Today’s Agenda

- Background on Maryland Health Benefit Exchange
- Individual Impacts
- Small Business Health Options Program (SHOP)
- Implementation Update
The Patient Protection and Affordable Care Act requires each state to establish a “health insurance exchange” by 2014.

A marketplace where individuals and small businesses explore, compare and enroll in health insurance and public assistance programs as well as access federal tax credits and cost-sharing subsidies.

States had a choice to establish a state-based exchange, join a partnership or the federally-facilitated exchange; Maryland opted to establish a state-based health insurance exchange.

Maryland’s exchange is called Maryland Health Connection.
Maryland Health Benefit Exchange Act of 2011

- Established Maryland’s state-based exchange as a **public corporation and independent unit of state government**

- Established **Nine-member Board of Trustees**
  - Ex-officio:
    - Secretary of Health
    - Insurance Commissioner
    - Executive Director, MHCC
  - 6 Appointed:
    - 3 with experience in insurance
    - 3 representing consumer interests

- Created **Executive Director** position
  - first Executive Director appointment in the U.S.
Stakeholder Engagement

Tenet of the Exchange

- Open, transparent process to create an exchange that represents all Marylanders and meets the needs of all individuals and small businesses in the state

2011 Advisory Committee Meetings

- 66 Marylanders
- Stakeholder representation included: health insurance industry, providers and associations, community members, advocates, community-based organizations, academia, business owners and leaders, local government officials, consumers, consultants

2012 Advisory Committees

- Required as part of 2012 legislation to have 2 committees
Stakeholder Site

- Upcoming meetings
- RFP’s and job postings
Expands access to health insurance for 730,000 Marylanders (13% of Maryland) currently without health insurance
- Gives individuals access to primary care physicians, preventive services

Provides federal subsidies for individuals up to 400% of FPL to pay for health insurance premiums
- Infuses $500 million in federal subsidies into the State of Maryland → NEW funds in health care system

Lowers uncompensated care costs in the healthcare system
- Lower insurance premiums across the state
Options laid out in the stakeholder advisory committee process provided recommendations from the Exchange Board to the General Assembly

“Recommendations for a Successful Maryland Health Benefit Exchange” Legislation Report (December 23, 2011) provided recommendations for SB238/HB443

Maryland Health Benefit Exchange Act of 2012 signed by Governor O’Malley (May 2, 2012) outlines the implementation policies for operating the state-based exchange

2012 Legislation lays out (among other things):
  – Navigator program
  – Carrier requirements to participate
Maryland Health Connection –
a service of the Maryland Health Benefit Exchange
Maryland Health Connection --

Individuals

- **One single entry point** for commercial insurance or Medicaid
  - No wrong door approach defined by CMS

- **Offers tax subsidies and cost sharing reductions** to individuals and families
  - Only place individuals can access subsidies
  - Federal government will pay a portion of costs for health insurance for people who earn up to 400% of FPL
  - Cost sharing reductions are available to individuals under 250% of FPL

- Open Enrollment Period Begins: Oct. 2013

- Coverage Effective: Jan. 2014
<table>
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<tr>
<th>Single Person FPL %</th>
<th>Annual Income</th>
<th>Maximum Premium (as % of Income)</th>
<th>Enrollee Monthly Share</th>
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<td>133% FPL</td>
<td>$14,483.70</td>
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<tr>
<td>400%</td>
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Access to Coverage

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-Assistance:
  - Navigators
  - Brokers
  - Call Center

-Outreach and Education
  - Advertising
  - Events and Business Outreach
Producers and Navigators

The ACA creates a new entity in the market: Navigator

Navigators will:
- Conduct public education and outreach as required by the Affordable Care Act
- Distribute fair and impartial information
- Facilitate enrollment in health plans
- Provide referrals for grievances, complaints and questions
- Provide information in a culturally and linguistically appropriate manner
- Maintain expertise in eligibility, enrollment and program specifications
- Refer insured small groups and individuals back to producers

