<u>Health Benefit Exchange General Overview: Public Meeting</u>
Nevada Division of Health Care Financing and Policy (DHCFP)
Hilton Garden Inn, 3650 E. Idaho Street, Elko, Nevada
April 12, 2011 5:30 PM – 7:30 PM
Notes from Meeting: Q& A

I. Health Care Reform and the Exchange Presentation

- Speakers:
  - Gloria Macdonald, CPA – Project Manager for Health Care Reform, Division of Health Care Financing and Policy (DHCFP)
  - Bob Carey – Senior Advisor, Public Consulting Group (PCG)

II. Questions/Comments

- **Consumer Direct**
  - <u>Question:</u> How will premiums be collected, and how will hospitals and physicians be affected by patients that do not to pay their bills?
  - <u>Answer:</u> This is an issue that occurs in the current system, so hospitals and physicians will deal with this problem the same way that they do now – through free care and bad debt collection. The expectation is that with health reform and Medicaid expansion, there will be fewer people who do not pay. However, the State of Nevada is under no illusion that everyone will have insurance by 2014, or even by 2018, for that matter. There will always be people, such as non-legal residents, who are not eligible for Medicaid or Exchange participation, who get sick and need to go to the hospital and receive free care/bad debt. Hopefully, now there will be the ability for these individuals to access affordable coverage.

    Secondly, the mechanism by which these premiums will be collected is still uncertain. One option is that the Exchange could carry out this function by collecting the federal subsidy, billing the individual, and then sending the money over to the carrier. Another option is for the carriers to collect the federal subsidy, and bill the individual as they currently do in the individual market.

- **George Ridge, Citizen**
  - <u>Question:</u> Do the insurance companies participating in the Exchange need to be from Nevada?
  - <u>Answer:</u> The carriers have to be licensed in Nevada and are subject to the Nevada Division of Insurance regulations.
  - <u>Question:</u> Is a risk pool established for each individual policy or for an entire state?
  - <u>Answer:</u> It is a carrier specific risk pool, and each carrier has a separate risk pool for each market group. The risk pools for each market group include people who purchase coverage through the Exchange, as well as people who purchase insurance outside of the Exchange.

    Currently in Nevada, you can be denied coverage. There is no such thing as guaranteed issue. In 2014, this goes away and carriers must enroll all individuals who seek coverage. This creates a risk problem for carriers, so the law attempts to address this with three provisions:

1. Aggregate stop loss – if a carrier's medical loss ratio gets too high, they will have a way to receive some risk transferable subsidies to pay for that.
2. Individual risk mitigation measures – if a carrier enrolls a disproportionate share of sicker individuals in comparison to the entire pool of Nevadans, there will be money transferred to those individuals.
3. Overall risk adjustment mechanism

These are transitional reinsurance provisions, and it is to be determined how the market will play out.

- **Paula Moore, Elko Women's Health Center**
  - Question: What is going to be done to make it more appealing for doctors to accept Medicaid patients in the future with the new Medicaid expansion? Our office, within the past few months, has chosen to discontinue accepting Medicaid patients due to poor reimbursement, and the fact that they are high risk, and non-compliant.
    Also, what will be the incentive for physicians to take this on, knowing that there will be additional paperwork required with these extra plans?
  - Answer: The reimbursement of Medicaid to physicians is a concern. It is a strain on the existing market place and having more people insured will only increase this strain. The Federal Government will assume all the additional costs associated with the new enrollees in the Medicaid expansion, so there will be no additional costs of coverage to the State, other than, perhaps, additional administrative costs.
    The state needs to figure out the provider networks. Do they work through Medicaid MCOs in trying to provide coverage? This probably will not be an option in the rural parts of the state, but it is an option in places such as Washoe and Clark Counties. Provider demand may likely exceed supply, at least in the short term, so we will have to figure out a way to provide access to coverage.
  - Question: Will there be closer scrutiny of those on Medicaid, and how are incomes going to be verified for people on subsidies?
  - Answer: The state will have IT verification systems in place with the IRS, Homeland Security, and HHS related to tax returns. However, there are still many facets of this that need to be worked out.
    Many aspects of health reform as still uncertain. The State will use the federal funds that have been provided to move forward, but even the Feds do not have all of the answers. Nevada is conducting these public meetings to connect with residents and hear from them about the kinds of issues that they face. We have heard a lot about how difficult it is to provide care in rural Nevada, and that is one of the challenges that we will need to work through.

