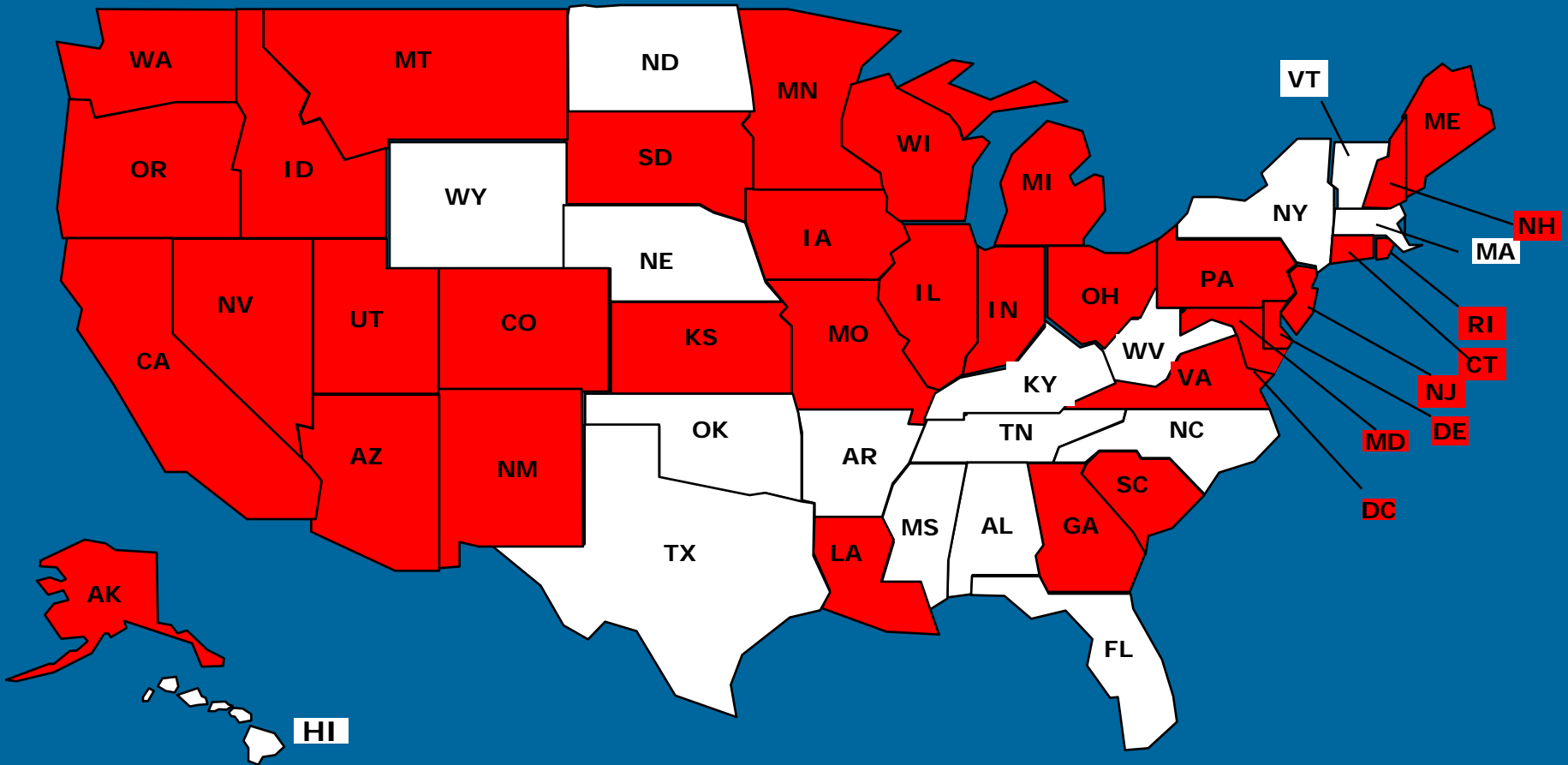

MHIAC Presentation:
Guaranteeing Access to Coverage
for All Americans
January 28, 2008

