



Health Insurance Exchange Implementation Issues at the Federal Level

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Proposed Federal Exchange Regulations

HHS finally issued proposed federal regulations on the exchange.

1. Incomplete, many policies deferred to future rulemaking or guidance including eligibility determinations
2. Dozens of requests for comments/input on specific undecided policy issues
3. Comments due 9/28/11
4. Separate regulations on risk adjustment, risk corridors, and reinsurance. Other regulations now under OMB review.



Select Issues in Proposed Exchange Regulations

1. Federal-state partnership
2. Federal approval process
3. Financing
4. Consumer assistance
5. Navigators
6. Agents/brokers
7. Premium aggregation



Select Issues in Proposed Exchange Regulations

8. Single application
9. Open and special enrollment periods
10. Certification of exchange plans
11. SHOP (small business) exchanges



Federal Grant Funding for Exchange Implementation

Federal government will provide full funding for implementation of the exchanges through Planning and Establishment Grants.

1. Uncapped “mandatory” funding
2. Available through end of 2014 (includes first year of operations)
3. State can get annual grants or all the funding it needs through 2014 immediately
4. For all the key functions but need for cost allocation



Overall Federal Budget Threats

Current debate over raising the debt limit and federal deficit reduction directly affects implementation of the exchanges.

1. Balanced Budget Amendment, global spending caps, global health spending caps
2. Outright repeal of health reform coverage provisions.
3. Cuts to entitlement spending (premium subsidies and Medicaid) including automatic cuts or “sequester” to enforce spending caps
4. Discretionary spending caps

Specific Threats to Federal Implementation

Outside of broader federal budget fight, concerns about federal legislation that would impede federal exchange implementation efforts and federal funding of state implementation of exchanges.

1. Appropriations
2. Riders
3. Converting exchange and other mandatory grants to discretionary funding