

A Review of Washington's Health Insurance Exchange and Issues Facing Large Employers

Employee Benefits Planning Association Education Program

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Agenda

- Summary of the Washington legislation creating and impacting the Washington health benefit exchange (“HBE”)
 - Substitute Senate Bill 5445 (RCW 43.71)
 - Engrossed Second Substitute House Bill 2319
- Summary of HBE activities to date
- A discussion of issues facing large employers as a result of the federal and state legislation



RCW 43.71

- Law creating HBE
- Determines how HBE Governing Board (“Board”) is appointed
- Establishes a public/private entity separate and distinct from the State
 - Must be operational by March 15, 2012, when it assumes the Health Care Authority’s responsibilities for implementing and operating the HBE



RCW 43.71 (cont.)

- HBE Board will appoint an Executive Director
- Board subject to Open Public Meetings Act and Public Records Act
- Board must establish an advisory committee and may establish other committees
- HBE must be self-sustaining by 2015



ESSB 2319

- Requires the Board to develop methodology to ensure the HBE is self-sustaining after December 31, 2014
 - Board must seek input health carriers to develop funding mechanisms that fairly and equitably apportion among carriers the reasonable administrative costs and expenses incurred to implement RCW 43.71
 - Submit recommendations to Legislature by December 1, 2012



ESSB 2319 (cont.)

- Requires the Board to establish policies that permit city and county governments, Indian tribes, tribal organizations, urban Indian organizations, private foundations and other entities to pay premiums on behalf of qualified individuals
- Qualified employers may access coverage for their employees through the HBE



ESSB 2319 (cont.)

- Market rules
 - Beginning January 1, 2014, a carrier must offer individual or small group health benefit plans that meet the ACA's definition of silver and gold level plans in any market outside the HBE in which it offers a plan that meets the ACA's definition of bronze plan
 - A health benefit plan that meets the definition of catastrophic plan in RCW 48.43.008(8)(c)(i) may only be sold through the HBE
 - All health plans, other than catastrophic health plans, offered outside of the HBE must conform with the actuarial value tiers specified in the ACA



ESSB 2319 (cont.)

- Qualified health plans (“QHP”)
 - Board certifies if:
 - OIC determines that the plan meets certain statutory requirements
 - Plan meets ACA requirements for certification as a QHP
 - Must include tribal clinics and urban Indian clinics as essential community providers with plan’s provider network consistent with federal law



QHP

- Board shall allow stand-alone dental plans to offer coverage beginning January 1, 2014
- Board may permit direct primary care medical home plans beginning January 1, 2014
- A decision denying a request to certify or recertify a plan as a QHP may be appealed



QHP (cont.)

- Board to establish a rating system for QHPs to assist consumers in evaluating plan choices in HBE
- All providers of health and other coverage are subject to OIC oversight
- Certification of a plan as a QHP does not exempt plan or carrier from other statutory requirements



QHP (cont.)

- Essential health benefits (“EHB”)
 - OIC, in consultation with Board and HCA, shall, by rule, select the largest small group plan in the state by enrollment as the benchmark plan for the individual and small group market for purposes of establishing Washington’s EHBs
 - If benchmark plan does not include the ACA’s required benefit categories (10), OIC, in consultation with Board and HCA, shall, by rule, supplement the benchmark plan to meet those requirements
 - A health plan required to offer EHBs may not be offered in Washington unless OIC finds that the plan is substantially equal to the benchmark plan
 - OIC must submit a list of state-mandated benefits to the Legislature



QHP (cont.)

- Risk Adjustment and Reinsurance (“RAR”)
 - OIC, in consultation with the Board, shall adopt rules establishing RAR programs required by ACA
 - OIC must analyze an invisible high risk pool option
 - Minimum requirements for the program, such as a reinsurance payment formula
 - OIC must contract with one or more nonprofit entities to administer the RAR program



QHP (cont.)

- Miscellaneous items in ESSB 2319
 - Basic health plan option
 - Washington State health insurance pool
 - Exchange employees



HBE Activities To Date

- Board adopted objectives
- HBE establishment grants
- Public meetings
- Operational plan
- IT systems development



HBE Activities To Date (cont.)

- Integration with Medicaid
- Tribal engagement
- Policy questions/legislative priorities following passage of ESSB 2319



HBE Timeline

- January-March 2012: HBE legislative decisions made
- March 15, 2012: HBE becomes its own entity
- January 1, 2013: HBE must be certified by HHS
- January-April 2013: Additional legislative action taken, as needed
- October 1, 2013: Open enrollment begins
- January 1, 2014: Coverage purchased through HBE begins
- February 20, 2014: Open enrollment period ends



Discussion of Issues Facing Large Employers

- Supreme Court
- Presidential election
- Summary of Benefits Coverage (SBC)
- W-2 reporting
- Pay or play (2014)

