APPENDIX B

Health Care Reform Update

North Dakota Health Care Reform & Review Committee
Representative George Keiser, Chairman

October 1, 2014

Kim Holland, Blue Cross Blue Shield Association

BlueCross BlueShield Association

Blue Cross Blue Shield Association is an association of independent Blue Cross and Blue Shield companies.

Who is BCBSA?

- **The Association is not an insurance company. Our mission is to enable the success of Blue Plans collectively and individually in order to benefit those they serve.**
- **Plan membership in the Association is mandatory**
- **Plan CEOs comprise the Association's Board of Directors**

What does BCBSA do?

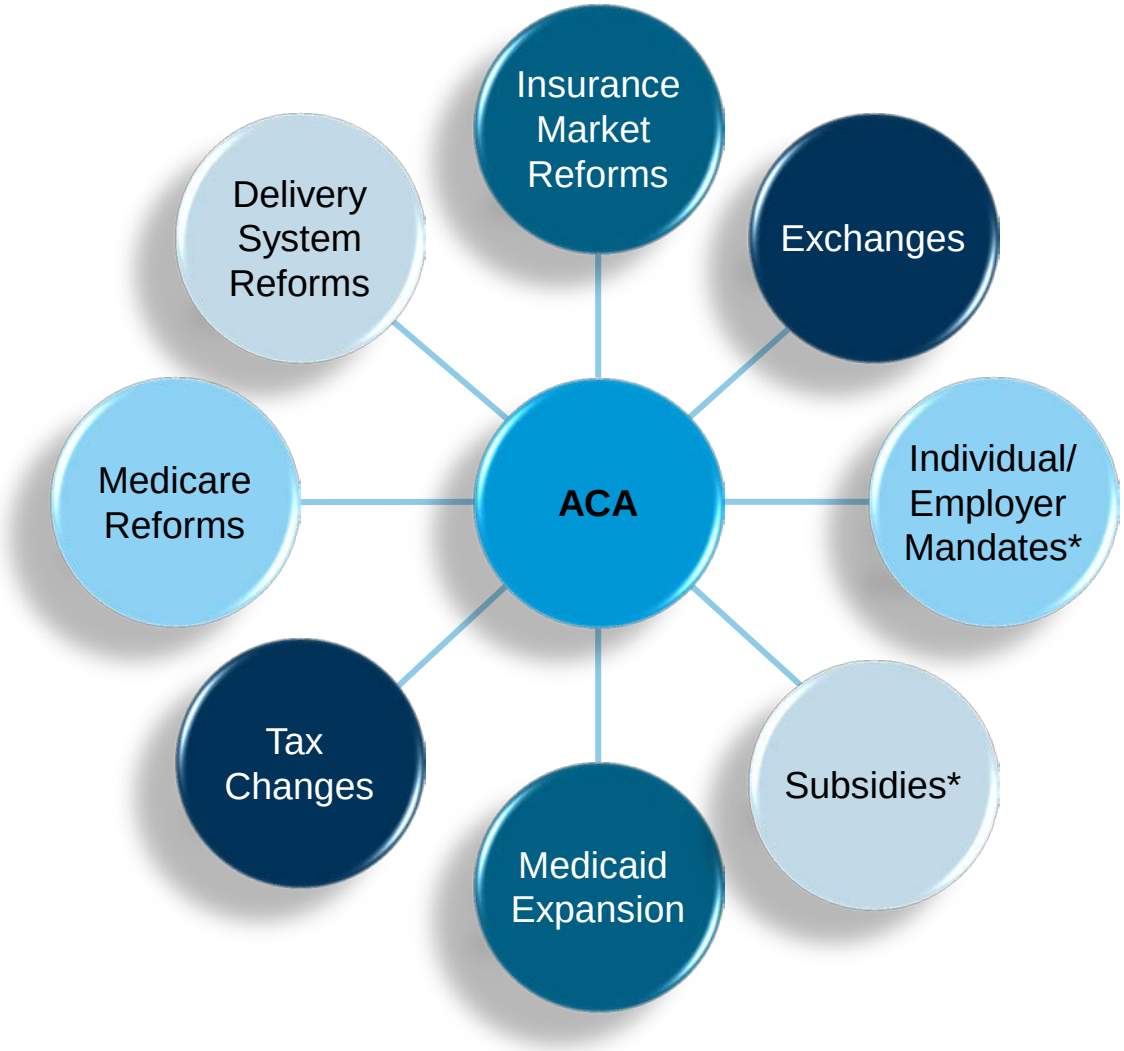
Provide operational & strategic services to our members:

Facilitate the national Blue Card system that allows enrolled members to access in-network medical providers nationwide

Provide forums for Plan representatives in key roles to share information with each other

Represent consensus positions before Congress, the Administration, and organizations of state-based officials, i.e. NGA, NCSL, and NAIC

How did the ACA change the Health Care Landscape?



