



Private Health Insurance in a Regulated Marketplace

Presented by:

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Our history

- Locally-operated in Kansas since 1942.
- 1,600 employees serving more than 900,000 people.
- Offering health, life and dental plans to individuals and employer groups in our service area.

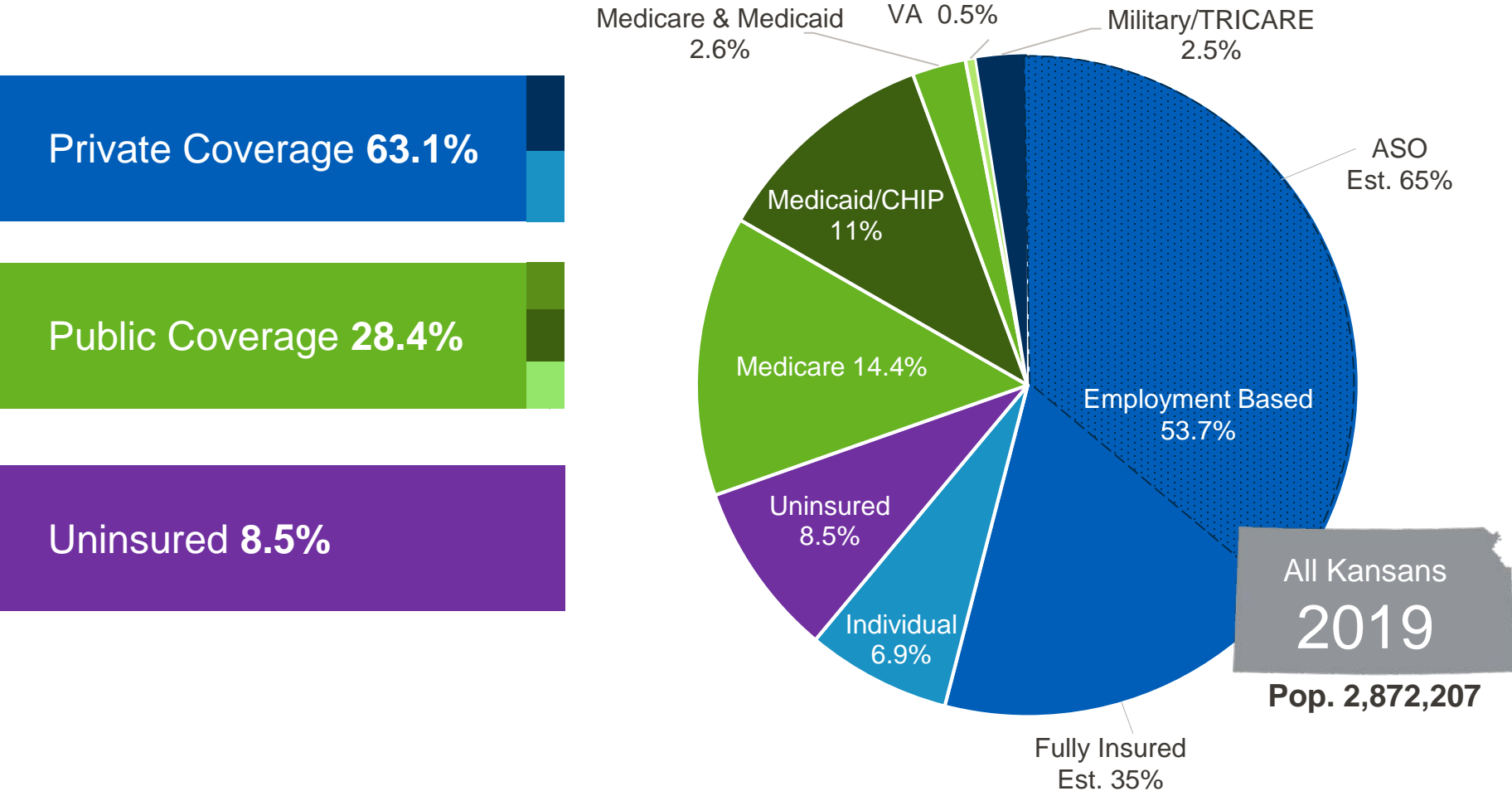
Those wanting expanded coverage through mandates

