

# Health Insurance Exchange Background

## What are health insurance exchanges?

The federal health care reform law (the Affordable Care Act, also called the ACA) anticipates that every state will have a health insurance exchange ready to provide coverage by 2014. An exchange is an online store where individuals and small employers will be able to buy health insurance products sold by insurance companies. People who apply to buy insurance through the exchange who are eligible for a public program (like Medical Assistance)

will be enrolled in that program. An exchange will be operated in every state, either by the state or by the federal government. If the state operates it, the exchange may be set up either as a new or existing governmental agency, a quasi-governmental agency, or a nonprofit entity established by the state. Pennsylvania is considering whether to operate the exchange in Pennsylvania, and, if so, how it should operate.

### REGISTER NOW

For the Insurance Department's Stakeholder Forums happening in August 2011 throughout the state. We are actively seeking input from health care consumers, payers and other stakeholders regarding health insurance exchange options for Pennsylvania.

You can comment in person, attend and listen, or submit comments electronically. It's your choice -- but you'll need to pre-register.

Learn more at [insurance.pa.gov](http://insurance.pa.gov) or call 717.705.0008.

## Early Decisions for Pennsylvania

*If Pennsylvania decides to operate an exchange, the state must decide many issues, including:*

- Should health insurance plans be available only through the exchange, or also outside the exchange?
- Should the state coordinate with another state to offer a multi-state exchange?
- Should the state have separate exchanges in different regions of the state?
- Should the state require plans on the exchanges to offer coverages for conditions that are not included in the federally-defined "essential" benefits?
- Should the exchange extend to large groups, or only small groups (for now 50 employees, but by 2016, 100 employees)?
- Should employers select exchange products for their employees, or should employees choose?
- Should employers be able to contribute set dollar amounts that employees may use to purchase products of their choice?

# Operations of the Exchange

Whether the exchange is operated by the state or by the federal government, and whether it is run as an agency or a nonprofit entity, under the federal law an exchange must perform certain core functions. These include:

- **Accessibility:**

- Certify health plans as qualified, based on established criteria
- Assign a quality rating to each plan
- Utilize a standardized format for presenting health benefit plan options
- Maintain a website through which individuals may compare standardized comparative information on plans

- **Eligibility and Monitoring:**

- Determine subsidy levels for insurance for private insurance products
- Screen applications and notify individuals if they qualify for Medical Assistance or CHIP
- Certify that an individual is exempt from the individual mandate to purchase coverage due to affordability or other exemptions permitted under the ACA
- Verify/resolve inconsistent information provided to exchange by applicants
- Provide and support an electronic calculator to determine the cost of coverage after applicable premium tax credits and cost-sharing reduction subsidies

- **Support:**

- Provide a toll-free assistance hotline
- Establish a Navigator program for organizations that will provide general information about the exchange in the community

- **Communications/Notifications:**

- Verify citizenship and immigration status eligibility by sending information from applicants to the Social Security Administration and the Department of Homeland Security
- Verify income eligibility and tax credit and cost-sharing subsidies by sending information from applicants to the IRS
- Verify exemptions from the ACA individual mandate requirement by sending information from applicants to the IRS
- If an employee accesses premium tax credits through the exchange because the employee was not offered minimum essential coverage by the employer or if the coverage was deemed unaffordable, notify the Department of the Treasury
- If an employee stops coverage under a plan offered on the exchange, notify the employer