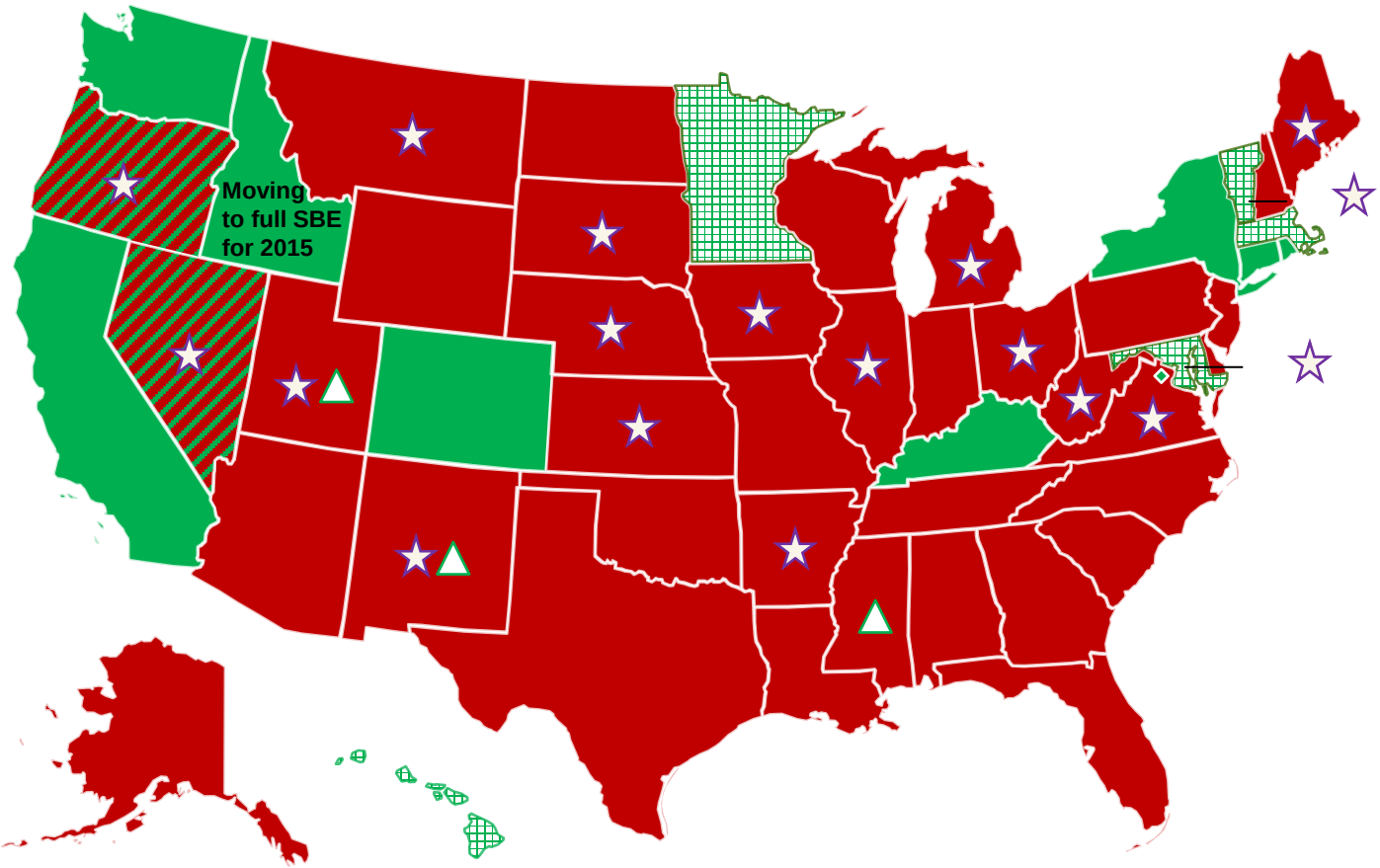
ACA Implementation Will Continue for Years

- No "Pre-ex" <19
- Children can stay on parents' plan to age 26
- Grandfathering
- Benefit design changes
- Patient protections (e.g., appeal processes)
- Small employer tax credit
- Coverage summaries

- Exchanges
- Major insurance reforms
- Essential health benefits
- Minimum value – AV calculator
- Individual mandate
- Insurer fee
- Implementation of 3 Rs
- Cost-sharing, deductible limits

- Cadillac Tax
- Transparency
- Employer "play or pay"
- Health care choice contracts
- States may permit large employers on HIX
- Insurance reforms to groups with <100 EEs
- State innovation waivers

2015 Exchange / Marketplace Reality



- **Idaho was a "supported SBE" in 2014**
- **NM & NV operating as a "supported SBE" in 2015; with stated intent to transition to SBE for 2016 OE**

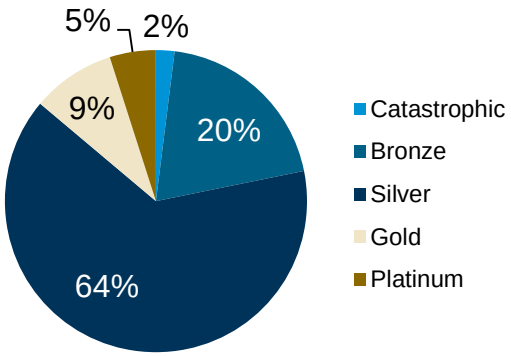
Source: BCBSA, September 25, 2014

14 SBE - State Based Exchange (down from 16)
37 FFM - Federal Facilitated Marketplace
- ☆ 18 perform Plan Management (8 Partnerships)
△ 3 offer SB-SHOP only
SBEs transitioning back to Partnership in 2015
Struggling SBEs (5)

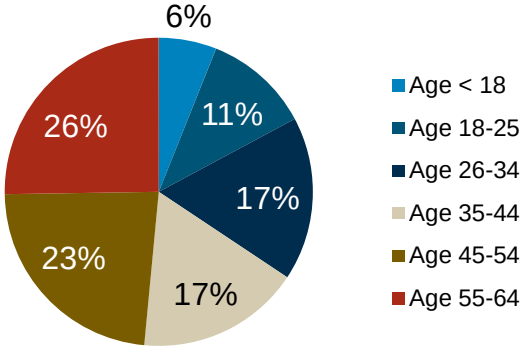
Who enrolled in 2014?

