A Primer on State Health Insurance Marketplaces

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About State Health Insurance Marketplaces
Definition and Purpose of Marketplaces

- Entities established in each state to facilitate the purchase of health coverage by consumers.
  - Provide a structured forum for purchasing qualified health plans (QHPs)
  - Promote affordability through provision of tax credits and cost-sharing reductions to qualifying consumers
  - Create a “no wrong door” environment for enrolling in coverage

Qualified Health Plan: an insurance plan certified by a health insurance marketplace and meets benefit design and other requirements of the ACA
Basic Functions of a Marketplace

- Marketplaces must:
  - allow consumers to apply for and enroll in coverage through a variety of means including online, in-person, by phone, or mail
  - **determine eligibility** for federal subsidies, including premium tax credits, as well as for public coverage programs including Medicaid and CHIP
  - provide culturally and linguistically appropriate assistance to consumers wishing to enroll in coverage
  - **Manage participating health plans**, including certification of QHPs, performance of rate review, and assignment of quality ratings to plans
## Marketplace Models

<table>
<thead>
<tr>
<th>State-Based Marketplace (SBM)</th>
<th>State-Partnership Marketplace (SPM)</th>
<th>Federally-Facilitated Marketplace (FFM)</th>
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</thead>
<tbody>
<tr>
<td>State builds, operates, and sustains its own exchange.</td>
<td>State uses healthcare.gov but can operate plan management and/or consumer assistance functions in individual and small group markets</td>
<td>Exchange is operated completely by the federal government</td>
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<td><strong>SBM using the healthcare.gov platform</strong></td>
<td>Emerging model of state-operated exchange leveraging the federal healthcare.gov platform</td>
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Implementation of Marketplace Models

29 states operate FFM
29 states operate FFM—two control their own SHOP
Implementation of Marketplace Models

29 states operate FFM—two control their own SHOP

6 states operate partnership exchanges
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29 states operate FFM—two control their own SHOP

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17 states operate SBMs
Implementation of Marketplace Models

29 states operate FFM—two control their own SHOP

6 states operate partnership exchanges

17 states operate SBMs—four will use the healthcare.gov platform
Early Findings about the Marketplaces
Early Results of the Marketplaces

- 14.1 million adults gained coverage since October 2013 when exchanges launched\(^1\)

- The uninsured rates dropped from 20.3% to 13.2%\(^1\)

- Health insurance premiums are rising at lower than anticipated rates, nationally\(^2\)

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Marketplaces Continue to Evolve and Innovate

- Tasked with the quick build of complex systems, the marketplaces continue to evolve and improve.
- Many marketplaces have seen **significant growth in consumer uptake and satisfaction**.
- States continue to **transition to new models** to find the best fit for their citizens and political environment.
- On the horizon: the potential of the marketplaces to **influence delivery system reform and health care costs**.
The Potential Impact of King v. Burwell
Impact of King v. Burwell

- Challengers in *King v. Burwell* assert that federal provision of advanced premium tax credit (APTC) is illegal.
- Pro-*King* ruling affects 34 states and puts 6.38 million people at risk of losing tax credits.
- Estimated average premium increase of 287%.

Number of Individuals at Risk of Losing Tax Credits
Percent Increase in Average Premium without Tax Credits
State Activity Related to a Pro-King Decision

- Delaware and Pennsylvania have approved “blueprint” documents to become an SBM in case of a pro-King decision
- 11 states introduced bills to call for the creation of an SBM or to designate the FFM as their SBM
- 10 states introduced bills to prohibit establishment of a marketplace

State Refor(u)m. 2015 State Legislative Activity: Health Insurance Exchanges
Questions?

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Upcoming Event:
NASHP State-Only Summit: Post King v. Burwell Impact on States
July 9, 2:00-3:30pm EDT
http://www.nashp.org/join-nashp-for-state-only-summit-next-steps-after-king-v-burwell/

Additional Resources:
• King v. Burwell: State Options
• New Mexico’s State Based Marketplace: An Emerging Model
• State Refor(u)m Chart: 2015 State Legislative Activity on Health Insurance Exchanges