

**House and Senate Insurance and Commerce Committees**  
Arkansas Insurance Department (AID)  
Arkansas Health Connector Division (AHC)  
July 16, 2013



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## Update on implementation of legislation from the 89<sup>th</sup> General Assembly regarding the Arkansas State Partnership Marketplace

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### **Act 1500 – Arkansas Health Insurance Marketplace**

Sponsors: Representative Biviano and Senator Dismang

#### **Board of Directors**

Attached is a listing of the nine appointees to the newly created Arkansas Health Insurance Marketplace Board of Directors and the two Board members named by virtue of their positions. The Board will elect its Chair.

#### **Deadline for becoming a State-Based Marketplace**

Act 1500 dictates that the State Partnership Marketplace transfer to the control of the Arkansas Health Insurance Marketplace Board **on July 1, 2015**, if the Board of Directors determine that the establishment of a State Based Marketplace is approved by the U.S. Department of Health and Human Services (HHS) by that date. The Board may extend the date of transfer if it sees fit.

#### **Staffing**

The Board may employ an executive director who may in turn hire other staff. The Board may hire interim staff until an executive director is hired.

#### **Activities**

Within 90 days of appointment of the Board, it shall adopt articles, bylaws and operating rules. The Board shall keep an accurate accounting of, and make reports regarding, all activities, receipts and expenditures.

## **Funding**

Starting **July 1, 2015**, the Board may apply for grant funds to assist in the implementation and operation of the Marketplace. Prior to that, the Board will work with the Insurance Commissioner who may apply for funding for the Marketplace and enter into a memorandum of understanding concerning the use and expenditure of grant funds.

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## **Act 1439 – Health Insurance Marketplace Navigator Programs**

Sponsors: Senator Bookout and Representative Biviano

### **General Provisions**

This Act provides for AID to issue a license authorizing a person to act as a navigator, guide, certified application counselor (CAC), or certified licensed producer and outlines requirements for such licensure.

It defines Navigator/Non-Navigator duties as educating consumers about health insurance marketplaces, Medicaid, tax credits, and other cost sharing reductions and assisting consumers to enroll in plans offered on the Health Insurance Marketplace.

### **AID Preparation for Navigator/Non-Navigator Licensure**

AID issued a Request For Qualifications, negotiated guide organization contracts with 29 qualified governmental and non-governmental entities, and contracted with Arkansas Department of Higher Education and the Arkansas Association of Two Year Colleges (AATYC) to develop curricula and training of more than 500 guides.

Policies and procedures have been drafted and contract monitors hired to service, monitor, and audit guide organizations.

Following two weeks of “Train the Trainer” training by AATYC, approximately 100 guides have been trained in the first two weeks of guide training. A score of 80% is required for a passing test score.

Weekly training sessions will continue through mid-August at which time Phase I training will transition to on-line training and Phase II (federal) training is expected to become available. Phase II and Phase III (Arkansas-specific) training, required for all Navigators/Non-Navigators, will be available in August and September.

AHC Accounts Manager Bruce Donaldson is visiting brokers and agents in meetings across the state to inform them of implementation plans for the new Marketplace and their need for a second licensure under Act 1439 in order to sell through the Marketplace. This will help effect a smooth enrollment process which begins October 1, 2013. The locations of these meetings are: Little Rock, Fort Smith, Fayetteville, Jonesboro, West Memphis, El Dorado, and Texarkana.

### **Final federal rule for Certified Application Counselors**

On July 12, 2013, HHS released the Final Rule on *Standards for Navigators and Non-Navigator Assistance Personnel: Consumer Assistance Tools and Programs of an Exchange and Certified Application Counselors*.

The final rule requires Federally-facilitated Marketplaces, including Partnership Marketplaces, to designate organizations to certify their organization's staff members and volunteers as CACs. This includes organizations designated by a state Medicaid or Children's Health Insurance Program (CHIP) agency. Standards must be met, including privacy and conflicts of interest. AID will use a train-the-trainer approach. Otherwise, there were no new or unexpected standards in the final rule.

This new rule on CACs is consistent with requests we have been hearing from hospitals, health care facilities, community based organizations, and others including county jails desiring to have staff trained to assist with Marketplace enrollment.

### **AID rule pending**

Arkansas Insurance Rule 104 to set annual Navigator/Non-Navigator Licensure Fee at \$35 has been filed and advertised beginning July 1, 2013. A public hearing is scheduled for July 31, 2013 from 10:30am to 12p.m. at the AID hearing room, first floor. At this point, we have received no comments.

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## **Act 1497/1498 – Health Care Independence Act**

Sponsors: Senators Dismang, Bookout, Sanders, and Irvin  
Representatives Burris, Carter, and Biviano

### **Qualified Health Plans (QHPs)**

The increased size of the Arkansas Marketplace due to the Private Option serves as an incentive for new companies/plans to apply for QHP status in Arkansas.

