



***NEW INSURANCE PRODUCTS AVAILABLE IN  
THE MARKETPLACE***

***NC Institute of Medicine – Annual Meeting***

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## *Topics*

- New Marketplace/Exchange
- Consumer Impact
  - Coverage
  - Rates
- DOJ's Role

## *What is a Health Insurance Exchange or Marketplace?*

- Virtual marketplace where consumers (individuals and small businesses) can research, compare and sign up for health insurance and access subsidies/tax credits
- ACA requires each state to have its own marketplace, if the state does not establish one, the federal government will run the marketplace.

## *Will North Carolina Have a Health Insurance Exchange or Marketplace?*

- Yes, and because NC policymakers failed to establish a state-based marketplace, the federal government will operate the Marketplace in North Carolina.

# *Qualified Health Plan Requirements*

<p><b>ACA-Specific Standards that Apply Inside and Outside the Marketplace</b></p>	<ul style="list-style-type: none"> <li>• Guaranteed availability in all markets – individual, small group, and large group</li> <li>• Meet Essential Health Benefit standards, including Rx formulary</li> <li>• Meet cost-sharing standards</li> <li>• Meet rating standards</li> </ul>
<p><b>State Standards that Apply Inside and Outside the Marketplace</b></p>	<ul style="list-style-type: none"> <li>• Meet Licensing and financial solvency standards</li> <li>• Meet network adequacy standards</li> <li>• Comply with NC marketing standards , and other applicable insurance laws</li> </ul>
<p><b>Standards that Apply Only Inside the Marketplace</b></p>	<ul style="list-style-type: none"> <li>• Include sufficient number and geographic distribution of Essential Community Providers (ECPs)</li> <li>• Meet minimum service area requirement</li> <li>• Hold accreditation from recognized HHS entity</li> <li>• Meet consumer interest test</li> <li>• Non-discriminatory benefit design/cost sharing</li> </ul>

## *Guaranteed Availability*

### *(Applies to All Plans)*

- Insurers in the individual, small group, and large group markets must offer to any individual or employer in the state all products that are approved for sale in the applicable market, and must accept any individual and employer that applies for any of those products.
- Insurers will not be able to discriminate against, charge more, or deny coverage to people with pre-existing health conditions.
- Insurers may restrict enrollment in health insurance coverage to open and special enrollment periods.

*(PHSA Section 2702)*

## *Essential Health Benefits (EHB)*

- All plans in the individual and small group markets (except those that were grandfathered), will need to cover a minimum set of benefits (EHB) based on a state-specific benchmark and ten required categories
- In North Carolina, the benchmark is the BCBSNC Blue Options PPO plan (the largest plan, by enrollment, sold in the small group market)
- Categories not covered by the benchmark plan, such as pediatric dental/vision and habilitative services, will be added for EHB
- Plans will also need to include the greater of one or the number of drugs covered in each USP category by the benchmark
- Plans can cover more benefits than EHB; however, costs for those benefits won't be included in the subsidy calculation

*(Section 1302 of the ACA and Subpart B of 45 CFR Part 156)*

## *Rating Standards*

- For the individual and small group markets, insurers may only vary rates because of the age of the enrollees, the geographic location, and tobacco usage.
- For age, an insurer may not differ the rate factor for a 21 year old and a 64 year old by more than 300% (ratio of 3:1).
- The State, with input from stakeholders, established 16 geographic rating areas.
- For tobacco usage, an insurer in the individual health insurance market may charge up to 50% more for a person who uses tobacco, and by 20% in the small group market.
- Insurers may not rate an individual or a group using gender, business type, health-status, or claims history.

