

Interaction Between Individual and SHOP Exchange

Jon Kingsdale & Ann Hwang
Wakely Consulting Group

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Interaction between Individual and SHOP Roles

- Plan and benefit selection strategy
- Plan management functions
- Decision support for plan selection
- Screening employees for affordability of ESI

Interaction Between Plan Certification & De-Certification, SHOP vs. Ind'l

- Employee choice is complicated, for everyone:
 - Underwriters
 - Employers
 - Employees
- Likelihood of resistance, esp. from largest carriers
 - Actuarial likes groups, bigger the better
 - Sales likes groups
 - Marketing likes groups
 - Brokers like groups

Interaction Between Plan Certification & De-Certification, SHOP vs. Ind'l

- SHOP likely to be much smaller than Individual, tax-credit-subsidized market
- Leverage QHP certification for both exchanges
- However, anticipating the employer demand for plan designs is far more complex

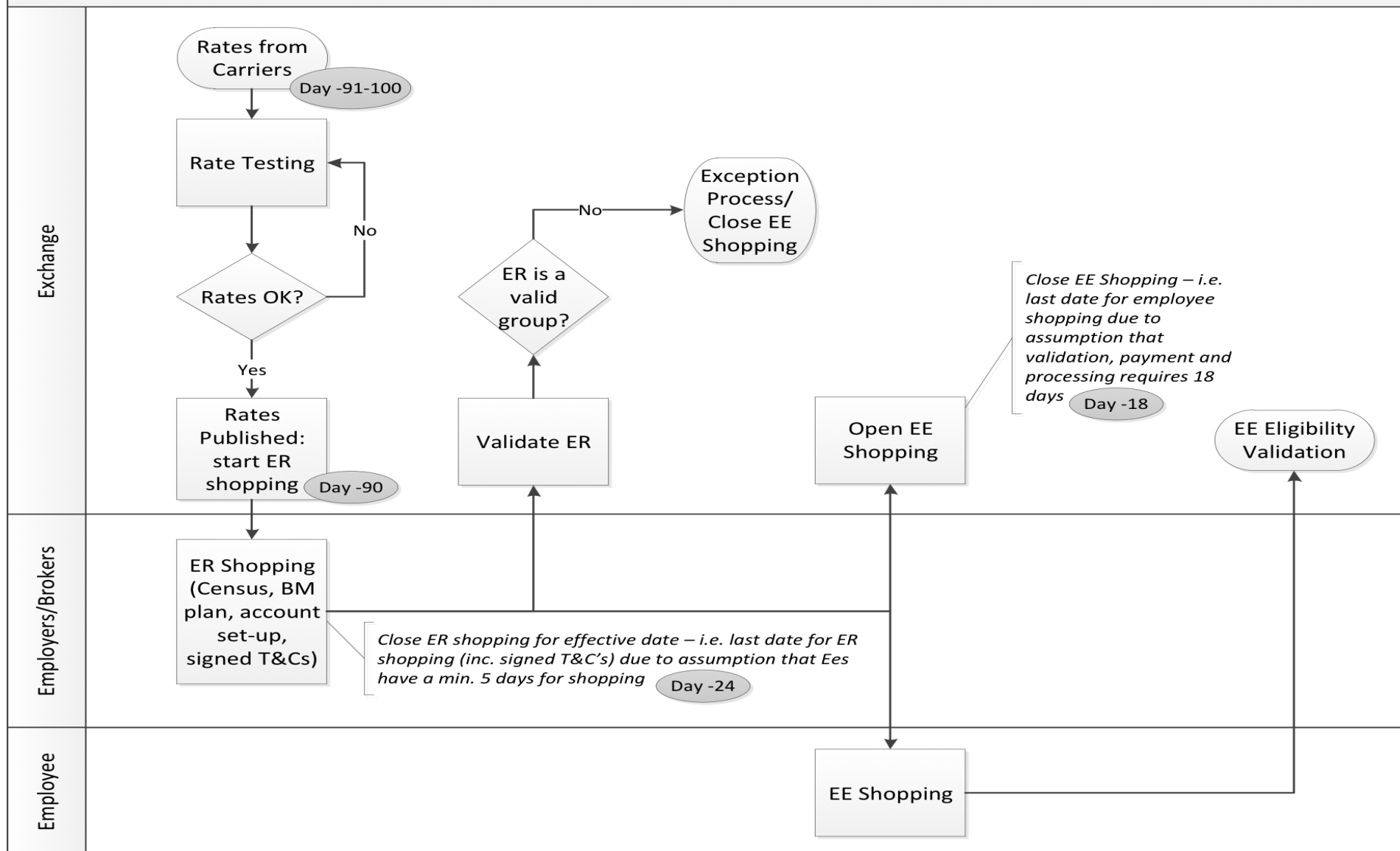
SHOP Benefit Selection Distinct from Ind'l Market

