



Kansas Health Policy Authority
Small Business Health Insurance
All Stakeholder Meeting

October 14, 2008

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Objectives for Today

Today's Discussion:

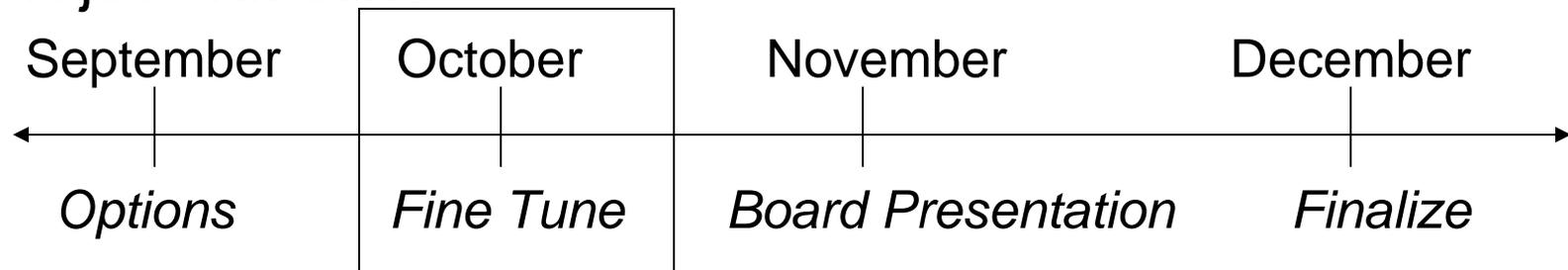
- Review Purpose of Meeting and Timeline
- Discuss Structure of Uninsured Marketplace
- Background on Small Business Marketplace
- Describe Opportunities for Reform
- Present Results of Reforms Modeled
- Next Steps

