



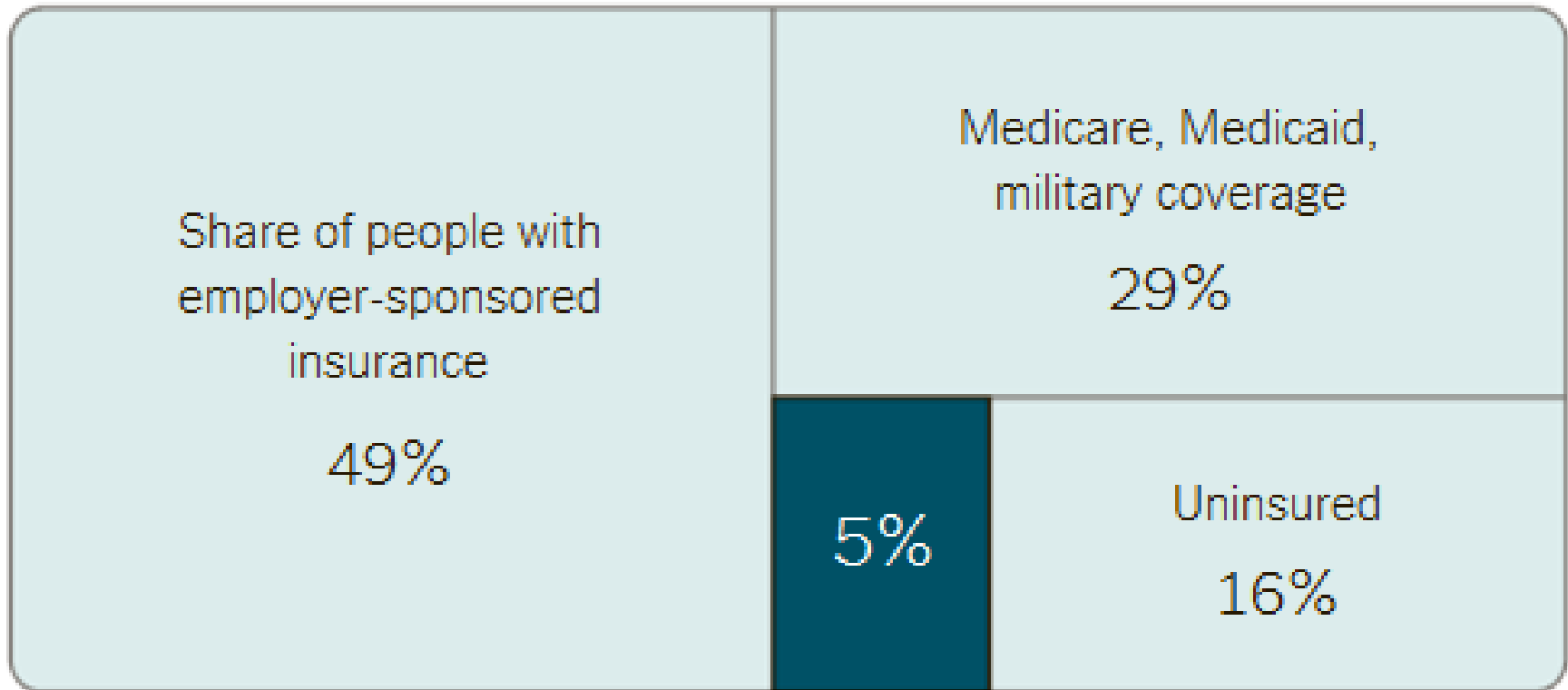
Presentation starts at 12:30pm

Health Care Reform and the Individual Market

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November 19, 2013

Individual Market



Individual market

10-15 million people

Today's Presentation

- Health care reform timeline
 - How did we get here
- 2014 individual market
 - Key provisions
 - Pricing considerations
- Current events
 - Premium rate changes
 - Online exchange issues
 - Plan discontinuations



HEALTH CARE REFORM TIMELINE

Patient Protection and Affordable Care Act

- Signed into law March 23, 2010
 - Broad reform – commercial and governmental
- Supreme Court ruling June 28, 2012
 - Individual mandate upheld
 - Medicaid expansion optional
- Today, commonly referred to as the Affordable Care Act, ACA, or “Obamacare”

