



Economic Affairs Interim Committee

63rd Montana Legislature

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as of Aug. 7, 2013

Memo

To: Economic Affairs Committee
From: Pat Murdo, committee staff
Re: Insurers Offering Plans on the Federally Facilitated Marketplace/Exchange

As part of the discussion about health insurance exchanges, the Economic Affairs Committee will be hearing at the Aug. 21 meeting from insurers who will be offering policies for Montanans on the federally facilitated marketplace. The information below is provided as background information, current as of Aug. 7, 2013. Questions that might be asked of the insurers are provided on the next page.

How many Montanans may be buying on the exchange/marketplace?

Projections early in 2013 by the Montana Bureau of Business and Economic Research¹ for the State Auditor's Office indicated that approximately 85,000 Montanans are likely to be eligible to obtain health insurance through the federally facilitated marketplace. Currently, prior to the exchange starting up Oct. 1, the potential customers for individual or small group health insurance either purchase individual policies, are covered by employers who might decide to stop offering health insurance coverage, go without insurance, or are spouses or dependents of employees who do not get dependent coverage through their employer.

Which insurers are offering policies on the exchange/marketplace?

Although Montana's individual market is small compared with the individual markets in many other states, the potential for 85,000 new customers attracted 3 Montana insurers to provide coverage for Montanans on the federally facilitated marketplace, also known as the health insurance exchange. The insurers are:

- Blue Cross Blue Shield of Montana;
- the Montana Health Co-Op; and
- Pacific Source.

Is there anything different about the plans offered on the exchange/marketplace?

The health plans that these insurers offer on the marketplace or exchange must meet the federal definition of a qualified health plan. This means that the plans must be approved by Montana's Commissioner of Insurance as having minimum value, which is that they offer essential benefits and are affordable. A person purchasing a plan outside of the exchange may not be assured that the essential benefits are covered.

Each health plan also will have its own network of health care providers and will be able to offer different prices in each of four geographic areas. The geographic factor is one of three pricing differentials allowed under the Affordable Care Act, which changes the way that insurers typically have priced insurance. The Affordable Care Act removed underwriting based on a person's health but allowed pricing to vary based on the person's age, where the person lives,

and whether the person smokes. Montana's four geographic areas are centered around Billings, Missoula, and two rural regions.

What else do you want to know about insurer plans on the exchange?

Possible questions of Montana's qualified health plan issuers (QHPs) may include:

- How did the review process by the State Auditor's Office proceed for your company? What improvements might be needed either through legislation, rule, or practice?
- Did you weigh any factors regarding Montanans' health in your pricing mechanisms?
- There is a readjustment provision in the Affordable Care Act to help insurers that inadvertently may end up with all the high-risk patients. Did you take the readjustment provision into account in your pricing? In other words, are you expecting to break even or will you need help from the readjustment provisions?
- What role did network adequacy and provider availability² have in your pricing?
- How do you explain the differences in pricing and plan availability between Montana and nearby states as indicated in the table below?

Pre-Exchange Annual Premiums* and Plan Availability listed for Region

Status below		Montana		Idaho		Wyoming		N. Dakota		S. Dakota	
		Prm*	Plan	Prm	Plan	Prm	Plan	Prm	Plan	Prm	Plan
Single male, age 30	non-smoker	\$783	176	\$702	245	\$1,064	528	\$674	250	\$514	626
	smoker	\$840	176	\$738	245	\$1,232	528	\$674	250	\$617	626
Single female age 30	non-smoker	\$783	176	\$936	245	\$1,298	528	\$674	250	\$787	626
	smoker	\$840	176	\$996	245	\$1,493	528	\$674	250	\$945	626
Family of four, parents age 40		\$2,968	166	\$3,192	207	\$5,028	464	\$2,775	192	\$4,306	577
Couple, age 55		\$3,465	176	\$3,600	245	\$5,559	524	\$3,486	215	\$2,333	622

*From the January 2013 Plan Finder at the HealthCare.gov website. Plans vary as to annual deductibles, out-of-pocket maximums, and copays, which means that strictly speaking they are not comparable. These are NOT exchange premiums. Rather the information is a sample provided by the Government Accountability Office of what is available prior to the exchange starting up, including the number of plans. Notes: Prm = minimum premium. Plan = number of plans available for the individual or family in the state. Source: Government Accountability Office, GAO-13-712R, Range of Health Insurance Premiums in 2013.

Endnotes:

1. Gregg Davis, who researched the exchange potential in Montana for the State Auditor's Office.

2. Gregg Davis, interviewed for the *Montana Business Quarterly* prior to his retirement from the Montana Bureau of Economic Research, noted that increased demand from those newly insured in Montana through a health insurance exchange is expected to add 200,000 office visits to primary care providers beyond what would be expected without an influx of newly insured, *Montana Business Quarterly*, "Economic Outlook Q&A with Montana's Leading Experts", Vol. 51, Number 1, Spring 2013, p. 3.