Producers will:
- Serve an important role in the Exchange
- Continue to work directly with small group customers
- Register to become authorized to sell QHP inside the Exchange
- Be compensated directly by the carriers (as they currently are)
- Receive training from the Exchange
Individuals – Next Steps

www.MarylandHealthConnection.gov

Welcome to Maryland Health Connection

- Sign Up for Email Updates
- Sign Up for Text Updates: Text “Connected” to 69302
- Get information on resources available to help now
- Link to details on meetings and reports
Small Business Health Options Program (SHOP)
Maryland Health Connection will have a Small Business Health Options Program (SHOP) dedicated portal for small businesses and their employees.

Small businesses (including non-profits) with up to 50 employees may participate.

In 2016, the ACA modifies the definition of small group to 100 employees.
Why the SHOP?

- Tax Credits for health insurance will only be available through MarylandHealthConnection.gov beginning October 1, 2013

- The SHOP will provide employers:
  - Innovative plan options that are easy to administer
  - Access to tax credits to cover employee premiums
  - Employee choice model

- Streamlined application, and customer service through statewide Call Center
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**Employer vs. Employee Choice**

- Employer Choice
- Employee Choice
2010-2013: Maximum tax credit for small employers is 35% of the qualified premium for health insurance for employees

- Maximum tax credit for small tax-exempt employers (charities) is 25%

January 1, 2014, rate increases to:

- 50% tax credit for small employers
- 35% for small tax-exempt employers (charities)

Fewer than 25 full-time equivalents, with average wages of less than $50,000 per year
Small Businesses – Next Steps

Next Steps

- Speak with a CPA about Tax Credits
- Complete the worksheet to see if your business may qualify for a Small Business Health Care Tax Credit
- Visit [www. smallbusinesstaxcredits.org](http://www. smallbusinesstaxcredits.org) for more information
- Speak with your insurance broker about the changes underway to find out what health insurance options will best meet the needs of your employees
Implementation Update
MHBE has received $157 million in federal funds to date.

No state funds have been spend on the development of MHBE-specific functions.

- Planning Grant ($1 million):
- Early Innovator Grant ($6 million)
- Level One Establishment Grant ($27 million)
- Level Two Establishment Grant ($123 million) – Carries through the end of 2014
New Enrollment & Eligibility System

Through the MHBE, the state procured a new enrollment & eligibility system
- Single point of entry to Medicaid and exchange
- In concert with DHMH, DHR and MHBE

High-Level Technology Milestones
- Phase 1A Vendor Award – March 2012
- Development -- May, 2012 through March, 2013
- First round of testing – November, 2012
- Integrated end-to-end Testing -- 2Q, 2013
  - Includes External Stakeholders
- Production Environment Live – 2Q, 2013
- Open enrollment – October, 2013
Administration of MHBE

MHBE Staff
- Executive Director
- Directors of Operations, IT, Communications & Plan Management
- Director of Policy, Fiscal Administrator
- 33 PINS from BPW in September
  - 8 positions currently posted
- PMO & Hilltop support

Start-up organization

Funding going to space, computers, etc.
MHBE must be self-sustainable by 2015

2011 Legislative Study
- Stakeholder advisory committee found that MHBE benefits more than just those participating in exchange
- Exchange board made recommendation to Governor and General Assembly in December, 2011 that funding should be both broad-based on transaction-based

2012 Legislative Action
- Created joint executive/legislative committee to make recommendation to Governor and General Assembly in December, 2012
  - Legislative members: Senators Robey & Garagiola; Delegates Hubbard & Costa
  - Working with Wakely Consulting to finalize operating budget to create estimates for specific funding streams
  - Report out for public comment through October 22, 2012
  - Committee meeting in mid-November to make final recommendation
What’s Next?

- Continued development of IT system
- Continued policy development
  - Navigator, SHOP, Appeals & Grievances
  - Regulations through AELR
- Federal Certification: January 2013
- Outreach & Education: Q2 2013
- Open Enrollment: October 2013