Final results show Silver Plans by far the most popular with nearly half of the population over the age of 45

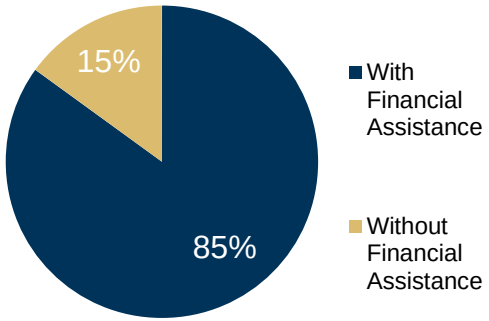
Enrollment by Metal Level



Enrollment by Age



Enrollment and Financial Assistance

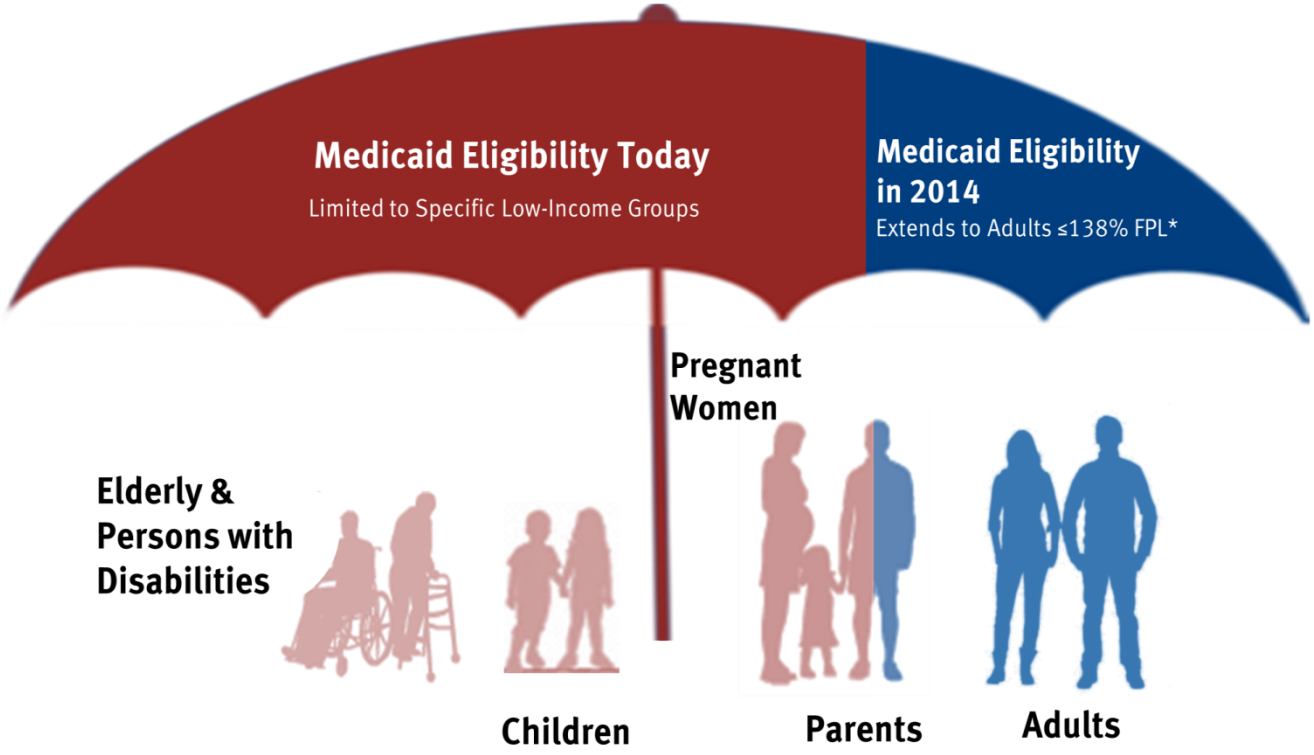


- **8.0M consumers signed up through April 19, 2014, has slipped a bit to 7.3M**
- **More enrollees bought down to Bronze than bought up to Gold & Platinum plans**
- **Enrollees receiving financial assistance outnumber those without by nearly 6 to 1**

Source: HHS - All 50 States and Washington D.C. Data; October 1, 2013 – March 31, 2014 (Including Additional Special Enrollment Period (SEP) Activity Reported through 4-19-14)
Note: "With Financial Assistance" (With FA) represents individuals who have selected a Marketplace plan, and qualify for an advance premium tax credit (APTC), with or without a cost-sharing reduction (CSR).

