STATE EFFORTS TO IMPLEMENT PPACA

Sandy Praeger
Commissioner
Kansas Department of Insurance
## Health Reform Implementation Timeline

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### Immediate Reforms:
- No Lifetime Limits
- Restricted Annual Limits
- Restrictions on Rescission
- First Dollar Coverage of Preventive Services
- Extended Dependent Coverage
- Internal/External Review
- No Pre-Existing Conditions for Children
- Disclosure of Justifications for Premium Increases
Preemption

Provisions of PPACA will potentially preempt state laws.

Similar to HIPAA:

**Nothing in this title shall be construed to preempt any State law that does not prevent the application of the provisions of this title.**

PPACA §1321(d)

Exceptions:

- Mandated benefits: States must cover cost of mandated benefits beyond essential benefits package.

- Grandfathered plans: States may not require grandfathered plans to be pooled with post-reform plans.
General Implementation Challenges

- **Adverse selection**
  - Will the mandate and enrollment periods mitigate selection?
  - Will risk adjustment, reinsurance, and risk corridors work?
  - Can self-insurance in the small group be discouraged?
  - Will grandfathering regulations create secondary market for grandfathered plans that don’t meet minimum requirements?
  - Will same rules apply inside and outside the Exchanges? Will Co-Ops and Multi-State plans play by the same rules?

- **Market Disruption**
  - Will there be withdrawals or contraction?

- **Cost control is a major long-term challenge**
What Are States Working On?

- **Rate and Form Filing Reviews**
  - New forms and rates based on early reforms
  - Preparing for new rate review requirements – Sept 1st

- **Enforcement of Early Reforms**
  - Possible legislation – new regulations
  - Review of External Review laws and regs

- **Education/Consumer Assistance (Ombudsman Grants)**

- **Medicaid Reforms**

- **Exchange Planning and Legislation**
Early Reforms

- **Reforms Effective “Plan Years” Beginning on or after 9/23/2010**
  - Lifetime Limits
  - Annual Limits
  - Rescissions
  - Preventive Health Services
  - Adult Dependent Coverage
  - Pre-Existing Condition Exclusion for Under 19
  - Internal and External Review Process
  - Patient Protections

- **Medical Loss Ratios**
- **Rate Review and Disclosure**
Early Challenges

- **Child-Only Coverage**
  - Some or all carriers in most states have halted new sales of child-only policies.
    - States have enacted laws and regulations in response:
      - Establishing open enrollment periods
      - Requiring sales to children
    - No problems in guaranteed-issue states

- **Medical Loss Ratios**
  - 14 states have applied for adjustments, 5 approved to date – 1 rejected
  - Insurers have been reducing producer commissions in response to MLR requirements
    - Congress is discussing potential revisions to MLR formula in response

- **Annual Limits**
  - This could force limited benefits plans out of the marketplace or lead to large premium increases for these plans
  - HHS is issuing waivers to limited benefits plans to allow them to remain in the market
  - 4 states have received waivers for laws or programs that require or encourage insurers to offer limited plans.
2014 Market Reforms

- Guaranteed Issue
- No Pre-Existing Condition Exclusions for Adults
- Rating Rules
  - No health status
  - 3.5:1 maximum variation for age
  - 1.5:1 maximum variation for tobacco use
- Single Risk Pool Requirement
- Essential Benefits Plans
- Individual Mandate
- Employer Responsibilities
Exchange Timeline

- **2010**: Planning & Establishment Grants
- **2012**: Federal & State IT Buildouts
- **2013**: Secretary Determination, States Qualify Plans, Plan Bidding/Contracting, Outreach & Education
- **2014**: Enrollment, Coverage Effective
Exchange Challenges

- **Time**
- **Guidance**
  - First regulations published in July
  - Medicaid coordination, subsidies, essential benefits, quality, and other regulations still to come
- **CO-OP and Multi-State Plans**
  - CO-OP regulations have been published – they must comply with state laws and regulations
  - Unclear how Multi-State plans will be treated
- **IT Systems**
- **Politics**
Key Decision Points

- Role of State and Federal Government
- Governance
- Additional Functions of the Exchange
- Additional Information for Consumers
- Regulation of the Outside Market
- Mandated Benefits
- Funding of Operations
- Role of Agents and Navigators
“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.”

-Winston Churchill
Questions?

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