

ACA Exchanges and the Uninsured

Researched by LWV Committee Member, Lisa Slater 10/10/12

What are 'Exchanges' and how are they established?

A health insurance exchange is a set of state-regulated and standardized health care plans in the United States, from which individuals may purchase health insurance eligible for federal subsidies.

Exchanges are not themselves insurers, so they do not bear risk themselves, but determine the insurance companies that are allowed to participate in them.

References: The Kaiser Family Foundation, NYS Gov., Wikipedia (various sources)

http://en.wikipedia.org/wiki/Health_insurance_exchange

http://www.healthcarereform.ny.gov/questions_answers/

<http://healthreform.kff.org/Faq/What-is-a-health-insurance-exchange.aspx>

Does NY State have an exchange?

Yes, NYS has declared a state-based Exchange established by Executive Order. It is not formed as an independent governing board but instead as regional advisory committees to advise and make recommendations on Exchange operations. Citizens can track state action toward creating Health Insurance Exchanges by visiting this site:

Tracking State Action: <http://statehealthfacts.kff.org/comparetable.jsp?ind=963&cat=17>

What flexibility does NYS have when establishing an exchange?

The rule issued by the Health and Human Services (HHS) outlines the minimum (floor) standards states must meet in establishing and operating their exchanges and aims to offer states "substantial discretion" in both the design and operation of their exchanges.

The rule also outlines minimum standards that health insurers must meet to participate in an exchange and the standards employers must meet to participate in the exchange.

References: The Kaiser Family Foundation, NYS Gov., Wikipedia (various sources)

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http://www.healthcarereform.ny.gov/questions_answers/

<http://healthreform.kff.org/Faq/What-is-a-health-insurance-exchange.aspx>

The HHS rule can be found here:

<http://www.kaiserhealthnews.org/~media/Files/2012/Exchange%20Standards%20For%20Employers%20March%202012.pdf>

Discussions concerning the New York health insurance exchange are currently underway. The exchanges will introduce many new coverage options for people purchasing coverage in the individual and small group market. Larger businesses may eventually be able to seek health insurance coverage for their employees in the exchange.

Reference: http://www.healthcarereform.ny.gov/research_and_resources/docs/roadmap_for_nys.pdf

Why has NYS chosen the Oxford plan as the Essential Health Benefit (EHB) benchmark?

On Monday, October 1, 2012, New York State selected the benefits of the State's largest small group plan, Oxford EPO, as the Essential Health Benefits (EHB) benchmark plan over the Empire Plan. The state also outlined the coverage areas in which the Oxford plan's benefits will be supplemented to meet Affordable Care Act (ACA) requirements

The State balanced value to consumers and small business employees of the more comprehensive benefits with the predicted additional cost these benefits would add to premiums. According to Milliman, the consultant that studied the Essential Health Benefit (EHB) benchmark options for the State, selecting the Empire Plan [would add \\$15](#) more to monthly premiums than selecting the Oxford plan would.

Input at the NYS Regional Advisory Committees was similarly mixed, with stakeholders including carriers and small business advocates urging the State to keep premiums low, and stakeholders including consumer advocates urging the State to choose a more comprehensive benefit package. It is important to remember that;

- The EHB will serve as a floor, not a ceiling, for benefits offered by individual and small group plans in New York.
- The EHB will raise the floor for many New York consumers, including consumers who currently have coverage through Healthy NY plans.
- Benefits that are not covered by the EHB, like adult dental, will be available through more comprehensive plans or coverage riders.
- The EHB decision may be revisited for 2016.

Reference: <http://hcfany.org/2012/10/04/new-york-selected-ehb-benchmark-oxford-epo/>
<http://hcfany.org/>

In New York, there has been considerable concern among State officials, consumer advocates, and other stakeholders that the national standard subsidies prescribed by the ACA will be insufficient to allow consumers to purchase coverage. Consumers in New York and other high cost-of-living states have less disposable income to purchase health insurance coverage, perhaps even subsidized coverage. Recognizing the variation in cost-of living

among states, the ACA requires the Secretary of HHS to conduct a study to examine the feasibility of adjusting federal poverty level (FPL) levels for the purposes of determining subsidies and cost sharing for different geographic areas. The law states that if HHS determines that an adjustment is feasible; the study should include a methodology to make such an adjustment. The Secretary is required to submit a report to Congress by January 1, 2013.

Reference: http://www.healthcarereform.ny.gov/research_and_resources/docs/roadmap_for_nys.pdf