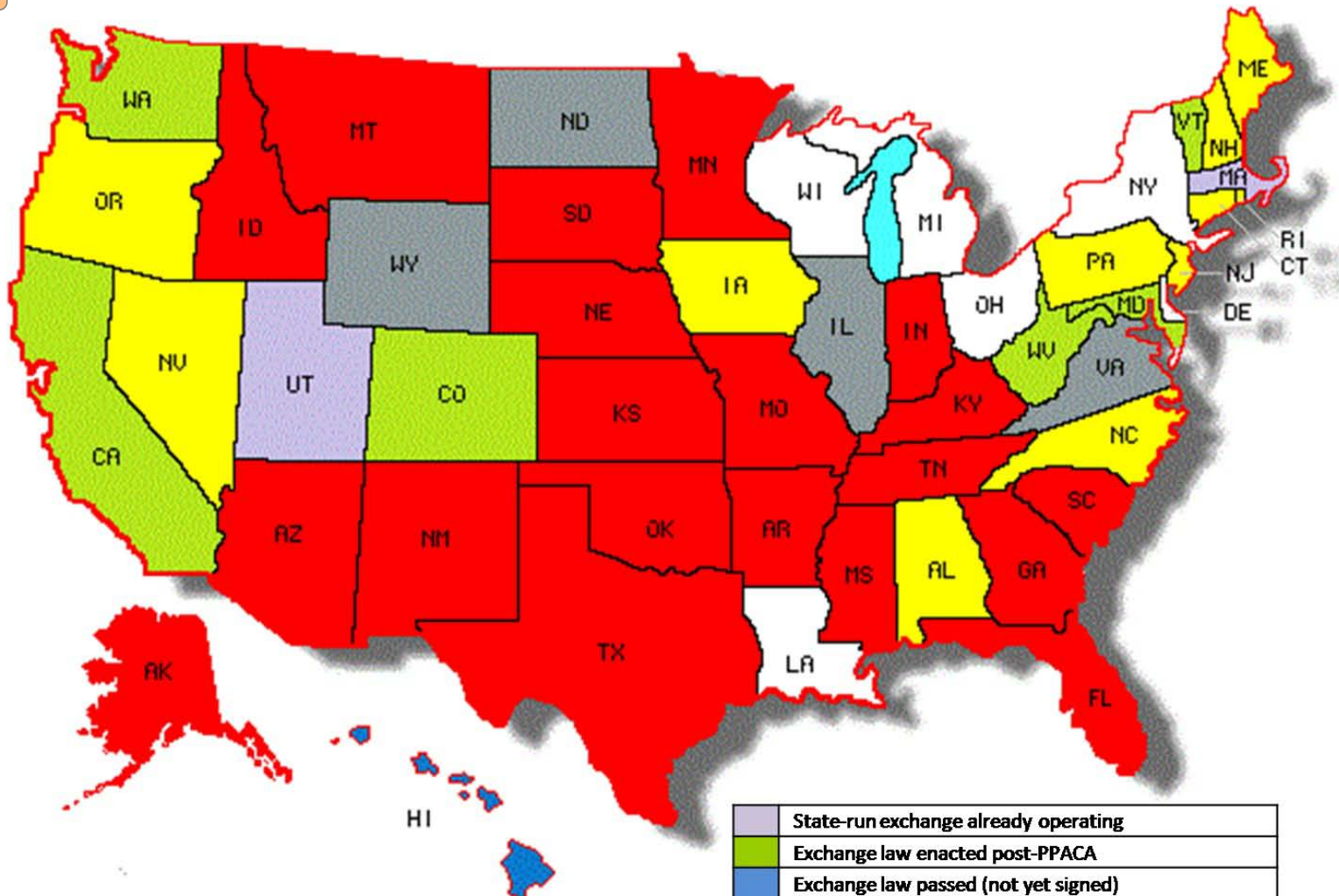
Dimensions of Variability

Market Environment

- Degree to which HHS and states:
 - selectively negotiate and contract with carriers
 - allow for supplemental benefits, e.g., adult wrap-around and/or children’s buy-up above HHS-defined minimums
 - extend the same rules adopted for the mandated children’s dental benefit to any supplemental benefits (if allowed) for children AND adults
 - exercise oversight and micromanage what exchange carriers offer, how they “plug in,” who they subcontract with and how they deal with enrollees

Four Scenarios Based on Variables





	State-run exchange already operating
	Exchange law enacted post-PPACA
	Exchange law passed (not yet signed)
	Exchange <i>planning</i> law passed
	Exchange bill(s) pending in legislature
	Exchange bill(s) dead/not filed for 2011 (adjourned)
	Exchange bill not filed for 2011 (in session)

Health Insurance Exchanges in the States

as of June 2, 2011

courtesy of McKenna, Long & Aldridge -- Washington, DC



ACA “Knowns” for Dental

1. Market reforms do not apply to separate dental coverage
2. Separate dental coverage allowed to be offered in Exchanges
3. Dental exempt from excise tax on high value health coverage



ACA “Unknowns” for Dental

1. Definition of “Pediatric Oral Health Services” in EHBP
2. Portion of assessment tax to be allocated to dental (beginning in 2014)
3. Application of market reforms to pediatric dental coverage required in EHBP.
4. Ability of existing dental coverage to meet EHBP
 - Outside the Exchanges
 - Paired with medical coverage inside the Exchanges
5. Certifications required for enrollees meeting MEC with separate medical and dental coverage
6. Operation of Exchanges



Key Issues in Exchange Operation

1. Requirements to participate—Qualified Dental Plan
2. Separate or Combined AHBE & SHOP Exchanges
 - Individual or Employer Selection of Coverage
3. Consumer Ability to Compare
 - Separate Pricing, Bundled or Embedded
4. Application of Market Reforms (Pediatric Only or Adult)
5. Applicability of Coverage Tiers
6. Allocation and Flow of Premium & Cost-Sharing Subsidies
7. Collection of premium--carrier, Exchange or other entity
8. Ability to Offer Wrap Coverage—children & adults
9. Funding of Exchanges—participating carriers or all carriers?

California First to Adopt Exchange Law

- Exchange an independent entity with 5-member board appointed by governor, legislature and HHS Secretary as tiebreaker
- Exchange certifies “qualified health plans” and assists individuals and small businesses (< 100 employees) to compare and select
- Exchange authorized to offer “supplemental coverage” (including dental), free from qualified health plan rules
- Exchange screens and enrolls Medicaid / CHIP (?) eligibles
- Exchange website to be consumer-friendly with cost calculator
- Exchange operating costs funded by carrier assessments