Select Provisions

2010

- Adult dependent coverage to age 26
- Free preventive care
- Elimination of lifetime limits
- Exemptions for “grandfathered” plans
- Pre-existing condition insurance plan
- Consumer website

2011

- Minimum medical loss ratio

2012

- Summary of benefits and coverage
- Preventive services for women

2013

- Open enrollment for 2014 health insurance marketplace



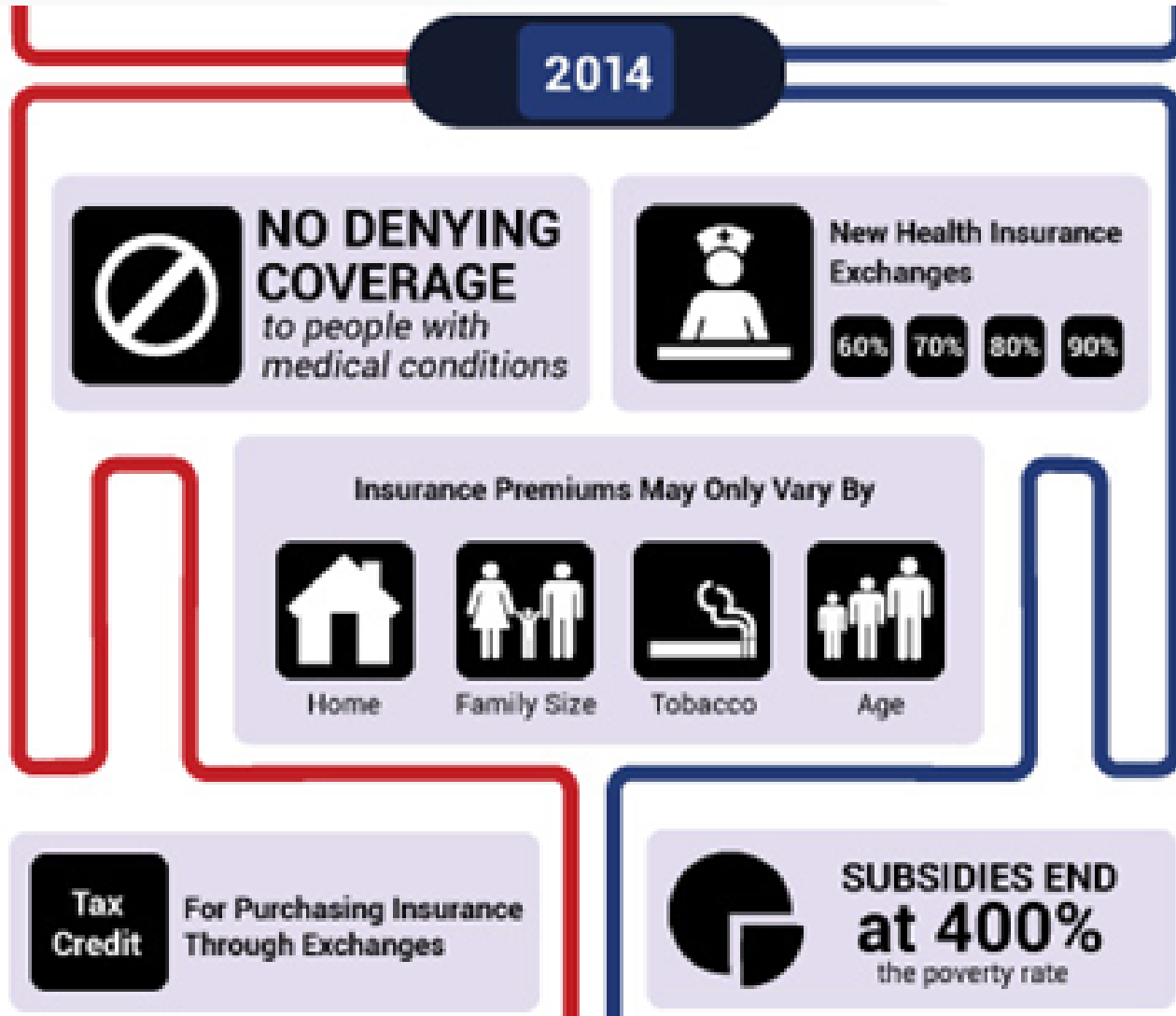
2014 INDIVIDUAL MARKET

Today's Insurance Market

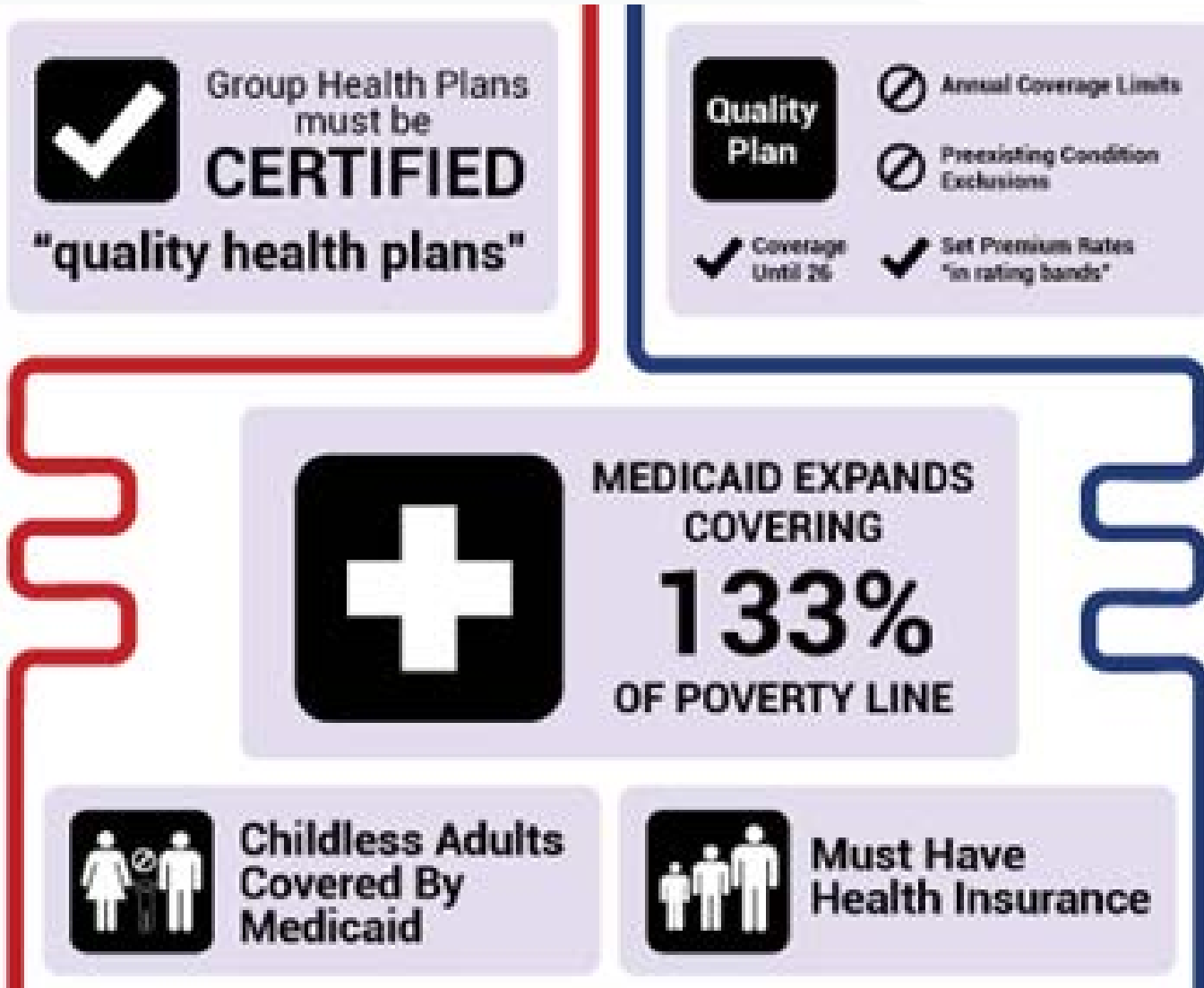
Individual insurance

- Lean plans
- Safety-net plans
- Doesn't cover everyone
- Subject to rate regulation