Five medical carriers and six dental carriers submitted their binders by the June 30, 2013 deadline containing multiple plans for Marketplace certification. The medical carriers that applied are Arkansas Blue Cross and Blue Shield, Blue Cross and Blue Shield Association (multi-state plan), Celtic Insurance Company, QCA Health Plan, Inc., and United Security Life and Health Insurance Company.

According to the U.S. Office of Personnel Management, a second multi-state carrier is considering applying to the Arkansas Marketplace.

## Dental

The dental carriers that have applied are Best Life and Health Insurance Company, Blue Cross Blue Shield of Arkansas, Delta Dental of Arkansas, Dentegra Insurance Company, The Guardian Life Insurance Company of America, and The Lincoln National Life Insurance Company. Additionally, we have received applications from three other dental carriers that intend to service the off-Marketplace market.

## What's next

These plans are still undergoing scrutiny by the AID utilizing state and federal review standards in addition to the certification criteria recommended by the Plan Management Advisory Committee and approved by the Commissioner over the past year. As of July 12, 2013, the review is at a 44% completion level of the 13,341 items for review. The soonest AID will have rates and benefits recommendations for QHPs in the Arkansas Marketplace is July 31, 2013.

At least two QHPs will be offered to consumers in each county in Arkansas.

## Challenges

A couple of Private Option related QHP review criteria have presented challenges to issuers and have required quite a bit of actuary and policy work:

### ***Challenge 1: Cost-Sharing***

Consultant and AID actuaries have worked with private insurance actuaries and HHS to determine regulations and formulas that will together determine required cost sharing.

AID Bulletin and Q & A revisions based on additional federal guidance have been distributed to issuers so that they may be in compliance with federal regulations and the Arkansas Private Option requirements.

### ***Challenge 2: Defining 'medical frailty'***

DHS Division of Medical Services provided more guidance July 12, 2013 regarding Medical Frailty determinations for 2014 and continues to work on this definition.

Those who are 'medically frail' are not eligible for the Private Option and must instead be covered by traditional Medicaid.

DHS is working to develop a brief automated survey screening tool to prospectively identify individuals with exceptional medical needs for whom coverage through the Marketplace is determined to be impractical, overly complex, or would undermine continuity or effectiveness of care. Although well-understood and validated screening tools exist for a variety of related purposes, none exists which specifically meets the state's objective.

The medical frailty screening process under development is expected to identify individuals with serious and complex medical conditions and people with physical and/or mental disabilities that significantly impair their ability to perform activities of daily living.

### **Screening tool**

Over time, and after the screening tool referenced previously is deployed, a comparison of screening results and coverage experience in both Medicaid and the Private Option will help adjust how the tool is used to achieve its core purpose, which is to minimize complexity and improve coordination of care for the beneficiary.

Health insurers seeking to enter the new Health Insurance Marketplace in 2014 need information now on 'medical frailty' in order to price their products. Because neither the state nor potential issuers of QHPs currently have experience with the forthcoming tool, nor do they have health insurance claims experience for the new coverage population, DHS established a target, or predicted, rate of positive screens for medical frailty or exceptional service needs for plan year 2014. This was done to address this level of uncertainty and to protect against under- or over-identification of individuals who are medically frail or have exceptional service needs.

### **Screening Targets**

For plan year 2014, DHS committed to a statewide target rate of positive screens for medical frailty/exceptional needs that will be 10% of those screened.

Also, a target rate of positive screens will be applied for regional service/rating areas in the Marketplace to accommodate variable risk burden; thus, the rate of positive screens in any given rating area could vary from 8% to 12% of those screened.

In future years (2015 or later), DHS plans to use available claims and encounter data, coverage appeals, and other related information to refine the screening tool and response thresholds and will abandon the use of a target rate of positive screens.

# Arkansas Health Insurance Marketplace Board Members

## **Governor Mike Beebe's Appointments:**

**Mike Castleberry**, Little Rock, Vice President of Network and Business Development at HealthScope.

**Chris Parker**, Little Rock, partner at Eichenbaum, Liles P.A. in Little Rock.

**Annabelle Imber Tuck**, Little Rock, retired Justice of the Arkansas Supreme Court.

## **Sen. Michael Lamoureux's Appointments:**

**Steve Faris**, Central, former state senator.

**Fred Bean**, Little Rock, President, Bean Hamilton Corporate Benefits.

**John Denery**, Little Rock, Stephens Insurance Executive Vice President.

## **House Speaker Davy Carter's Appointments:**

**Sherrill Wise**, Little Rock, Vice President and Treasurer of Dillard's Inc.

**Dr. Jerry Jones**, Cabot, former Branch Chief of Pharmacy Services, Arkansas Department of Health.

**Greg Hatcher**, Little Rock, founder and owner of Hatcher Agency.

## **Other Members of the Board (by virtue of their positions):**

**Jay Bradford**, Arkansas Insurance Commissioner.

**John Selig**, Arkansas Department of Human Services Director.