

Exchanges and Alternatives: an ACA Update

Louisiana Department of Insurance
2018 Annual Health Care Conference
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National Association of Insurance Commissioners

Agenda

- 2019 is almost here
- Alternative coverage options
 - Short-term, limited duration insurance
 - Association health plans
 - Others
- State innovation waiver activity
- Balance billing & air ambulance
- Q&A

NAIC

- NAIC is a membership organization of state insurance commissioners
- The mission of the NAIC is to assist state insurance regulators in achieving these goals:
 - Protect the public interest;
 - Promote competitive markets;
 - Facilitate the fair and equitable treatment of insurance consumers;
 - Promote the reliability, solvency and financial solidity of insurance institutions; and
 - Support and improve state regulation of insurance.

Heading into Open Enrollment

2019 Changes in Exchange Participation in 39 Healthcare.gov States:

**Net New Exchange
Issuers**

23

**Issuers Expanding
Service Area**

29

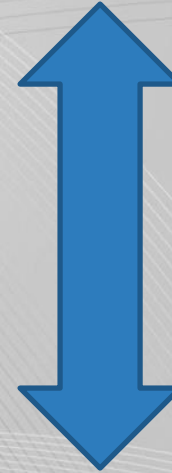
Heading into Open Enrollment

Stable premiums nationally



- -1.5% reduction in federal exchange premiums

Wide variation across states



- -13% reduction in Maryland to +14% increase in Washington

Changes for 2019

- End of individual mandate penalty
- Expansion of short-term plan maximum length
- Re-definition of employer for association health plan
- In a few states:
Reinsurance



ACA Rules and Alternative Coverage Sources

	Short-Term, Limited Duration	Association Health Plans	Transitional Plans	Health Care Sharing Ministries
Guaranteed Issue	Not required	Varies	Not required	Not required
No rating on health status	Not required	Applies	Not required	Not required
Essential Health Benefits	Not required	Varies	Not required	Not required
Must Cover Pre-Existing Conditions	Not required	Varies	Only for children	Not required
Maximum Out-of-Pocket	Not required	Applies	Not required	Not required

Changes to Short-Term, Limited Duration Plans

Previous Federal Rule

- Enforced after April 1, 2017
- Contract limited to 90 days
- No renewals beyond 90 days
- Required notice regarding Minimum Essential Coverage

Changes to Short-Term, Limited Duration Plans

Current Federal Rule

- Effective October 2, 2018
- Contract limited to less than 12 months
- Renewals up to 36 months
- Broader notice requirement

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State Regulation of STLDI

- A few states prohibit underwritten short term plans
- Several states limit duration to 3 months or 6 months
- Some states apply benefit mandates
- Some states have medical loss ratio standards

STLDI Effects

	Congressional Budget Office/Joint Committee on Taxation	CMS Chief Actuary	Wakely Consulting Group	Urban Institute
Year	2023	2022	“Near Term”	2019
STLDI Enrollment	2 million (0.5 million non-comprehensive)	1.9 million	1 million*	4.2 million
Increase in Major Medical Premiums	2-3%	6%	2.2%	18.2%

*Reduction in ACA-compliant enrollment

Association Health Plans

- New Dept. of Labor regulation expands what groups can be considered an ‘employer’ *under federal rules*
- Associations may be united by a common geography or common trade
 - Any small business in the Baton Rouge area
 - Any restaurant in any state
- Associations including ‘sole proprietors’ may be considered an employer

Association Health Plans

Associations have two choices:

- Use the older rules
- Tighter definition of common bond
- No sole proprietors
- May price groups based on health status
- Use the newer rules
- Expanded definition of 'employer'
- May include sole proprietors
- May not price groups based on health status

State Regulation of AHPs

- Federal definition of 'employer' doesn't necessarily change state rules
- State regulations still apply
- Some states give wide leeway, others more limiting



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

ADVISORY LETTER 2018-03

TO: ALL HEALTH INSURANCE ISSUERS, HEALTH MAINTENANCE ORGANIZATIONS, AND HEALTH & ACCIDENT PRODUCERS

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: STATE & FEDERAL REGULATION OF ASSOCIATION HEALTH PLANS; U.S. DEPARTMENT OF LABOR ASSOCIATION HEALTH PLAN FINAL RULE

