

## In the Spotlight: ACA and Multi-State Plans

One of the key goals of the Affordable Care Act (ACA) is to spur a competitive and open marketplace for health insurance. Several components work together to achieve this goal – online shopping through Health Insurance Marketplaces (often called Exchanges), easy shopping tools to help consumers compare plans (called Summary of Benefits and Coverage), and increased consumer options with multi-state plans. Traditionally, health insurance has been a predominantly state-run enterprise with state Department of Insurances reviewing and approving insurance plans to be sold in the state. In contrast, a multi-state plan is a health insurance plan that has been approved at the federal level to be sold in multiple states. To date, most states have fairly concentrated individual health insurance markets – in fact, according to the Robert Wood Johnson Foundation, 30 states are dominated by a single insurance company with more than half the enrollees in the individual market.<sup>1</sup> The small group market is usually more competitive with two or three insurance companies competing for most business.

Under ACA, the Office of Personnel Management (OPM) has been designated as the agency responsible for implementing and overseeing the multi-state plans. In accordance with ACA, OPM will select at least two multi-state plans, one of which must be a not-for-profit plan. The multi-state plans were required as an alternative to force competition in the states.

### What's required?

Multi-state plans must be made available in part or all of at least 31 states in 2014. Multi-state plans would have to be made available in 35 states by 2015, 43 states in 2016 and 2017, and all 50 states by open enrollment in 2017. Because multi-state plans have the ability to operate in only part of a state, there is some concern that insurers may target the healthiest areas in order to keep costs low. To alleviate this concern, the OPM has the ability to review and approve the plans for expanding into additional states. Further, ACA requires that OPM contract with at least two multi-state plans, one of which must be a non-profit entity. The contracts will be valid for a year (though OPM will have the option to automatically renew them) and they do not have to be secured through a competitive bidding process. OPM will administer the contracts in the same way that it administers plans offered through the Federal Employee Health Benefits Plan (FEHBP), including the requirements for medical loss ratio, profit margins, premiums, as well as other terms and conditions. These plans will also be subject to the same requirement as state-specific plans such as guarantee issue, quality improvement, appeals, cost-sharing requirements, solvency, and others. A final rule issued by OPM on multi-state plans requires that multi-state plans be subjected to a rate review by OPM. Carriers will need to be licensed in each state and comply with state laws in order to be eligible. Because states each have a unique set of required benefits (called “essential health benefits”), the final rule on multi-state plans allows these plans to choose whether to follow a particular state’s essential health benefits package or one of the three largest by enrollment FEHBP packages, supplemented by particular states’ mandates and the Federal Employee Dental and Vision Program for pediatric dental and vision services.

Enrollees who are interested in multi-state plans would have access to the same financial assistance for premium tax credits and cost-sharing reductions as enrollees in other plans. Multi-state plans are required to offer at least one silver level and one gold level plan on each Marketplace in each state in which it is

certified to operate at a multi-state plan. A child-only policy will also be required to be offered at each metal level.

Beginning in 2015, all multi-state plans will be subject to a user fee as a condition of participating in the program. However, OPM will not collect this fee beginning in 2014. (All plans that operate on Marketplaces are subject to a Marketplace user fee. The federally-facilitated Marketplace user fee is set at 3.5 %.)

### BCBSNC Views

Blue Cross and Blue Shield of North Carolina has long supported a fair and competitive health insurance marketplace. On behalf of Blue plans, the Blue Cross Blue Shield Association has been aggressively advocating that multi-state plans must abide by same rules as state-based health plans. BCBSNC continues to actively work with BCBSA to provide constructive feedback in shaping the multi-state plan offering and evaluating the opportunity for Blues plans and BCBSNC.

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<sup>i</sup> According to report by Robert Wood Johnson Foundation and Health Affairs, published on April 3, 2013.  
<http://www.rwjf.org/en/research-publications/find-rwjf-research/2013/03/the-multi-state-plan-program.html>