Insurance companies and legislators balancing costs with care

Those paying for the growing cost of health care



Sources of Health Insurance



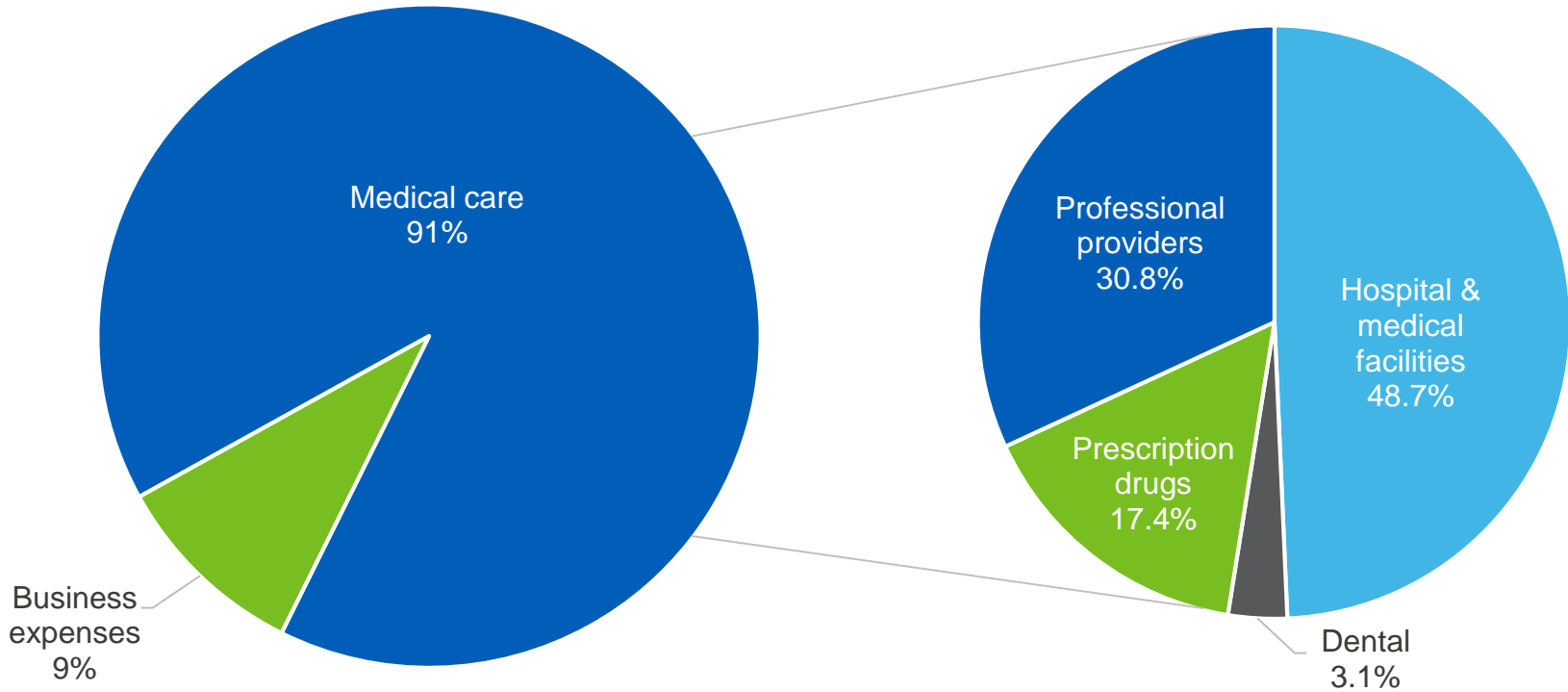
Sources: Kansas Health Institute analysis of data from the 2017 American Community Survey Public Use Microdata Sample; Mark Farrah Associates, 2019



WHERE DOES THE MONEY GO?

