

Oregon health insurance exchange update - Producers

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A new year has arrived, and with it comes a new climate in health insurance and a new marketplace as required by the Patient Protection and Affordable Care Act (PPACA), the health insurance exchange.

Oregon has been aggressively working to plan, develop and implement the health insurance exchange known as [Cover Oregon](#). Cover Oregon has been working with a host of partners that include carriers, producers, community partners, state agencies and vendors to develop a program that best meets the needs of all Oregonians.

While there are still many unknowns with the PPACA and we all eagerly await additional guidance from various federal agencies, one thing that is known is that the exchange and the Cover Oregon website will go live on October 1, 2013 as a marketplace for individuals and small employers (2-50). The website will provide information on eligibility for tax credits or other state and federal based programs, the ability to shop for insurance, compare policies from multiple carriers and ultimately purchase health insurance.

We have received many questions regarding Cover Oregon and ODS as they relate to the exchange. Below, you will find a list of questions we have received, as well as our responses. Please be advised, our responses represent our current understandings and should in no way be interpreted as legal advice and are subject to change.

Q: Is ODS going to participate in the Oregon exchange known as Cover Oregon?

A: ODS has been actively participating in the development of the exchange with Cover Oregon. ODS has applied to participate and offer plans in both the Individual and Small Business Health Options Program (SHOP) markets. Cover Oregon is currently reviewing and evaluating the applications received and will be discussing and notifying carriers of their acceptance in the coming months.

Q: Will ODS continue to offer plans for individuals and small groups outside the exchange?

A: Yes, ODS will offer plans both inside and outside the exchange for both the individual and small employer markets.

Q: What role do producers play in the exchange?

A: Cover Oregon has made it clear that they value the role of the producer and want producers to participate and enroll members through the exchange.

Q: How do I as a producer participate in the exchange?

A: Producers will be required to attend and complete training, which will include plan specific training input from the carriers, as well as exchange specific training. Additional information can be found at [Cover Oregon - Community Partners & Agents](#).

Q: Will producers be compensated for policies purchased through the exchange? If yes, how much will producers be compensated?

A: Yes. Cover Oregon intends for producers to be paid for all policies purchased through the exchange. Guidance from Cover Oregon indicates carriers should retain current compensation levels. Each carrier will evaluate and determine their compensation arrangement for their products. Additional information can be found at [Cover Oregon - Community Partners & Agents](#).

Q: Do plans offered outside the exchange have to be the same plans offered inside the exchange?

A: Yes and no. A carrier can make the decision to offer the same plans both inside and outside the exchange. If a carrier chooses to offer the same plans inside and outside the exchange they must be identical both in benefits and rates. However, carriers may also offer additional plans outside of the exchange.

Q: What is the producer's role with the Summary of Benefits & Coverage (SBC)?

A: The responsibility for delivery of the SBC to employers and their members falls on carriers and plan sponsors, for both fully insured and self-funded accounts. However, producers should be clear on the rules to help their clients remain compliant with the notice. Additional information can be found at the [Healthcare.gov](#) website.

Q: What do the required plans look like from ODS (gold, silver, etc.)?

A: ODS continues to refine the plan designs it will offer both inside and outside the exchange, as the rules around Actuarial Value (AV) and Essential Health Benefits (EHB) apply to plans offered both inside and outside the exchange.

Q: Are there limits to the annual out of pocket (OOP) and deductibles for plans offered in the exchange?

A: Yes, these limits apply to individual and SHOP plan offered inside and outside the exchange.

The PPACA limits the overall **OOP** for individual and SHOP plans to \$6,500 for 2014. This amount will be indexed each subsequent year and will be increased based on the Consumer Price Index (CPI). For both SHOP and individual plans, the OOP will include the plan deductible, coinsurance and copays for services covered by the plan including pharmacy copays.

For SHOP plans, the PPACA limits the **annual deductible** to no more than \$2,000, which again will be included in the annual OOP limit. The [Center for Consumer Information and Insurance Oversight](#) (CCIIO) has indicated that as a last resort to meet AV a carrier may increase a deductible above \$2,000. However, this is only after changes in copays, coinsurance and OOP, and as long as the overall OOP does not exceed \$6,500.

