

House and Senate Public Health, Welfare and Labor Committee meeting
Arkansas Insurance Department (AID)
Arkansas Health Connector Division (AHCD)
September 25, 2014



Update on the Health Insurance Marketplace in Arkansas

Enrollment

Data that AID received from issuers indicate that through September 1, 2014, there was some increase in enrollment, compared to last month, of consumers with incomes greater than 138 percent of the Federal Poverty Level (FPL). A high percentage of consumers enrolled in Marketplace plans continue to pay their premiums and are keeping their plans active.

According to this most recent data, 43,146 consumers (up from 42,371 last month) have enrolled in Marketplace plans in Arkansas with 36,557 (down slightly from 36,880 last month) being current on their premiums. Some of those not current on premiums have not yet had their first month's premium due.

AHCD earlier this month mailed a letter to about 700 Arkansans who are eligible for an extension of a Special Enrollment Period through Healthcare.gov. These consumers are Arkansans with incomes greater than 138 percent of the FPL who had their coverage canceled due to the inadvertent enrollment of some consumers in the Private Option who were, in fact, not Private Option eligible. We expect the vast majority of this group will be eligible for tax credits through the Marketplace.

Due to the intervention of AID, CCIIO agreed to extend this Special Enrollment Period from August 11 to October 10, 2014. AID was concerned that consumers would only have a day or two at most to sign up for new coverage after receiving a planned August notice.

AHCD is working with carriers to ensure CCIIO messaging requirements are met in notices to be sent to Marketplace consumers by carriers concerning re-enrollment for 2015 or plan discontinuation. CCIIO will

send an additional notice to consumers. Private Option consumers will also receive a notice from carriers.

Required re-enrollment notices will include information about open enrollment starting November 15 and about how consumers should update financial information with healthcare.gov to ensure appropriate tax credits are allowed.

The top 10 counties, through September 9, in terms of individual enrollment by consumers with incomes greater than 138 percent FPL are shown below. Although the order of the top 10 counties has not changed over the previous month, the enrollment for each county has increased slightly.

Pulaski	5,702
Benton	3,725
Washington	3,620
Garland	1,947
Faulkner	1,733
Saline	1,554
Sebastian	1,506
Craighead	1,358
White	1,036
Pope	887

Plan Management

For Plan Year 2015, as previously reported, AID plans to release final rates no later than November 3 once plans are certified by CCIIO. AID certification recommendations for plans and rates submitted by issuers were sent to CCIIO on August 8.

According to preliminary data, which was released August 26 by the Governor's Office, the aggregate average premium rate for Marketplace plans in Arkansas is projected to drop by 2.2 percent for 2015 from 2014.

The medical issuers recommended for Qualified Health Plan certification for 2015 are Arkansas Blue Cross Blue Shield, Celtic Insurance Company (Ambetter), National Blue Cross Blue Shield Multi-State, QCA Health Plan Inc., and QualChoice Life and Health Insurance Company, Inc. The following Stand-Alone Dental Plans were recommended for 2015 in the Marketplace: Arkansas Blue Cross and Blue Shield, Best Life and Health, and Delta Dental of Arkansas.

Quality Ratings

AID is working in conjunction with Plan Management vendor PCG and diverse stakeholders, especially those participating on the Consumer Assistance Advisory Committee (CAAC) and the Plan Management Advisory Committee (PMAC), to help create a pilot quality rating system for health insurance plans to be used to assist consumers as they seek to choose plans for enrollment.

The pilot design is to be consumer-centric, addressing Arkansas's leading health issues while adding minimal administrative burden to providers. After review by the PMAC, the universe of potential metrics was reduced from 107 to 21 with eight alternate metrics that would not be able to be assessed in the

first year due to timeframe or other constraints; for example, a two-year time period would be needed to assess appropriate mammogram screenings or, for other measures, data would need to be obtained from clinical records. Upon further review by staff and the PMAC, the current recommendation is to remove two clinical metrics that would require record reviews, as these would pose an additional cost or administrative burden to plans and/or health care providers in 2015.