DATE: AUGUST 30, 2018

Other Alternative Coverage Options

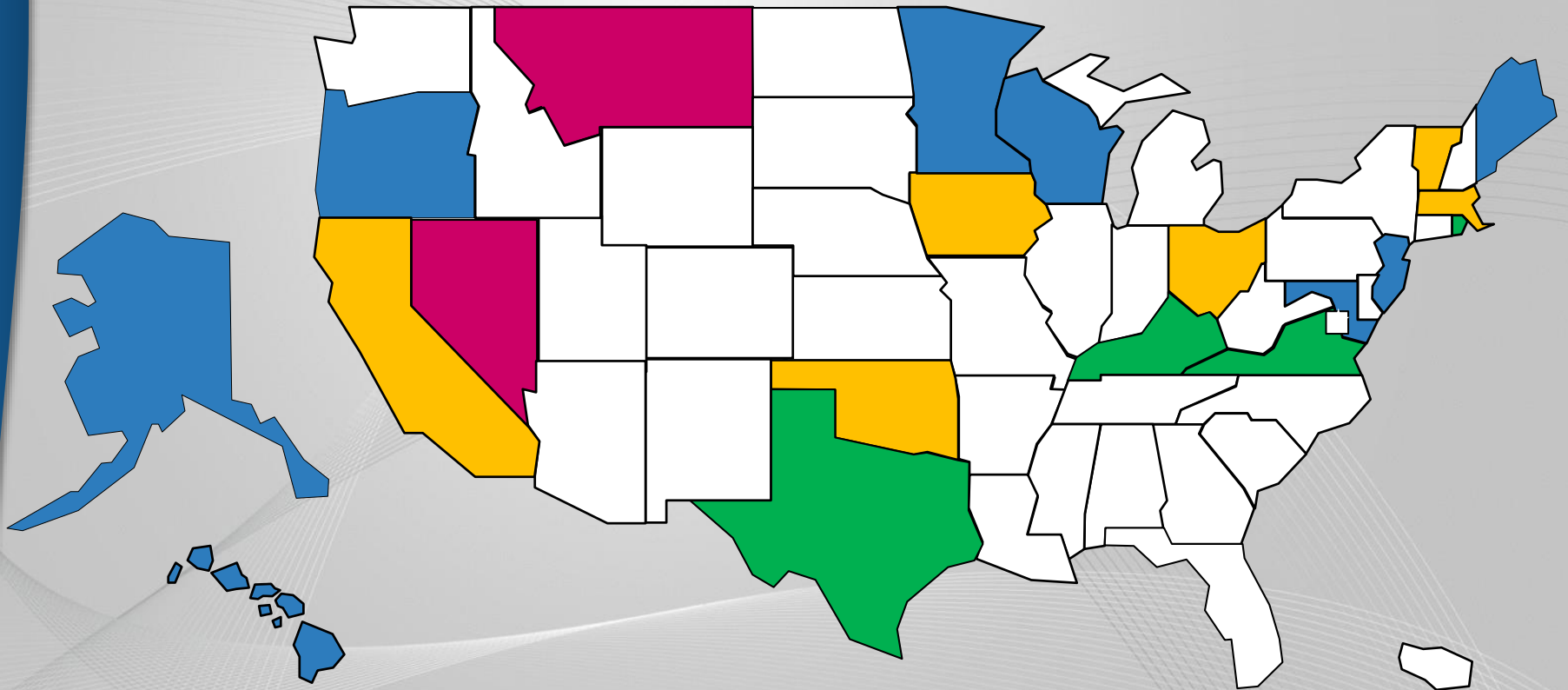


- Transitional Plans
 - Plans issued after 2010 but before 2014
 - Federally permitted through 2019
 - LA and 35 other states allow them
 - Will there be any changes to federal or state decisions?


Other Alternative Coverage Options


- Health Care Sharing Ministries
 - Not insurance, but enrollment can affect risk pool
 - LA and 29 other states offer safe harbor from insurance regulation
 - Strong growth in last decade
 - How much more growth?