For **individual plans**, the PPACA does not limit the annual deductible; however any deductible amount will be included in the annual OOP limit.

Who is eligible for tax credits starting in 2014?

A: Individuals earning between 133 percent and 400 percent of the Federal Poverty Level (FPL) may be eligible for tax credits when purchasing an individual policy. This may be applied as a pre-paid tax credit or taken as a credit on the individual's tax return.

Small employers who employ fewer than 25 full-time workers, pay average wages below \$50,000 annually, provide health insurance to their employees and cover at least 50 percent of the cost of coverage may be eligible for tax credits. Employer tax credits will be filed and received as part of the employer's tax filings.

For more information and to see the calculator, please go to [Cover Oregon - Health Plan Savings Calculator](#) or [Cover Oregon - SHOP Calculator](#).

Q: Will employees of a small group being offered employer sponsored health coverage be allowed to opt-out of the employer coverage and purchase individual coverage and obtain tax credits through the exchange?

A: Individuals who are offered employer sponsored coverage can opt-out of the employer coverage to purchase individual coverage through the exchange; however, they cannot obtain tax credits unless the employee premium contribution is in excess of 9.5 percent of the employee's gross income. In the event that an employee's premium contribution does exceed 9.5 percent of the employee's income and the employee chooses to purchase individual health insurance through the exchange, the employer may be subject to penalties.

Q: Will the exchange be up and live October 1, 2013 as required?

A: Yes, at this time timelines remain as described in the PPACA. Only Congress can make a change to the current timelines. The exchange and carriers must focus on the timeline set forth.

Q: Individual Open Enrollment Period; is this the only time an individual can enroll through the exchange?

A: The initial individual open enrollment period will be from October 1, 2013 – March 31, 2014 allowing for a broader timeframe for year one enrollment through the exchange. Each subsequent year the individual open enrollment period will be October 1 – December 7 allowing for new enrollees to purchase through the exchange and for existing individuals and families to re-evaluate their plan selection and either renew with their current carrier and plan or make a change starting the first of the following year. Individuals will also be allowed to purchase through the exchange if they experience a qualifying event such as death, divorce, loss of coverage, etc. Additionally, Alaska Natives and American Indians (AN/AI) have monthly open enrollment rights. The exchange will monitor and make eligibility determinations including the individual's eligibility to enroll outside of the standard open enrollment period.

Q: When can small employers purchase through the exchange?

A: Small employers will be allowed to retain their current renewal date and purchase through the exchange during their normal renewal timelines. A small employer may decide

to move their renewal to begin purchasing through the exchange earlier than their renewal; that decision will be at the discretion of the small employer.

Q: Are employers required to provide employee and family coverage or can coverage be limited to employee only coverage?

A: Employers are required to contribute at least 50 percent of the employee only coverage and are not required to contribute towards dependent coverage. If an employer does not contribute towards the dependent coverage, the dependent may choose to purchase coverage through the exchange and this offering does not negatively impact the dependents ability to obtain tax credits or participate in other programs.

Q: If an employer employs less than 50 employees, can they continue to offer health benefits to management only, or are they required to offer health benefits to all employees?

A: The PPACA does not require businesses to provide health benefits to their workers, but large employers face penalties starting in 2014 if they don't make affordable coverage available. [Employer Responsibility Under the Affordable Care Act - Kaiser Health Reform](#)
We continue to wait for additional guidance from HHS related to the non-discrimination provision in PPACA, at a high level, as it is written, this provision will not allow employers to favor highly compensated employees in eligibility and benefits; this provision will apply to all plans except grandfathered plans regardless of size.

Q: Will association plans survive past 2014?

A: PPACA states that all multiple employer plans must meet the ERISA definition of an association and that the Health & Human Services (HHS) Secretary shall require that multiple employer plans register with the Department of Labor (DOL). That being stated, some plans will retain or receive bona fide status and others may not. If an association loses bona fide status they will be subject to small employer rating requirements.

Q: What support is ODS providing to employers to meet the notice requirement of the exchange?

A: HHS is developing and will release a standardized notice for employers to provide to their employees related to the exchange.

