

## Timely Topics

### PAYMENT AND PRACTICE MANAGEMENT

November 2014

#### Exchange 101

On March 23, 2010 President Obama signed the Affordable Care Act (ACA) into law. ACA strives to provide affordable healthcare coverage to all Americans. Healthcare coverage is available through federal and state exchange programs. An “exchange” allows individuals and employers to compare and select from a variety of Qualified Health Plans (QHPs) for their families and employees.

*How do you define “exchange”?*

Healthcare.gov defines a Health Insurance Marketplace (also known as an Exchange, please note these terms are interchangeable) as:

*“A resource where individuals, families, and small businesses can: learn about their health coverage options; compare health insurance plans based on costs, benefits, and other important features; choose a plan; and enroll in coverage. The Marketplace also provides information on programs that help people with low to moderate income and resources pay for coverage. This includes ways to save on the monthly premiums and out-of-pocket costs of coverage available through the Marketplace, and information about other programs, including Medicaid and the Children’s Health Insurance Program (CHIP). The Marketplace encourages competition among private health plans, and is accessible through websites, call centers, and in-person assistance. [In some states, the Marketplace is run by the state. In others it is run by the federal government.](#)”*

*Are all Exchange models the same?*

No. Currently, there are three different Exchange models.

#### **Federally-Facilitated Marketplace (FFM)**

FFM will operate in states that have voluntarily chosen not to run their own marketplaces. Under this program, all core operations are run on behalf of the state by the Department of Health and Human Services (HHS). These operational functions include:

- **Eligibility and enrollment:** Developing a system to determine consumer eligibility and a tool for enrollment
- **Plan management:** This would include QHP certification and selection of plans
- **Small Business Health Options Program (SHOP) Application:** Elements of the applications employers and employees use when signing up for healthcare coverage in the SHOP
- **Financial Management:** Development of parameters for managing payment processing
- **Consumer Report:** Website with chat capabilities, 24 hour call center

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As of October 1, 2013, 27 states operate FFM Models:

- Alabama, Alaska, Arizona, Florida, Georgia, Indiana, Kansas, Louisiana, Maine, Michigan, Mississippi, Missouri, Montana, Nebraska, New Jersey, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin and Wyoming

#### **State-Based Exchange Model**

In a State-Based Exchange, states create and operate their own marketplace using federal grants from the ACA and possibly their own state funds.

The Exchange final rule outlines the activities required to operate a State-Based Exchange. Within the required activities, a State-based Exchange has additional operational flexibility. It may choose to use Federal government services for the following activities:

- Determination of advance premium tax credit (APTC) and cost-sharing reduction (CSR)
- Individual responsibility requirement and payment exemption as defined in future rulemaking and guidance
- Reinsurance
- Risk adjustment

Applications for approval of a 2014 State-Based exchange were due December 14, 2012

- As of October 1, 2013, 19 states had been conditionally approved to operate State-Based Exchanges:
  - California, Colorado, Connecticut, District of Columbia, Hawaii, Idaho, Kentucky, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New York, Oregon, Rhode Island, Vermont, and Washington.
  - Mississippi and Utah have been conditionally approved to operate a SHOP Marketplace for small business owners and their employees.

#### **State-Partnership Exchange Model**

A State-Partnership exchange is a hybrid model between states and the federal government where states may assume primary responsibility for many of the functions of the Federally-Facilitated Exchange (FFE) on a permanent basis or temporarily as they work towards running a State-Based Exchange. States will work with the federal government but will run certain functions on their own. With this model, states can continue to serve as the primary points of contact for issuers and consumers and will work with the Department of Health and Human Services (HHS) to establish an exchange that is tailored to the specific needs of their state.

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- The overall goal of a State-Partnership Exchange is to “enable the exchange to benefit from efficiencies when states have existing regulatory authority and capability, and to provide a framework for tailoring aspects of the FFE to state markets and residents while maintaining a positive and seamless experience for consumers.”
- In a State-Partnership Exchange, the responsibilities of each state includes:
  - recommending plans for QHP certification, recertification and decertification;
  - QHP issuer account management;
  - and day-to-day administration and oversight of QHP issuers.
- State-Partnership Exchange recommendations and activities must be consistent with state laws and regulations, FFE guidance and timelines, standard operating procedures, and policies.
- Applications to participate in a 2014 State-Partnership Exchange were due February 15, 2013.
- As of October 1, 2013, seven states had been conditionally approved to operate a State-Partnership Exchange:
  - Arkansas, Delaware, Illinois, Iowa, Michigan, New Hampshire, and West Virginia.

#### *Transition from a State-Partnership Exchange to a State-Based Exchange*

States are encouraged to notify HHS of their intent to transition between Exchange models as early as possible to ensure a smooth transition, which will likely include developing appropriate transitional procedures and processes.

#### *Why should we keep up with this?*

With the implementation of ACA, it is vital to remain informed of important state healthcare expansion decisions. We anticipate other changes to occur as ACA is further implemented by the federal and state governments. Physician Anesthesiologists and Pain Physicians should be aware of important state regulations that could potentially affect their patients, payment and practice.

#### **Important Healthcare.gov Marketplace Dates**

**March 31, 2014:** 2014 Open Enrollment ended

**November 15, 2014:** 2015 Open Enrollment starts

**December 31, 2014:** Coverage ends for 2014 Marketplace plans

**January 1, 2015:** 2015 coverage can begin

**February 15, 2015:** 2015 Open Enrollment ends

Source: healthcare.gov

#### References:

1. <https://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/partnership-guidance-01-03-2013.pdf>
2. <http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/state-marketplaces.html>
3. <https://www.cms.gov/CCIIO/Resources/Files/Downloads/hie-blueprint-11162012.pdf>