Rick Ramsay

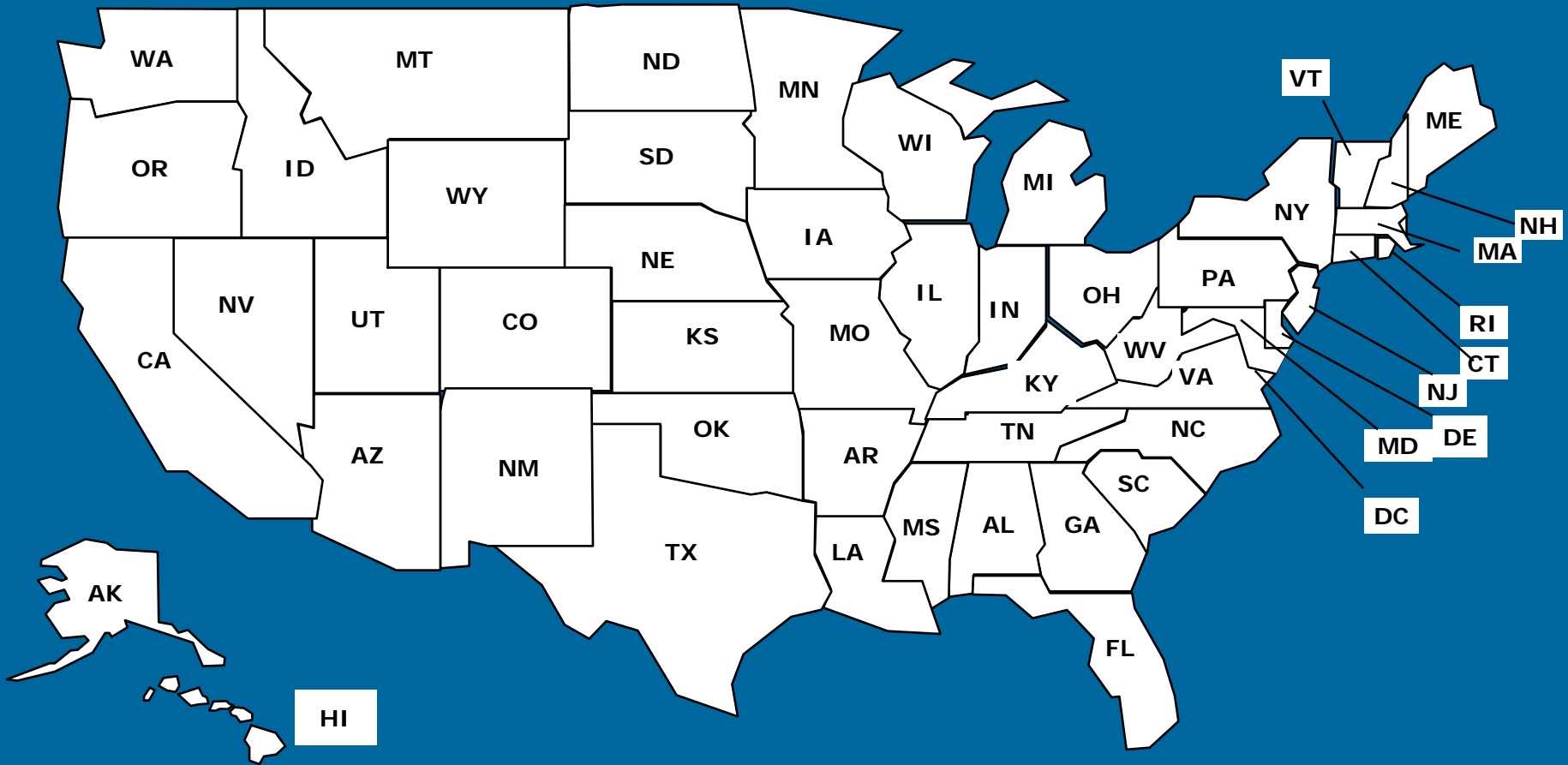
America's Health Insurance Plans

Reform Proposals 2007

States with Major Proposals



Comprehensive Reform Enacted 2007



Expanding Access To The Uninsured Activity In 2007

AK: Medicaid Expansion to pregnant women & children under 19 in households under 175% FPL.	CA
CT: Expand Medicaid- Caretaker relatives- 185% FPL, Pregnant women, 250% FPL, Children, 300% FPL & subsidies for over 300 %	IL: Gov's proposal Expand Medicaid 300% FPL, 3% gross receipts tax
IN: Premium subsidies, standard health plan, & increase in tobacco tax	LA: Expand Medicaid- cover children at 300% FPL
MD: Medicaid expansion- 116% FPL, & subsidies to small employers	ME: Dirigo to self-administer

Expanding Access To The Uninsured Activity In 2007

MO: “MO-Health”- three phased approach- 1 st : raise FPL to 185% with mandatory Section 125 plans	MT: Expand SCHIP to 175% FPL
NM: Recommendation- MLR, CR & GI, prohibit pre-existing condition clauses & universal coverage	NV: Expand Medicaid- 200% FPL & \$100 Premium subsidies to employees w/o children
ND: Expand Medicaid- children to 133% of FPL and SCHIP to 150%	RI: Employers with more than 10 employees- mandatory 125 Plans
SC: Expand SCHIP to 200% FPL	WA: Revamp pool- creating new Small Employer Health Insurance Partnership – giving premium subsidies so long as 125 plan established

Expanding Access 2008

AK: Study MA Connector	
AZ: Four efforts- (1) Gov's proposal, (2) Referendum prohibiting gov't mandated program, (3) single payor initiative, (4) revamping the risk pool	CO: The "208 Commission" with 5 proposals ranging from single payor, Medicaid expansion, individual mandate, exchanges, and improvements in existing technology/wellness programs