Illustrative Infographic



Illustrative Infographic



Guaranteed Issue

- Today people with pre-existing conditions or higher health risk may be declined coverage and redirected to a high risk pool
- No longer allowed in 2014

Individual Mandate

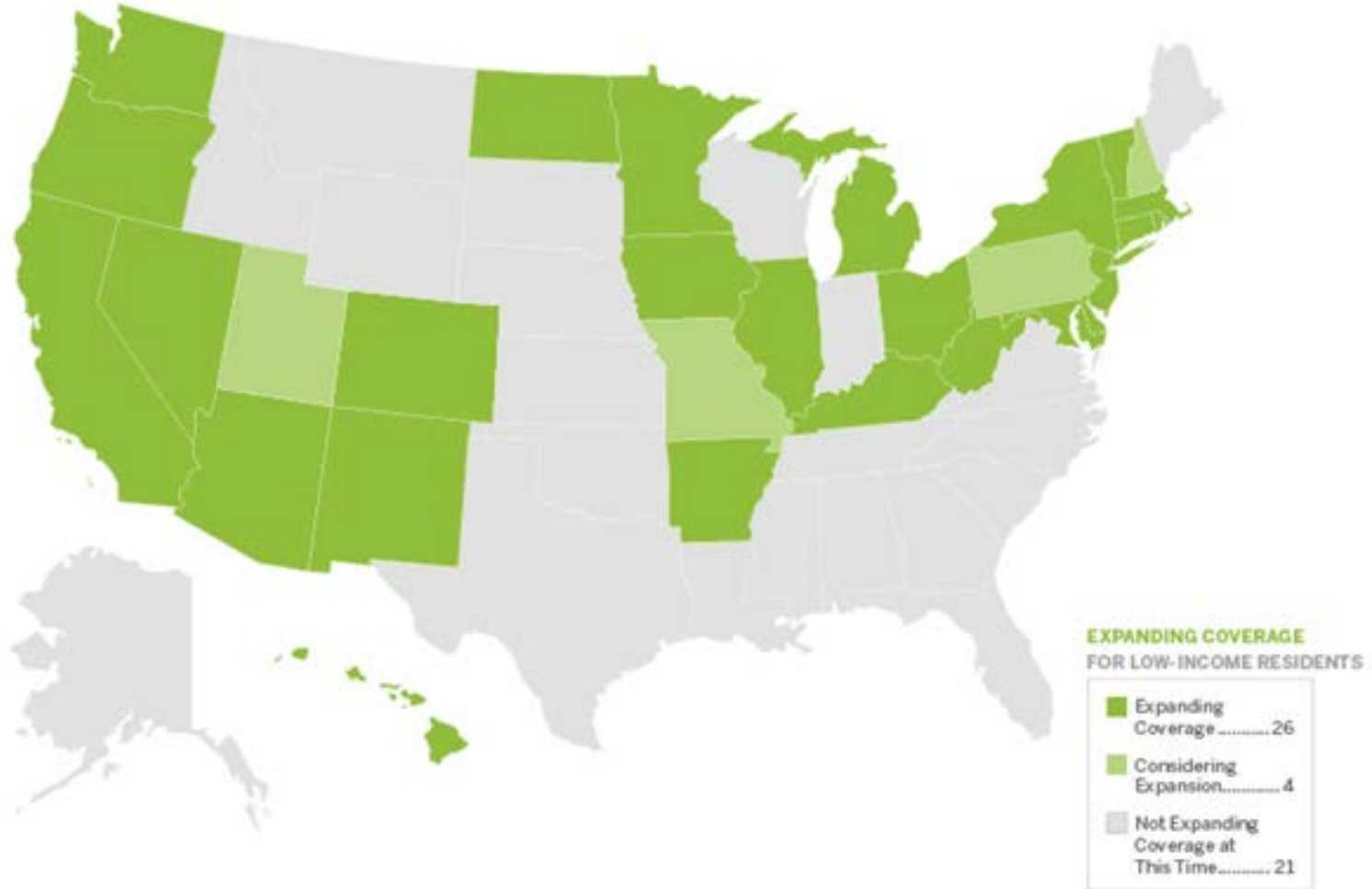
- 2014 penalty is greater of
 - \$95 per adult and \$47.50 per child, capped at \$285 per family
 - 1% of family income
- Increases quickly in future years
- Imposed on individual tax returns
 - Penalty pro-rated on months without coverage
- There are exemptions