- **Ann McMullen, McMullen Insurance**
  - Question: In regard to the medical loss ratio requirements, does the legislation allow the carriers to differentiate between Exchange business and non-Exchange business, or will their MLR be a combined book?
  - Answer: The MLR will be a combined book. We have not seen anything in the legislation that suggests that the carriers will be allowed to differentiate between Exchange business and non-Exchange business.
  - Question: Regarding the funding for the Exchange, does SB440 ask for state money to operate the Exchange?

- Answer: There are a series of grants available for funding of the Exchange, and Nevada is beginning to apply for the second phase of funding. The State will submit an application by June 30th that asks for a larger sum of money to start the design and the build of the Exchange. The largest piece of this will be for information technology. The State has already begun the process of planning the design of the eligibility engine, which serves as the "Expedia" component of the Exchange, through the current set of grant funds. The next application phase is asking for the actual money to implement the plan design.

  The Federal government has awarded seven innovator grants to those states that are farther along the process of implementing an Exchange. The idea behind these innovator grants is to create a more uniform platform for other states to follow. In 2015, however, the Exchange will have to be self-sustaining, as the federal government will only fund the Exchange through the first year of operations.

- **Barbara Barrett, Aging and Disability Services Division**
  - Question: Is there going to be a mechanism, other than open enrollment, for those people that move in and out of the State to become affiliated with a carrier?
  - Answer: Yes, these are called qualifying events and it is important that the state make sure that the qualifying events are the same inside the Exchange as they are outside of the Exchange.
  - Question: Will consumers need to be constantly evaluating their plan to make sure that they have the best coverage for their particular health care needs?
  - Answer: The Exchange will be responsible for certifying the qualified health plans on an annual basis, so every year consumers can shop for new plans during the open enrollment period.
  - Question: Will there be an opportunity for people to buy some sort of supplemental plan in addition to their health plan?
  - Answer: No – the plans that are offered through the Exchange have to meet the specific coverage tiers designated by the ACA. There are really no standalone plans, other than a dental plan.

  - Question: How are the rural communities of Nevada going to be populated with navigators?
  - Answer: Navigators are not employees of the Exchange. They are community organizations and people in the community that might already be doing some sort of outreach. The role of navigators versus the role of brokers still needs to be defined. Brokers already exist in the rural communities of Nevada, and the Exchange needs to figure out how best to leverage these contacts in the community.

  - Question: Which entity will be responsible for training residents in the options available through the Exchange?
  - Answer: The Exchange will be ultimately responsible. In Massachusetts it was a combination of the Exchange and the Medicaid agency that did this work.

- **H. Ross McMullen, McMullen Insurance**
  - Comment: The minimum loss ration does not leave a lot of room to provide compensation to brokers.

- Answer: The broker community is not going to go away. The Insurance Commissioner is currently working on a waiver in the individual market, and it remains to be seen how this is all going to end up. The broker community has been very involved in expressing their concerns and interests by coming to all of the stakeholder forums, and they are also providing input to HHS Secretary Sebelius. The Exchange cannot do what the broker does, nor does it want to.

- Comment: Thank you for taking this on, rather than allowing the Federal government to take over the Nevada Exchange. It will be much more successful with local input.
- Answer: We do not know what will happen in the future, but it is our responsibility to do everything we can for our residents. We are doing the best that we can to go out and speak to people and collect their input. We appreciate everyone coming, and please sign up. We will continue to have more targeted meetings in the future.
  The Exchange will evolve over time. The Exchange in 2014 will be much different than it will be in 2016. We cannot predict how the market will evolve, and it's important to remember that this is not a win-or-lose situation. The Exchange can change in the future if we decide that it is not working for Nevadans.

III. Conclusion

- The next meeting will be in Reno on April 26th to discuss the Exchange related to small businesses.