

Progress on Exchanges

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Social Insurance in a Market Economy: Obstacles and Opportunities

National Academy of Social Insurance (NASI)

January 26, 2012, Washington DC

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INSURANCE**

Overview

- 1 Setting the stage for 2012
 - 2 Political uncertainty through November election
 - 3 States making measurable progress anyway
 - 4 Leading states will make the grade this year
 - 5 Federal-state partnerships will be critical for many states
 - 6 Reassessment and compromise will be necessary after the election
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State Flexibility under Federal Standards

ACA puts states in driver's seat on exchanges, the new marketplaces of 2014

State flexibility underscored in proposed regulatory framework for exchanges

Aug 2011

Recent HHS guidance on partnerships and EHBs doubles down on state flexibility

July 2011

Exception for eligibility where "simple and seamless" real time consumer experience on Web requires uniform, national approach

Nov-Dec 2011



Regulations must be finalized by June 2012 to create most favorable conditions for vigorous competition

Progress Despite Uncertainty

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- Supreme Court's March hearings will increase uncertainty leading up to June decision
- November election will keep ACA in play whatever happens with Supreme Court
- Politics will slow down legislative action in many states but...

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- Most states will continue to lay groundwork for state-based exchanges with federal grants and technical support
- 49 states & DC received exchange planning grants in 2010 and 29 have followed up with implementation grants
- 15 of remaining 22 states have received grants to support upgrading their Medicaid eligibility systems under the ACA
- HHS has awarded over \$1 billion to 43 states & DC for exchange implementation and/or Medicaid eligibility upgrades
- More grants are pending and will be awarded in Feb 2012

Leading States Will Play Key Role

- Diverse group of states are moving toward full certification of state-based exchanges by Jan 2013
- Leading states include mix of red and blue states in all regions of the country
- States are reaching different policy decisions based on local market conditions and political preferences
- Leaders will supplement MA and UT with new and diverse models for other states to learn from

Number and quality of success stories will be key feature of post-election landscape

State-Federal Partnerships Will Be Needed in Many States

- Many states will not be ready for full certification in Jan 2013
- Some states will choose or default to a federally-facilitated exchange
- More states are likely to become partnership states under program launched last summer and still evolving in state-federal dialogues
- Recent guidance gives states multiple options for sharing eligibility function, where timing and logistical challenges are greatest
- Partnerships allow states to focus on insurer management, consumer assistance, and other traditional state functions

All federal or partnership states will retain the option to transition to a state exchange after 2014

Reassessment After the Election

Full range of scenarios possible with Supreme Court and voters both to weigh in by November

Least likely are the two extremes:

- No changes in ACA
- Total repeal of the law

Most likely is some rebalancing of federal and state roles:

- Innovation waivers
- New partnership options

- States likely to fight to protect and build on their progress
- Need for cost control and blocking power of minority party will keep everyone at the table

Questions?

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