Premiums

Paying for medical care

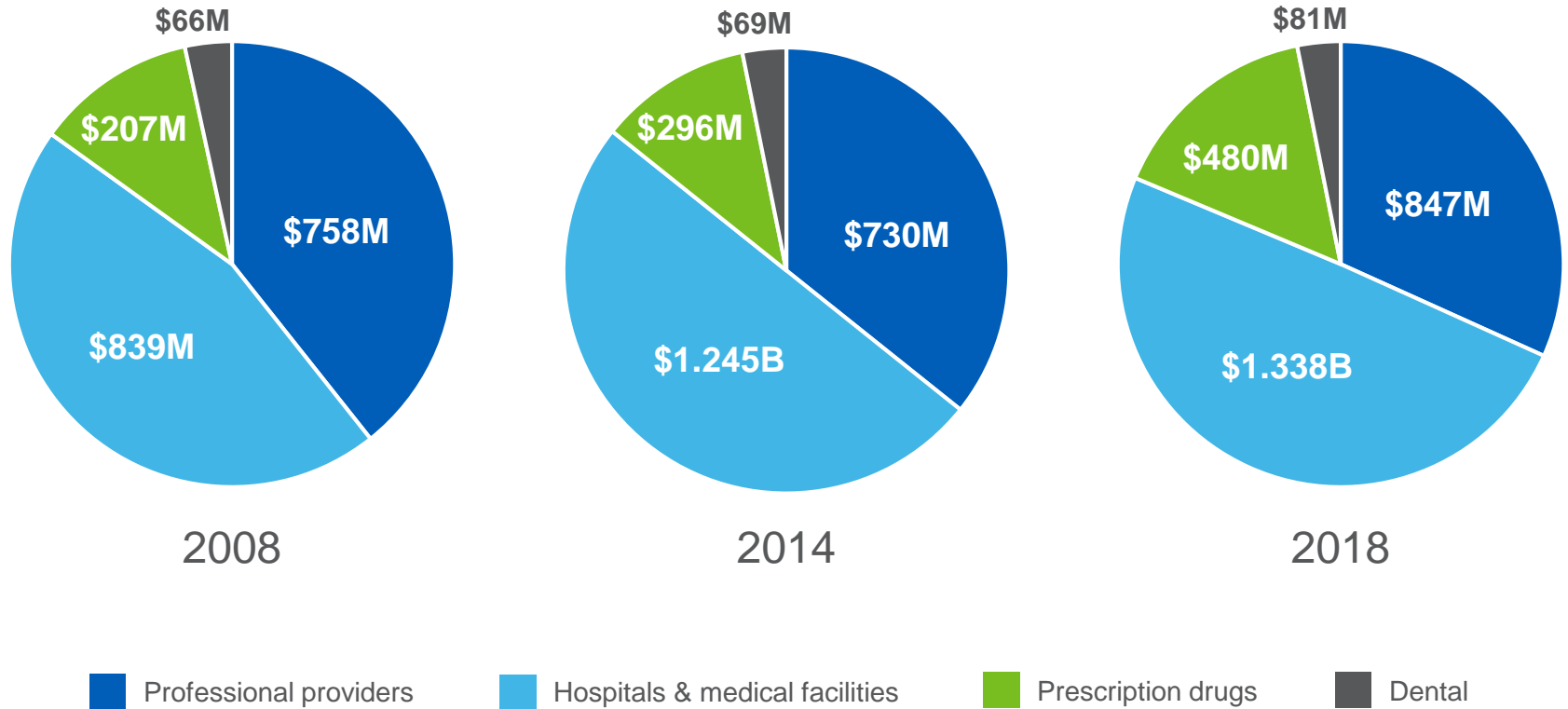


Business expenses include:

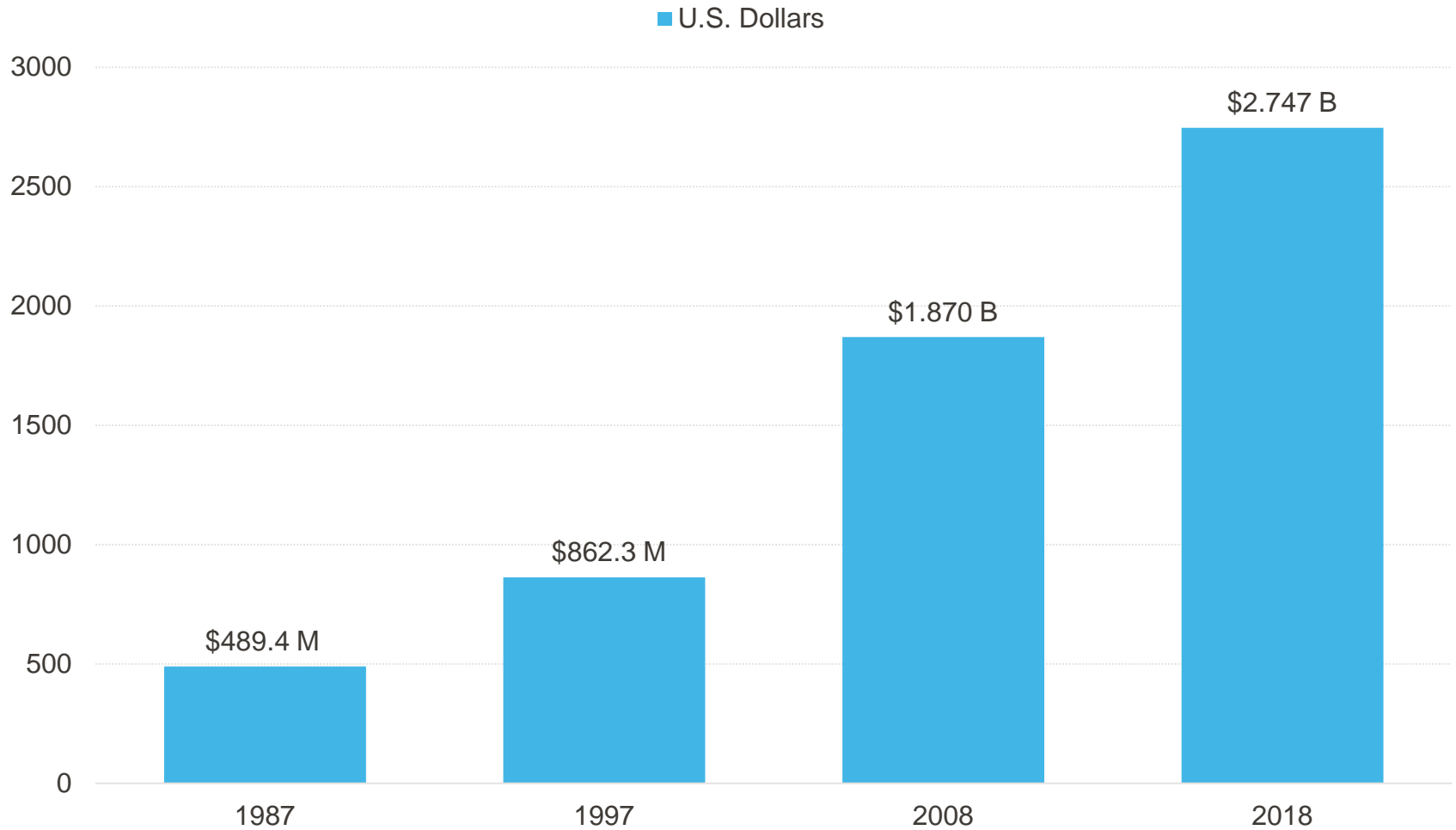
Customer service	Claims admin	Health & wellness programs	Taxes & reserves
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WHY IS HEALTH INSURANCE
SO EXPENSIVE?



Prescription drug payments have increased 132% since 2008.



Health insurance premiums are determined by the **cost of medical services** times the **number of services** members use plus **administrative costs**.

- Prescription drug costs
- Technology
- Government
- Aging population
- Lifestyle choices
- Patient demand for services
- Cost-shifting



A photograph of two men, likely construction workers, standing in front of a building under construction. The man on the left is younger, wearing a blue t-shirt, a blue cap, and a tool belt. The man on the right is older, wearing a plaid shirt, a plaid cap, and white gloves. The background shows a building with blue siding and a set of stairs. A semi-transparent blue rectangle is overlaid on the image, containing the text.