DE: Study high risk pool	FL: Advisory Board looking at CA, MA, & IL
ID: Task Force to develop recommendations	IA: Interim Commission

Expanding Access 2008

KS: Advisory Board- reviewing 6 proposals leaning towards mandatory coverage for children, mandatory 125 plans, “exchange” type program, premium subsidies for those up to 150% FPL

MD: Commission to study individual mandate, premium subsidies, and tax credits

MN: Task Force- reduce expenditures by 20% by 2011, increase coverage options, improve quality & health status, & reduce admin costs

MO: “MO Health” Prongs 2 & 3: Expand Medicaid to 185%FPL and establish reinsurance program for catastrophic coverage

Expanding Access 2008

MT: Commission reviewing subsidies & tax credits, individual mandate with or without GI, expanding Medicaid and safety net programs, and Commissioner's new children's risk pool	NM: Gov's proposal- individual mandate, MLR, community rating, guarantee issue for individual and small groups, prohibit pre-existing condition exclusions
NH: Study due in 2009	NY: Governor required "town-hall" meetings to form basis for proposal
OR: Commission to study proposals	RI: Study merger of small group and individual markets
SD: Zenya Project- new pool for uninsurable, employer assistance program, & COBRA "drop-down"	TX: DOI to study alternatives

Expanding Access 2008

UT: Exchange proposal that has some form of modified community rating and some form of rate regulation. Also United Way proposal with min benefit package, individual mandate, and premium subsidies

VA: Blue Ribbon Commission with three tiers of recommendations

WA: Study Exchange proposal

WY: Governor's Commission studying expanding coverage for children by expanding subsidies and FPL levels