*(PHSA Section 2701)*

# QHP Certification

## NCDOJ's Role

- State law compliance (including network adequacy)
- Rate review
- ACA compliance where appropriate – EHB, AV, cost-sharing limitations, and other provisions of the PHSA

## Federal Role

- ACA compliance where no state enforcement
- QHP certification requirements
- QHP certification decisions
- Marketplace (exchange) operations

## *QHP Certification Standards*

- The Federally Facilitated Marketplace will make the decision of what plans will be certified as QHPs.
- Insurers participating in the Marketplace must:
  - Offer at least one QHP in the silver (70%) and gold (80%) coverage levels, but can offer coverage in all four levels and catastrophic plans.
  - Offer a child-only plan at the same level of coverage.
- All plans issued by a single insurer must be meaningfully different to prevent flooding the marketplaces.
- Insurers must price plans outside the marketplace the same as similar plans inside the marketplace.
- Insurers must have accreditation. CMS is following a phased approach for accreditation.
- Non-discriminatory benefit design/cost sharing

*(Subpart C of 45 CFR Part 156)*

## *QHP Certification Standards*

- Insurers must meet adequate network standards that ensure a sufficient number and type of providers to assure that all services will be accessible without unreasonable delay.
- Insurers must include a sufficient number and geographic distribution of “essential community providers” (generally safety-net providers) in their networks.
- In states with sufficient network adequacy reviews, CMS will use a state’s reviews as part of its evaluation.

*(Subpart C of 45 CFR Part 156 and CMS Annual Letter for Issuers issued 4/5/13)*

# *QHP Certification Standards*

## *NC Network Adequacy Standards*

- Each network plan carrier shall develop a methodology to determine the size and adequacy of the provider network necessary to serve the members. The methodology shall provide for the development of performance targets that shall address the following:
  - Number and type of PCPs, specialty care providers, hospitals, and other provider facilities, as defined by the carrier;
  - A method to determine when the addition of providers to the network will be necessary based on increases in the membership of the network plan carrier;
  - A method for arranging or providing health care services outside of the service area when providers are not available in the area.

*(NC Administrative Code 11 NCAC 20 .0301)*

# *QHP Certification Standards*

## *NC Network Adequacy Standards*

- Each carrier shall establish performance targets for member accessibility to primary and specialty care physician services and hospital based services. Carriers shall also establish similar performance targets for health care services provided by providers who are not physicians. Written policies and performance targets shall address the following:
  - Proximity of network providers as measured by such means as driving distance or time a member must travel to obtain primary care, specialty care and hospital services, taking into account local variations in the supply of providers and geographic considerations;
  - The availability to provide emergency services on a 24-hour, seven day per week basis;
  - Emergency provisions within and outside of the service area;
  - The average or expected waiting time for urgent, routine, and specialist appointments.

*(NC Administrative Code 11 NCAC 20 .0302)*

## *QHP Certification Standards*

### *NC Network Adequacy Standards*

- No insurer shall penalize an insured or subject an insured to the out-of-network benefit levels offered under the insured's approved health benefit plan, including an insured receiving an extended or standing referral under NCGS 58-3-223, unless contracting health care providers able to meet health needs of the insured are reasonably available to the insured without unreasonable delay. (NCGS 58-3-200(d))

## *Where are we now?*

- The federal government will run the marketplace in North Carolina in 2014 and will charge participating insurers a user fee
- NCDOI will continue its regulatory role and will review plans for compliance with all applicable insurance laws, but is not directly involved in determining which plans are offered on the marketplace in NC for 2014
- NCDOI received filings from three insurers who indicated their intent to participate in FFM – BCBSNC, Coventry Health Care, and FirstCarolinaCare.
- The number, type of plans, and premium rates for the insurers who sign an agreement with the FFM to participate will be issued by the FFM at open enrollment.

## *Where are we now?*

- Because the insurers marked information submitted to NCDOl as trade secret (as permitted by state law), NCDOl is prohibited from releasing premium rates or other information relating to the proposed QHPs without the permission of the insurer.
- Open enrollment is scheduled to begin on October 1
  - Consumer issues specific to the Marketplace will be referred to and handled by the federal marketplace
  - NCDOl will do its best to help consumers with their insurance issues, but does not expect to have sufficient resources to meet increased consumer demand for assistance

## *Where to Find More Information*

- Federal Website for Consumers: 800-318-2596, <http://www.healthcare.gov>
- U.S. HHS Center for Consumer Information and Insurance Oversight: <http://cciio.cms.gov/>
- NCDOI Health Insurance Smart NC: 877-885-0231, <http://www.ncdoi.com/Smart/>