HEALTH INSURANCE AND THE ACA

Pre-2010

Private insurance is regulated by individual states; there are no federal subsidiaries to assist with purchasing of private health insurance

June 23, 2010

Tax credits become available for small businesses

Jan. 2011

Medical loss ratios, or the 80-20 rule, goes into effect; insurers must meet these guidelines or pay premium rebates

June 28, 2012

The U.S. Supreme Court upholds the major provisions of the ACA

June 25, 2015

The U.S. Supreme Court ruled that subsidies could be distributed through the federal exchange

Dec. 14, 2018

Texas judge declares ACA unconstitutional; law remains in place during appeals process

March 23, 2010

President Obama signs into law the Patient Protection and Affordable Care Act; benefit plans in effect at the time became grandfathered; new plans after this date were considered non-grandfathered

Sept. 23, 2010

A number of consumer protections for non-grandfathered plans take effect including:

- Dependents to age 26
- Essential health benefits
- First dollar preventive services
- No lifetime maximums

Jan. 1, 2014

- Plans purchased through the Health Insurance Marketplace become effective
- Advance Premium Tax Credits available for those who qualify
- The individual mandate to have insurance coverage kicks in
- New plans include guaranteed issue for all
- Many of the consumer protections kick in for grandfathered health plans

Oct. 12, 2017

Federal government announces it will no longer fund cost-sharing reductions, although insurers are still required to offer to low income customers

Dec. 20, 2017

Individual mandate repealed in tax bill effective Jan. 1, 2019

Jan. 1, 2019

The Administration implements an ACA individual mandate penalty to \$0, a change included in the Tax Cuts and Jobs Act of 2017. The Congressional Budget Office (CBO) estimates that 4 million Americans will choose to forgo coverage in 2019 because of the \$0 individual mandate penalty.*

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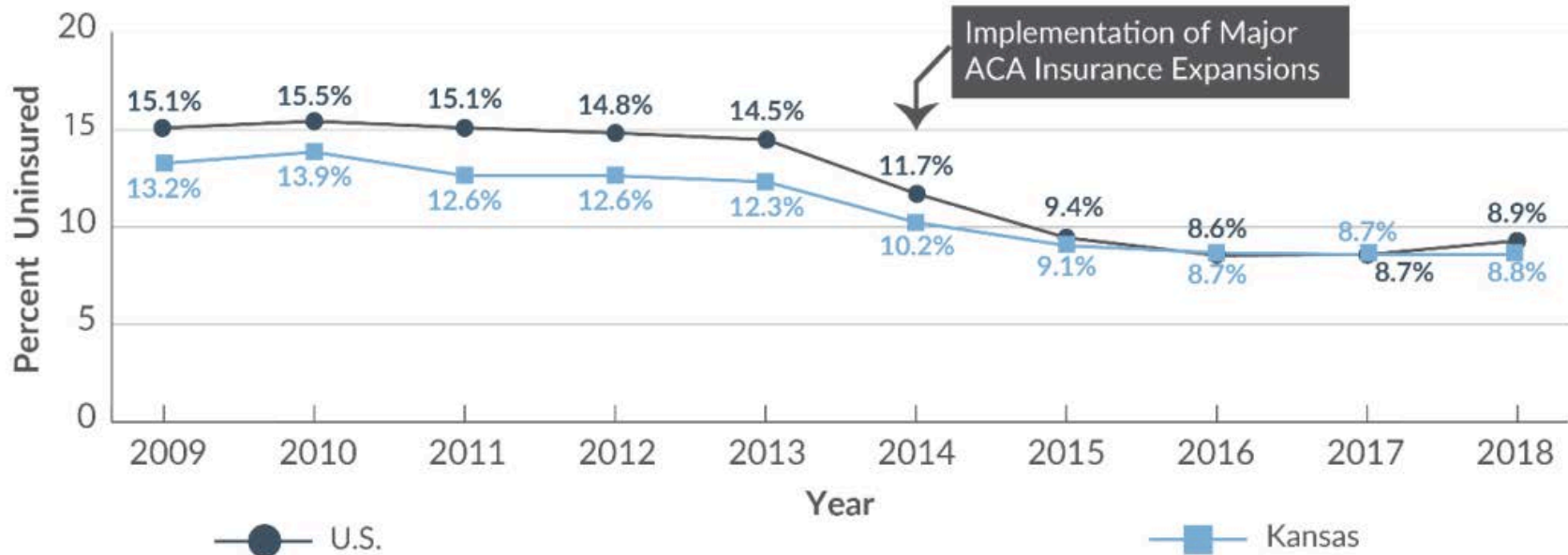
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The Affordable Care Act requires all non-grandfathered fully-insured individual and small group plans to cover essential health benefits.

