

November 12, 2014

Testimony for the Health Care Reform Review Committee

Good morning Chairman Keiser and members of the committee. My name is Luther Stueland and I am the Director of Health Policy Impact and Exchange Operations for BlueCross BlueShield of North Dakota. I appreciate the opportunity to provide you with an overview of our product offerings for 2014 and a summary of our experience so far with the implementation of the Patient Protection and Affordable Care Act of 2010 (ACA).

BlueCross BlueShield of North Dakota continues to seek solutions that provide the right care, at the right time, at the right place and at the right cost for our members. Part of that strategy includes offering a variety of health insurance plans to meet the needs of North Dakota's diverse population without subjecting the rest of our membership to unnecessary risk. The ACA establishes limits beyond state law that limit carrier flexibility in plan and benefit design.

The metallic (bronze, silver, gold, platinum) products we designed for the individual and small group markets for 2014 are compliant with the ACA's requirements on essential health benefits (EHB) and the ND "benchmark" plan, modified community rating, actuarial value, risk pools (and associated risk mitigation programs), guaranteed issue, and plan certification criteria. BCBSND developed, and the ND Insurance Department (NDID) approved, 16 individual and 15 small group plans which we are offering through our traditional distribution methods as well as through the federally-facilitated Health Insurance Marketplace (HIM). The individual offerings include 7 gold, 4 silver, 4 bronze and 1 catastrophic ranging in premiums from \$157.77 for a non-smoking 21 year old on the catastrophic plan to \$949.59 for a 64 year old tobacco user. The small group plans include 3 platinum, 7 gold, 4 silver and 1 bronze with premiums from \$207.98 for a 21 year old to \$968.84 for a 64 year old. Our premiums in the metallic products do not vary by member or group location within the state and our provider network includes every hospital and 98% of doctors in the state.

As of November 4<sup>th</sup>, BCBSND had received enrollment for 118 contracts: 24 through the HIM, and 94 through other distribution channels. While these numbers are smaller than we had projected, we expect greater enrollment as January 1 approaches and throughout the open enrollment period which ends March 31, 2014. As has been reported extensively in the press, individuals using the HIM have experienced technical issues since its launch on October 1 and we suspect many will wait until those issues have been mitigated. BCBSND has continued in its efforts to test HIM functionality and electronic enrollment files and continue to report potential issues to the US Department of Health and Human Services (HHS). Recently, health insurance carriers were assigned account managers by HHS to assist in policy questions and provide future oversight.

The Small Business Health Options Program (SHOP) has not yet been fully implemented by the HIM. This function will allow small employers (those with fewer than

51 full-time equivalent employees) to compare plans, create an account, select a plan, define their employer contribution and participation, and allow employees to enroll. While a temporary "manual" process has been established to let employers start the process, a date for full functionality has not yet been communicated to carriers.

Multiple challenges remain in the enrollment, billing and servicing of the new metallic plan members and we are committed to providing the quality service that our current members have come to expect. Ongoing policy and requirements changes make administration and planning for this already complex new marketplace significantly more difficult. However, we have appreciated the assistance that the NDID has provided to date.

As you are aware, provisions of the ACA have had various effective dates since 2010. One of those provisions, grandfathering, has manifested itself quite publicly recently. In short, grandfathering was the option for health insurance carriers to continue offering plans they had in place when the act was signed into law, March 23, 2010. BCBSND chose to maintain grandfathered plans for those employer groups and individuals who wanted to keep what they had. Approximately 70% of our employer groups, and 50% of our individual members, remain on grandfathered plans today. The remaining groups and members either significantly changed the plan they had in place 3/23/2010 or purchased a new plan after that time.

