

**WORKGROUP FEEDBACK ON FEDERAL-PARTNERSHIP-STATE OPERATED HBE
December 14, 2011**

CONSUMER ASSISTANCE	
<p>Are there any functions we specifically want North Carolina to perform?</p>	<ul style="list-style-type: none"> • We would want to keep consumer complaint functions in North Carolina. • The state has the primary responsibility of caring for its residents, thus the relationship with consumers should be a state responsibility. • Splitting responsibilities between the state and federal government can lead to finger-pointing when problems arise. North Carolina should maintain responsibility for all the consumer assistance functions. (Example: Federal flood insurance—confusing to consumers). • State can provide more extensive customer service than federal government (Example: North Carolina’s SHIP program provides better customer assistance than the 1-800-Medicare number.) Consumers would be better served by state. • The state is better equipped to provide outreach and education because we have a better understanding of the state’s needs, geography, resources, etc. • North Carolina can do a better job ensuring “no wrong door” for eligibility and enrollment if we provide the HBE services (since North Carolina is responsible for outreach, education, eligibility, and enrollment for Medicaid and CHIP). • We should operate the call center operations – as North Carolinians have a better understanding of North Carolina. Operating the call center in North Carolina could also help create jobs. • We want to have responsibility for training patient navigators, call centers, outreach, and education so that they understand NC specifics.
<p>Are there any functions we specifically want the federal government to perform?</p>	<ul style="list-style-type: none"> • The federal government might be better equipped to develop the Shop and Compare website for insurance products (similar to www.healthcare.gov), but workgroup members thought that the US Department of Health and Human Services would need to get some of the plan information from NC DOI to do this. • Some members thought that a federal call center might have more capability of handling the initial volume of calls; others were less sure that the federal government could accommodate the expected volume of calls.
<p>Are there any questions we need before making an informed decision about</p>	<ul style="list-style-type: none"> • Are there complaints that are specific to HBE? If the states address underlying insurance functions, we would need to ensure that complaints sent to the federal government could be routed back to the state for insurance regulatory and monitoring purposes. How does this fit with complaints outside the HBE? • What kind of authority would DOI need to create a partnership

federal or state leadership for specific functions?	model? Will NCGA give DOI the authority to enter into a memorandum of understanding to assume some functions at the state level?
PLAN MANAGEMENT	
Are there any functions we specifically want North Carolina to perform?	<ul style="list-style-type: none"> • DOI needs to know what is happening for insurance plans offered inside and outside the HBE. Thus, DOI would want to collect and analyze plan rate and benefit package information. • Members thought that the state should certify qualified health plans. • Plan licensure and solvency is a traditional DOI function. • DOI traditionally plays the role of overseeing and regulating insurers; most of the plan management functions are similar to traditional DOI functions. • All of these elements are integral to existing oversight of insurance products. • There is a potential for adverse selection in having state oversight outside of the HBE and federal government oversight inside the HBE. (This is a plan management issue.) • North Carolina should develop its own network adequacy standards; otherwise the federal government will establish network adequacy standards using national models that may or may not fit well in the state. • DOI will assume most of these functions regulating insurers outside the HBE, so DOI should also have authority to regulate the insurers inside the HBE. • The only areas that the state DOI does not currently have specific standards are quality ratings for plans, network adequacy, and requirements for essential community providers. The US DHHS Secretary is going to establish some criteria for establishing quality ratings. Workgroup members did not think that assigning quality ratings was a state DOI responsibility; however, it should be a state HBE responsibility. • Workgroup members wanted the state to have the flexibility of deciding when plans need to first be accredited (if the US DHHS Secretary gives states flexibility in the initial years), and in setting the quality ratings. Some of the workgroup members also wanted the state to have the authority (rather than the federal government) in deciding whether plans should be subject to additional quality standards for certification.
Are there any functions we specifically want the federal government to perform?	<ul style="list-style-type: none"> • Some members thought the federal government could establish quality ratings for qualified health plans in the HBE.

<p>Are there any questions we need before making an informed decision about federal or state leadership for specific functions?</p>	<ul style="list-style-type: none"> • What are the quality standards? Workgroup members wanted further guidance on what the federal government would be basing its quality ratings on (e.g., HEDIS, CAHPS). • If the federal government sets the quality ratings for the plans, will the state still have access to the underlying data. Some members wanted the state to get the quality data so that it could use that data to help improve quality of care in the state.
<p>Comments</p>	<ul style="list-style-type: none"> • We generally prefer the state to do this, but we don't yet know how the state HBE will be established so it's hard to decide whether it's better for the state or federal government to do this. • The state isn't always better than the federal government (e.g., mental health in the state). • If reporting requirements, we don't want reports to need to be submitted multiple times. • For multi-state carriers, it might be easier for them to provide information directly to the federal government so that they aren't subject to differing plan management requirements. • If we want to ensure we have as many plan choices as possible, we want to make sure that North Carolina is not so different from other states or the national model. Having too many different state rules might make it difficult for insurers to offer plans in a particular state.
<p>ELIGIBILITY</p>	
<p>Are there any functions we specifically want North Carolina to perform?</p>	<ul style="list-style-type: none"> • The state should help take applications, and should help with the verification process (if questions arise). These functions could be better handled at the local level. • The state should maintain its responsibility of making final Medicaid/CHIP decisions because the state is responsible for a share of the costs.
<p>Are there any functions we specifically want the federal government to perform?</p>	<ul style="list-style-type: none"> • The federal government should determine eligibility for the premium tax credit and cost sharing subsidies (as it will be enforced through the federal tax system). The federal government will be charged with reconciling the amount the person initially received in the premium tax credit with the amount they were eligible to receive based on year-end taxes. Thus, it makes more sense for the federal government to make that determination initially. • It will be very difficult to determine whether the employer offers minimum essential coverage. The federal government may have a better ability to obtain the information necessary to determine if an employer is offering minimum essential coverage. This is particularly true for multi-state employers. • It makes more sense to have the federal government determine

