



# Health Insurance Exchange Plan Management

Exchange Plan Management, the  
NAIC and SERFF:  
Learning How the Pieces Fit

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# Health Insurance Exchange Plan Management – Forum #1

- When, Where, Who
  - Nov. 1, 2011
  - National Harbor, MD
  - 100 regulators from 30 states; CMS/CCIIO staff



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# Health Insurance Exchange Plan Management – Forum #1



- Outcomes
  - Request for briefing sessions
  - Enlist participation from non-insurance regulators
  - Need to define Plan Management
  - Evaluate state insurance department needs
  - Background on NAIC role in assisting state insurance regulators



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# Health Insurance Exchange Plan Management

- Today's Briefing
  - Targeted towards Health Insurance Exchange planners (non-insurance regulator)
  - NAIC background and support role for state insurance regulators

*Kelly McCumber, NAIC Product Specialist II*



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# NAIC History

- The NAIC was established in 1871
- The U.S. standard-setting and regulatory support organization
- Governed by chief insurance regulators from 50 states, D.C. and five U.S. territories



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# NAIC & State Regulators



- Establish standards and best practices
- Conduct peer review
- Coordinate regulatory oversight



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# NAIC Offices

- New York (Securities Valuation Office)
  - District of Columbia (Executive Headquarters)
  - Kansas City (Central Office)
- 
- All locations support the efforts of state insurance regulators
  - Represent the collective views of state regulators
  - Form the national system of state-based insurance regulation in the US



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# NAIC Members



- Elected or appointed state government officials
- Regulate the conduct of insurance companies and agents



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# NAIC Mission

- Assist state insurance regulators, individually and collectively in:
  - Serving the public interest
  - Promoting competitive markets
  - Consumer protection
  - Financial solvency of insurance institutions



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# NAIC Support



- Work with the insurance commissioners and insurance department staff as they develop regulatory policy
- Provide numerous technology solutions to automate and streamline the regulatory process



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# Key Premises in Exchange Development

- States will continue to regulate health insurance or play a key role in product review/approval and/or consumer assistance
- Exchange solutions should minimize the regulatory burden
- State insurance regulators wish to use existing information technology investments vs. building new ones



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# NAIC's Electronic Support



- 30 years of software development
- Data repositories across all jurisdictions
- The NAIC provides many tools to allow states to make the most of their resources
- Electronic processing for uniformity and efficiency standards



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# SERFF History

- A product of the NAIC
- Developed in 1998
- Key component in establishing uniformity and speed-to-market in the insurance industry
- Used by 51 state jurisdictions to review and approve industry rate and form filings



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# Federal Government & Insurance Regulation



- McCarran-Ferguson Law
- Health care reform is established on a federal level, but the states must bring about the reform
- Federal government has never regulated the individual and small group markets



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# NAIC and Insurance Regulation



- The NAIC has collective membership expertise in the individual and small group markets
- Uniquely positioned to have a key role in the major health care overhaul
- The NAIC has been a constant for over 140 years
- The NAIC support offices are a major contributor in the forum of health care reform



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# NAIC and Health Care Reform



- More than two dozen mentions in the federal law
- 10 provisions give the NAIC responsibility or asks for assistance
- The NAIC's efforts are recognized by the law and intended to be leveraged in order to bring about health care reform





# Health Care Reform



- Federal law *does* require:
  - Individuals to have health insurance
  - Employers assist with the public costs if they don't offer insurance to their employees
  - Protections for children and high-risk individuals
- Federal law *does not* change the role of state insurance regulation



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# State Responsibilities in Health Care Reform

- Federal law:
  - Relies on states to continue to exercise their authority
  - Allows states to operate the exchanges
  - Ensures that consumers have clear options
  - Enables states to regulate insurance with the support and resources of the NAIC





# Health Insurance Exchanges



- Key component in health care reform
- Expected to provide consumers better access to health care choices
- Requires the coordination of multiple state and federal agencies

**The reason we're talking to YOU today!**



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# Learning How the Pieces Fit

- Exchanges have five components:
  - Eligibility
  - Enrollment
  - Plan Management
  - Consumer Assistance
  - Financial Management
- Our focus is on Plan Management



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## Health Insurance Exchanges, the NAIC and SERFF: Learning How the Pieces Fit