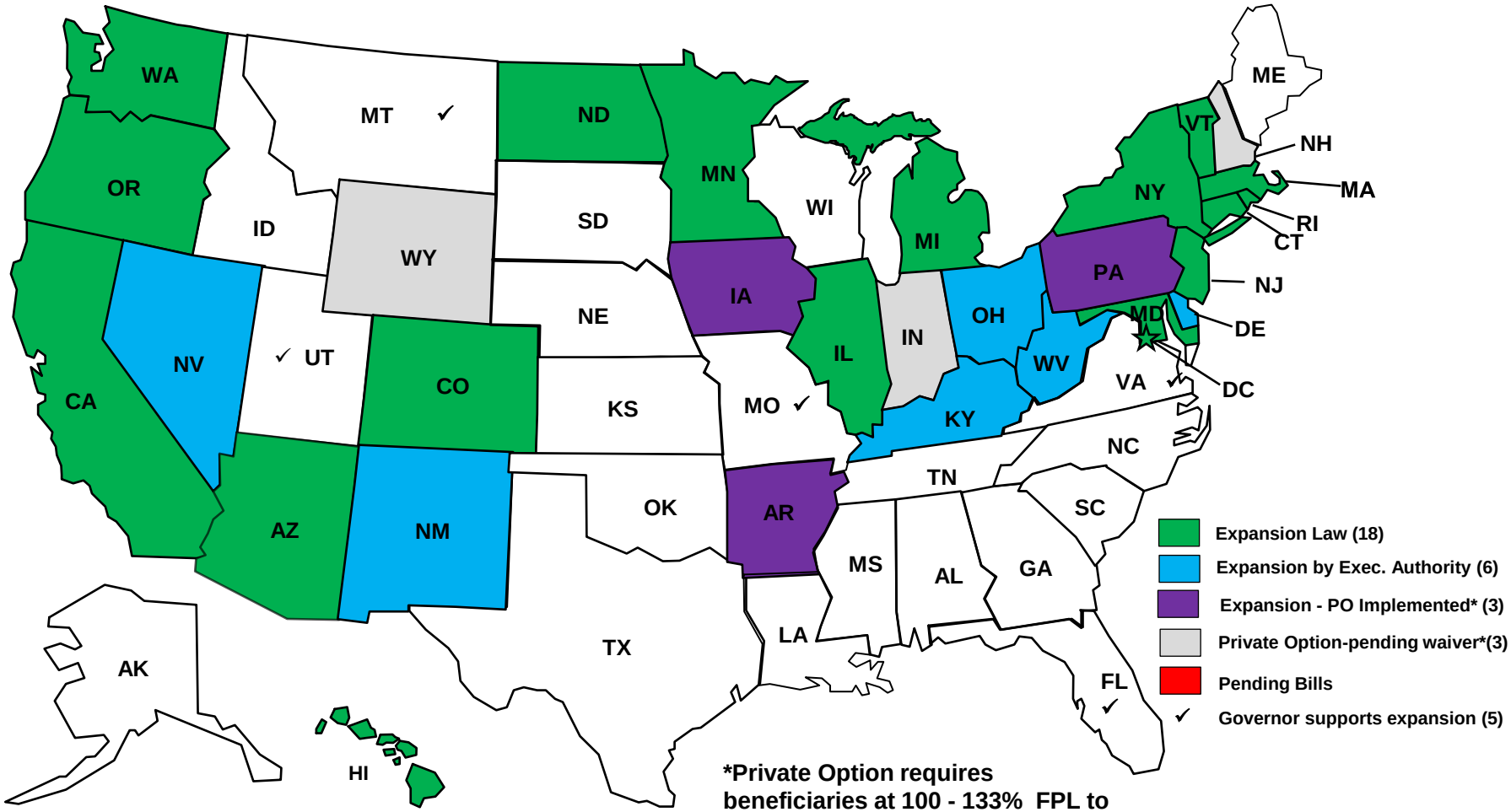
ACA's Medicaid Expansion

The ACA Medicaid Expansion Fills Current Gaps in Coverage



NOTE: The June 2012 Supreme Court decision in *National Federation of Independent Business v. Sebelius* maintained the Medicaid expansion, but limited the Secretary's authority to enforce it, effectively making the expansion optional for states. 138% FPL = $15,856 for an individual and $26,951 for a family of three in 2013.