- Many S-G markets offer very broad choice of benefit/cost-sharing/plan designs
 - HMO/EPO + PPO + POS + HDHPs
 - 50 AVs, from 45% - 95%
- Offerings evolve, sometimes quarterly (e.g. NYC)
- Precious metals prescribed by ACA
 - If not applied to outside market, significant constraint
- Carrier/broker perspectives essential
 - Benefits survey
 - Broker advisory council
 - Strategy and operational supports in anticipation of an evolving portfolio of SHOP plan designs

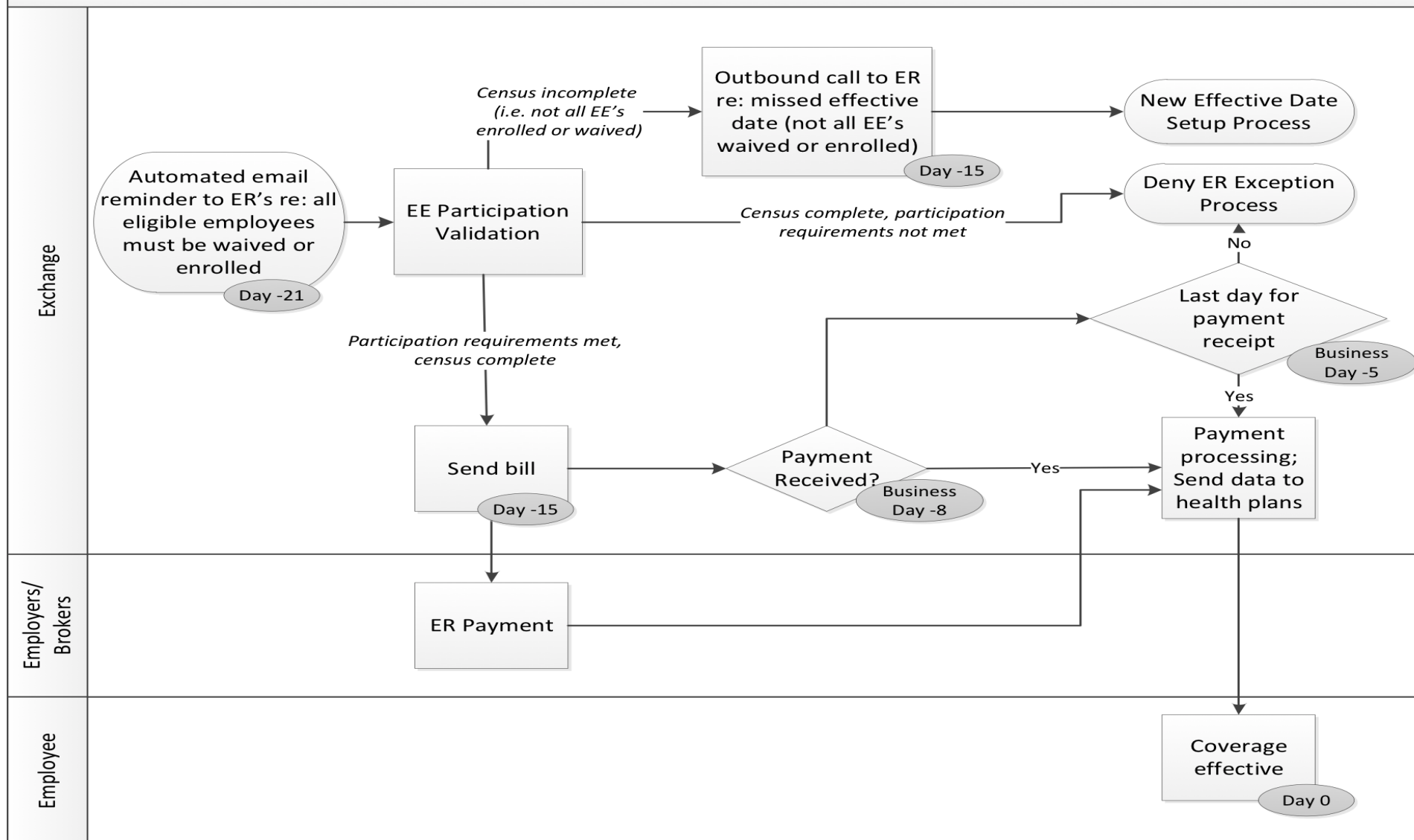
Plan Management Functions

- Annual bid/selection process for SHOP
- Maintain “closed” and “open” products
- Multiple steps/processes from account setup/shopping to case fulfillment and payment takes time (next 2 pages)
 - Very different than in Ind'l Exchange
 - Rapid cycle time for employers/brokers is critical and requires QHP cooperation, e.g mid-month retro case installation

SHOP: Account Set-up and Shopping



