

Three Notices of Proposed Rulemaking: A Simple Seamless Path to Affordable Coverage



DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS for MEDICARE & MEDICAID SERVICES
Center for Consumer Information and Insurance Oversight



State Exchange Grantee Meeting
September 19-20, 2011



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Building on Exchange Framework in Earlier Proposals

Proposed rules complement two rules released on July 11, 2011

- The two previously proposed rules created a framework with significant flexibility to help States set up Exchanges that work for them

All five proposed rules build on more than a year of close stakeholder consultations with:

- States
- Large and small businesses
- Consumer advocates
- Health insurance plans
- Tribal representatives
- Key Experts

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Consumer-Centric Experience: A Simple, Seamless Path to Affordable Coverage

- Expand access to coverage
- Provide high-quality, responsive customer service
- Coordinate seamless coverage options
- Minimize burden on States and individuals by relying on electronic data sources

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Seamless, Streamlined Eligibility and Enrollment

Submit single, streamlined application to the Exchange

- Online
- Phone
- Mail
- In Person

Verify and determine eligibility

- Supported by the Federally-managed data services hub
- Eligibility for:
 - Qualified health plans (QHPs)
 - QHPs with tax credits and cost-sharing reductions
 - Medicaid and CHIP

Enroll in affordable coverage

- Online plan comparison tool available to inform QHP selection
- Advance payment of the premium tax credit is transferred to the QHP
- Enrollment in a QHP or Medicaid/CHIP

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Income Eligibility for Insurance Affordability Programs

- **Medicaid Adults:** Individuals with household income from 0-133% FPL
- **Medicaid/CHIP Children:** Individuals with household income from at least 0-200%FPL
- **Advance payments of the premium tax credit:** Individuals with household income from 133-400% FPL
 - Individuals with household income greater than 400% FPL will be eligible to enroll in a QHP with no financial assistance.
- **Cost-sharing reductions:** Individuals with household income from 133-250% FPL

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Scope of the Three Proposed Rules

Exchange Eligibility and Employer Standards NPRM

- Details standards and processes for determining eligibility to enroll in qualified health plans and insurance affordability programs (advance payments of the premium tax credit, cost-sharing reductions, Medicaid, CHIP and the Basic Health Program, if applicable)
- Promotes a simple, seamless system of affordable coverage by coordinating Exchanges with Medicaid and CHIP
- Outlines basic standards for employer participation in the Small Business Health Options Program (SHOP)

Medicaid/CHIP Eligibility and Enrollment NPRM

- Expands and simplifies Medicaid eligibility
- Promotes a simple, seamless system by coordinating Medicaid and CHIP with the new Exchanges

Treasury NPRM

- Lays out how individuals and families receive premium tax credits to help make health insurance coverage more affordable

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Exchange Eligibility and Employer Standards NPRM

Eligibility Determinations

- Eligibility standards: enrollment in qualified health plans and insurance affordability programs
- Verification to support eligibility process
- Changes to eligibility during coverage year
- Annual redeterminations
- Eligibility determinations coordinated with Medicaid & CHIP; Exchanges will conduct Medicaid eligibility determinations consistent with the rules of the State Medicaid agency

Employers and Exchanges

- Request for comment regarding how employers and Exchange interactions may be structured (preamble)
- Employer SHOP Participation

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Verification of Applicant Information (for Exchange, Medicaid and CHIP)

In most cases, to verify applicant information the Exchange will:

- Rely on electronic sources of data, such as the Social Security Administration, IRS, Department of Homeland Security, or other HHS-approved sources
- Follow specific procedures to verify information through other means, such as requesting documents from applicants, if needed

If applicant information is inconsistent with electronic data sources

- In the exchange, the applicant has approximately 90 days to provide documentation to resolve the inconsistency

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Exchange Redetermination of Eligibility

During a Benefit Year

- Require enrollees to report changes promptly to ensure eligibility reflects current situation
- Based on updated information received from an enrollee or obtained from data matching

Annual

- Provide notice to individual with any updated income and household/family size data obtained through electronic data sources
- Eligibility is redetermined based on updated data on notice unless individual responds with updated information

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Coordination between the Exchange, Medicaid, and CHIP

- The Exchange and State agencies will work together to ensure that the seamless, coordinated eligibility process is executed regardless of where an application is submitted
- Data sharing between the Exchange and State agencies will occur through secure interfaces, subject to privacy and security standards to protect information

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Treasury NPRM

Eligibility for the Premium Tax Credit

- Enrolled in qualified health plan through the Exchange
- Household income between 100 and 400% FPL (or < 100% FPL for lawfully present individuals who are ineligible for Medicaid)
- Not eligible for Minimum Essential Coverage (MEC) from another source

Computation of the Premium Tax Credit

- Equal to the difference between the applicable percentage of household income and the benchmark premium plan

Premium Tax Credit Reconciliation on Tax Return

- Amount of any advanced payment is reconciled with household's actual income and family size at the end of the tax year

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Medicaid/CHIP Eligibility and Enrollment NPRM

- Expands eligibility to 133% FPL for all Americans under age 65
- Ends coverage gap for non-disabled low-income adults
- Enhanced federal funding for newly eligible: 2014-2016 100% federal funding, phased down to 90% in 2020

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Simplifying Medicaid and CHIP

- New simplified income standard of 133% of the Federal Poverty Level for individuals less than age 65 uses same Modified Adjusted Gross Income (MAGI) used for premium tax credits; eliminates asset tests
- Eliminates obsolete eligibility categories and consolidates other categories
- Enrollment in the new simple, income-based category without having to first screen for eligibility under other categories

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Simplifying Medicaid and CHIP

- Following State lead, modernizes eligibility verification rules to rely primarily on electronic data
 - 90% matching payments for systems development through 2015
- Renewals every 12 months; first evaluates information available through existing sources, improving program integrity
- Provides States with options for determining the appropriate federal matching rate for “newly eligibles” without having to operate two eligibility systems

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Next Steps

- NPRMs can be found at:
 - The Exchange Eligibility and Employer Standards NPRM : <http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20776.pdf>
 - Treasury NPRM: <http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20728.pdf>
 - Medicaid/CHIP Eligibility NPRM: <http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20756.pdf>
- HHS and Treasury are seeking input from States and other stakeholders on the NPRMs
- Written comments on the proposed rules should be submitted by October 31, 2011

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