

**Affordable Insurance Exchanges and Qualified  
Health Plans  
- How Can They Work in Rural America?**

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**Agenda**

- **What is an Affordable Insurance Exchange (AIE).**
- **What is a Qualified Health Plan (QHP) and why is it important.**
- **The AIE/QHP rulemaking process.**
- **State and Federal Roles with AIEs.**
- **Rural considerations for QHPs.**
- **Analysis of QHP guidelines in the proposed rules.**
- **Conclusion: Next Steps.**

## Affordable Insurance Exchange: What is it?

- **A new state agency:**
  - Certification responsibilities
  - Regulatory responsibilities.
- **A private insurance information broker for individuals.**
- **A private insurance information broker for employers.**
- **An information source on public programs** (Medicaid, SCI and other public offerings).

## Required State Action: Establishing AIEs

- **Create AIE:** Title I – Subtitle D of the Patient Protection and Affordable Care Act (PPACA) *requires states to establish Affordable Insurance Exchanges (AIEs).*
- **Timetable:** States must *take necessary steps to establish AIEs by January 1, 2013* for implementation by January 1, 2014.
- **Federal Intervention:** *If States fail/refuse to act*, Federal government will step in to establish a State AIE.
- **Operational Authority:** AIEs can be operated by *public or nonprofit entities.*
- **Business/Individual Exchanges:** *Separate exchanges may be created* for individual and business insurance plans.

## Responsibilities of State AIEs

- **Establish QHP Requirements**: AIEs will assure that the plans meet all federal requirements. States are permitted to add additional state requirements that supplement and do not conflict with federal guidelines.
- **QHP Certification**: AIEs must review applicant health insurance plans and certify them as qualified health plans (QHPs) meeting the requirements of PPACA and the State.
- **QHP Monitoring**: State AIEs must monitor QHP performance and determine whether Federal and State requirements have been met.
- **QHP Certification Renewal/Termination**: State AIEs must have a mechanism for renewing or discontinuing certification of QHPs upon the results of monitoring.

## Why Qualified Health Plan (QHP) Certification is Important

- **Health Insurance Mandate**: Only QHPs meet the Federal health insurance mandate.
- **Premium Assistance**: Only QHPs can receive Federal premium assistance.
- **AIE Listing**: Only QHPs can be listed on the Affordable Insurance Exchange.
- **Outreach and Enrollment**: Only QHPs can be coordinated through the Insurance Navigator program.

## Proposed Federal Rulemaking

- On July 15, 2011 the Department of Health and Human Services (DHHS) published proposed rules for AIEs and for QHPs (**Federal Register Volume 76 - Number 136**).
- Rules proposed the **minimum standards** for State operation of **AIEs** as well as **minimum standards** for the **certification of qualified health plans**.
- Proposed rules are a framework for the final version, and **detailed suggestions** from commenters are solicited.
- The **deadline for comments** has been extended to **October 28, 2011**.

## Defining the AIE Framework: Federal and State Roles

- **Federal rulemaking** will establish:
  - A **baseline** for operation of **all State AIEs**.
  - Operating **guidelines for Federally-operated State AIEs**.
- **State rulemaking**:
  - Can address any limitations in Federal baselines – implementing **additional requirements**.
  - Additional requirements will need to be **enacted by each state individually**. This will multiply the effort needed to implement the changes.

## QHPs and Rural Areas: Key Questions

- **Coverage Area**: Will rural areas be offered coverage by a QHP?
- **Provider Participation**: Will rural providers, including essential providers, be able to participate in QHPs?
- **Reimbursement Level**: Will rural providers be reimbursed by QHPs at a reasonable level for their services, including enhanced reimbursement for essential providers?
- **Network Adequacy**: Will QHPs have an adequate network of services available for rural residents?
- **Shortage Areas**: Will QHPs have financial incentives or other arrangements to increase services for residents of rural shortage areas?

## Coverage Area: Will rural areas be offered coverage by a QHP?

- **Federal Provisions**:
  - Require QHP service areas to include **whole counties** only – to help prevent red-lining of high risk neighborhoods within counties.
  - **Prohibit discrimination based on health status**, as outlined in Section 2705 of the Public Health Act.
- **Limitations of Proposed Rules**:
  - QHPs may limit coverage to residents of larger, metropolitan counties, ignoring rural and frontier counties.
- **Possible Recommendation**:
  - Require QHPs to include rural and frontier areas in their proposed service areas.

## **Provider Participation: Will rural providers be able to participate in QHPs?**

- **Federal Provisions:**
  - Section 156.230 requires that a QHP include within its provider network a *sufficient number of essential community providers*, where available, that serve predominantly low-income, medically underserved individuals.
  - The section defines *essential community providers* as those health care providers *defined in section 340B(a)(4) of the PHS Act*.
- **Limitations of Proposed Rules:**
  - The phrase “*sufficient number*” *does not reflect the language of Section 1311 of the Affordable Care Act*, and weakens the provisions of that statute.
  - *Key essential community providers*, including Rural Health Clinics, *are not covered*.
- **Possible Recommendation:**
  - Require QHPs to include all essential community providers in their networks, including rural health clinics.

