Health Insurance Exchange
Plan Management

Exchange Plan Management, the NAIC and SERFF:
Learning How the Pieces Fit

Julie Fritz, Chief Business Strategy and Development Officer
Health Insurance Exchange
Plan Management – Forum #1

• When, Where, Who
  – Nov. 1, 2011
  – National Harbor, MD
  – 100 regulators from 30 states; CMS/CCIIO staff
Health Insurance Exchange
Plan Management – Forum #1

• Outcomes
  – Request for briefing sessions
  – Enlist participation from non-insurance regulators
  – Need to define Plan Management
  – Evaluate state insurance department needs
  – Background on NAIC role in assisting state insurance regulators
Health Insurance Exchange
Plan Management

• Today’s Briefing
  – Targeted towards Health Insurance Exchange planners (non-insurance regulator)
  – NAIC background and support role for state insurance regulators

Kelly McCumber, NAIC Product Specialist II
NAIC History

• The NAIC was established in 1871
• *The* U.S. standard-setting and regulatory support organization
• Governed by chief insurance regulators from 50 states, D.C. and five U.S. territories
NAIC & State Regulators

- Establish standards and best practices
- Conduct peer review
- Coordinate regulatory oversight
NAIC Offices

- New York (Securities Valuation Office)
- District of Columbia (Executive Headquarters)
- Kansas City (Central Office)

All locations support the efforts of state insurance regulators
Represent the collective views of state regulators
Form the national system of state-based insurance regulation in the US
NAIC Members

• Elected or appointed state government officials
• Regulate the conduct of insurance companies and agents
NAIC Mission

• Assist state insurance regulators, individually and collectively in:
  – Serving the public interest
  – Promoting competitive markets
  – Consumer protection
  – Financial solvency of insurance institutions
NAIC Support

• Work with the insurance commissioners and insurance department staff as they develop regulatory policy
• Provide numerous technology solutions to automate and streamline the regulatory process
Key Premises in Exchange Development

• States will continue to regulate health insurance or play a key role in product review/approval and/or consumer assistance
• Exchange solutions should minimize the regulatory burden
• State insurance regulators wish to use existing information technology investments vs. building new ones
NAIC’s Electronic Support

- 30 years of software development
- Data repositories across all jurisdictions
- The NAIC provides many tools to allow states to make the most of their resources
- Electronic processing for uniformity and efficiency standards
SERFF History

• A product of the NAIC
• Developed in 1998
• Key component in establishing uniformity and speed-to-market in the insurance industry
• Used by 51 state jurisdictions to review and approve industry rate and form filings
Federal Government & Insurance Regulation

• McCarran-Ferguson Law
• Health care reform is established on a federal level, but the states must bring about the reform
• Federal government has never regulated the individual and small group markets
NAIC and
Insurance Regulation

• The NAIC has collective membership expertise in the individual and small group markets
• Uniquely positioned to have a key role in the major health care overhaul
• The NAIC has been a constant for over 140 years
• The NAIC support offices are a major contributor in the forum of health care reform
NAIC and Health Care Reform

- More than two dozen mentions in the federal law
- 10 provisions give the NAIC responsibility or asks for assistance
- The NAIC’s efforts are recognized by the law and intended to be leveraged in order to bring about health care reform
Health Care Reform

• Federal law *does* require:
  – Individuals to have health insurance
  – Employers assist with the public costs if they don’t offer insurance to their employees
  – Protections for children and high-risk individuals

• Federal law *does not* change the role of state insurance regulation
State Responsibilities in Health Care Reform

- Federal law:
  - Relies on states to continue to exercise their authority
  - Allows states to operate the exchanges
  - Ensures that consumers have clear options
  - Enables states to regulate insurance with the support and resources of the NAIC
Health Insurance Exchanges

• Key component in health care reform
• Expected to provide consumers better access to health care choices
• Requires the coordination of multiple state and federal agencies

The reason we’re talking to YOU today!
Learning How the Pieces Fit

• Exchanges have five components:
  – Eligibility
  – Enrollment
  – Plan Management
  – Consumer Assistance
  – Financial Management

• Our focus is on Plan Management
Health Insurance Exchanges, the NAIC and SERFF: Learning How the Pieces Fit

• The NAIC has been approached by a number of states to assist in the coordination of state exchange efforts
• States want to preserve and promote the states’ role as an insurance regulator in the exchanges
Health Insurance Exchanges, the NAIC and SERFF: Learning How the Pieces Fit

• States can choose to:
  – Establish their own exchange
  – Adopt a partnership model
  – Utilize federal fallback