- The NAIC has been approached by a number of states to assist in the coordination of state exchange efforts
- States want to preserve and promote the states' role as an insurance regulator in the exchanges



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## Health Insurance Exchanges, the NAIC and SERFF: Learning How the Pieces Fit



- States can choose to:
  - Establish their own exchange
  - Adopt a partnership model
  - Utilize federal fallback
- Responsibility to regulate insurance plans remains with state insurance departments





# Learning How the Pieces Fit



- Leverage existing systems for speed
  - Reduces development time and costs
  - Minimizes the cost and effort to retool existing systems
  - Reduces the learning curves for training
  - Saves time and money



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# Plan Management Business Processes



- Establish and Certify the Issuer
- Certify the Plan
- Handle Authorization and Renewal Processes
- Assign Quality Ratings
- Collect, Analyze and Monitor Rates and Benefits



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## Plan Management Business Processes



- Provide Issuer Monitoring and Oversight
- Establish Issuer Education, Outreach and Online Help
- Evaluate Provider Network Adequacy
- Develop Formularies
- Release the Plan(s) into the Marketplace
- Perform Data Quality Analysis



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## Plan Management Business Processes



- State insurance regulators may choose to participate in all of these pieces of Plan Management
- Many of these functions are already managed or required by state insurance departments on some level
- Exchange regulations add new complexity to the process



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# Plan Management Business Processes



- Establish and Certify the Issuer:
  - Ensuring the issuer is licensed to do business and is in good standing with the states
- Certifying the Plan:
  - In most states this involves the process of reviewing the rates and forms submitted by the issuer



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# Plan Management Business Processes



- Authorization and Renewal Process:
  - Recycling of the business process for future periods
- Assigning Plan Quality Ratings:
  - New process for insurance regulators
  - CCIIO has not determined the criteria to date
  - Uncertain as to who is responsible for evaluation



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# Plan Management Business Processes

- Collecting/Analyzing/Monitoring Rate Data:
  - Already handled by the insurance departments
  - Includes maintaining the operational data of the issuers and their plans
- Ensuring Compliance within the Market
  - Responsibility may be expanded or specific limitations or requirements may be imposed by the federal government
  - Insurance department currently monitors market conduct



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# Plan Management Business Processes

- Establishing Education and Outreach:
  - Currently a state function
- Assessing Network Provider Adequacy and Developing Formularies:
  - Often supported by third parties
- Releasing the Plan in the Marketplace:
  - May involve data from many disparate sources



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# SERFF & Insurance Regulation



- Used by insurance carriers and states since 1998
- Provides a single tool used by 49 states, DC and 1 territory
- Used by over 3,400 companies



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# SERFF & Insurance Regulation



- Streamlines the filing and review process
- Promotes speed-to-market and uniformity throughout the industry
- 27 jurisdictions mandate the use of SERFF for all rate and form filings
- Two million filings in the past 4 years



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# Premium Review Grants



- SERFF was modified to collect carrier data, specific to the rate review requirements
- Allows states to review and submit data to HHS quarterly and annually
- NAIC staff worked with CClO staff to ensure SERFF could meet the data needs for the states



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# SERFF & HHS



- Integration between SERFF and HIOS lets the states submit data to CCIO via SERFF
- The NAIC is currently working on system modifications to support the Premium Rate Review Grant Cycle II requirements



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# NAIC – SERFF – Plan Management



- Many states have expressed their interest in using SERFF for Plan Management
- Much of the necessary data is currently collected in SERFF
- There is widespread support for using SERFF for exchange Plan Management



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# NAIC – SERFF – Plan Management

1. Establish and Certify the Issuer
2. **Certify the Plan**
3. **Handle Authorization/Renewal Processes**
4. Assign Quality Ratings
5. **Collect/Analyze/Monitoring Rates & Benefits**
6. **Provide Issuer Monitoring and Oversight**

7. Establish Issuer Education/Outreach/Online Help
8. Evaluate Provider Network Adequacy
9. Develop Formularies
10. Release the Plan in the Marketplace
11. Perform Data Quality Analysis