The Steering Committee will be responsible for making the final recommendations on the pilot metrics and processes to the Commissioner. The plan is for Arkansas to implement a pilot project to be in effect for 2016 Open Enrollment. This will help prepare Arkansas for the required Quality Rating System, which will start in Plan Year 2017.

Age Breakdown/Payment Status

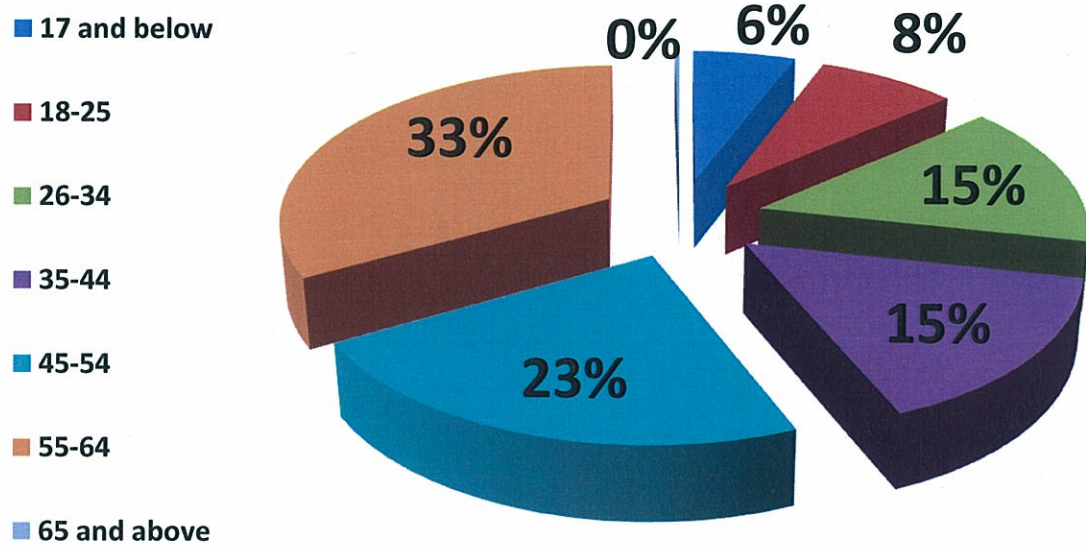
Charts that follow demonstrate the age distribution among the total Marketplace (including Private Option) as compared to consumers with greater than 138 percent FPL. The numbers continue to provide proof of the value of the Private Option in creating a more stable and healthy risk pool that contributes to better rates throughout the entire Marketplace.

In fact, during the most recent reporting period, the pool for the combined Marketplace showed signs of getting even younger with a 1 percentage point increase among those aged 26-34 and a 1 percentage point drop among those aged 45-54.

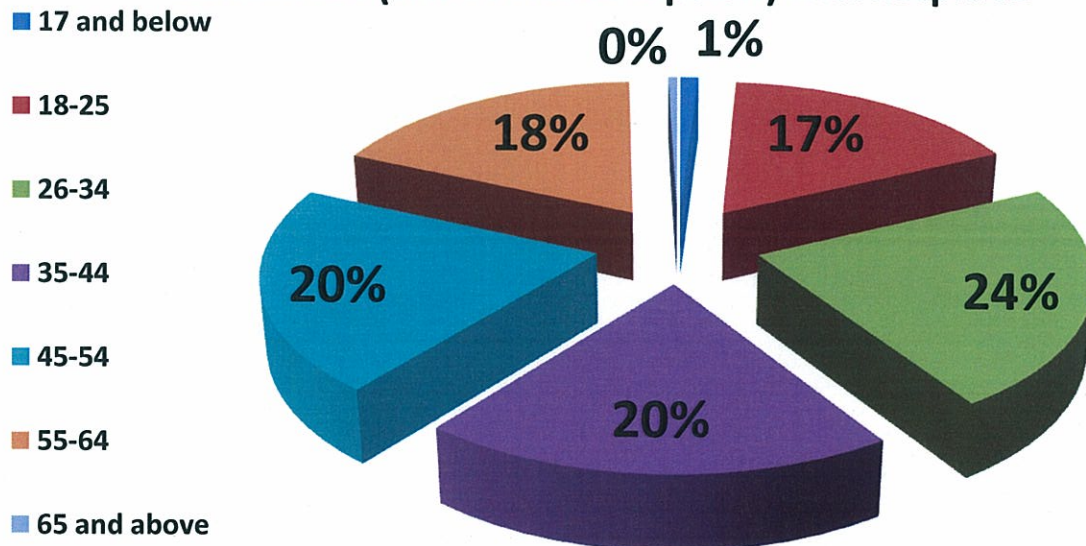
The charts also show that Marketplace consumers are paying their premiums and many more are not delinquent; they simply have yet to pay their first month's premium after signing up.

