

Exchange Provisions in the Affordable Care Act

ACA Exchange Operational Framework

- Operational by January 1, 2014
- Exchanges must:
 - Facilitate the purchase of Qualified Health Plans
 - Establish the Small Business Health Options Program (SHOP)
 - Perform minimum functions

Exchange Benefits and Coverage

- Essential Health Benefits: minimum benefits covered by health plans
- Qualified Health Plan (QHP): covers essential health benefits and limits cost sharing
- Levels of coverage: four coverage levels linked to cost of essential health benefits paid by plan
 - Catastrophic coverage also included

Exchange Functions

- Certifying, recertifying & decertifying QHPs
- Establishing a toll free hotline
- Creating an internet website
- Rating qualified health plans
- Providing standardized information on benefits
- Screening and enrolling into the Exchange, Medicaid, CHIP

Exchange Functions

- Providing an electronic calculator
- Granting exemptions from individual mandate
- Transferring data to the U.S. Treasury
- Providing employer notification
- Determining eligibility for tax credits, reduced cost sharing
- Establishing a Navigator program

Exchange Eligibility

- Individuals with incomes above 133% of the Federal Poverty Level (FPL)
- Small businesses with up to 100 employees
- U.S. citizens and legal immigrants are eligible

Premium and Cost-sharing Subsidies

- Premium and cost-sharing subsidies available on sliding scale based on income between 134% and 400% FPL
 - Premium contributions capped between 2% and 9.5% of income
 - Premium subsidies tied to second lowest cost silver plan
 - Cost sharing subsidies limit out-of-pocket spending

Key Establishment Dates

- January 2013: Federal government certifies Exchange
- June 2013: IT systems testing complete
- Mid/late 2013: Open enrollment begins
- January 1, 2014: Exchange opens for business
- January 1, 2015: Exchange is financially self-sustaining

Federal Responsibilities

- Support states' Exchange start-up costs
 - Federal grants available to states to plan for and establish Exchanges
 - No grants awarded for operational costs after January 1, 2015
- Issue regulations
- Monitor implementation
- Establish federal “fall back” option

Federal Policy Guidance

- Initial guidance to states
- Guidance for Exchange and Medicaid Information Technology (IT) Systems
- Proposed Rule on Funding for Medicaid Eligibility and Enrollment Activities

California Health Benefit Exchange

Exchange Board Responsibilities and Duties

- Meet the requirements of all applicable state and federal laws and regulations
- Serve the public interest of those seeking coverage through the Exchange
- Ensure the operational well-being and fiscal solvency of the Exchange

State-Defined Authorities of the Exchange

- Determine standards and criteria for QHPs
 - Best interest of individuals and small employers
 - Consistently and uniformly apply standards
- Selectively contract with QHPs
 - Provide optimal combination of choice, value, quality, and service
- Standardize products offered through the Exchange
 - If Board standardizes Exchange product, all carriers in markets must offer this plan design

Exchange Accountability

- State government entity
- Board appointed by Executive and Legislative branches of government
- Board subject to Bagley-Keene Open Meeting Act
- Implementation in 2014 is contingent on a Board determination of sufficient funds to cover the first two years of operations
- Federal government will make an assessment of “readiness” in 2013
- Annual report on implementation and performance of the Exchange functions
- Annual audit requirement beginning January 1, 2016

Exchange Funding

- Exchange must be self sustaining in 2015
 - Operating revenue from assessments paid by health plans and insurers voluntarily participating in the Exchange
 - No federal funds awarded after January 1, 2015
 - No state General Fund expenditure authority
- Statute established the California Health Trust Fund
- Board to maintain a prudent reserve

Financial Accountability

- Statute prohibits use of funds for staff retreats, promotional giveaways, excessive executive compensation, or promotion of federal or state legislative or regulatory modifications
- Board must:
 - Maintain enrollment and expenditures to ensure expenditures do not exceed revenue
 - Implement measures to ensure fiscal solvency
 - Publicly report any changes required to address fiscal deficiencies
 - Annually report on impact of Exchange's operations on other state health programs