**Core functionality currently managed via SERFF.**



# NAIC – SERFF – Plan Management

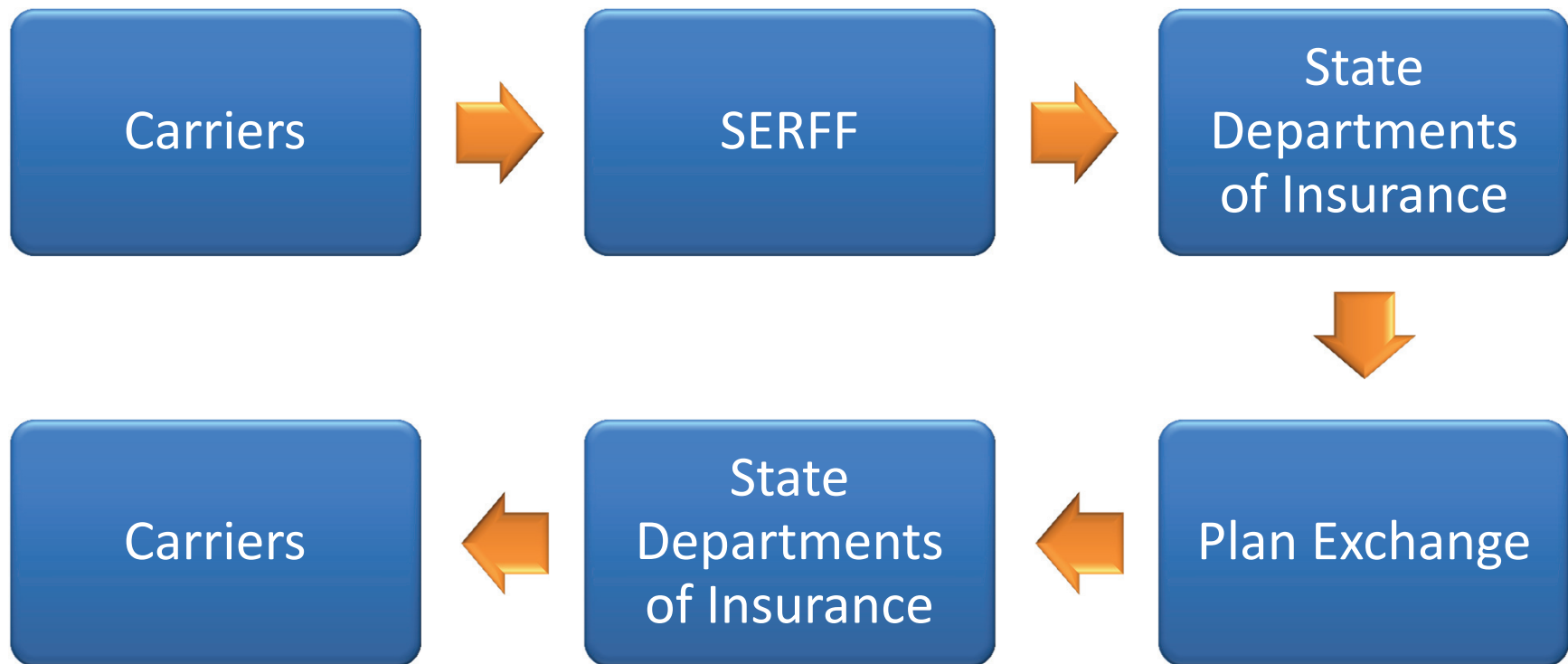
1. **Establish and Certify the Issuer**
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7. Establish Issuer Education/Outreach/Online Help
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10. Release the Plan in the Marketplace
11. Perform Data Quality Analysis

**Core functionality that could be managed via SERFF.**



# Flow of Information to and from the Plan Exchange



# NAIC – SERFF – Plan Management

- NAIC Web services allow SERFF to “talk” to:
  - State applications
  - Vendor products
  - HIOS
- These Web services can be enhanced to communicate with other exchange-collaborating systems



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# NAIC – SERFF – Plan Management

- Working with vendors to establish a data standard for Plan Management
- Data standard would allow any system approved by the exchange governing body to
  - Submit data with confidence
  - Pass data to other applications with confidence



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# Health Plan Management Forum



- Three-day forum held in DC
- Scheduled December 12 – 14, 2011
- Hyatt Regency Crystal City, near Ronald Reagan Washington National Airport
- For more information, contact Terri Hiebert at [thiebert@naic.org](mailto:thiebert@naic.org).



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