



Affordable Care Act Health Insurance Exchanges Nov. 19, 2012 (updated July 23, 2013)

On June 28, 2012 the U.S. Supreme Court ruled that the Affordable Care Act (ACA) was constitutional. Consequently all insurance provisions in the ACA remain.

Health insurance exchange in Oklahoma

Currently there is no “health insurance exchange” authorized in Oklahoma. If a *state-based* exchange is not authorized, the federal government will implement an exchange in that state. In 2011, Oklahoma was awarded a \$54 million Early Innovator Grant from the federal government to assist our state’s efforts in setting up a health insurance exchange. The grant was awarded in recognition of the state’s continuing efforts to address the uninsured. The grant was rejected by state officials.

Legislative leaders made several attempts to advance exchange legislation, but without success as of the 2012 adjournment of the state Legislature. The Oklahoma Hospital Association is a member of a coalition of more than 40 organizations representing business, health care, insurance and community leaders urging the state to set up an Oklahoma-based health insurance exchange.

On November 19, 2012, Governor Fallin announced that Oklahoma will not pursue the creation of a state-based exchange and will not participate in Medicaid Expansion.

What is a health insurance exchange?

- A Health Insurance Exchange is a new organization administered by a government agency or non-profit organization set up to organize information and facilitate decisions about purchasing health insurance for small business and qualifying for assistance for individuals who do not currently have health insurance. Information will include a choice of different health plans and information to help consumers understand what is offered and affordable.
- Insurers will still be able to sell insurance to individuals and small businesses outside of the exchange. However, premium tax credits and cost-sharing subsidies will only be available through the exchange.
- Each state is authorized to set up an exchange through which individuals can purchase insurance. Through the exchange, federal subsidies will be available on a sliding fee scale for individuals and families with incomes between 100 and 400 percent of the current federal poverty level.*

- Beginning in 2014, exchanges will primarily serve individuals buying insurance on their own. In addition, small businesses with up to 100 employees may participate in a Small Business Health Options Program (SHOP) Exchange. In 2017, states may permit businesses with more than 100 employees to purchase coverage.
- Employers with fewer than 50 employees are exempt from new employer responsibility policies. They don't have to pay an assessment if their employees get tax credits through an exchange. (See OHA backgrounder on *Affordable Care Act - Employer Provisions.*) *Employer provisions for employers with more than 50 employees delayed until Jan. 1, 2015.*
- States must demonstrate that they can run their exchange by Jan. 1, 2013, so they can be operational in 2014.
- HHS announced on June 30, 2012, that additional funding will be available to assist states as they work with individuals and small businesses with one-stop shops to find, compare and purchase health insurance through an Exchange.
- If a state does not authorize a state-based exchange, a federally-run exchange will be responsible for not only selling insurance, but also determining eligibility for the various programs, including Medicaid.
- A third option for an exchange is a state-federal partnership exchange. The Office of Consumer Information and Insurance Oversight released a guideline document for states that opt for this method.
- Oklahoma is compliant with the ACA provisions regarding rate review and external review and grievance procedures. In 2011, *HB 2072 (Brown/Key)*, was enacted, which is model legislation recommended by the National Association of Insurance Commissioners (NAIC) to follow direction in the ACA.

For more information on Health Insurance Exchanges go to www.HealthCare.gov or the Kaiser Family Foundation at Healthreform.kff.org.

*For more information on the Federal Poverty Level (FPL), see <http://bit.ly/NA03P5>.

The Oklahoma Hospital Association has prepared Fact Sheets on numerous topics related to the ACA of interest to hospitals. The Fact Sheets may be accessed at www.okoha.com/aca.