	exemptions from the mandate. (Again, this determination is based, in part, on the person’s MAGI—which is a federal determination.)
Are there any questions we need before making an informed decision about federal or state leadership for specific functions?	<ul style="list-style-type: none"> • If the federal government is going to process applications, and questions or problems arise, who can the individual call for assistance? • Who will help address inconsistencies between administrative data and self-reporting? (For example, ESC wages have a reporting lag. The ESC may report that an individual has certain earnings, but that person may have lost or gained a job so that their earnings are very different from what the ESC records show.) Federal regulations require that the HBE (or Medicaid agency) give the person a chance to bring in documentation to address the inconsistency. But, who—at the local level—can review the documentation to address the inconsistency in verification? • Are there other analogies/processes that are similar (e.g., mortgage applications where person has a different income than what is shown on last year’s tax filing). We need to look at how other groups determine eligibility quickly.
Comments	<ul style="list-style-type: none"> • There may be some places where it’s better to have the federal government do this because it’s not subject to local politics.
ENROLLMENT	
Are there any functions we specifically want North Carolina to perform?	<ul style="list-style-type: none"> • If we can, consumers would prefer a state-based operation, but a lot of that depends on how the HBE is structured. • There may be some data that QHPs would provide to the federal exchange that the state would want for state regulatory oversight (e.g., enrollment or disenrollment data). The DOI needs to know if a plan is growing too quickly to make sure it has adequate reserves. Conversely, if a lot of people leave a plan, it may be an indication of consumer complaints with the plan. The DOI would want to know about either of these circumstances from a regulatory/oversight perspective.
Are there any functions we specifically want the federal government to perform?	<ul style="list-style-type: none"> • For multi-state carriers, it might be easier for them to provide information directly to the federal government.
Are there any questions we need before making an informed	<ul style="list-style-type: none"> • If we have a federally based HBE, will we be charged just for NC’s expenses, or will we somehow be required to pick up other states charges? • Can we obtain data from the federal government if the feds operate the HBE (e.g., enrollment, disenrollment). More generally, if the

<p>decision about federal or state leadership for specific functions?</p>	<p>federal government operates the HBE, what information will they share back with the state DOI?</p>
<p>FINANCIAL MANAGEMENT</p>	
<p>Are there any functions we specifically want North Carolina to perform?</p>	<ul style="list-style-type: none"> • If we have a state-based HBE, then we have more flexibility in determining how much the HBE spends on administrative costs and also how the HBE is financed. Currently, the federal guidance suggests that the only way that the HBE operational costs will be financed is through an assessment on insurers. • If state does not run its own exchange, it cannot run its own risk adjustment model. Risk adjustment is a combined pool inside and outside HBE.
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<p>Are there any questions we need before making an informed decision about federal or state leadership for specific functions?</p>	<ul style="list-style-type: none"> • If we have a federally based transmission system, will we be charged just for NC’s expenses, or will we somehow be required to pick up other states charges? • What are the details of the federal risk adjustment mechanism?
<p>Comments</p>	<ul style="list-style-type: none"> • Financial management includes premium aggregation, flow of funds, and financing mechanisms to ensure self-sufficiency. It would also include accountability, auditing, and financial statements. The HBE has a requirement to report information about HBE operational costs to the public. • Would the state be able to help pay for HBE expenses if the federal government operates the HBE? Or is an insurer assessment the only way that the HBE will be financed? • What is the feedback loop to the state DOI if a QHP in the plan is failing financially? The insurer would still need to report financial solvency to the state for annual rate filing; however, a plan might fail before the annual financial report. Quarterly financial filings to DOI may be sufficient to raise “red flags.” • If the assessment is built into the premiums, then the federal government will pick up a large share of the costs of operating the

	<p>HBE for anyone who receives subsidized coverage through the HBE. For individuals who qualify for the premium tax credit, the amount of the premium is based on a percentage of the individual’s earnings (not the cost of the premium). The federal government subsidizes the difference between the families required contribution (based on the percent of their MAGI income), and the second lowest cost silver plan. Thus, if the assessment is added to the costs of the premium, the federal government will pay that additional cost. However, if the assessment is built into the premium, and insurers have to charge the same premium inside and outside the HBE, then some of the costs will be shifted to plans offered outside the HBE.</p> <ul style="list-style-type: none"> • Insurers are required to charge the same premium if they offer the same plan inside and outside the HBE. However, is there any guidance on what is considered the “same plan”? In other words, is there anything that would stop an insurer from changing one small detail about a plan offered outside the HBE and then not be subject to the requirement that they offer the same premium for plans offered inside and outside the HBE? Other members were not as concerned about this issue, as insurers must have a single risk pool for non-group and for small group policies, whether offered inside or outside the HBE. The only differences in premium prices for different plans should be based on the underlying benefits or cost structure (not on the risk of individuals who select different plans).
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OTHER

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<p>Are there any questions we need before making an informed decision about federal or state leadership for specific functions?</p>	<ul style="list-style-type: none"> • Does a federally operated exchange preclude the HBE from offering value added services for small businesses? • How does the partnership agreement operate between the federal and state government? Through a memorandum of understanding or a contract? If there is a disagreement, what is the appeal process?