2014 Medicaid Expansion Landscape

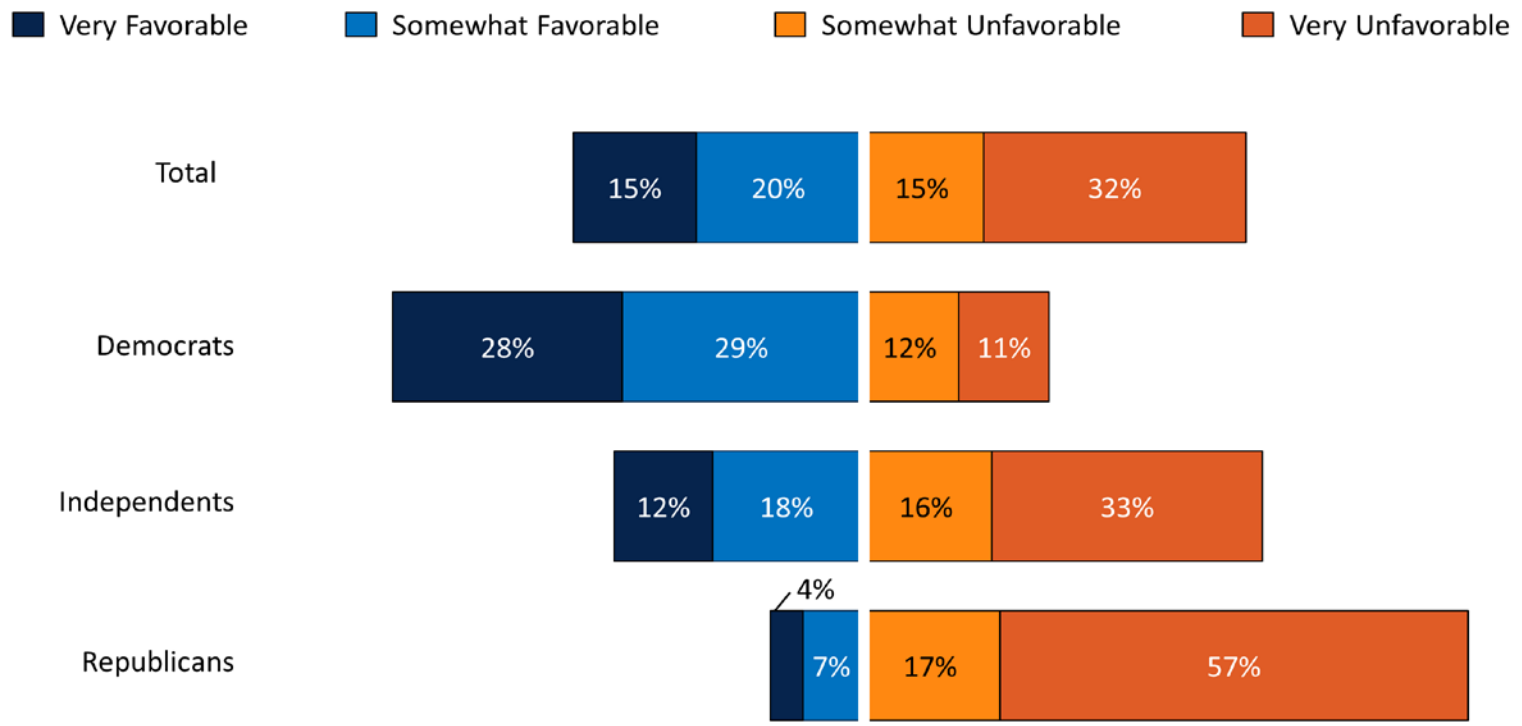


Source: BCBSA, 8/29/14

*Private Option requires beneficiaries at 100 - 133% FPL to buy QHPs on Exchange; HHS waivers given AR, IA & PA – pending approval IN & NH–not submitted in WY

ACA Opinion Divided Along Party Lines

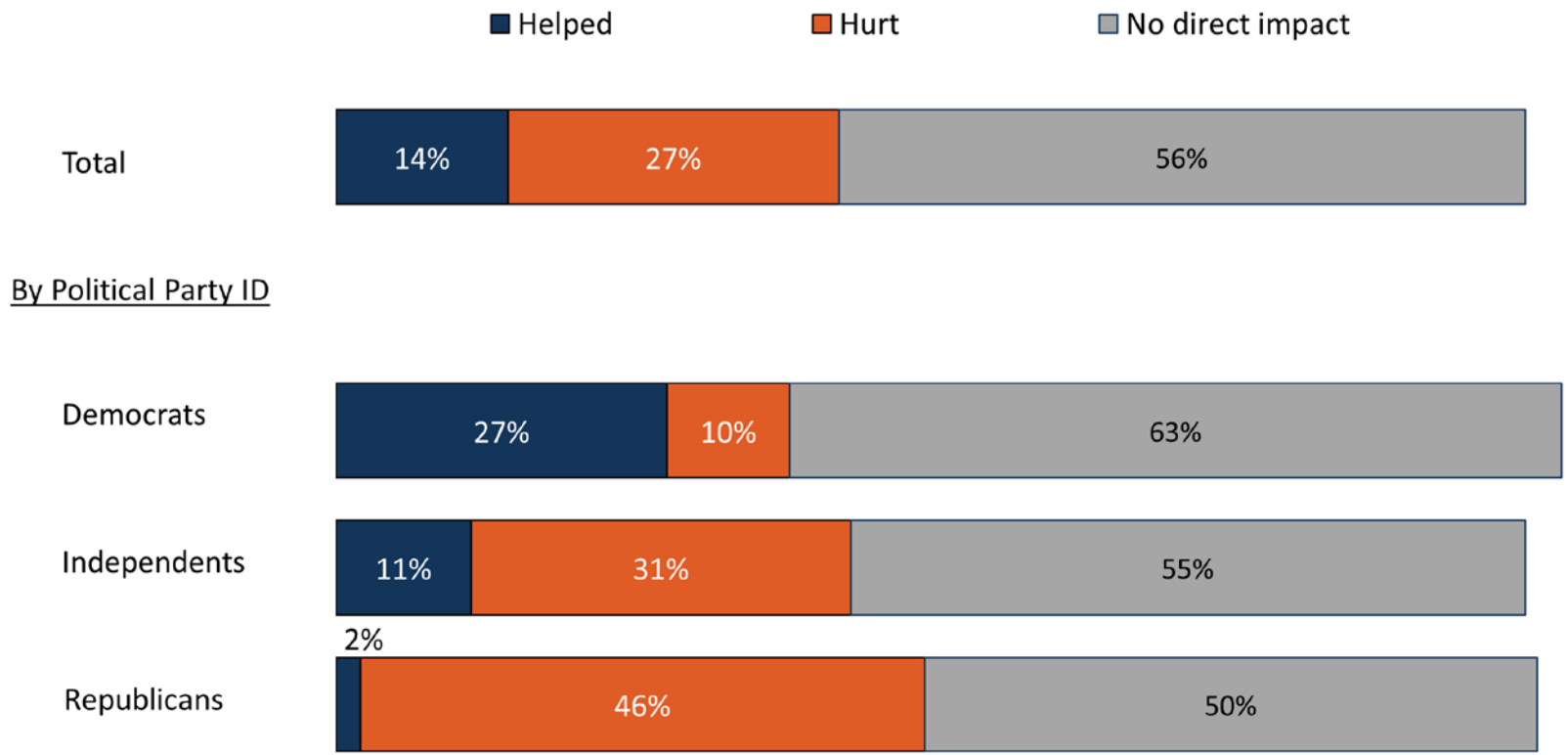
As you may know, a health reform law was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable view of it?