Medicaid Expansion

- Today's provisions vary greatly by state
 - Current programs usually only cover families, pregnant women, children or disabled
 - Adults without dependent children generally ineligible
- Expansion to 133% of FPL is optional
 - Up to about \$15,800 income for 1 person
 - Up to about \$32,500 income for family of 4

Where the States Stand on Medicaid Expansion

25 States, DC, Expanding Medicaid—November 6, 2013



Notes: Based on literature review as of 11/6/13. All policies subject to change without notice.

HHS has announced that states can obtain a waiver to use federal funds to shift Medicaid-eligible residents into private health plans.

The District of Columbia plans to participate in Medicaid expansion and will operate its own exchange.



Learn more about ACA implementation at advisory.com/daily-briefing

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Metal Tier Plans

- Based on precious metals
 - Bronze (60% actuarial value)
 - Silver (70% actuarial value)
 - Gold (80% actuarial value)
 - Platinum (90% actuarial value)
- Actuarial value from HHS/CMS calculator
- Annual out-of-pocket maximum
 - \$6,350 single, \$12,700 family in 2014

Minimum Essential Coverage



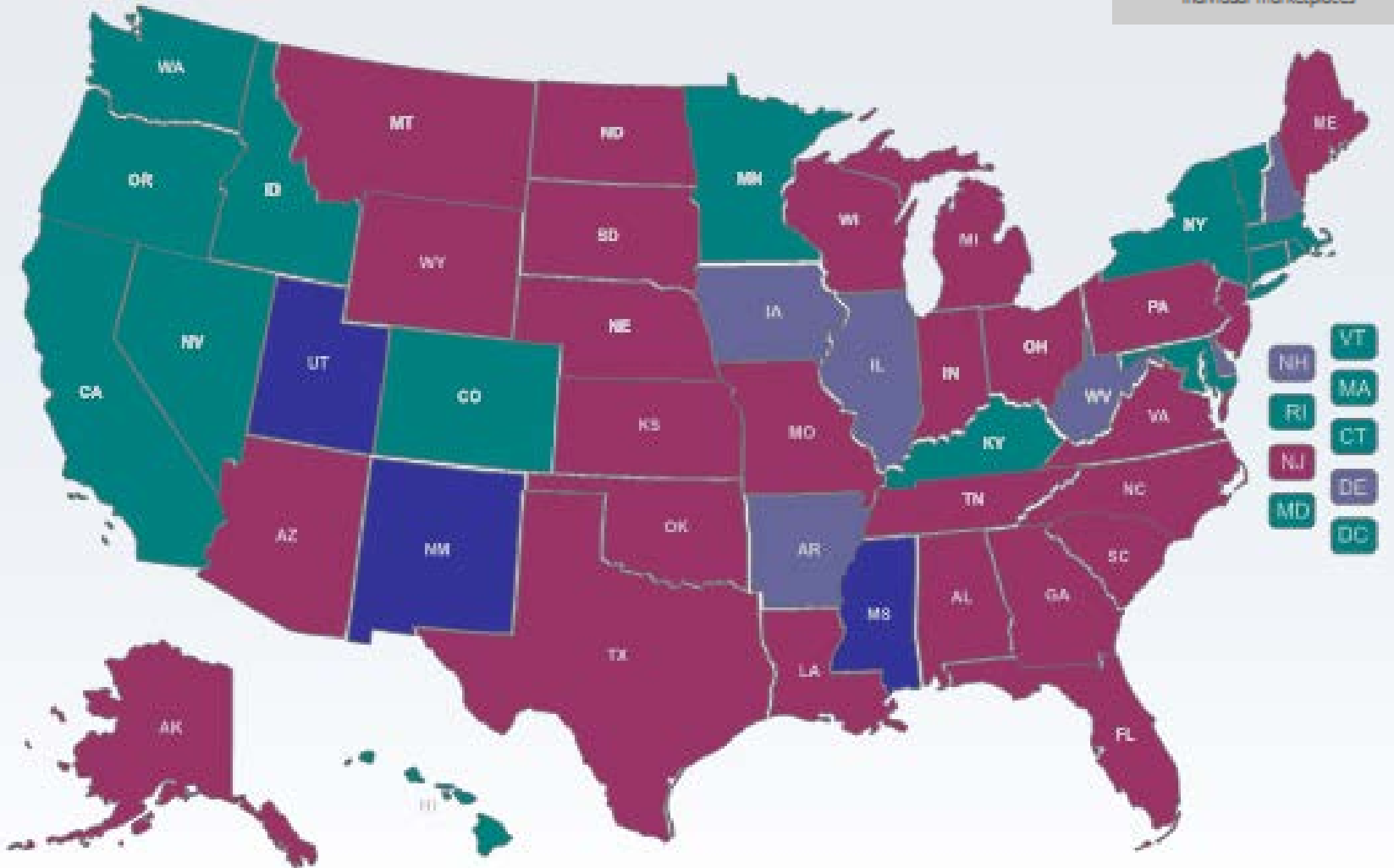
Rating Requirements

- Age
 - 3:1 limit for similar individuals 21 and older
- Family size
 - 3 child cap (dependents age 20 and younger)
- Area (geographical location)
- Tobacco use
 - Allows up to 1.5:1 tobacco use load

Health Insurance Marketplaces

Key:

- 16 State-based exchanges
- 6 Partnership exchanges
- 26 Federally facilitated marketplaces
- 3 State-based SHOPs with federally facilitated individual marketplaces



Premium and Cost Sharing Subsidies

- Subsidies if income is 400% FPL or less
- Tax credits vary with income
 - Based on premium a person would pay for the second lowest cost silver plan
- Subsidies NOT available to individuals offered qualified, affordable group health insurance through an employer

Premium Subsidies

- Percent of income to compare against the second lowest cost silver plan
- Tax credit equal to the difference

Income Level	Premium as a Percent of Income
Up to 133% FPL	2% of income
133-150% FPL	3 – 4% of income
150-200% FPL	4 – 6.3% of income
200-250% FPL	6.3 – 8.05% of income
250-300% FPL	8.05 – 9.5% of income
300-400% FPL	9.5% of income