• Responsibility to regulate insurance plans remains with state insurance departments
Learning How the Pieces Fit

• Leverage existing systems for speed
  – Reduces development time and costs
  – Minimizes the cost and effort to retool existing systems
  – Reduces the learning curves for training
  – Saves time and money
Plan Management Business Processes

- Establish and Certify the Issuer
- Certify the Plan
- Handle Authorization and Renewal Processes
- Assign Quality Ratings
- Collect, Analyze and Monitor Rates and Benefits
Plan Management Business Processes

• Provide Issuer Monitoring and Oversight
• Establish Issuer Education, Outreach and Online Help
• Evaluate Provider Network Adequacy
• Develop Formularies
• Release the Plan(s) into the Marketplace
• Perform Data Quality Analysis
Plan Management Business Processes

• State insurance regulators may choose to participate in all of these pieces of Plan Management
• Many of these functions are already managed or required by state insurance departments on some level
• Exchange regulations add new complexity to the process
Plan Management Business Processes

• Establish and Certify the Issuer:
  – Ensuring the issuer is licensed to do business and is in good standing with the states

• Certifying the Plan:
  – In most states this involves the process of reviewing the rates and forms submitted by the issuer
Plan Management Business Processes

• Authorization and Renewal Process:
  – Recycling of the business process for future periods

• Assigning Plan Quality Ratings:
  – New process for insurance regulators
  – CCIIO has not determined the criteria to date
  – Uncertain as to who is responsible for evaluation
Plan Management Business Processes

• Collecting/Analyzing/Monitoring Rate Data:
  – Already handled by the insurance departments
  – Includes maintaining the operational data of the issuers and their plans

• Ensuring Compliance within the Market
  – Responsibility may be expanded or specific limitations or requirements may be imposed by the federal government
  – Insurance department currently monitors market conduct
Plan Management Business Processes

• Establishing Education and Outreach:
  – Currently a state function

• Assessing Network Provider Adequacy and Developing Formularies:
  – Often supported by third parties

• Releasing the Plan in the Marketplace:
  – May involve data from many disparate sources
SERFF & Insurance Regulation

- Used by insurance carriers and states since 1998
- Provides a single tool used by 49 states, DC and 1 territory
- Used by over 3,400 companies
SERFF & Insurance Regulation

- Streamlines the filing and review process
- Promotes speed-to-market and uniformity throughout the industry
- 27 jurisdictions mandate the use of SERFF for all rate and form filings
- Two million filings in the past 4 years
Premium Review Grants

• SERFF was modified to collect carrier data, specific to the rate review requirements
• Allows states to review and submit data to HHS quarterly and annually
• NAIC staff worked with CCIIO staff to ensure SERFF could meet the data needs for the states
• Integration between SERFF and HIOS lets the states submit data to CCIIO via SERFF
• The NAIC is currently working on system modifications to support the Premium Rate Review Grant Cycle II requirements
Many states have expressed their interest in using SERFF for Plan Management

Much of the necessary data is currently collected in SERFF

There is widespread support for using SERFF for exchange Plan Management
NAIC – SERFF – Plan Management

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Core functionality currently managed via SERFF.
# NAIC – SERFF – Plan Management

1. Establish and Certify the Issuer
2. Certify the Plan
3. Handle Authorization/Renewal Processes
4. Assign Quality Ratings
5. Collect/Analyze/Monitoring Rates & Benefits
6. Provide Issuer Monitoring and Oversight
7. Establish Issuer Education/Outreach/Online Help
8. Evaluate Provider Network Adequacy
9. Develop Formularies
10. Release the Plan in the Marketplace
11. Perform Data Quality Analysis

Core functionality that could be managed via SERFF.
Flow of Information to and from the Plan Exchange

- Carriers → SERFF → State Departments of Insurance
- State Departments of Insurance → Plan Exchange
- Carriers
NAIC – SERFF – Plan Management

• NAIC Web services allow SERFF to “talk” to:
  – State applications
  – Vendor products
  – HIOS

• These Web services can be enhanced to communicate with other exchange-collaborating systems
NAIC – SERFF – Plan Management

• Working with vendors to establish a data standard for Plan Management

• Data standard would allow any system approved by the exchange governing body to
  – Submit data with confidence
  – Pass data to other applications with confidence
Health Plan Management Forum

- Three-day forum held in DC
- Scheduled December 12 – 14, 2011
- Hyatt Regency Crystal City, near Ronald Reagan Washington National Airport
- For more information, contact Terri Hiebert at thiebert@naic.org.