

## HEALTH INSURANCE EXCHANGES

*in the Patient Protection and Affordable Care Act (PL 111-148), as modified  
by the Healthcare and Education Affordability Reconciliation Act of 2010*

A health insurance “exchange” is, generally, “a new entity intended to create a more organized and competitive market for health insurance by offering a choice of plans, establishing common rules regarding the offering and pricing of insurance, and providing information to help consumers better understand the options available to them.” ([kff.org](http://kff.org))

### General Overview

- By January 1, 2014
- Create exchanges administered by a governmental entity or non-profit agency established by the state:
  - **American Health Benefit Exchange** (for individuals including those with incomes 133-400% FPL eligible for premium and cost-sharing subsidies)
  - **Small Business Health Options Program (SHOP) Exchange** (for small business with up to 100 employees; before 2016 state may offer SHOP to businesses only up to 50 employees; after 2017 state may expand to businesses with more than 100 employees)
- Four benefit categories plus catastrophic plan
- Insurance market reforms and rating rules
- Federal government will:
  - Issue regulations (as soon as practicable) setting standards for meeting the requirements
  - Contract with insurers to offer at least two multi-state plans in each Exchange
  - Facilitate creation of Consumer Operated and Oriented Plan (CO-OP); non-profit member-run health insurance companies

### Federal Assistance to States

- Funding from within one year of enactment through January 1, 2015 to establish American Health Benefit Exchange; amount TBD by Secretary (after January 1, 2015, exchange must be self-sustaining)
- Technical assistance to facilitate participation of qualified business in SHOP Exchange
- Federal government will establish state exchange if state has not taken necessary implementation actions by January 1, 2013

### Responsibilities of the exchanges

- Certification of qualified health plans
- Toll-free telephone hotline for assistance
- Website with standardized comparative info
- Assign a rating to each health plan
- Standardized format for presenting benefit options
- Inform individuals of eligibility requirements for Medicaid/CHIP and, if eligible, enroll individuals
- Calculator to determine cost of coverage after tax credits
- Certify exemptions from individual requirement and inform Treasury of those individuals
- Notify employers when their employees cease coverage
- Establish the Navigator program – grants to entities for public education, enrollment information & facilitation, and referrals for complaints (must be operational funds of the exchange and not federal funds)
- Consult with stakeholders including consumers/businesses/insurers/Medicaid/advocates
- Approval of premium increases

### Coordination with Medicaid; State must establish:

- Website for application/enrollment in Medicaid
- Procedure to enroll individuals identified by exchange as eligible for Medicaid/CHIP
- Screen individuals determined to be ineligible for Medicaid/CHIP for tax credits in exchange
- Coordinate coverage for individuals enrolled in Medicaid and exchange; allow individuals to compare options if eligible for Medicaid/exchange tax credits

### State Options

- Require additional benefits beyond essential health benefits (must assist with cost of these benefits for individuals eligible for tax credits)
- Create only one Exchange that provides both American Health Benefit Exchange and SHOP
- Regional (multi-state) exchanges
- More than one exchange in a state, each serving a distinct geographic area
- Basic Health Plan option for uninsured individuals with incomes 133-200% FPL who would otherwise receive premium subsidies in Exchange
- Exchange may contract with entities (other than health insurance issuers) to carry out some requirements
- Apply for waiver of certain requirements for plan years beginning January 1, 2017 re: qualified health plans; exchange; reduced cost-sharing in exchange
- Medicaid agency may enter into agreement with exchange to determine eligibility for premium assistance
- Size of SHOP exchange