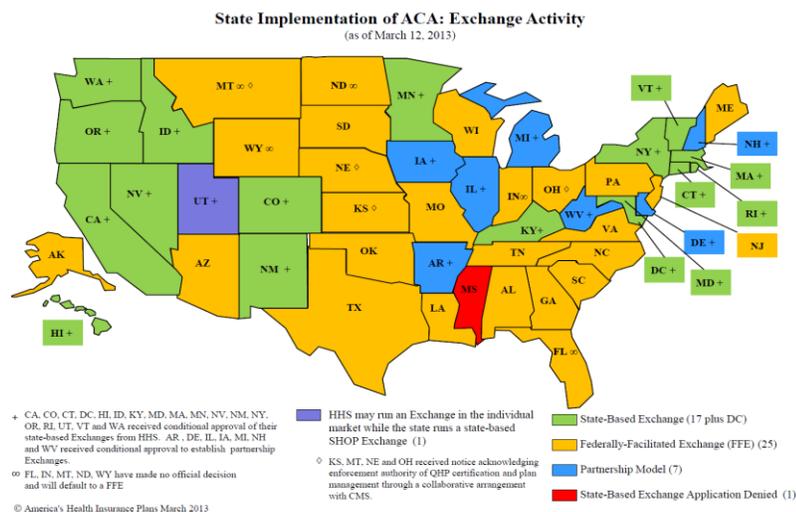


In the Spotlight: Health Care Reform and Exchanges

One of the key goals of the Affordable Care Act (ACA) is to organize the health insurance market through the creation of Health Insurance Marketplaces (often called “Exchanges”). Exchanges are intended to be transparent and competitive online insurance marketplaces where individuals and small businesses can shop for and buy qualified health benefit plans (QHPs). Many people compare shopping and purchasing health insurance on the Exchanges to Orbitz, one of the sites people use today to purchase airline tickets, but with additional requirements. The concept of Exchanges is central to the health care reform law and serves many functions of implementation, including: allowing individuals and small groups to easily compare products; providing standardized information about benefits coverage and pricing; and, most importantly, determining eligibility for and connecting purchasers with potential subsidies.

Exchange Implementation

The ACA provided states the flexibility to run their own, state-based Exchange. If a state was not approved to run its own Exchange, a federally-facilitated Exchange (FFE) would be implemented. In 2012, the Department of Health and Human Services (HHS) decided to allow some states who were not ready to fully implement Exchanges on their own to engage in a state-federal Partnership model which allowed states to retain partial control over the Exchange while the federal government implemented the rest. As of March 2013, the federal government will run part or all of the Exchange in 33 states, including North Carolina.



General Exchange Details

The Exchange will help individuals and small businesses shop and compare health insurance plans based on formats that were defined by ACA. Four levels of plans will be available on the Exchange: bronze, silver, gold, and platinum (also a catastrophic plan for individuals under 30 and those meeting other financial hardship criteria will be offered; child only plans are required to be offered on the Exchange). Each level

will be standardized based on the benefits covered and the portion of total costs that will be covered by the insurance company ([actuarial value](#)) of the [essential health benefits](#) that all plans must cover. In order to participate in the Exchange, all insurers must offer at least one silver and one gold plan. Consumers will have options to purchase plans off the Exchange, as well, and meet the health insurance coverage requirements of the individual mandate.

All plans sold on the Exchange will be considered “qualified.” A QHP is certified by an Exchange, provides essential health benefits, follows established limits on cost-sharing (deductibles, copayments, and coinsurance), and meets other requirements. In addition, each QHP will be assigned a quality rating based on criteria developed by the Secretary of HHS. As determined in federal regulations issued March of 2013, a 3.5% user fee will be levied on every issuer participating in an FFE. This adds significant costs to plans, in addition to the costs added by richer benefits packages.

Individual Exchange

The Individual Exchange (usually just referred to as “the Exchange”) will be open to any individual or family shopping for individual coverage. Exchanges will determine eligibility for [premium and cost-sharing subsidies](#), which are available to some individuals below 400% of the federal poverty level. The Exchanges also serve a “one-stop shop” role, which means it will determine if individuals meet eligibility requirements to enroll in Medicaid or other government programs. If individuals are eligible for Medicaid coverage, they will be referred directly to Medicaid.

SHOP Exchange

An Exchange exclusively dedicated to small businesses, called the Small Business Health Options Program (SHOP) Exchange will also be run by Exchanges. Through SHOP, small businesses with fewer than 50 employees (in 2016 SHOP will be opened to businesses with up to 100 employees) can shop for and compare plans and potentially gain access to tax credits specifically for small businesses. Exchanges will determine eligibility for [small business tax credits](#), available to some groups with fewer than 25 employees.

BCBSNC Views

Blue Cross and Blue Shield of North Carolina supports fair competition and universal availability of health care coverage. In order to foster competition, every carrier wanting to offer a QHP should be permitted to participate. To ensure that affordable coverage is available to health care consumers, flexibility in the market will be critical. Everyone participating in the Exchange should be subject to a level playing field, but participation in the Exchange should be voluntary. Of key importance, the Exchange must be focused on meeting the needs of the consumers in order for it to be successful. Funding for the Exchange should be adequate and transparent, but it should be developed with efficiency in mind to balance affordability.

For More Information:

HealthCare.Gov Site: <http://www.healthcare.gov/marketplace/index.html>

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