

Overview of Exchange Models



Regional Tribal Consultations

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS for MEDICARE and MEDICAID SERVICES
Center for Consumer Information & Insurance Oversight



Background

- The Affordable Care Act provides for the establishment in each State of an Affordable Insurance Exchange to help qualified individuals and qualified small employers to purchase health insurance coverage offered by qualified health plans. Each State may elect to establish an Exchange or rely on the Secretary of Health and Human Services to establish an Exchange for that State.
- **Exchanges will increase access to coverage** by providing a single point of access for consumers to receive eligibility determinations for enrollment in the Exchange and for insurance affordability programs.
- **Exchanges will increase competition among issuers** by permitting consumers and employers to easily compare qualified health plans that meet minimum quality and other standards.
- Coverage through the Exchange will begin in every State on January 1, 2014.

Minimum Exchange Functions

- As set forth in the final rule, Exchanges must:
 - Provide consumer support for coverage decisions;
 - Facilitate eligibility determinations for individuals;
 - Provide for enrollment in qualified health plans in the Exchange;
 - Certify health plans as qualified health plans (QHPs); and
 - Operate a Small Business Health Options Program (SHOP).
- Contracting ability: Exchanges can contract with certain entities to carry out these minimum functions.

Exchange Models and Additional Flexibility

State-based Exchange

State operates all Exchange activities; however, State may use Federal government services for the following activities:

- Premium tax credit and cost sharing reduction determination
- Exemptions
- Risk adjustment program
- Reinsurance program

State Partnership Exchange

State operates activities for:

- Plan Management
- Consumer assistance
- Both

State may elect to perform or can use Federal government services for the following activities:

- Reinsurance program
- Medicaid and CHIP eligibility: assessment or determination*

Federally-facilitated Exchange

HHS operates; however, State may elect to perform or can use Federal government services for:

- Reinsurance program
- Medicaid and CHIP eligibility: assessment or determination*

*Coordinate with Medicaid and CHIP Services (CMCS) on decisions and protocols

Exchange Blueprint & Approval Process

- A State choosing to establish its own Exchange or participate in a Partnership model, must complete and submit an **Exchange Blueprint** that documents how its Exchange meets all the legal and operational standards.
- A State must also demonstrate operational readiness to execute Exchange activities as part of its Exchange Blueprint.

Exchange Application Structure

The Exchange Blueprint is structured around the **Exchange Activities** that a State must be able to perform in order to be approved as a State-based Exchange (SBE) or a State Partnership within a Federally-facilitated Exchange (FFE), consistent with the Affordable Care Act and associated regulations.

Exchange Activities include:

1. Legal Authority & Governance
2. Consumer & Stakeholder Engagement & Support
3. Eligibility & Enrollment
4. Plan Management
5. Financial Management, Risk Adjustment & Reinsurance
6. SHOP
7. Organization & Human Resources
8. Finance & Accounting
9. Technology
10. Privacy & Security
11. Oversight, Monitoring, & Reporting
12. Contracting, Outsourcing, & Agreements
13. State Partnership Exchange Activities

Exchange Blueprint Approval

- Approval standards for a State Partnership Exchange will mirror SBE Exchange approval standards for activities a State elects to perform within a FFE.
- State may be asked to provide additional information after the Blueprint has been submitted; an on-site or virtual Exchange assessment may be conducted as part of the verification of Exchange Operational Readiness.
- **Full Approval** will be granted when a State demonstrates its ability to perform **all** required Exchange activities.
- **Conditional Approval** can be granted on January 1, 2013 when a State demonstrates:
 - A plan to build all Exchange activities in compliance with the ACA; and
 - A viable path to successful performance of Exchange activities by October 1, 2013.

Conditional Approval

- Reviews and systems testing will be required for all Conditionally Approved States. Technical assistance will be provided.
- Conditional Approval status will continue:
 - As long as a State continues to meet expected progress milestones; and
 - Until a State successfully performs all required Exchange Activities.
- We encourage States applying for Exchange Approval as a SBE that receive Conditional Approval to be prepared to participate in a State Partnership for Plan Management in the event that they are ultimately unable to operate as a SBE in 2014.

Exchange Model Declaration Letter

Exchange Blueprint also requests submission of an **Exchange Model Declaration Letter**.

- Contents:
 - Indicating choice of Exchange Model Option;
 - Signed by Governor; and
 - Designating individual(s) (Designee(s)) responsible for Blueprint submission and HHS Exchange collaboration.
- Due at or before time of Blueprint submission (by November 16, 2012).
- If received at least **30 business days** prior to submission of Blueprint, States pursuing a SBE or a State Partnership Exchange will be offered an optional Blueprint Consultation.
- If a Declaration Letter is not received by November 16, 2012, HHS will implement a FFE for the State and perform Exchange Activities.

