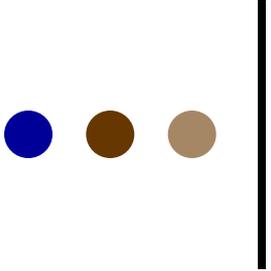


Financing Options

Pam Silberman, JD, DrPH

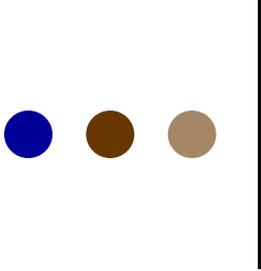
President & CEO

February 28, 2012



Financing Options

- Aside from capturing new premium taxes, what other financing options does the workgroup recommend?



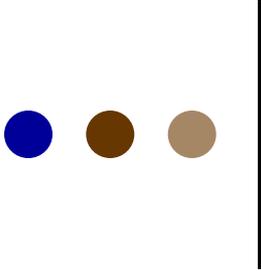
Financing: NAIC Draft White Paper

(Info. Taken from J. Holliday 9/28/11 slides)

- Exchange fee charged to issuers
- Service fee charged to consumers
- Other revenue generating fees
- Advertising
- State appropriations

NAIC White Paper - Exchange Fee Charged to Issuers

- May be applied broadly (across all issuers) or narrowly (only issuers in the Exchange).
- Consider who benefits from the Exchange as well as potential pricing disadvantages/consumer disincentives.
- Need to consider impact on Medical Loss Ratio requirements and interaction with requirement that premiums be the same inside and outside the Exchange.

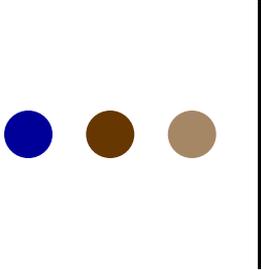


NAIC White Paper – Service Fee to Consumers

- Fee may be assessed to consumers who
 1. Purchase insurance through the Exchange
 2. Purchase insurance inside or outside the Exchange
 3. Access the Exchange regardless of whether they purchase insurance
- Consider who benefits from the Exchange as well as potential pricing disadvantages/
consumer disincentives

NAIC White Paper – Other Revenue Generating Fees

- Any number of fees could be assessed on issuers, individual consumers, employers, agents and/or navigators.
 - Examples: Charge a licensing fee for navigators or charge an issuer who seeks certification of a health plan as a QHP.
- Assessments on providers, hospitals, and clinics



NAIC White Paper – Advertising

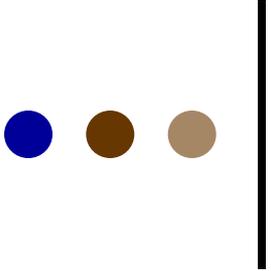
- Advertising on Exchange websites
 - Can generate revenue for the Exchange
 - If Exchange seen as “one-stop-shop” for all health care needs, this may incentivize people to return to the Exchange multiple times a year and reduce the stigma associated with public entities/programs.
 - Could help attract consumers least likely to purchase health insurance (i.e. young, healthy individuals).

NAIC White Paper – Advertising (cont.)

- These efforts will likely increase the administrative burden for the Exchange and therefore will increase expenses, so revenue from the advertising would need to offset the increase in administration.
- If the State chooses to run the Exchange through a state agency, then this option may not be available.

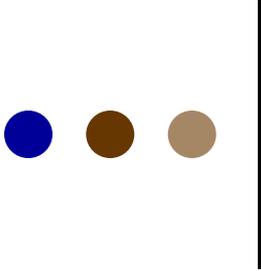
NAIC White Paper – State Funding through Appropriation

- A state may choose to appropriate from its General Fund to fund the Exchange.
- This type of funding spreads the cost of the Exchange across the largest stakeholder base.
- States could use existing tax dollars (including premium taxes) or create new excise taxes for this purpose.



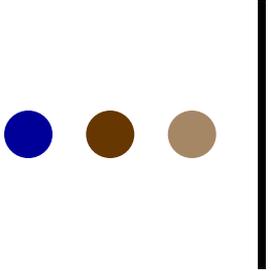
HB 115 (58-50-370)

- In 2014, the funding stream that supports Inclusive Health shall be used to support the HBE operations.
 - Funding from the HBE shall be used to support individuals with incomes <400% FPL, and small businesses that receive tax credit
 - For first 2 years, Inclusive Health was allocated all the increase in premium taxes over base year, but now only receives 30% of increase over base year.
- The costs of supporting individuals with incomes above 400% or other small businesses shall be financed through a user fee on those users



HB 115 (58-50-370)

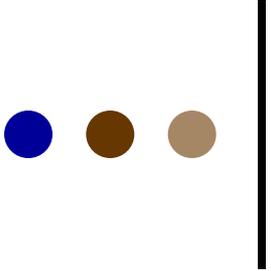
- May use grant funding for operations
- May collect and use advertising fees
- HBE Board shall examine operational costs and propose additional changes to funding streams necessary to ensure financial solvency prior to 2013 Regular Session
 - May not use appropriations from the General Fund



Exchange Fees Charged to Issuers

o Ideas:

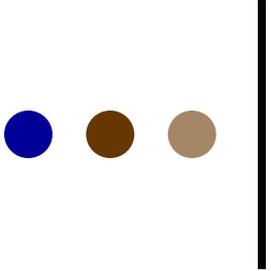
Pros	Cons



Service Fee to Consumers

○ Ideas:

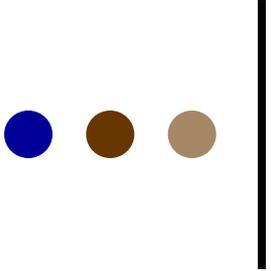
Pros	Cons



Other Revenue Generating Fees

○ Ideas:

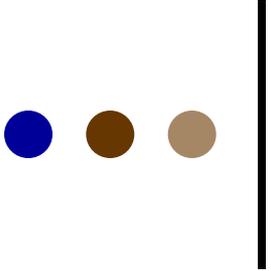
Pros	Cons



Advertising

○ Ideas:

Pros	Cons



Appropriations

- Ideas: (Note: HB 114 stated that the HBE would not be financed through appropriations from the General Fund)

Pros	Cons