NOTE: Don't know/Refused answers not shown.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted August 25-September 2, 2014)

Partisan Perceptions of Law's Personal Impact

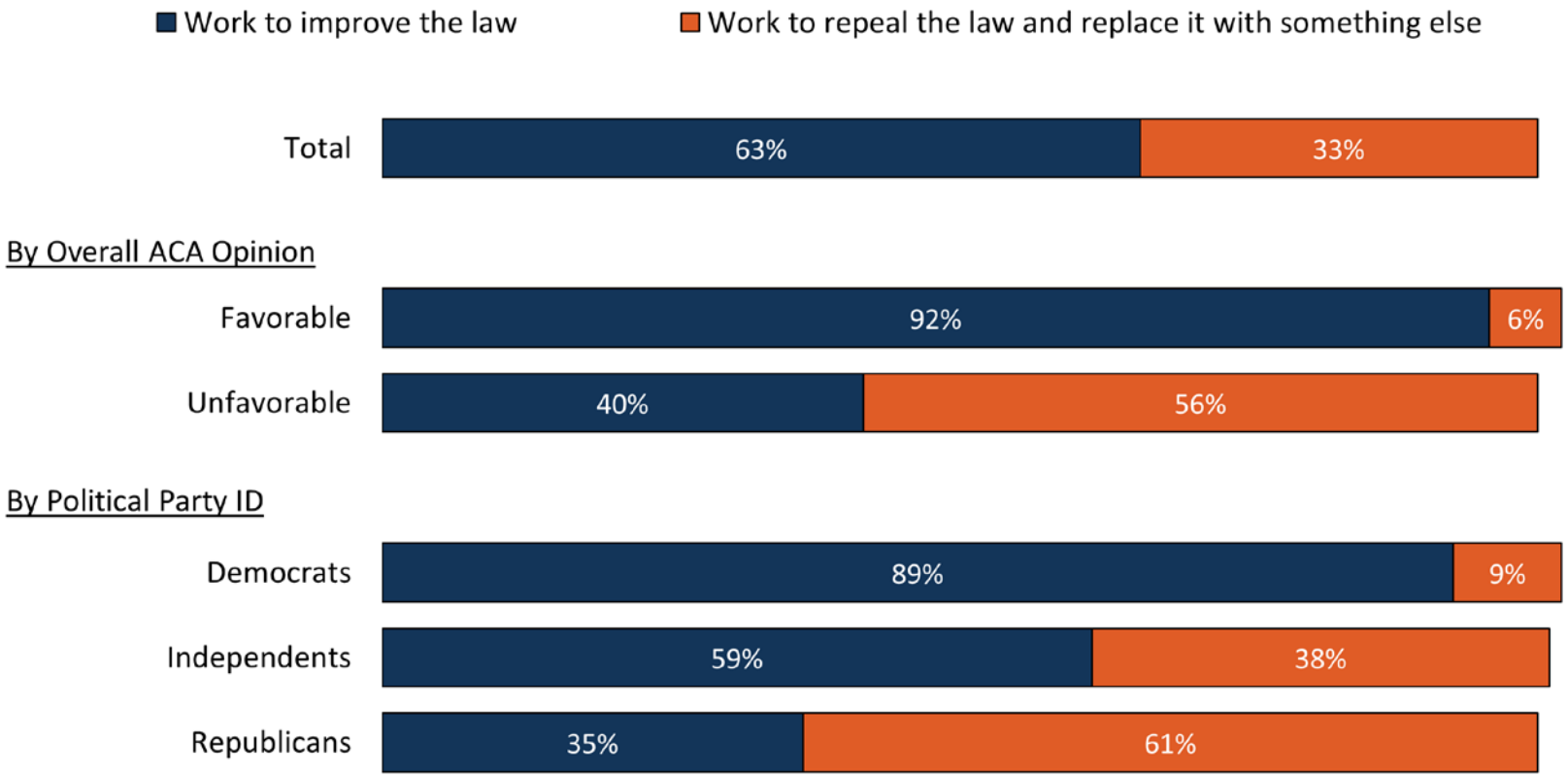
So far, would you say the health care law has directly helped you and your family, directly hurt you and your family, or has not had a direct impact?