Guidance on Federally-facilitated Exchanges

- Guidance released May 16 outlines HHS' intended approach to implementing a FFE in any State where a State-based Exchange is not operating.
- Addresses:
 - 1. How States can partner with HHS to implement selected functions in an FFE;**
 - 2. Key policies organized by Exchange function; and**
 - 3. How HHS will consult with stakeholders to implement an FFE.**
- Subsequent guidance documents will include policy and operational details intended to inform State decision-making and preparation for Exchange participation, roles and responsibilities, and potential areas of collaboration.

Guiding Principles for an FFE

- **Commitment to Consumers.** Our goal is to ensure that consumers in all States have access to high-quality, affordable health coverage options through an Exchange.
- **Market Parity.** HHS will work to harmonize State market requirements inside and outside of an FFE, to:
 - Promote the competitiveness of each FFE;
 - Minimize administrative burden for issuers; and
 - Ensure consumer protections.
- **Leveraging traditional State Roles.** HHS will seek to capitalize on existing State policies, capabilities, expertise, and infrastructure.
- **Engagement with States and stakeholders.** HHS will seek input from a variety of stakeholders to support and inform decision-making, and will communicate our progress regularly.

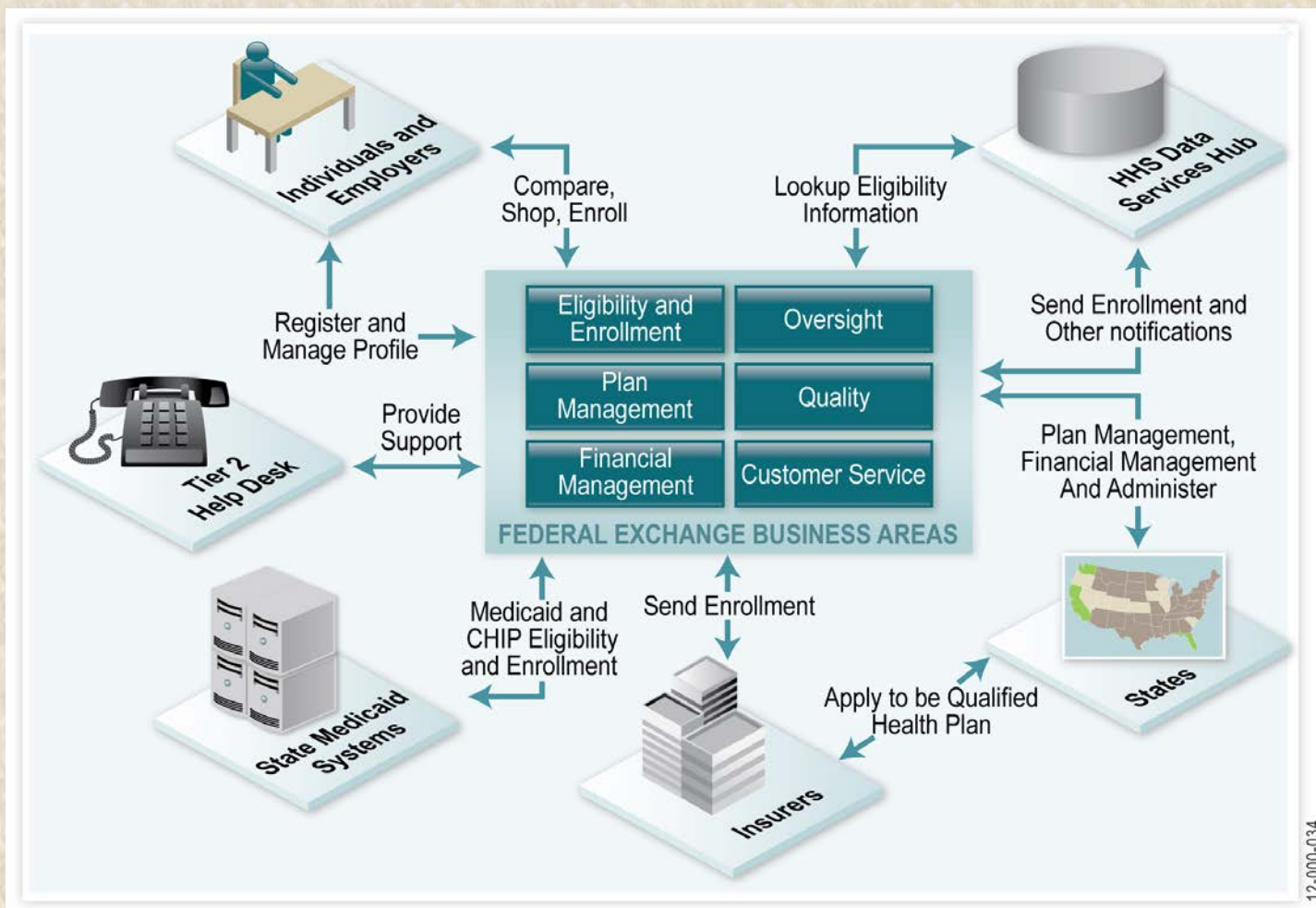
State Partnership Options

- Subject to applicable law, States can choose to administer selected functions in partnership with an FFE. States can choose one or both options:
 - In a **State Partnership in plan management**, the State Partner will be responsible for plan management activities, such as certification, recertification, and decertification of QHPs; data collection and transmission; and issuer oversight and management, subject to federal law and oversight.
 - In a **State Partnership in consumer assistance**, the State Partner will provide in-person assistance to individuals, including filling out and submitting an application, comparing and selecting a QHP, and enrolling in coverage. HHS will operate the call center and website.

State Partnership Administration

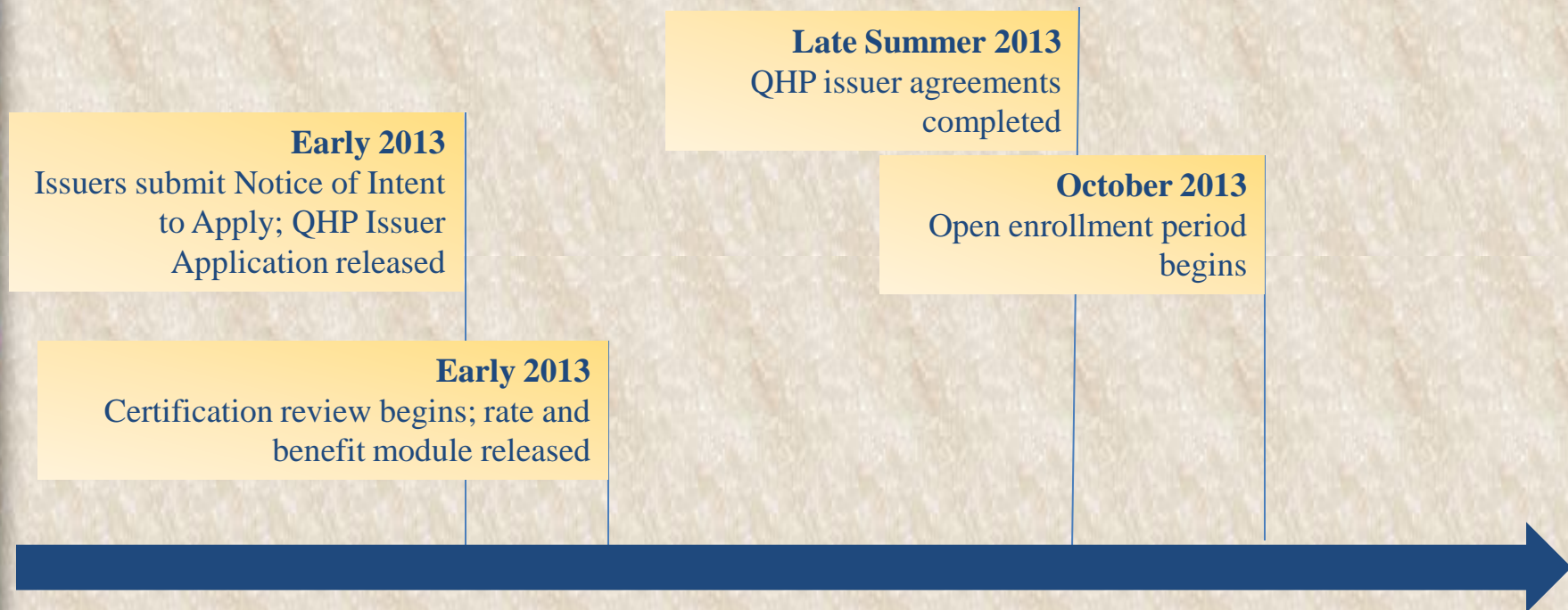
- State Partnership options will increase State control over key business areas.
 - State Partners may vary design processes or activities.
 - In addition, the Partnership options will allow States to serve as first-line resources to issuers and consumers.
 - State Partners will be approved to carry out plan management or consumer assistance functions, and will perform plan management or consumer assistance functions for both the individual and small group markets.
 - HHS will approve inherently governmental decisions on an ongoing basis.

FFE Concept Diagram



12-000-034

QHP Certification Timeline for an FFE



Relationship to Exchange Final Rule

- Exchange final rule applies to all Exchanges:
 - State-based Exchange;
 - FFE; and
 - State Partnership (part of the FFE).
- Where discretion is afforded, State-based Exchanges have flexibility to set standards above the Federal minimum standards.
- The FFE will have a consistent set of standards and operating procedures across the States that it serves.