CIANJ:

Getting Ready for Open Enrollment

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Source of Health Insurance Coverage
New Jersey Residents (8,556,000)  
2007

- Self Funded Plans (mostly large employers): 2,257,000; 25%
- Large Employer (51+ employees): 932,000; 11%
- Small Employer (2 - 50 employees): 887,000; 10%
- Individual Reform Market: 88,000; 1%
- Self Funded MEWAs: 20,000; 0%
- Student: 43,000; 1%
- Uninsured: 1,348,000; 16%
- FEHBP: 153,000; 2%
- SHBP Self Funded: 743,000; 9%
- Under 65 Military: 69,000; 1%
- Under 65 Medicare/Medicaid (incl. FamilyCare): 966,000; 11%
- Over 65 (Medicare, Medicare Adv, Medicaid, Vet): 1,088,000; 13%

Scope of regulations

PPACA says “Secretary Shall” 858 times

• “The 2,000-plus page law will be dwarfed by a regulatory flood of epic proportions. Changing the rules for nearly one fifth of the U.S. economy will keep small armies of bureaucrats busy for years.” (Moeller, 5/2/10, *U.S. News & World Report*).
Rolling implementation

• The ACA has many provisions, with some effective as early as 2010 (e.g., dependent to 26 coverage, no pre-x for children) and some not effective until 2018 (e.g., High-Cost Plan Excise Tax or “Cadillac Tax”).

• 2014 is a key year with implementation of Medicaid expansion, exchanges/marketplaces, and the individual mandate among others.
Broad Overview of the ACA’s insurance reforms

Insurance reforms about access to coverage including:

• Ban on recissions
• No pre-x for children
• Dependent to 26 coverage
• Guarantee issuance regardless of health status
• Rating reform restricting how carriers may determine premiums
• Establishment of Exchanges or Marketplaces
Increasing benefits and ensuring certain minimum coverage levels including:

• 10 “essential health benefits” for individual and small employer coverage (generally what you have + pediatric dental and pediatric vision)
• Limits on out-of-pocket maximums
• Minimum benefit levels for larger employers
• No lifetime limits and restrictions on annual limits
• Preventive services covered with no cost-sharing
Insurance premium affordability:

- Premium rate review. This is a prospective review of the reasonableness of rates.
- Minimum loss ratios (MLR) are used to determine the efficiency of the health plan. This is a retrospective review of the reasonableness of rates. MLR calculations are essentially claims/premiums.
- Standards 80% for individual and small employers; 85% for large employers (51+ employees).
Broad Overview of ACA

Incentives come as a carrot and stick:

• Carrot: premium subsidies for individuals purchasing through the Marketplace.

• Stick: individual mandate with tax penalties for non-compliance and employer shared responsibility or “pay-or-play” for large employers beginning in 2015.
Taxes and affordability

- ACA premium tax for New Jersey is estimated to be about $5 billion over 10 years
- Comparative effectiveness fee: $1 per avg. number of covered lives going to $2
- Transitional reinsurance fee: $5.25 per month per member fee (2014-2016)
- 3.5% surcharge on exchange premiums
§ 1311: ACA Exchanges (or “Marketplaces”)

Open for enrollment on 10/1/13, for effective dates on or after 1/1/14:
- Marketplaces for the sale of “Qualified Health Plans” or “QHPs”
- Exchanges will be a purchasing portal for subsidized and unsubsidized QHPs as well as an enrollment point for Medicaid, CHIP and other state public health assistance programs. The goal: “no wrong door” for consumers.
- American Health Benefit Exchange (AHBE) for individuals
- Small Business Health Options Program (SHOP) exchange for small employers
  - States may set the size of the small group market at either up to 50 or to 100 employees until 2016. In 2016, employers with up to 100 employees can participate in a SHOP. In 2017, states have the option to let businesses with more than 100 employees buy through the SHOP.
- Individuals with adequate and affordable group coverage cannot leave group plan for the individual exchange if employed 50+ FTEs
- Individuals and employers may still purchase “off-exchange” plans
NJ Marketplaces

• New Jersey selected to start with federally-run marketplaces. Consumers and small employers would go to “healthcare.gov” to shop for coverage and check eligibility for subsidies.

• 3 plans are participating on both the individual and small employer Marketplaces; 3 additional carriers will also be offering coverage off-Marketplace
Open enrollment periods

• Marketplaces:
  – 2014: 10/1/13 – 3/31/14
  – 2015: 10/15/XX to 12/7/XX

• Large employer market:
  - Set by the employer.

• Individuals may also qualify for Special Enrollment Periods outside of Open Enrollment if they experience certain events.
Coverage Change for NJ Population 0-64 after Implementation of the ACA

- The uninsured will decrease to 8.6% of those 0-64, or 444,000 more people covered.
- The non-group health insurance market will increase from 2.8% to 7.6% of the non-elderly.
- Medicaid/NJ FamilyCare will increase from 13.6% to 16.7% of the non-elderly.
- If NJ decides to implement a Basic Health Plan (BHP), 65,000-75,000 would be eligible.
ACA Coverage Projections

• 444,000 net increase in covered lives projected by RCHSHP
  – Non-group increases from 2.8% to 7.6%
  – NJFC/Medicaid increases from 13.6 to 16.7%
  – Basic Health Plan 65,000 to 75,000

– New Medicaid projections:
  • 72% take up rate will add 300,000 by end of 2014
Questions?

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