Because non-grandfathered plans in the individual and small group markets are required by the health law to be discontinued upon renewal in 2014, BCBSND has embarked upon a comprehensive educational effort over the last two years to explain impact and choices for employer sponsored groups, individual members, those shopping for insurance, and policy makers. More recently, we have begun sending notifications to individuals and small employer groups whose plans are affected in 2014. These notifications include information about how the ACA affects their existing policy, what plan options BCBSND offers, federal assistance programs available through the HIM, and how to enroll if the individual so chooses.

As reported to the NDID last week, approximately 31,600 members on our non-grandfathered individual and small group plans will receive discontinuation notices during the year. This accounts for roughly 8% of the 400,000 North Dakotans we serve. The remaining groups and individuals currently have either fully-insured or self-funded large employer coverage or grandfathered individual policies. And while their coverage is affected by other provisions of the ACA (such as dependent coverage to age 26, elimination of annual and lifetime dollar limits on essential benefits, removal of pre-existing condition waiting periods, introduction of the health insurance policy tax and transitional reinsurance fee), BCBSND currently intends to continue to maintain those plans as long as consumer demand warrants.

This concludes my prepared testimony and I will entertain any questions you may have.

Thank you.



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## Affordable Care Act: Fact Sheet

Nov. 11, 2013

### **Enrollment**

Open enrollment for Health Insurance Marketplace (metallic) products began October 1, 2013, and will end March 31, 2014, for the individual market, with coverage effective dates as early as January 1, 2014. Consumers have until Dec. 15, 2013, to sign up for coverage starting Jan. 1, 2014.

As of Monday, Nov 4, Blue Cross Blue Shield of North Dakota (BCBSND) has received 24 enrollments (health insurance contracts) through the Health Insurance Marketplace. It is important to note that BCBSND has been advising its members and all North Dakotans to wait until the technology problems with the Marketplace improve before they begin the online enrollment process.

### **Discontinued Plans**

BCBSND has taken a proactive approach to communicate with members affected by the Affordable Care Act (ACA). We have implemented major educational efforts over the last two years to explain impact and choices for employer sponsored groups, individual members, those shopping for insurance and policy makers. More recently, we have begun sending notifications to individuals and small employer groups whose plans will discontinue in 2014 because they do not meet ACA requirements.

Most health insurance plans that existed on March 23, 2010, are eligible for grandfathered status and therefore do not need to meet all the requirements of the health care law.

However, health insurance plans that have made a major change and no longer meet ACA requirements, or plans purchased after March 23, 2010, are considered nongrandfathered. As required by ACA, all nongrandfathered individual and small group plans must be discontinued upon renewal in 2014. We have been and will continue to provide contract holders with a mailing notification at least 90 days before the plan ends.

Approximately 400,000 North Dakotans are BCBSND members. Of those members, a small percentage – approximately 8 percent – are currently on plans that will discontinue. This breaks down to about 17,000 small group members and 14,600 individual members. BCBSND will help members transition into new plans, if they choose, without a lapse in coverage.

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*Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association*

**Tax Credits Available**

As members consider new plan options, it is important to know that families and individuals shopping for coverage through the Health Insurance Marketplace at [healthcare.gov](https://healthcare.gov) may be eligible for premium assistance in the form of a Federal tax credit and cost-share assistance to reduce out-of-pocket costs for medical services. North Dakotans can go to [ItStartsWithBlueND.com](https://ItStartsWithBlueND.com) to find out if they might qualify.

BCBSND encourages individuals and families to look at all plan features including the provider network and total out-of-pocket costs when choosing a health plan, rather than looking at monthly premium cost alone. Deductibles, co-insurance co-pays and premiums all factor into the total cost a family or individual may incur.

**Resources Available**

Our focus at BCBSND is to be available for our members, to comply with the requirements of the law while doing all that we can to help North Dakotans navigate it. Resources are available through face-to-face support at any of our eight local offices across the state, phone support with extended hours open from 7:30 a.m.-8 p.m. at 800-280-BLUE (2583) and online support at [ItStartsWithBlueND.com](https://ItStartsWithBlueND.com).