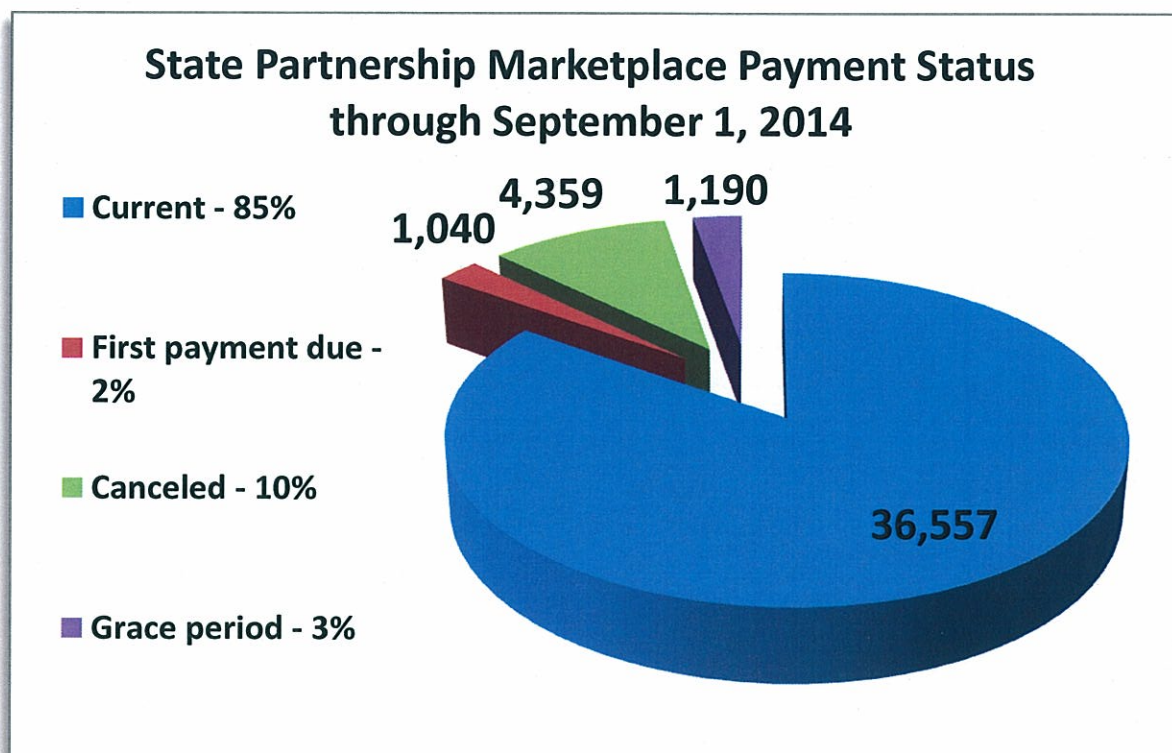
AID continues to refine issuer data reporting in order to provide accurate and timely information about Marketplace enrollment and enrollee demographics.

Enrollees by Age, through September 1, 2014 Greater than 138% Federal Poverty Level



Enrollees by Age, through September 1, 2014 Combined (with Private Option) Marketplace





Consumer Assistance

The AHCD Resource Center continues to handle calls from the public. We have worked diligently to provide answers to all members of the public—consumers, legislators, and others. We also work to get answers to special inquiries from legislators or other public officials for their constituents. We anticipate increased call volume during open enrollment due to having no statewide guide program, and are making plans to be ready through temporary workers as needed.