SHOP: Case Fulfillment



Decision Support Tools/Processes

- Employer calculator, based on percentage or dollar contribution, including:
 - Employee-only
 - Dependent-contribution
 - Small biz tax credit
 - Benchmark plan (AV & QHP)
- Employee web-based tools similar to N-G, except that employee premiums are specific to the employer and his/her anniversary date
- Because all eligible employees must participate (or waive), web- and phone-based tools may be inadequate, so may need onsite (workplace) enrollment

Screening for Affordability

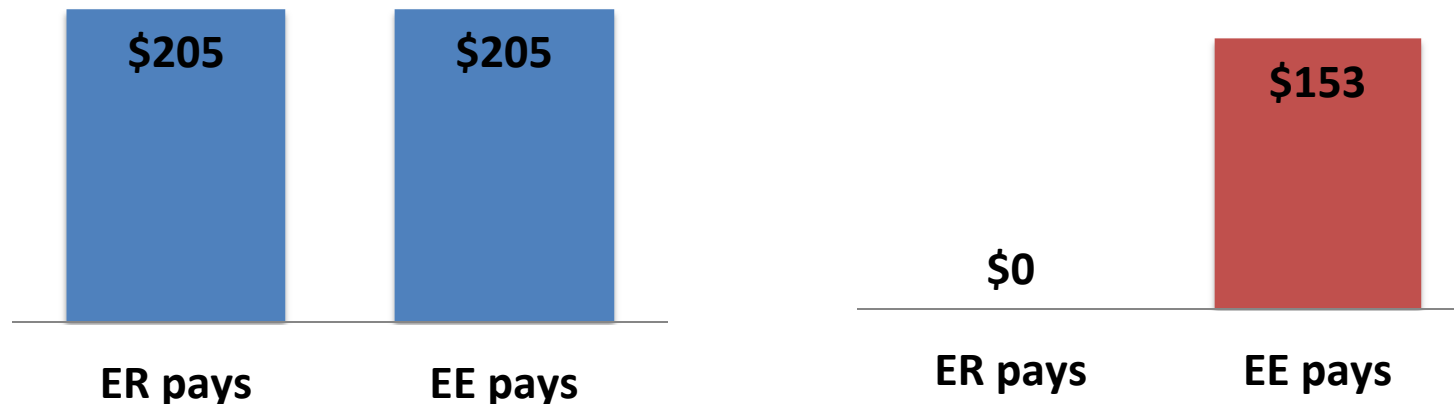
- Affordability screen required of the exchange and potential value-added service to employer
- Employee-eligible advanceable tax credits available in the Individual exchange
 - Potential for employee to save because of access to premium subsidy
 - Employer saves the amount he would have contributed to worker's premium

