MIKE LORCH
DISCLAIMER

THE VIEWS AND OPINIONS EXPRESSED IN THIS PRESENTATION ARE SOLELY THOSE OF THE PRESENTER AND DO NOT NECESSARILY REPRESENT THOSE OF WELLPOINT OR ITS LEADERSHIP.
Roosevelt made national health insurance an issue in his last, losing campaign for the White House, and successive efforts to get it enacted have lost, too.
In 1929, Justin Ford Kimball, an official at Baylor University in Dallas, introduced a plan to guarantee schoolteachers 21 days of hospital care for $6 a year.

THIRD PARTY PAYER SYSTEM BORN!
With majority popular support, but a downturn from the American Medical Association, Harry Truman (twice TIME's Person of the Year) could not pass a national health insurance program similar to the one Canada has today.
On July 1, 1966 (the beginning of Medicare enrollments) SSA Commissioner Bob Ball held a press conference to outline SSA's plans for the Medicare implementation.

**FEDS BECOME HEALTH CARE FINANCIER!**

MANAGED CARE IS BORN!
1993

Reform’s Goals Fell Short

In a 1999 assessment, the Kentucky Long-Term Policy Research Center found the state’s '94 reform initiative was "generally considered to have fallen short" of its goals.

Carriers Offering Individual Health Insurance in Kentucky

43

1989

2
3000

5
2012

After enactment of reform, that number dropped to.

Current number of carriers offering individual health insurance.
DECEMBER 24, 2009
MARCH 23, 2010

“THIS IS A BIG #@%! DEAL!!”

Joe Biden
SEPTEMBER 23, 2010

1. Extending Coverage for Young Adults.
2. Providing Free Preventive Care.
4. Appealing Insurance Company Decisions: Consumers will have two ways to appeal coverage decisions or claims: through their insurer or through an independent decision-maker.
5. Eliminating Lifetime Limits on Insurance Coverage.
6. Regulating Annual Limits on Insurance Coverage.
7. Guaranteed coverage for children with pre-existing conditions: Insurance companies cannot deny coverage to children under the age of 19 because of a pre-existing condition.
8. See your OB-GYN without a referral.
9. Easier access to ER services: Insurers cannot charge higher fees when patients get emergency services out of their network.
IF YOU HAVE HEALTH INSURANCE

- If you like your insurance, you can keep it
DECEMBER 19, 2013

Catastrophic Plans
STATE EXCHANGE OR FEDERAL EXCHANGE

North Dakota: Default to Federal Exchange

Map of the United States showing different states in blue for state exchanges, and federal exchanges in other states.

- Default to Federal Exchange
- Planning for Partnership Exchange
- Declared State-based Exchange
IMPACTS
• Premium subsidies
• Cost share subsidies
• Medicaid expansion
• No medical underwriting
Individual market population
Number of lives by income

>400% FPL: 49%
300-400% FPL: 14%
200-300% FPL: 18%
133-200% FPL: 6%
<133% FPL: 13%
Uninsured population
Number of lives by income

- >400% FPL: 6%
- 300-400% FPL: 7%
- 200-300% FPL: 10%
- 133-200% FPL: 14%
- <133% FPL: 63%

Note: 2011 FPL levels: for single, 133% = $14,440
• Compression of rates, and higher risk will generally increase premium rates
• Group dumping to exchange
• Penalty for uninsureds
• Large deductibles and cost-shares
<table>
<thead>
<tr>
<th>COST-SHARING CATEGORY</th>
<th>DEDUCTIBLE</th>
<th>PRIMARY CARE VISIT*</th>
<th>SPECIALIST VISIT*</th>
<th>ANNUAL CAP ON OUT-OF-POCKET COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>$5,081</td>
<td>30%</td>
<td>30%</td>
<td>$6,267</td>
</tr>
<tr>
<td>Silver</td>
<td>$2,907</td>
<td>$32</td>
<td>$56</td>
<td>$5,730</td>
</tr>
<tr>
<td>Gold</td>
<td>$1,277</td>
<td>$24</td>
<td>$46</td>
<td>$4,081</td>
</tr>
<tr>
<td>Platinum</td>
<td>$347</td>
<td>$16</td>
<td>$30</td>
<td>$1,855</td>
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</tbody>
</table>
- More insured patients
- Steerage to in-state facilities
- Where is my DSH?
- More stringent administrative requirements
- Retroactive denials
- Narrow networks
- Unknown players in the market
• More insured individuals
• Medicaid primary care allowances increased
• Preventive services at 100%
• SGR still on the table??
• Unknown players in the market
• Large patient cost-sharing
• Larger insured marketplace
• Risk adjusters

• MLR minimums
• Unknown mix of risk
• Changing market dynamics
THE 3 R’S

• REINSURANCE
• RISK CORRIDOR
• RISK ADJUSTMENT
### Composition of Kentucky health insurance market, 2010 and 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Uninsured</td>
<td>638</td>
<td>668</td>
<td>+30</td>
</tr>
<tr>
<td>Individual</td>
<td>146</td>
<td>129</td>
<td>-17</td>
</tr>
<tr>
<td>Medicare</td>
<td>716</td>
<td>796</td>
<td>+80</td>
</tr>
<tr>
<td>Medicaid</td>
<td>612</td>
<td>596</td>
<td>-16</td>
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<tr>
<td>Small Group¹</td>
<td>178</td>
<td>165</td>
<td>-13</td>
</tr>
<tr>
<td>Large Group / ASD²</td>
<td>2,002</td>
<td>1,900</td>
<td>-54</td>
</tr>
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UPDATES