NOTE: Both helped and hurt (Vol.) and Don't know/Refused answers not shown.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted August 25-September 2, 2014)

Partisan Divide on ACA Improve vs. Repeal

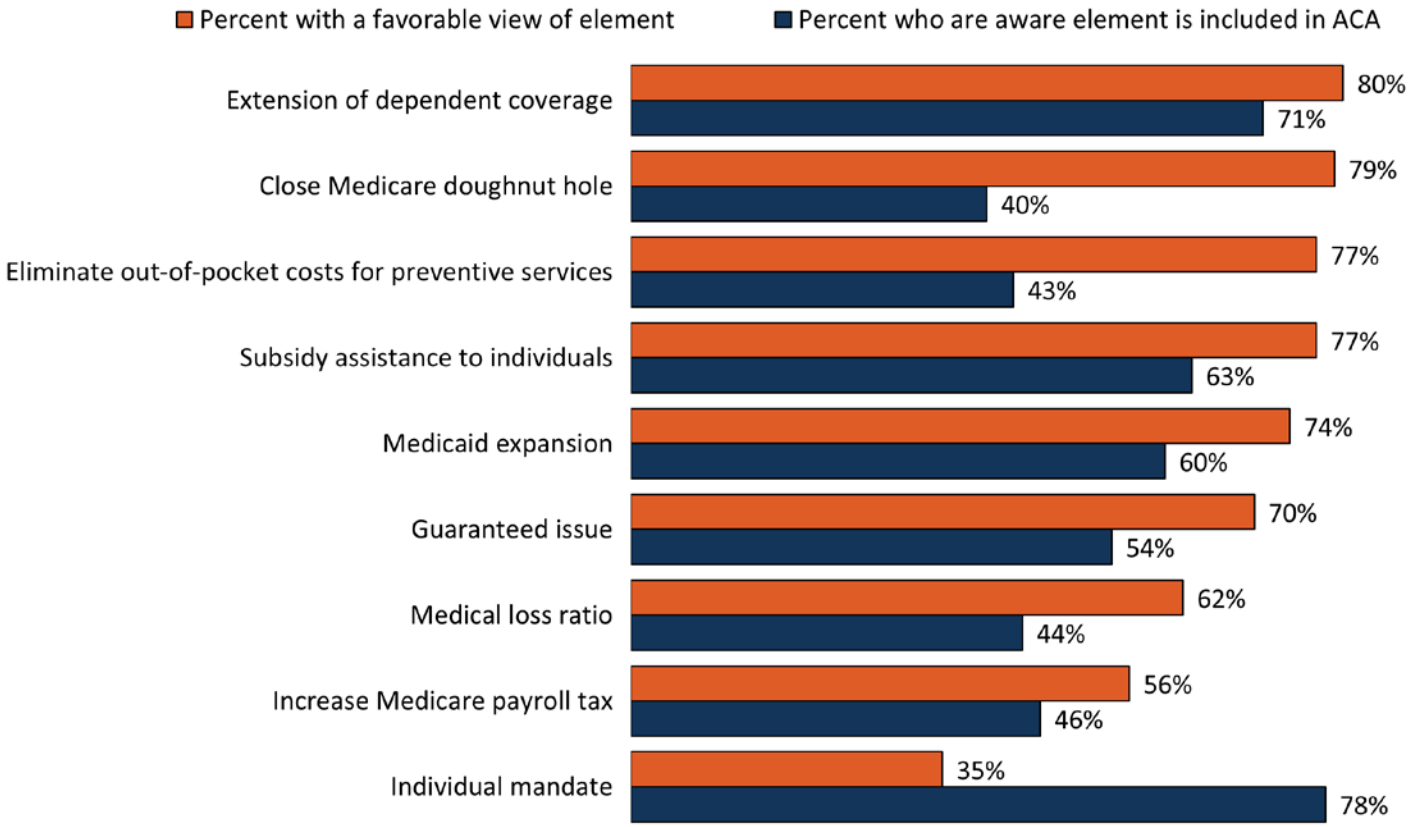
Which would you rather see your representative in Congress do when it comes to the health care law?



