

# Affordable Care Act Implementation

## Health Insurance Exchanges

The Affordable Care Act (ACA) depends on states to establish Health Insurance "Exchanges," which are virtual marketplaces intended to make it easier for individuals and small employers to shop for, compare, and enroll in health insurance coverage.

Individuals and certain businesses (100 or fewer employees) can purchase health insurance coverage through exchanges beginning in 2014<sup>1</sup>.

States will establish both an individual exchange (Exchange) and a small business exchange (SHOP Exchange)

OR

The federal government will establish a default exchange or hybrid federal-state exchange

OR

Private exchanges may also be available for employers of all sizes.

Some states may combine the individual Exchange and SHOP Exchange, though these markets are quite different.

Coverage offered in the Exchange and SHOP Exchange (and surrounding small group insurance market) will be based on the state-selected essential health benefits coverage benchmark plan.

Insurance premiums and out-of-pocket responsibility are varied along a "metal" scale: Platinum, Gold, Silver, and Bronze. For example, Platinum coverage will have the most expensive insurance premium but the least amount of out-of-pocket financial responsibility.

Individuals and small businesses<sup>2</sup> can select from a variety of competing carriers<sup>3</sup> and plans offering different levels of coverage. In most states, health insurance coverage will continue to be available outside of the Exchange. Individuals and businesses may continue to use agents and brokers to assist them with their health plans. ACA "navigators" will also facilitate outreach and enrollment in the Exchange.

- 1) States may elect to limit SHOP to 1-50 lives. States may open Exchanges to large group market (100 plus employees) in 2017. Exchange enrollment begins in fall 2013.
- 2) States may select whether employer groups will remain intact in the SHOP or whether individual employees will make selections that may cost more or less than the employer contribution.
- 3) Some states will encourage greater competition by allowing more insurance companies to participate in the Exchange. Other states may seek to limit competition.