Q: How will carriers 'play' in the SHOP exchange? For example, an employer has 10 employees (EE's) and purchases through the SHOP exchange. Two EE's choose ODS plans, two EE's choose Kaiser plans, two EE's choose Pacific Source plans and the remaining four EE's choose Regence plans. How will carriers rate this group?

A: In order for a carrier to initially provide a rate for a small employer all EE's must first reside within the carrier's service area. Carriers will provide rates on a composite basis based on all eligible EE's. Rates offered could change if the group demographics were to change, however the base rate will remain based on the overall group demographics.

Q: If an employer retains their employer sponsored health plan, are they now required to pay 100% of the premium? Does this also apply toward dependents?

A: The minimum employer contribution will remain at 50 percent of the employee only premium. There are no requirements for an employer to contribute towards dependent coverage.

Q: Can insured individuals still be double covered?

A: There are no regulations that prohibit an individual from being covered by more than one health plan. Each individual must make the decision on what is best for them and their family.

Q: Is there any additional guidance on the penalty if an individual does not purchase health insurance? If an individual does not have health insurance can a provider or hospital turn them away?

A: The penalty will vary by person based on income and household size. In 2014 the penalty is \$95 per person and \$47.50 per child up to \$285 per family, or 1 percent of the family income, whichever is greater. Penalties will increase each subsequent year. For more information please see [KFF Requirement to buy Coverage Chart](#). There are no changes to the guidelines for providers related to patients that do not have coverage.

Q: Are the plans and rates offered between carriers going to be the same?

A: Cover Oregon requires that each carrier offering coverage through the exchange offer the standardized ‘cookie cutter’ plans outlined below, if they participate in the market, however rates will vary based on carrier. Additionally, each carrier has the option to offer up to four additional plans per metal tier, but is not required to.

- Individual Market
 - Standardized Gold Plan
 - Standardized Silver Plan
 - Standardized Bronze Plan
 - Catastrophic Plan

- Small Business Health Options Program (SHOP)
 - Standardized Gold Plan
 - Standardized Silver Plan
 - Standardized Bronze Plan

Q: What, if any, changes should we expect related to provider networks?

A: Each carrier will be required to meet federal network adequacy standards. Each carrier will propose plan designs and network offerings, as they deem appropriate.

Q: Will individual policies offered outside the exchange be medically underwritten?

A: No, per the PPACA all individual plans regardless of age and if they are offered inside or outside the exchange will be guarantee issue. Carriers may still ask for health information from an enrollee to help place them in the most appropriate programs as they relate to their specific health needs or to assist with transition of care concerns.

Q: How will the Cover Oregon and carriers handle members with late premiums?

A: Cover Oregon has indicated for the individual market that once a member selects their plan and carrier that the relationship for premium payment is between the individual member and the carrier. Delinquency guidelines will be dependent on the carrier and added complications will apply if the member is receiving tax credits they are taking as a pre-paid subsidy.

For individual members who are not receiving a tax credit or have not elected to take their tax credit as a pre-paid subsidy, the delinquency process will remain the same as it is today for ODS members. Each carrier will review and make determinations related to their delinquency policies.

For individual members who are receiving a tax credit that they have elected to take as a pre-paid subsidy, the PPACA and IRS have outlined that a 90-day grace period must be applied to these members, and that a member's coverage cannot be canceled as long as the carrier has received the member portion of the premium. Lack of receipt of the pre-paid tax credit will not be applicable for purposes of determining delinquency.

Q: How complicated / extensive will the enrollment process be for individuals and SHOP employees? Is the only enrollment method via the website?

A: Cover Oregon is building and testing the user interfaces with the goal of making the enrollment process as simple as possible for members enrolling through the exchange. PPACA outlines that members will have access to information and the ability to enroll via multiple communication channels including Web, paper and telephonic options.

Q: How will current SHOP policies be renewed? What role does Cover Oregon Play in the renewal?

A: Small employers will be able to maintain their current renewal cycle, if they choose. Upon their renewal, small employers along with their producer partner will make a determination if they wish to continue to purchase their group health policies as they do today, outside of the exchange, or if they wish to begin purchasing their group health policy within the exchange. Cover Oregon will not play a role in the renewal unless an employer chooses to purchase through the exchange on a move forward basis. Details regarding the renewal process for exchange purchased policies are still being worked through and administrative roles are being determined.