Health Benefits Exchange and Insurance Oversight

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NCIOM North Carolina Institute of Medicine
shaping policy for a healthier state

Agenda

- Guiding Principles for the Workgroup
  - Discussion
- Preliminary data on the uninsured and small group market
- Review of questions related to the structure and operations of the health benefits exchange
- Questions for the group

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Potential Guiding Principles for HBE Discussion

1. Increase choice of carriers/plans
2. Increase transparency and simplify shopping, comparison, and purchase of health plans for consumers and small businesses
3. Increase competition among carriers, and change the basis of competition among carriers to price, quality of care, and improved health of members
4. Ensure the HBE provides value and is sustainable over the long term
5. Create seamlessness for individuals transitioning between public coverage (Medicaid/CHIP) and HBE coverage
6. Encourage take-up, minimize adverse selection, and reduce per capita costs for people covered through the HBE

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  - **CPS and MEPS data**
  - North Carolina Department of Insurance
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Data on the NC Uninsured

- Focus on non-elderly population below age 65
  - Medicare nearly universal in 65 and older population
- Most statistics come from Current Population Survey Annual Social and Economic Supplement (U.S. Census)
  - Approximately 4000 North Carolinians asked about coverage in prior year
- "Is 2008 the most recent we have?"
  - Yes. Data released in August 2009.
  - In March 2009, asked "Did you have (e.g. Medicare, Medicaid, private insurance) at any time last year (e.g, 2008)?"

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Note on Timing

- Note that the data presented today are prior to the state's large increase unemployment rates
  - From 2007 to January 2009, North Carolina's unemployment rate increased from 4.7 to 9.5 percent
  - Between 2007-2009, Holmes, et. al, estimated an increase of 322,000 people in the numbers of nonelderly uninsured in North Carolina
- New Census data expected to be released September 16th

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Potential HBE Eligibles: Uninsured (0-64 years old)

- Approximately 18% of the non-elderly (0-64) were uninsured in 2007-2008 (~1.4 million people)
  (Note: these numbers do not reflect the downturn in the economy)
  - Family income (as percent FPG):
    - ~655,000 (46%) have incomes <150% FPG
      ~632,000 (44%) have incomes 150-400% FPG
      ~142,000 (10%) have incomes >400% FPG
  - Citizenship
    - ~ 1.21 million (85%) are citizens
      ~ 218,000 (15%) are non-citizens (*Note: many non-citizens are in the United States legally and eligible for coverage in the HBE*)

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Source: Yorkery B. Analysis of the Current Population Survey, 2008 and 2009 Annual Social Economic Supplement (reflecting insurance coverage in 2007-2008)

Potential HBE Eligibles: Uninsured (0-64 years old)

- Age:
  - ~ 258,000 (18%) are children between the ages of 0-18
    ~ 457,000 (32%) are young adults between the ages of 19-29
    (*Note: these individuals would be eligible for catastrophic coverage in the HBE)*
    ~ 403,000 (28%) are people between the ages of 30-44
    ~ 184,000 (12%) are people between the ages of 45-54
    ~ 126,000 (9%) are people between the ages of 55-64

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Source: Yorkery B. Analysis of the Current Population Survey, 2008 and 2009 Annual Social Economic Supplement (reflecting insurance coverage in 2007-2008)

Potential HBE Eligibles: Uninsured *Adults* (19-64 years old)

- Approximately 21% of the non-elderly adults (19-64) were uninsured in 2007-2008 (~1.2 million people)
  - Family income (as percent FPG):
    - ~515,000 (44%) have incomes <150% FPG
      ~535,000 (46%) have incomes 150-400% FPG
      ~120,000 (10%) have incomes >400% FPG
  - Employment status of individual adult
    - ~ 298,000 (26%) were not in the labor force
      ~ 172,000 (15%) were unemployed
      ~ 209,000 (18%) were working part-time
      ~ 492,000 (42%) were working full-time

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Source: Yorkery B. Analysis of the Current Population Survey, 2008 and 2009 Annual Social Economic Supplement (reflecting insurance coverage in 2007-2008)

Potential HBE Eligibles: Uninsured *Adults* (19-64 years old)

- Of those individual adults *working full-time*
  - ~ 139,000 (28%) were in jobs with <9 employees
    ~ 76,000 (16%) were in jobs with 10-24 employees
    ~ 57,000 (12%) were in jobs with 25-99 employees
    ~ 203,000 (41%) were in jobs with 100+ employees
    ~ 16,000 (3%) (data not available on size of employer)
- Work connection of others in the family
  - ~ 195,000 (17%) had no connection to the workforce
    ~169,000 (14%) had only part-time workers in the household
    ~510,000 (44%) had one full-time worker
    ~296,000 (25%) had two or more full-time workers

Source: Yorkery B. Analysis of the Current Population Survey, 2008 and 2009 Annual Social Economic Supplement (reflecting insurance coverage in 2007-2008)

Potential HBE Eligibles: *Uninsured Children* (<19 years old)

- Approximately 11% of the children (0-18) were *uninsured* in 2007-2008 (~258,000 million people)
  - Family income
    - ~ 179,000 (69%) were in families with incomes <200% FPG
      ~ 59,000 (23%) were in families with incomes between 200-400% FPG
      ~ 21,000 (8%) were in families with incomes >400% FPG

Source: Yorkery B. Analysis of the Current Population Survey, 2008 and 2009 Annual Social Economic Supplement (reflecting insurance coverage in 2007-2008)

Potential HBE Eligibles: *Non-Group* Coverage

- Approximately 6% of the non-elderly purchase *non-group coverage only* (~523,000 people) (2007-2008)
  - Family income
    - ~145,000 (28%) have incomes less than 150% FPG
      ~183,000 (35%) have incomes between 150-400% FPG
      ~195,000 (37%) have incomes >400% FPG

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Analysis of Insurance Coverage for October Meeting

- The 2010 data, reflecting coverage in 2009, should be released shortly
- In the October meeting, we will prepare data tables that update the information presented here, and includes data on: race, ethnicity, geography, and gender.