Background on Individual Market

- Approximately 18 million Americans are covered in the individual market
 - Premiums in the individual market are more affordable than may be widely known
 - According to AHIP's new survey of the individual market, national average annual individual market premiums are \$2,613 for single and \$5,799 for family coverage
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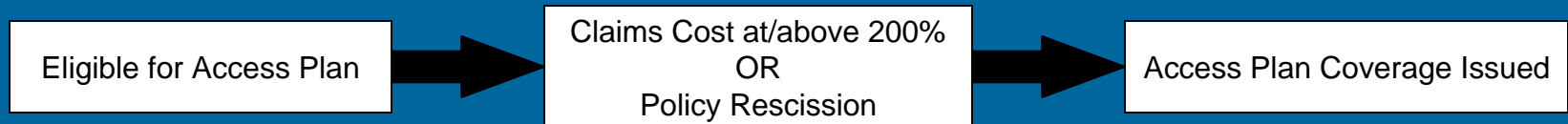
Background on AHIP Proposal

- Individual market continues to be the center of various reform proposals to expand access
 - AHIP is committed to improving the accessibility, affordability, and quality of health care
 - In June, AHIP's Board of Directors formed a CEO Task Force to develop a proposal for increasing access to affordable individual market coverage
-

AHIP Proposal to Guarantee Access to Coverage for All Americans

- Two proposals cover areas in which we can act now
 - Establishing Guarantee Access Plans
 - Based on high risk pools, but with enhancements to streamline and to cover only highest cost individuals
 - Giving consumers peace of mind about individual market coverage
 - How the industry makes rescission and pre-existing exclusion decisions
 - Third-party review of decisions
 - A third proposal identifies issues states need to address if they are considering universal participation
-

State Guarantee Access Plans



Guarantee Access Plan Coverage

- Premium is 150% of standard market rate
- One-time open enrollment with no pre-existing condition exclusions
- No pre-existing condition exclusions if continuous coverage
- One-time agent compensation fee
- Providers paid Medicare rates
- Range of deductibles and cost-sharing amounts
- Rating factors and benefit package mirror the private market



Private Market Guaranteed Coverage

- Premium capped at 150% of standard market rate
 - Health plans accept up to specified threshold - after all reach threshold, it is reset
 - Benefit package similar to access plan and other private market coverage
-

State Guarantee Access Plans

State Responsibilities

- *Establish guarantee access plans with broad-based funding*
- *Provide sliding-scale premium subsidies*
- *Hold a guarantee access plan one-time open enrollment for coverage without pre-existing condition exclusions when first open*

Health Plan Responsibilities

- *Assist with access plan enrollment*
- *Guarantee coverage to individuals declined by access plan*

Consumer Responsibilities

- *Purchase and maintain coverage*
 - *Late enrollees subject to application fee, penalty, & pre-existing conditions exclusions*
-

Clarifying Rights & Responsibilities

State Responsibilities

- *Create third-party review process for medical decisions related to pre-existing conditions denials and rescission decisions*
- *Allow individuals subject to rescissions to enroll in guarantee access plan on a retroactive basis*