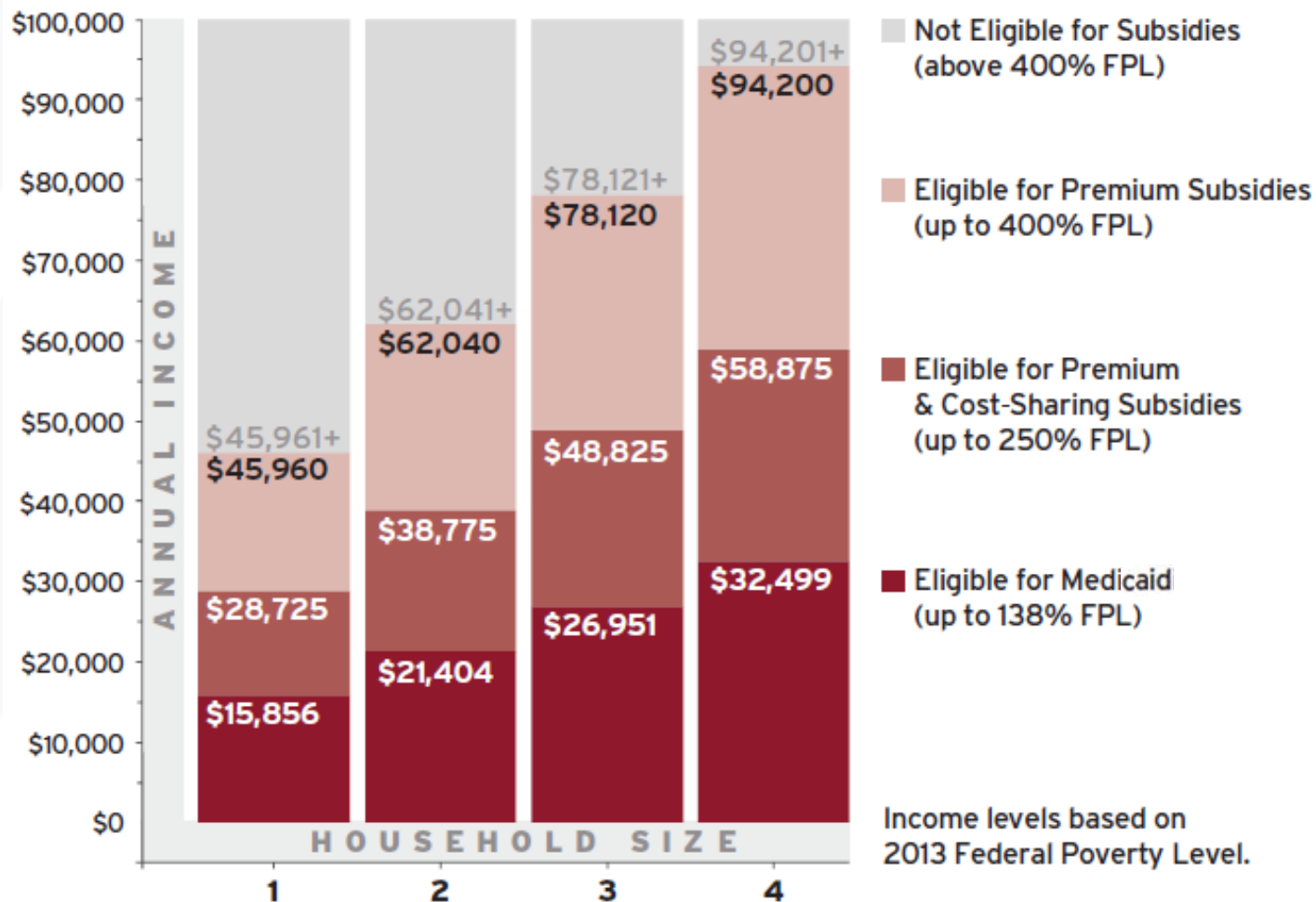
Cost Sharing Subsidies

- Income levels 250% FPL and below
 - Eligible for special Silver plan variations with better cost sharing than standard Silver plan