State Innovation Waiver Activity



 Approved Sec. 1332 Waiver

 Application submitted, not approved

 Legislation enacted

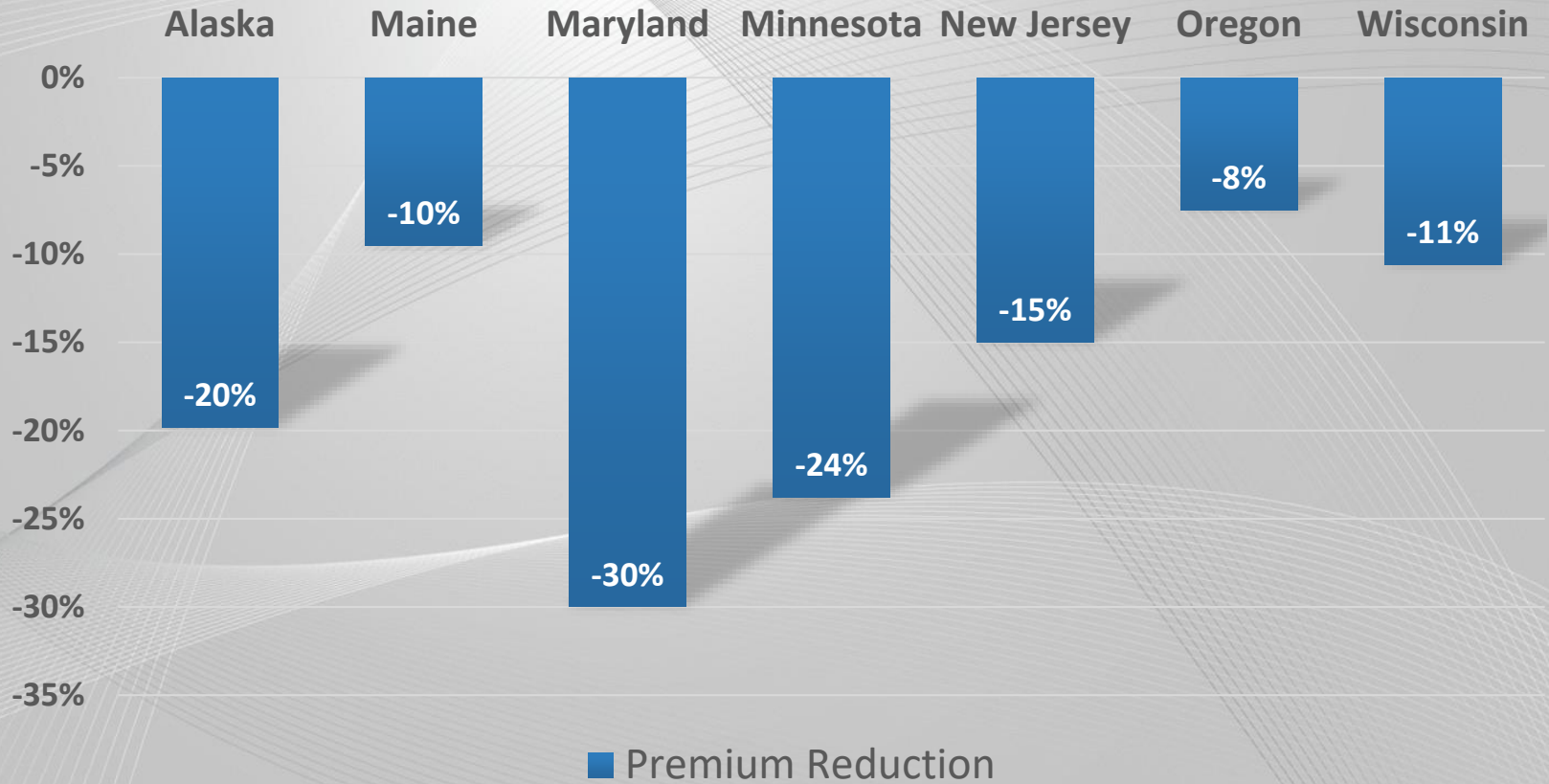
 Legislation passed and vetoed

State Innovation Waiver Activity

	Reinsurance	Other Strategies
Approved	7	1
Coming Soon	Several	?