Health Plan Responsibilities

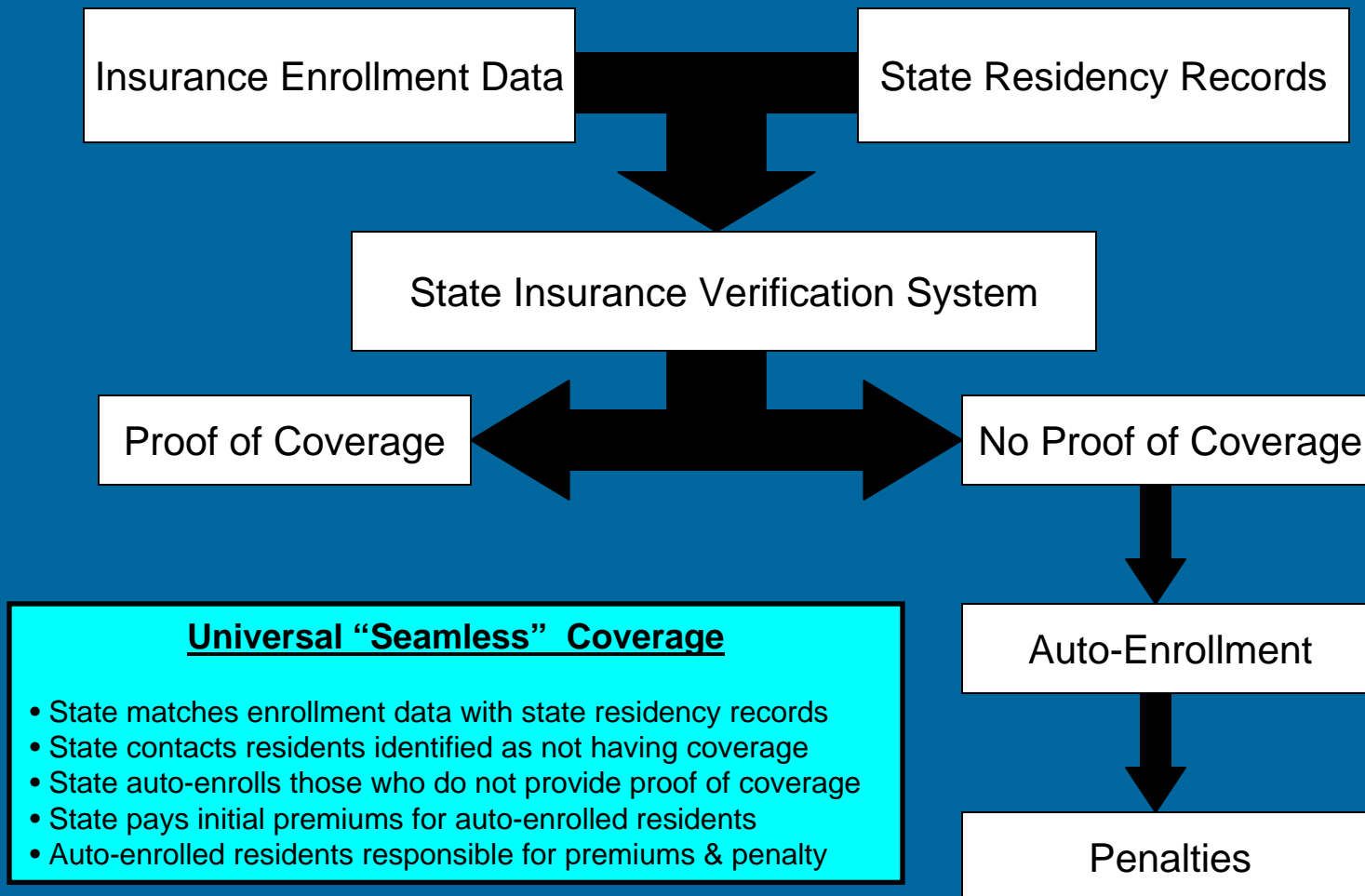
- *Develop clear and understandable communications*
 - *Identify unclear or incomplete application information and follow up*
 - *Limit rescissions to those based only on information that should have been included in a complete and accurate response or gathered during a review of unclear or incomplete information*
 - *Provide coverage of pre-existing conditions if disclosed (unless subject to a rider)*
-

Clarifying Rights & Responsibilities

Consumer Responsibilities

- *Have knowledge of their medical information when applying for coverage and promptly respond to inquiries about medical and personal information*
 - *Provide complete and accurate answers on application*
 - *Verify information on the application*
 - *Follow health plan procedures for internal appeals*
 - *Follow external review process*
-

Responding to State Universal Participation Proposals



Responding to State Universal Participation Proposals

Steps for States Proposing a Requirement for Individuals to Have Coverage

- *Create insurance verification and monitoring system*
- *Implement auto-enrollment & premium payment process*
- *Impose effective enforcement mechanisms*
- *Provide sliding-scale premium subsidies*
- *Fund coverage initiatives from a broad base of resources*

Role of Health Plans

- *If a state universal participation program is proven effective, then health plans could guarantee issue without regard to pre-existing conditions*
-

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