## **Reimbursement Level: Will rural providers be reimbursed at a reasonable level?**

- **Federal Provisions:**
  - The proposed rules *make no provision for reasonable payment levels for rural providers or for any essential community providers*.
  - The rules recognize statutory language directing special payment arrangements for FQHCs, but cite a *potential language conflict*.
  - The rules *solicit comment* on how to proceed.
- **Limitations of Proposed Rules:**
  - The failure to address payment levels will likely leave rural providers inadequately compensated by QHPs.
- **Possible Recommendation:**
  - Require QHPs to reimburse rural providers and essential community providers at a level consistent with Medicare and Medicaid.

## **Network Adequacy:** Will QHPs have an adequate network of services for rural residents?

- **Federal Provisions:**
  - Section 155.1050 requires QHPs to *ensure that enrollees have an adequate choice of providers*, repeating the language of PPACA. , without substantively.
  - Solicit comments on standards for *number and types of providers* to assure that services are accessible without unreasonable delay.
  - Solicit comments on standards for *reasonable proximity of participating providers* to enrollees.
- **Limitations of Proposed Rules:**
  - The proposed rules *fail to address the PPACA requirement for the Department establish criteria for certification.*
  - The proposed rules also *ignore Network Adequacy approaches already used in the Medicare Advantage Program.*
- **Possible Recommendation:**
  - Establish standards using approaches similar to other CMS efforts.

## **Medicare Advantage Provider Standards**

*Table 1: Minimum Provider Ratios\**

Selected Specialty	Geographic Type				
	Large Metro	Metro	Micro	Rural	CEAC
Primary Care	1.67	1.67	1.42	1.42	1.42
General Surgery	0.28	0.28	0.24	0.24	0.24
Cardiology	0.27	0.27	0.23	0.23	0.23
Ophthalmology	0.24	0.24	0.20	0.20	0.20
Psychiatry	0.14	0.14	0.12	0.12	0.12

## Medicare Advantage Distance Standards

**Table 2: Provider Time and Distance Requirements**

Selected Specialty	Geographic Type									
	Large Metro		Metro		Micro		Rural		CEAC	
	Time (minutes)	Distance (miles)	Time (minutes)	Distance (miles)	Time (minutes)	Distance (miles)	Time (minutes)	Distance (miles)	Time (minutes)	Distance (miles)
Primary Care	25	5	25	10	30	20	45	30	75	60
General Surgery	25	5	30	20	45	35	75	60	90	85
Cardiology	25	5	30	20	45	35	75	60	90	85
Ophthalmology	25	5	30	20	45	35	75	60	90	85
Psychiatry	30	10	45	30	55	45	75	60	110	100

## Medicare Advantage Facility Standards

**Table 3: Access Criteria for Facility Types**

Selected Specialty	Geographic Type					
	Rural			CEAC		
	Number/1,000	Minimum Time (minutes)	Minimum Distance (miles)	Number/1,000	Minimum Time (minutes)	Minimum Distance (miles)
Acute Inpatient Hospitals	12.2	75	60	12.2	110	100
Skilled Nursing Facilities	NA	75	60	NA	90	85
Diagnostic Radiology	NA	75	60	NA	110	100
Mammography	NA	75	60	NA	110	100
Physical Therapy	NA	75	60	NA	110	100

## **Shortage Areas: Will there be incentives for service providers in rural shortage areas?**

- **Federal Provisions:**
  - The proposed rules discuss the need for QHP network adequacy but ***do not address how QHPs should respond to areas with recognized critical health provider shortages.***
- **Limitations of Proposed Rules:**
  - The failure of the rules to address this issue overlooks other CMS policy which establishes ***special incentives*** for Health Professional Shortage Areas/Populations, Medically Underserved Areas/Populations and Physician Scarcity Areas.
- **Possible Recommendation:**
  - ***Require QHPs to establish financial incentives*** for providers in underserved areas similar to those already in place for Medicare and Medicaid.

## **Possible Next Steps**

- **Federal AIE Rulemaking:**
  - **Organizational Efforts:** NOSORH develops organization's comments on proposed rules.
  - **SORH Efforts:** Individual SORHs develop State-specific comments on proposed rules.
- **State AIE Rulemaking:**
  - **Organizational Efforts :** NOSORH develops standard rural language for State AIE requirements.
  - **SORH Efforts:** Individual SORHs develop recommendations for State AIE rural requirements.

## References

- **Patient Protection and Affordable Care Act: Establishment of Exchanges and Qualified Health Plans** – Proposed Rules CMS–9989–P -- July 15, 2011  
<http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17610.pdf>
- **Designing an Exchange: A Toolkit for State Policymakers** - NASI/RWJF – February, 2011  
<http://www.rwjf.org/coverage/product.jsp?id=71799>  
(Also has links to other resources.)
- **Medicare Advantage Network Adequacy Criteria** –  
<https://www.cms.gov/MedicareAdvantageApps/>