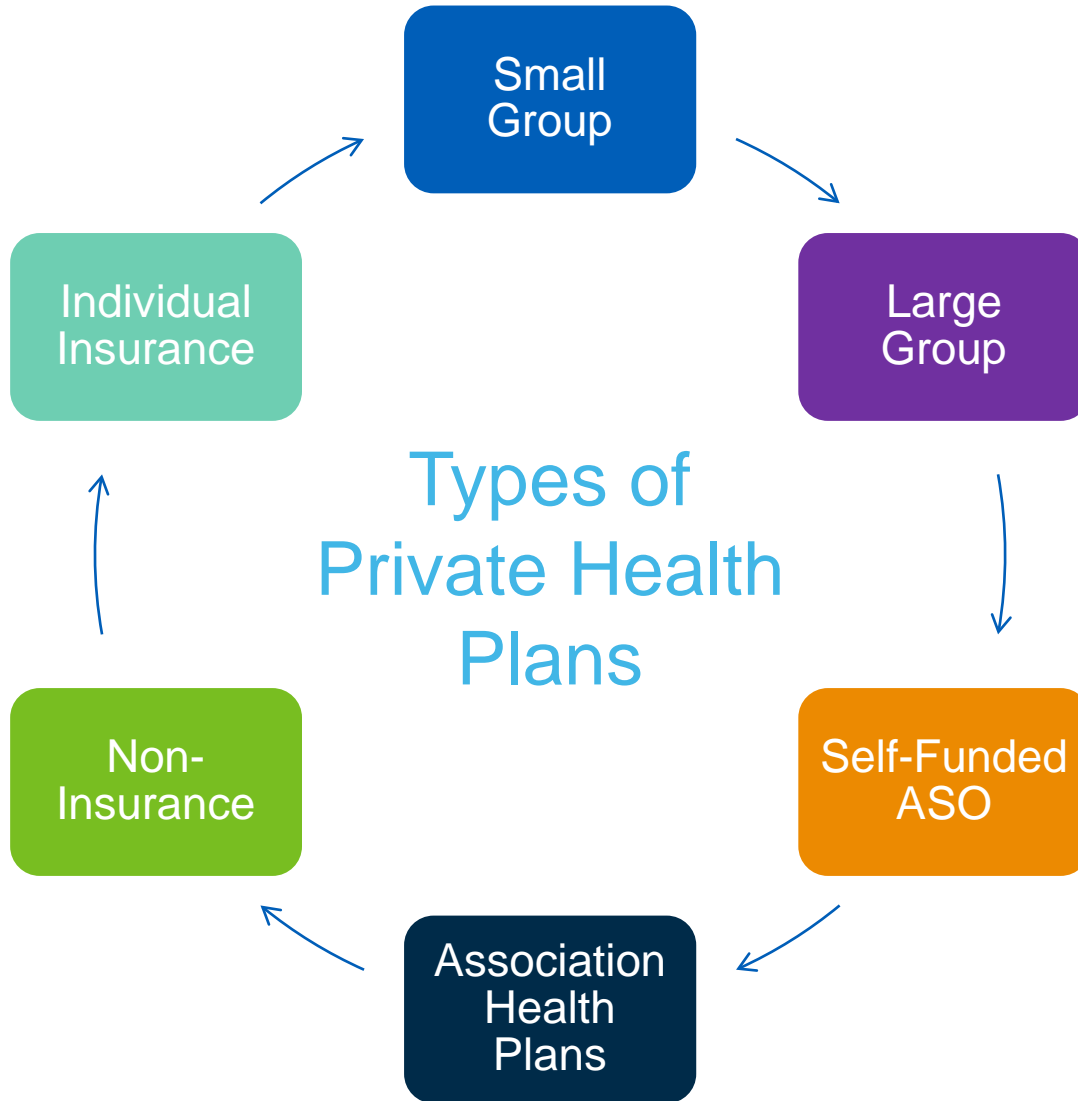
- Ambulatory patient services
- Emergency services
- Hospitalization
- Mental health and substance used disorders treatment
- Maternity and newborn care
- Prescription drug coverage
- Rehabilitative and habilitative services
- Laboratory services
- Preventive services
- Pediatric oral and vision care



Uninsured rates in Kansas increased from 8.7 percent in 2017 to 8.8 percent in 2018, representing approximately 250,000 uninsured Kansans in 2018.