Affordability Standard

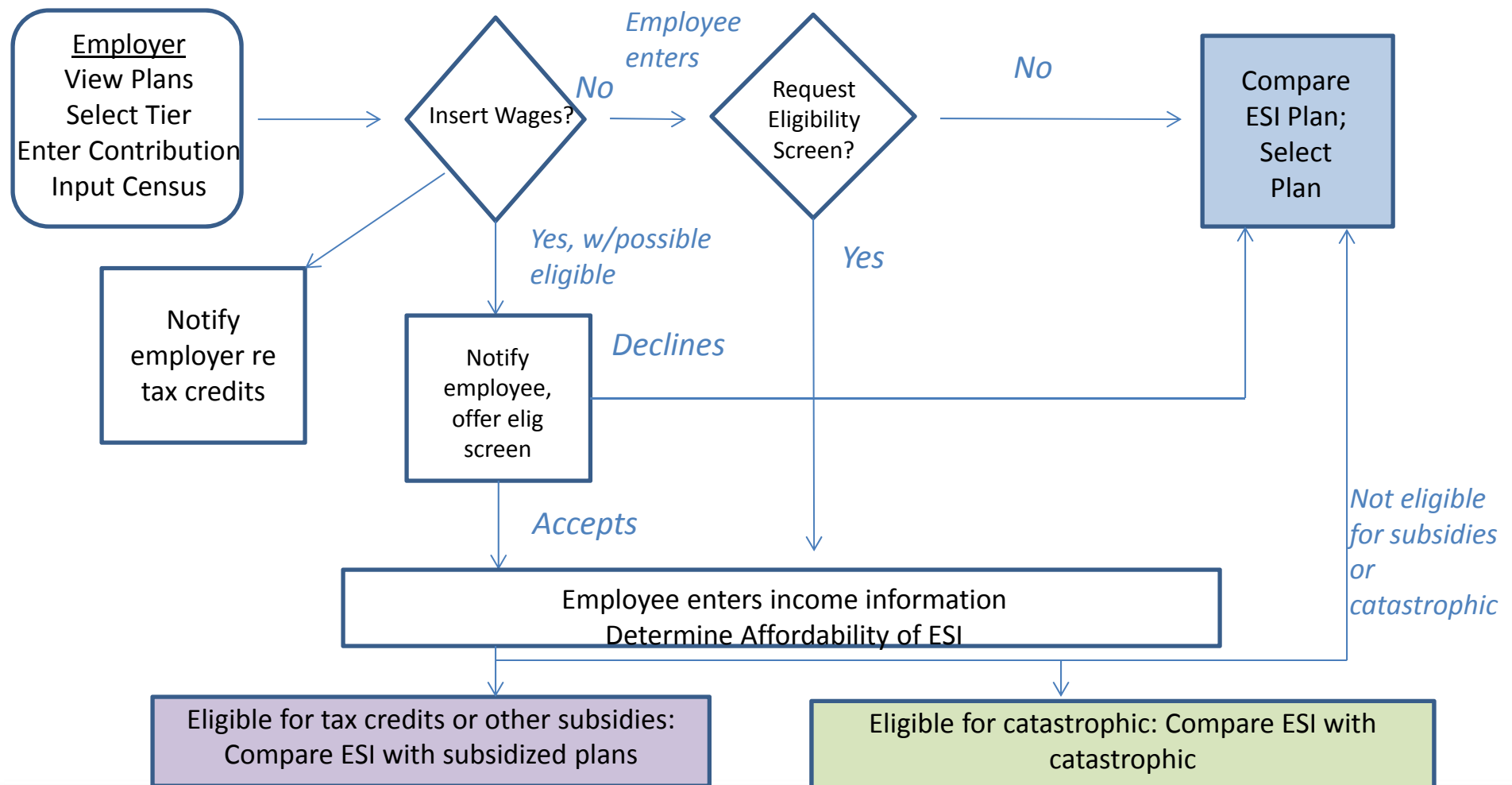
- Applies to individual (employee-only) ESI coverage
- Cut-off is 9.5% of earnings, not wages
- E.G.: \$205 monthly contribution = \$2,460 per year, or >9.5% of incomes below \$25,894

Affordability Filter: Example

- Employee makes \$25,000 per year, single premium is \$410 pm, employer pays 50% of premium
- Employee contribution is \$205 pm, or 10% of income, so employee is eligible for premium subsidy
- With subsidy, employee pays \$153 pm *in non-group – exchange* and employer pays \$0



Affordability Filter: Process



Discussion/Questions