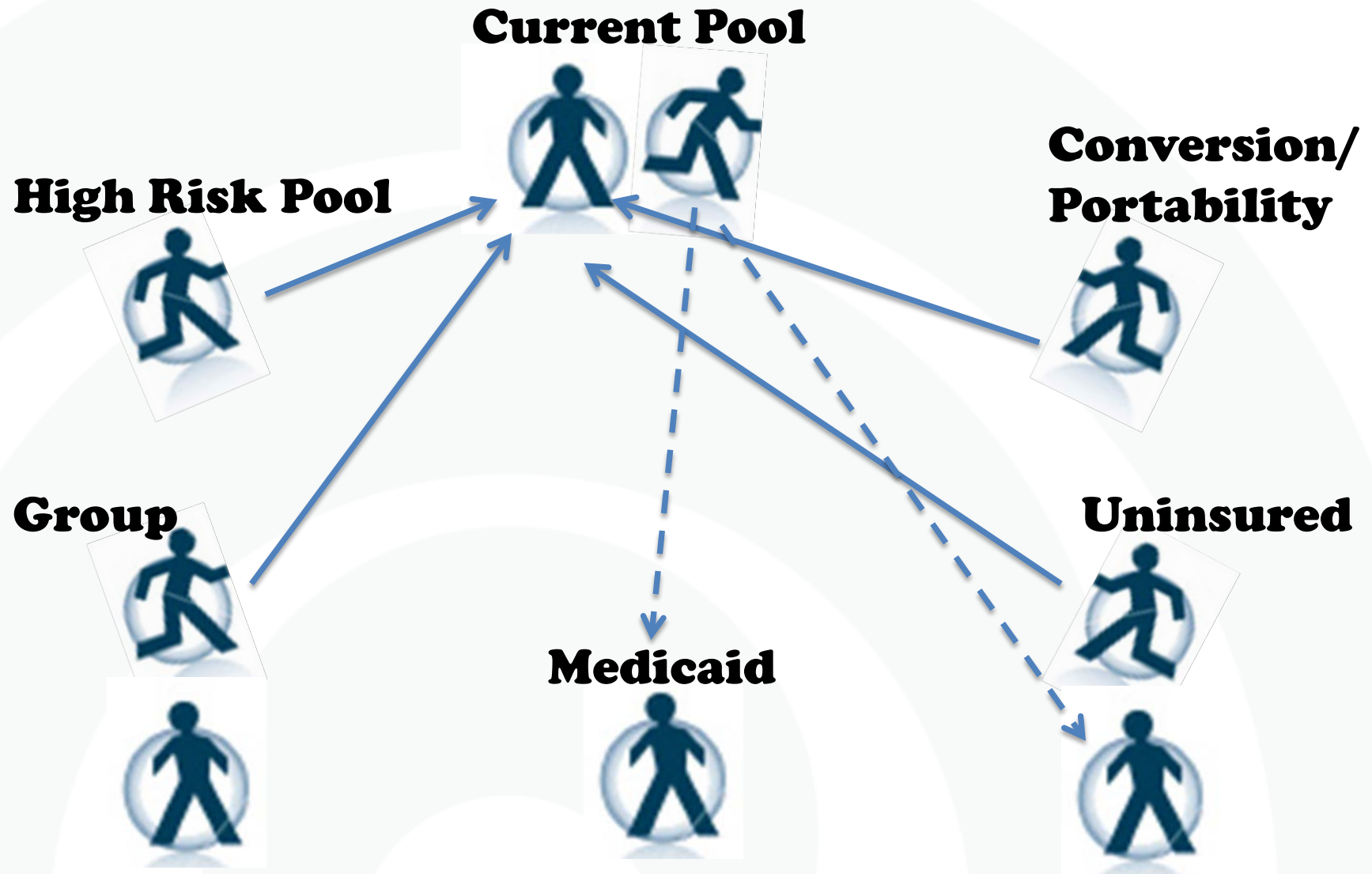
Income Level	Actuarial Value
100-150% FPL	94%
150-200% FPL	87%
200-250% FPL	73%

Premium and Cost Sharing Subsidies

- For states expanding Medicaid:



Population and Pool Morbidity Changes



Significant Unknowns

- Health status of the uninsured
- Population and pool morbidity changes
- Consumer behavior
- Pent-up demand
- Regulator action
- Political action



CURRENT EVENTS

Premium Rate Changes

- Sticker shock
 - Age, gender and family rating
 - Health status
 - High deductible plans
 - Plans covering fewer benefits
 - Cost of guarantee issue
- Comparisons of just rates are difficult because plans are not apples-to-apples

Find health coverage that works for you

Get quality coverage at a price you can afford.
Open enrollment in the Health Insurance Marketplace continues until March 31, 2014.

[APPLY ONLINE](#)

[APPLY BY PHONE](#)

4 Ways to Get Marketplace Coverage



[SEE PLANS AND PRICES IN YOUR AREA](#)

[SEE PLANS NOW](#)

State Exchanges

- Washington (Healthplanfinder)
 - Enrolled 6,351 in QHPs in October
 - 4,835 eligible for tax credits (76%)
 - Enrolled 51,379 in Medicaid in October
- Oregon (Cover Oregon)
 - Online system not launched; no enrollees yet
 - Using paper applications in the meantime

Plan Discontinuations

- Nongrandfathered plans generally discontinuing at December 31
- Federal administration now allowing state regulators and insurers the option to extend plans for one year

Questions?