NOTE: Neither of these/They should do something else (Vol.) and Don't know/Refused answers not shown.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted August 25-September 2, 2014)

For Most ACA Provisions, Awareness Lags behind Favorability

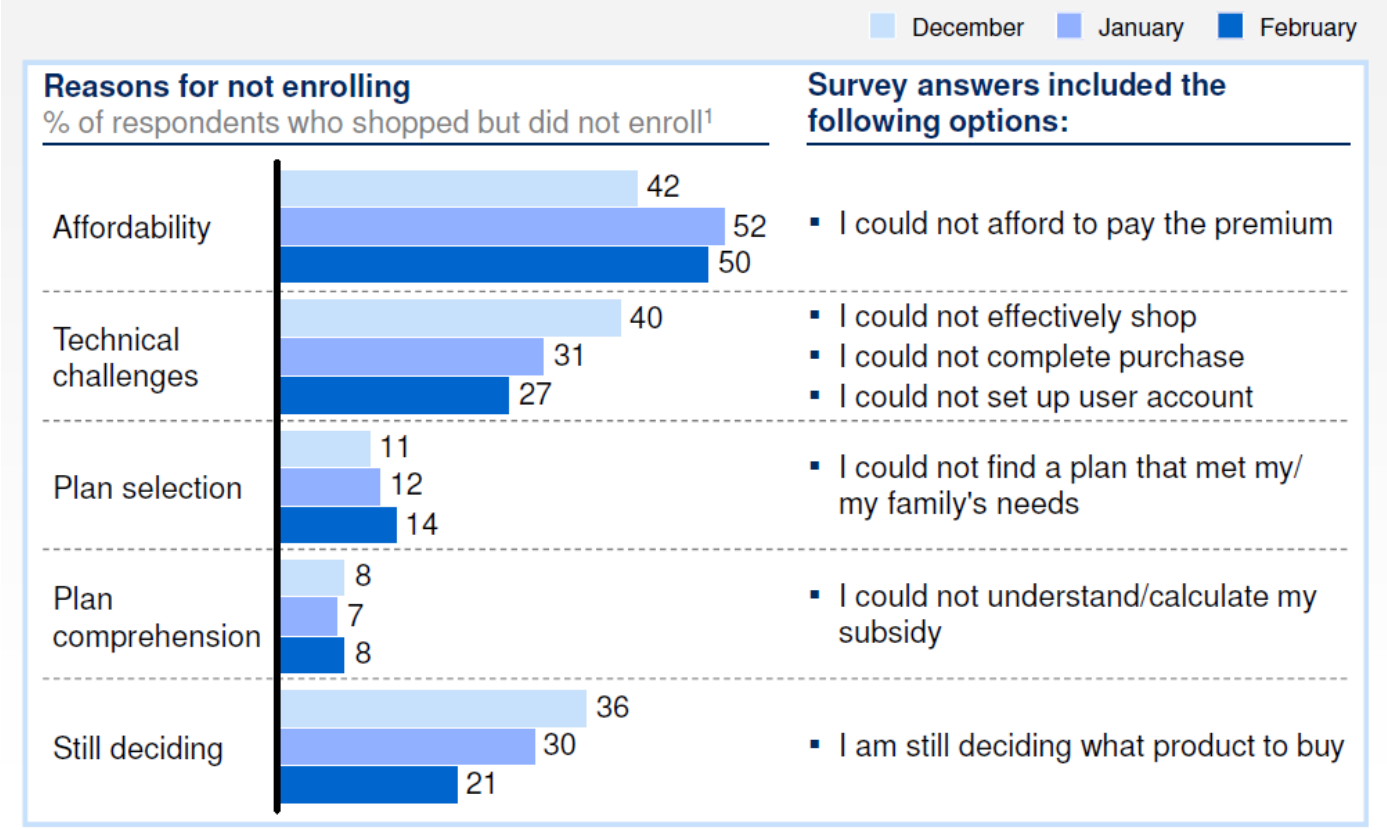
Percent who say they have a favorable opinion of each of the following and percent of each who say they are aware each is included in the health reform law:



NOTE: Items asked of separate half samples. Response wording abbreviated. See topline for complete wording.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted March 11-17, 2014)

Perceptions to Overcome

Leading reason the uninsured did not purchase health care remains affordability



1 Respondents could select more than one answer

Source: McKinsey Center for U.S. Health System Reform

What Challenges to Affordability?

- **Rising prices of medical services**
- **Increased utilization of services**
- **Delivery system that rewards volume**
- **Taxes and fees**
- **Uncertainty**

Affordability and the 3Rs

- **Rate stabilization programs prevent significant premium rate swings caused by large numbers of newly insureds and the transition to a guaranteed issue environment**
- **Rate stabilization programs are a consumer protection funded predominately by health insurers**
- **Rate stabilization helps to promote choice and competition**

What are the 3 R's?

An overview of Risk Mitigation programs

	Risk Adjustment (2014+)	Reinsurance (2014-2016)*	Risk Corridors (2014-2016)
Objective	Encourage competition on efficiency over risk selection	Mitigate risk of selection against the market; subsidize individual market in early years	Promote participation and competition in the exchanges in early years
How It Works	Insurers pay in/out based on risk of individual and small group enrollees vs. average of market	Amounts payable to insurers in individual market based on incurred claims cost	Share gains and losses on QHPs
Funding	Redistribution between insurers within a market (no federal funding)	$20B in fees from ASO, group and individual markets	Redistribution between exchange plans based on profit or loss status

*Reinsurance collections from and payments to insurers generally are 2014-2016; payments may be permitted in 2017 and 2018 if funds remain

What are the practical realities?

- **The market takes time to adjust -- sellers will naturally respond to buyers' needs/preferences**
- **Enrollment mix will affect rates on & off the exchange**
- **Regulation should create a level playing field, but not impede innovation or limit choice**

Thank You…

As one of the 37 independent and locally operated companies in the Blue Cross system, BCBS of North Dakota is dedicated to delivering affordable solutions to improve the care and health of those whom they serve.