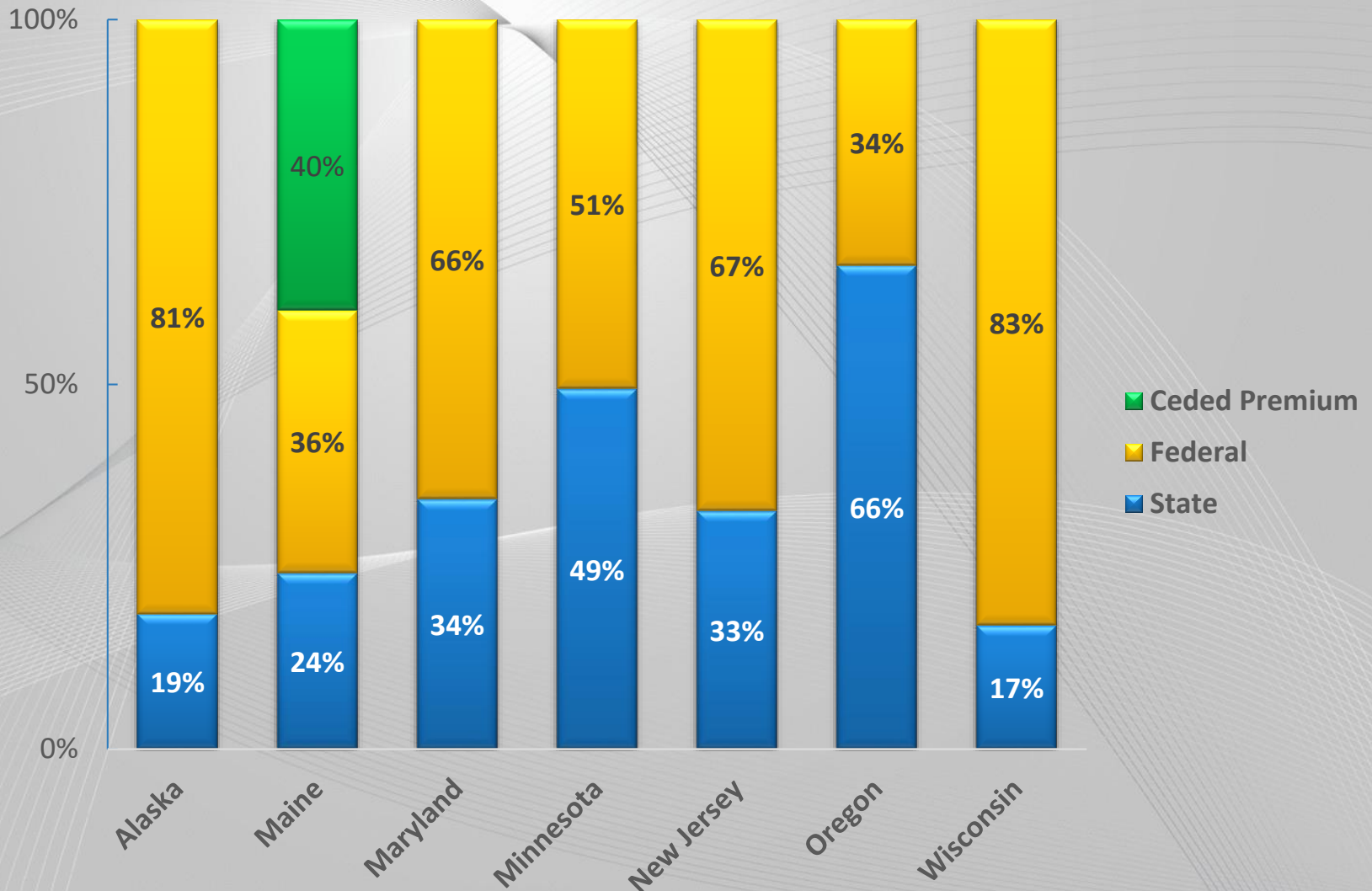
Reinsurance Premium Changes

Change in Average Premium Relative to No Reinsurance, 2019



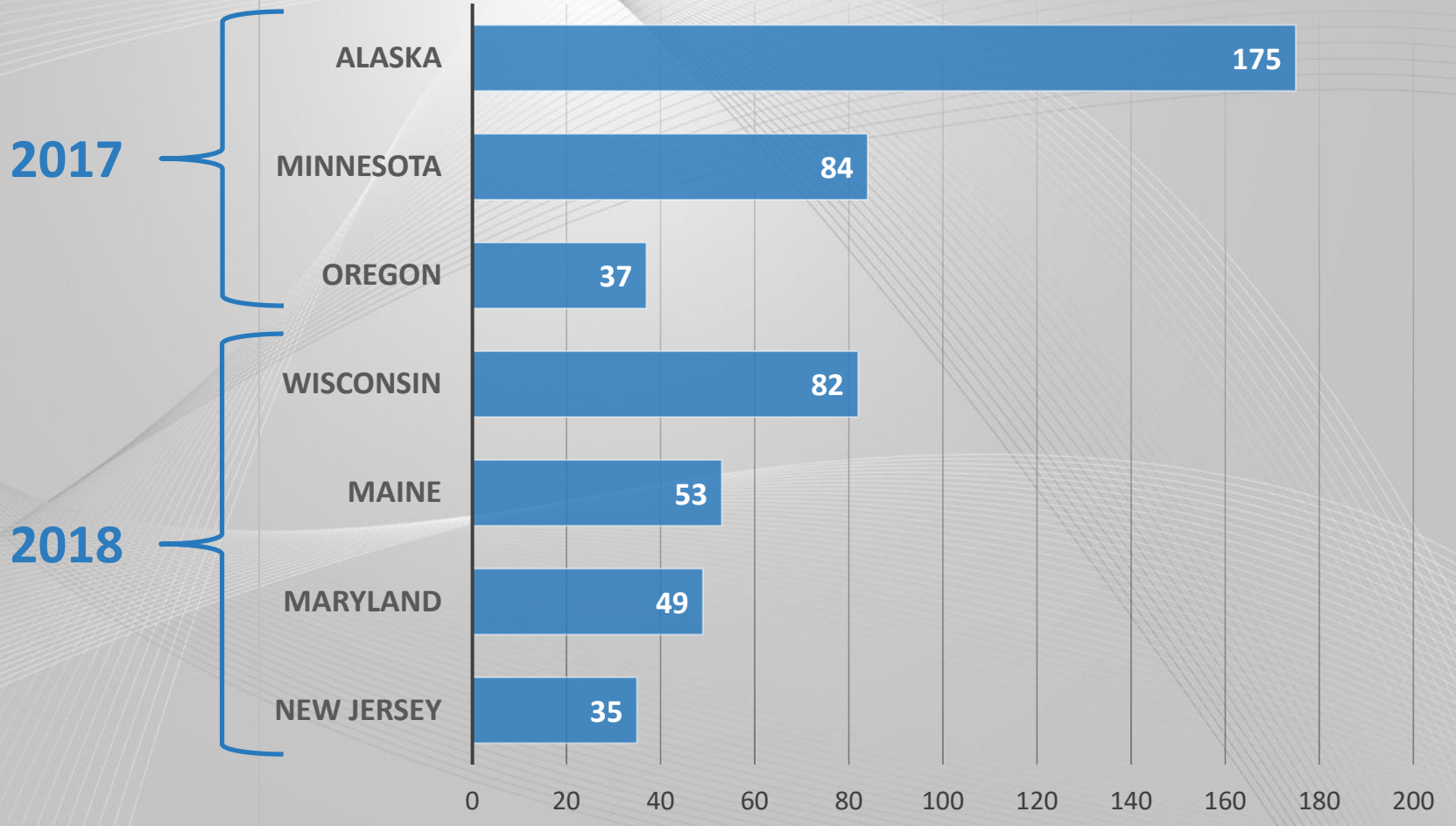
Reinsurance Funding

State/Federal Share of Reinsurance Funding, 2019



Decreasing Time to Approval

Days to Approval of Reinsurance Waiver



Balance Billing

- Roughly 1 in 5 emergency department visits results in a balance bill
- Can also occur with out-of-network provider at in-network facility
- States can regulate for some plans and providers, but not all



Balance Billing Legislation

Sen. Cassidy's Bill Draft

- Prohibits balance bills
- Limits cost sharing to in-network amounts
- Sets payment standard, but defaults to states first

Sen. Hassan's Bill

- Applies to group health plans
- Limits cost sharing to in-network amounts
- Uses arbitration to set payment amounts, giving states options within limits

Air Ambulance

- Some do not participate in insurer networks
- Can balance bill \$50K+
- State regulation preempted because AA operators are 'air carriers' regulated by Federal Aviation Administration



FAA Reauthorization Act of 2018



- Advisory Committee on air ambulance
- Federal Dept. of Transportation may issue regulations or guidance
- Creates Aviation Consumer Advocate to assist consumer with complaints
- No change to federal preemption

Questions