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Potential HBE Eligibles: Small Group Coverage (2008-2009, MEPS)

	Less than 50 employees	50-99 Ees	<100 Ees
Number of private sector establishments (Table II.A.1)	139,286	6,161	145,447
Number of private sector employees (Table II.B.1)	908,267	208,328	1,116,595
Number of private sector employees enrolled in health insurance through their job	284,055	113,497	397,552
Number of private sector employees working for small firms who are NOT enrolled in health insurance through their job	624,212	94,831	719,043

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Source: Schiro S. Analysis of the Medical Expenditure Survey Data. Agency for Healthcare Research and Quality. 2008-2009.

Potential HBE Eligibles: Background Data on Small Group Coverage (2008-2009, MEPS)

	Less than 50 employees	50-99 Ees	<100 Ees
Percent of private sector employees in establishments that offer health insurance (Table II.B.2)	55.5%	80.1%	60.1%
Percent of private sector employees eligible for health insurance in establishments that offer health insurance (Table II.b.2.a)	77.4%	84.6%	79.2%
Percent of private sector employees eligible for health insurance that are enrolled in health insurance in establishments that offer (Table II.B.2.a.1)	72.8%	80.4%	74.8%
Percent of private sector employees that are enrolled in health insurance at establishments that offer health insurance (Table II.B.2.b)	56.3%	68.1%	59.2%

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Source: Schiro S. Analysis of the Medical Expenditure Survey Data. Agency for Healthcare Research and Quality. 2008-2009.

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North Carolina's Non-Group Health Insurance Market

- According to NCDOI records, twenty-four insurers actively market non-group major medical health insurance in North Carolina.
- Based upon data collected on PPO & HMO plans for 2008, the non-group market is dominated by one insurer who covers 75% of the covered lives.
- Inclusive Health, the North Carolina Health Insurance Risk Pool, covered 2,506 lives as of the end of 2009.

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Source: Holliday J. NC Department of Insurance

North Carolina's Non-Group Health Insurance Market

Company Name	# non-group lives in 2008	Market share based on non-group lives 2008	Cumulative market share
Blue Cross & Blue Shield of NC	505,396	75.4%	75.4%
Wellpath Select	54,299	8.1%	83.5%
National Union Fire Insurance Co. of Pittsburg	38,468	5.7%	89.2%
Aetna Life Insurance Co.	18,821	2.8%	92.0%
Time Insurance Co.	10,806	1.6%	93.6%
All other insurers	42,738	6.4%	100%
Total	670,528	100%	

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Source: Holliday J. NC Department of Insurance

North Carolina's Small Group Health Insurance Market

- According to NCDOI records, twenty-seven insurers actively market small group major medical health insurance in North Carolina.
- Based upon data collected for 2009, the small group market is dominated by one insurer who covers 67% of the covered lives.
- NC's 5 licensed Multiple Employer Welfare Arrangements (MEWAs), who are typically made up of small employer groups, collectively cover around 35K lives.

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Source: Holliday J. NC Department of Insurance.

North Carolina's Small Group Health Insurance Market

Company Name	# small group lives in 2009	Market share based on small -group lives 2009	Cumulative market share
Blue Cross & Blue Shield of NC	282,730	66.7%	66.7%
United HealthCare Insurance Co.	55,423	13.1%	79.8%
WellPath Select, Inc.	27,393	6.5%	86.3%
Coventry Health and Life Insurance Co.	21,658	5.1%	91.4%
UnitedHealthCare of North Carolina	12,239	2.9%	94.3%
All Other Insurers	24,312	5.7%	100%
Total	423,755	100%	

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Source: Holliday J. NC Department of Insurance.

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HBE Design Questions for Workgroup

- Should North Carolina establish an HBE or leave it to the federal government? (Sec. 1321(b)) If a state exchange:
  - Which entity will operate the HBE (state, quasi-state or non-profit) (Sec. 1311(d))
    - If quasi state or separate non-profit, what is the governance and organizational structure?
  - Should the state create one or two exchanges (for individual and small group) (Sec. 1311(b)(2))
  - What size employer should be allowed to purchase health insurance through the HBE? (States can decide to limit small employer groups to <50 until Jan. 2016) (Sec. 1304(b)(3))

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HBE Design Questions

- If a state exchange:
  - Should the state have one statewide exchange or regional exchanges? (Sec. 1311(f)(1)(2))
  - Should the state participate in a regional exchange across state lines? (Sec. 1311 (f))
- What role with the HBE play?
  - Market organizer and distributor?
  - Selective contracting agent?
- Outreach and enrollment
  - What agency will be responsible for determining eligibility for subsidies? Should the state contract out the eligibility determination to the state's Medicaid agency? (Sec. 1311(f)(3)(B)(ii))

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Questions for Today's Discussion

- What data do you need to provide more meaningful advice?
  - Should NC create its own exchange or leave it to the federal government (pros and cons of both options)?
  - If NC should create an exchange, should there be one or two exchanges (for individual and small group)? Pros and cons of each.
  - Who should operate the exchanges? State government, quasi-governmental? Non-profit? Pros and cons of the different options.
  - Should the HBE for small groups be initially open to groups of 50-100? Pros and cons of the different approaches.

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