



## January 2012 Health Care Reform Update

### Coordinated Resources Group (CRG)

continues to stay involved with the Oregon Health Authority to track changes in federal and state legislative issues. We are actively participating in industry organizations and committees working on your behalf. Here is the latest on health care reform:



**FEDERAL UPDATE:** The Supreme Court has scheduled three days of hearings starting March 26, 2012 to hear arguments on PPACA. The first day of arguments will address whether the Anti-Injunction Act makes it premature for the court to rule on the constitutionality of health care reform until the individual mandate actually goes into effect in 2014. The second day arguments focus on the constitutionality of the individual mandate itself. The third day arguments will center on whether the rest of the law can remain if the individual mandate does not survive and if states can be forced to expand their costs and administration. The court is expected to issue a ruling by the end of its current term in June.

**STATE UPDATE:** PPACA mandated and provided grants for each state to create an exchange by January 1, 2014. Plans would go on sale October 2013 for coverage scheduled to start in January. If the states fail to create an exchange, the federal Department of Health and Human Services (HHS) is charged with providing exchange services for that state. The exchanges will primarily function as a web-based organization bringing together buyers and sellers of health insurance benefits. Oregon has passed two laws SB 91 and SB 99 creating the exchange and requiring all health insurers to offer certain plans. There is a nine member board overseeing the exchange, exchange employees have been hired and several committees have been created.

The exchange staff is diligently at work and over the next few months there will be several meetings including brokers, carrier CEOs, carrier actuaries in Washington DC and other states. Oregon is quickly becoming a "go to" state. The question was asked if the law is repealed how will Oregon respond. The answer is Oregon will continue to pursue a state exchange. There are two states, Massachusetts and Utah, that have developed a state exchange before PPACA was enacted.

### OREGON PROGRESS REPORT:

The Small Business Health Options Program (SHOP) exchange will open 2014 with employers up to 50 employees and in 2016 expand to 100 employees. Individuals with and without dependents will have similar options. Currently the law states low income individuals will have access to subsidies based on household income for premium payments and out-of-pocket health care expenses. The exchange will offer information on the available plans, set premiums and administer the billing. The very preliminary administrative cost will add \$12.00 to employee premium. The exchange estimates it would need 100,000 to 120,000 people to break even.

The exchange staff is working with a local PR firm and a CA software company to develop their community outreach and web site portal. They went out-of-state for the online system because of the overwhelming expertise and impressive client list including Intel and many other national clients. The exchange web site is kept up to date and you can sign up for email alert [www.orphix.org](http://www.orphix.org)

The exchange recognizes the replacement cost if they tried to educate potential members without agents. The exchange has decided to use brokers in a similar role as today and will develop criteria. Any broker not licensed with all carriers is at risk for future involvement. The exchange is looking at non-profits and volunteers to be navigators and still needs to define the two roles. Navigators will not be insurance licensed so cannot act in a sales capacity.