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LRB 0764/1: Affordable Health Insurance Marketplace **Bringing a Competitive Health Insurance Market to Small Business and Individuals**

What is a health insurance Marketplace?

A competitive Marketplace is where health insurance companies compete for business on a level and transparent playing field driving down cost. Marketplaces have group buying power – making it easier for individuals and small business to purchase coverage that is a good value for the price.

Why set up a Wisconsin health insurance Marketplace now?

Wisconsin is one of 27¹ states that defaulted to the federal government on the creation of a Marketplace. This limits the state's ability to control how a Marketplace would operate and increases the uncertainty facing Wisconsin businesses, health plans and providers. Currently, the US Supreme Court is taking oral arguments on a case (King vs. Burwell) challenging whether citizens who purchase health insurance through a federal-facilitated Marketplace are eligible for premium assistance in the form of tax subsidies. Kaiser Family Foundation² estimates ninety percent of Wisconsin citizens currently rely on subsidies. If the Court rules that people in federally-facilitated Marketplace cannot receive those tax subsidies, these Wisconsinites would lose critical premium assistance.

How does it work?

People use a website and /or help from their insurance agent to comparison shop. A toll free hotline helps consumers compare plans and get questions answered. Consumers and employers get more and comparable information on plan benefits, price and quality. The Marketplace increases the choice of health plans and helps people find out if they are eligible for tax credits or other programs like BadgerCare.

What benefits are available?

Outpatient and emergency services, hospitalization, maternity and newborn care, laboratory services, preventive and wellness services, prescription drugs, mental health care, pediatric care, and rehabilitation services³

What is a qualified health plan?

A qualified health plan is a health insurance plan certified by the exchange. The plan must meet minimum standards of value, benefits and quality. Health plans are ranked as they match standard levels of coverage.

Opens the Doors to Competition

Qualified plans are clearly labeled. Clear information makes apple-to-apple comparisons possible. The bill allows **all** qualified health plans to sell insurance to small business and individuals. The bill

¹ As of February 15, 2015 Kaiser Health Facts reported 14 states have state based marketplaces, 7 have state-partnerships marketplaces, 3 have federally-supported marketplaces and 27 have federally-facilitated marketplaces. A federally-supported marketplace is run by the state but uses federally supported www.healthcare.gov

² <http://kff.org/other/state-indicator/marketplace-enrollees-by-financial-assistance-status-2015/>

³ Affordable Care Act §2727 (a), § 1302 (b) (1) (A)-(J).

protects the relationship agents have serving as the ‘Human Resource Department’ of many small businesses and **encourages agents to continue to assist** small businesses in **finding the most competitive plan**.

Options for Small Business and Individuals

Employers with 100 employees or fewer who choose to provide health insurance for their employees may join the **Small Business Health Options Program (SHOP)**⁴. The employer benefits from simplified choices, expanded employee options, possible tax credits and lowered costs. Individuals can choose the **Individual Exchange**⁵ to gain similar benefits. Sole proprietors may shop either exchange to get the best price.

Stabilizing Premiums for Individuals and Small Business

The bill creates a larger risk pool by including employers who have not more than 100 employees- the largest pool allowed by federal law. The bill allows employees who gain over 100 employees to stay with SHOP if they choose. The bill provides for a risk sharing adjustment mechanism developed with health plans. This protects plans and consumers against adverse selection that may lead to sharp rate increases.

Requires Transparency and Accountability; Guards against Conflict of Interest

The board and the authority must follow strict provisions related to transparency, including open meetings and open records laws; ethics, conflict of interest, accountability and disclosure of financial interests. The board must regularly report to the governor, the legislature and the people. Regular audits are required by the Legislative Audit Bureau.

The board will be made up of people dedicated and experienced in balancing health care quality, access and cost containment. No person who is currently involved in the health insurance or health care provider business or who sells health insurance may be a member of the board, further protecting the board from a conflict of interest.

Flexibility for Wisconsin designed to keep costs affordable.

This bill is designed for maximum flexibility. The authority is empowered to set up regional exchanges or sub-exchanges if health data show this is less expensive. State risk adjustment methods are developed to keep plan costs low. HIRSP may continue to operate if needed to provide options to high risk consumers and protect pool integrity. These mechanisms assist in protecting consumers from severe rate increases.

Fewer people without health insurance

Nine percent of people in Wisconsin do not have any health insurance⁶. Currently an estimated 205,839⁷ people have signed up for the exchange. This is only 43% of the estimated potential enrollees. Following the successful implementation of the exchange, independent research⁸ estimates the number without health insurance will drop to only four percent. Fewer people with health insurance will mean lower costs for all of us.

⁴ Small employers purchasing coverage through SHOP may be eligible for a tax credit of up to 50% of their premium payments if they have 25 or fewer employees, pay employees an average annual wage of less than \$50,000, offer full time employees coverage and pay at least 50% of the premium.

⁵ Individuals may be eligible for advance payment of tax credits to reduce premiums for coverage purchased through the Individual Exchange.

⁶ Kaiser State Health Facts March 2015. <http://kff.org/other/state-indicator/total-population/?state=WI>

⁷ Kaiser State Health Facts March 2015. <http://kff.org/health-reform/state-indicator/current-marketplace-enrollment/>

⁸ Gorman Actuarial, Smagula, J and Gruber, J. “The Impact of the ACA on Wisconsin’s Health Insurance Market. A Report to the Wisconsin Department of Health Services. May 6, 2011. p.7