A woman and a young girl are baking together in a kitchen. The woman, on the left, is wearing a striped shirt and a dark apron, smiling broadly. The girl, on the right, is also wearing a striped shirt and is laughing joyfully while holding a whisk. They are surrounded by various baking ingredients and tools, including a large glass bowl, a wooden spoon, and a whisk. The background shows a kitchen counter and a bookshelf. The entire image is overlaid with a semi-transparent blue filter.

ELEMENTS OF PRIVATE INSURANCE



Self-Funded/ASO Groups



- Can be either large or small employers
- Create and fund their own benefit plan and engage an insurer or TPA to administer, provide network
- Regulated by federal law, not the Kansas Insurance Department
- State mandates do not apply to self-funded benefit plans

*<http://aspe.hhs.gov> 10.30.2017

**Kaiser Family Foundation: <https://www.kff.org/health-reform/press-release/analysis-aca-marketplace-premiums-rise-substantially-in-2018-but-many-will-pay-less-for-coverage/>

Association Health Plans (AHPs)

ACA

- Standardized market-based coverage options for all Americans and premium assistance for qualified people
- Coverage for pre-existing conditions
- Coverage for essential health benefits, such as preventive care, maternity, prescription drugs
- No annual or lifetime coverage caps
- Ensure majority of premium costs cover medical care

AHP

- Allow small groups of employers to band together to buy insurance
- Preserves annual, lifetime coverage caps
- Plans can use age, gender, occupation to set rates, but not health status (pre-ex)
- Does not mandate coverage for essential health benefits

Health Insurance vs. Health Benefit Plan

- **Simple** enrollment process – no underwriting
 - **Cannot drop or deny coverage** based on health conditions or past claims
 - **Legally required to cover** those with pre-existing conditions
 - **Covers all mandated services**, including maternity care, mental health services, prescription drugs and more
 - **Regulated** by the Kansas Insurance Department and Federal Government
 - **No waiting periods** for coverage
 - **Price not determined** by health history
- **Extensive application** with full health history of all family members
 - **Able to deny and drop coverage** based on health conditions and past claims
 - **Not required to cover** those with pre-existing conditions, such as diabetes, obesity, skin cancer and more
 - **Not required to cover services**, which could mean no coverage for mental health, maternity care and more
 - **Not regulated** or guaranteed in Kansas
 - **Often have waiting periods** for coverage to begin
 - **Able to charge more** based on health history

Required eligible providers

- Dentists
- Chiropractors
- Podiatrists
- Psychologists
- Social workers
- Pharmacists
- Advanced registered nurse practitioners
- *Optometrists*
- Midwives
- Athletic trainers
- Physical therapists
- Marriage therapists
- Professional counselors
- ...and more

Benefit mandates

- Newborn and adopted children
- Alcoholism
- Drug abuse
- Nervous and mental conditions
- Mammograms and pap smears
- Immunizations
- Maternity stays
- Prostate screening
- Diabetes supplies and education
- Reconstructive breast surgery
- Dental care in a medical facility
- Off-label use of prescription drugs
- Osteoporosis diagnosis, treatment and management
- Mental health parity for certain brain conditions
- Contraceptives
- Clinical trials
- Autism treatment
- Oral chemotherapy
- Orthodontics
- Telemedicine

Other possible mandates

- Bone mass measurement
- Hair prosthesis
- Infertility
- Second opinions
- TMJ dysfunction
- Acupuncture
- Weight loss treatment
- Massage therapy
- Hormone replacement
- Varicose vein removal
- PKU formula
- Bariatric surgery
- Hearing aids
- Health clubs
- Aromatherapy
- Cognitive services

Federal Health Care Cost Concerns

- Reinsurance for state individual markets
- Medicare for all
- Medicaid expansion
- Prescription drug costs
- Surprise medical billing
- First dollar coverage for services on HDHPs





An independent licensee of the Blue Cross Blue Shield Association

Questions?

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