Licensing

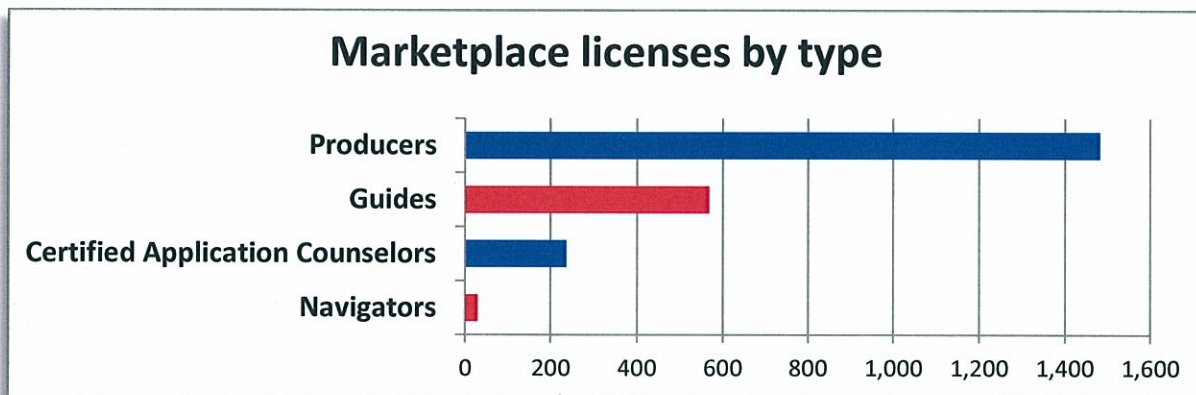
Re-licensure of all Marketplace assisters should be completed by September 30, 2014 according to Act 1439 of 2013. All assisters must complete the federal training as well as state training; re-licensure fee is \$35. State training is available for all producers and all assister types. Federal training for non-producers became available on September 4.

Commissioner Bradford will offer a grace period for re-licensure until October 31, 2014 due to this delay in federal training availability. This step will give assisters extra time to be trained before Open Enrollment begins November 15. To date, more than 500 producers have obtained re-licensure (527 through September 22).

We are working to expand the number of licensed insurance agents and brokers who also are licensed as Exchange Producers. AID has informed producers of requirements for Marketplace licensure. State-based on-line training is available. A Request for Qualifications (RFQ) to identify insurance training contractors interested in providing state specific education in a classroom setting was posted July 25 with an August 22 due date.

We expect a contract signed soon with Independent Insurance Agents of Arkansas for this classroom training which will also count toward required producer continuing education requirements. The Training Vendor RFQ is open-ended, meaning more vendors can apply in the future.

More than 2,300 people are licensed by AID to help residents in need of health insurance get the necessary information to enroll in a plan best suited for them and their families. Through September 22, 2,330 Marketplace licenses included 1,492 licenses to producers, 570 to guides, 237 to certified application counselors, and 31 to navigators.



New Rules

The proposed Network Adequacy Rule (Rule 106) was filed with the Arkansas Legislative Council by the AID Legal Division. This step initiated our public comment period. A departmental public hearing on the rule is scheduled for October 29.

The comment period for the proposed Patient Centered Medical Home (PCMH) Rule (Rule 108) ended September 4. This rule details the requirement that health insurance carriers participating in the Marketplace must participate in the PCMH program as stated in the Health Care Independence Act and the Medicaid 1115 waiver. Based on comments received, the proposed language is being revised and will be addressed in the same public hearing as Rule 106 on October 29.

AHIM

AID and the Arkansas Health Insurance Marketplace Board continue to work on a detailed Memorandum of Understanding to set in place responsibilities going forward as the AHIM, according to Act 1500 of 2013, transitions into being the governance authority over the Marketplace in Arkansas. The federal Center for Consumer Information and Insurance Oversight requested the MOU in conjunction with the AHIM's upcoming Exchange Establishment grant request. The AHIM Board has voted to establish a State-Based Marketplace for the Small Business Health Options Program (SHOP) to be in effect for Plan Year 2016 and for the individual market in Plan Year 2017.