Purpose and Timeline

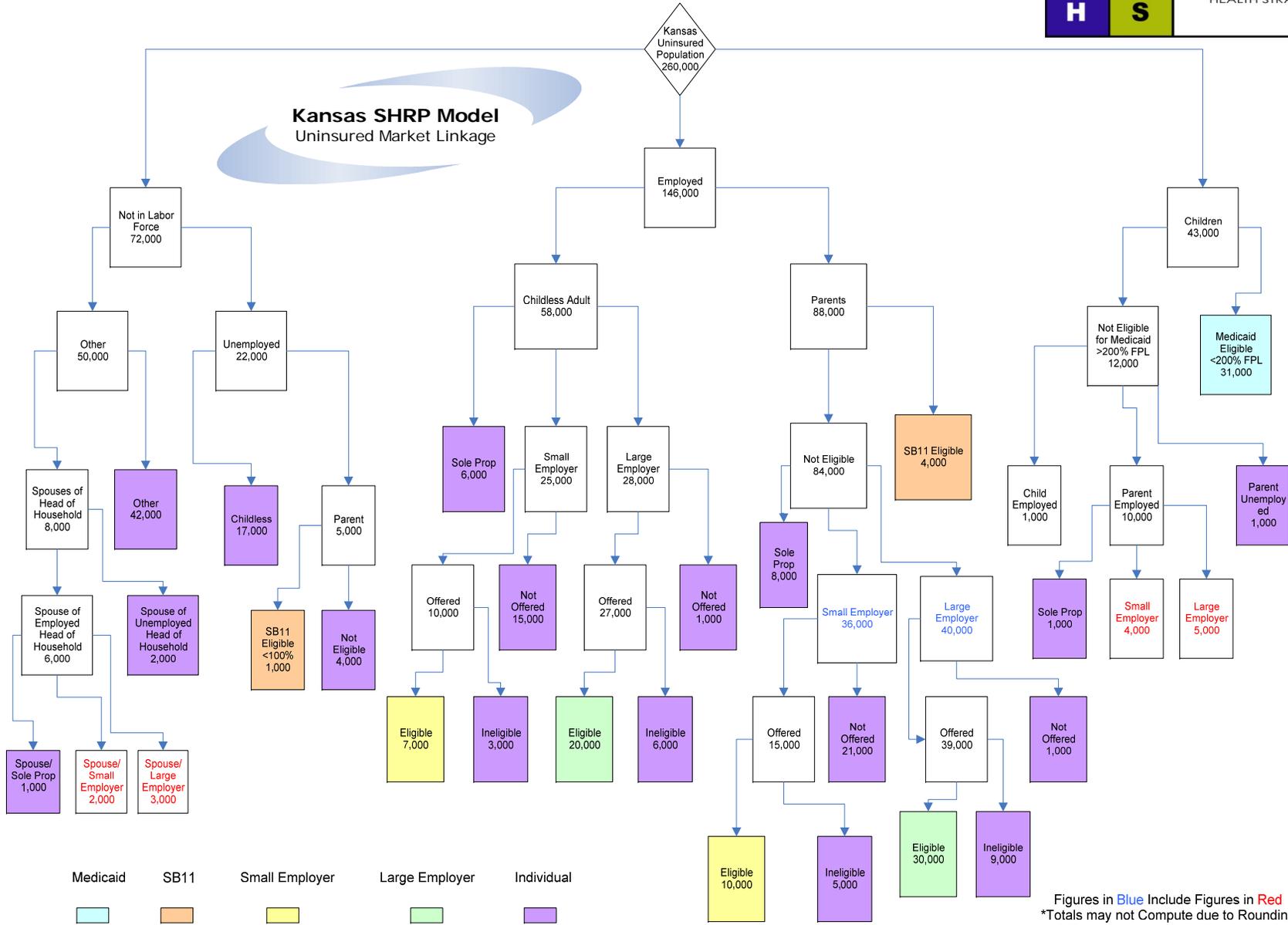
Purpose

- Goal(s)
- Target Population(s)
- Outcome(s)
- Deliverable(s)

Project Timeline



Kansas SHRP Model Uninsured Market Linkage



Background on Small Business Marketplace

Kansas' Small Business Marketplace:

1. Insured Market (Adults)
 - 2-50 Employees = 235,000 total lives
 - Under 200% FPL = 26,000 total lives
2. Insurance Regulations
 - Rate Banding = +/- 25%
 - Medical Underwriting = Allowed
 - Pre-Existing = 6-mth look-back/3-mth exclusionary
 - Community Rating = No
3. Uninsured Market (Adults Linked to Small Employers)
 - 2-50 Employees = 103,000 total lives
 - Under 200% FPL = 48,000 total lives

Opportunities for Reform

Small Business Reforms typically Target 4 Major Areas:

1. Regulation – Review Small Group Insurance Market Laws and/or Structure
 - Laws - Rating Bands, Community Rating
 - Administration – Connector/Exchange
2. Affordability – Improve thru Targeted Intervention
 - Stability – Reinsurance, Hi-Risk Pools
 - Funding – Tax Credits, Subsidized Reinsurance
3. Plan Design – Develop Targeted Products
 - Benefits – Change Benefits Structure (Mini-Med/HSA)
 - Populations – Young Adult Populations/Plans (YAPs)
4. Education/Outreach
 - *TBD*

Reforms Modeled – Affordability: Reinsurance

Option	Subsidization Level
Option 1a	State Subsidizes 90% of claims cost between \$25 – \$100k
Option 2a	State Subsidizes 90% of claims cost between \$10 – \$100k
Option 3a	State Subsidizes 100% of claims cost over \$150k
Option 4a	State Subsidizes 100% of claims cost over \$200k

Option	Subsidization Level
Option 1b	State Subsidizes 50% of claims cost between \$25 – \$100k
Option 2b	State Subsidizes 50% of claims cost between \$10 – \$100k
Option 3b	State Subsidizes 50% of claims cost over \$150k
Option 4b	State Subsidizes 50% of claims cost over \$200k

Reforms Modeled – Affordability: Reinsurance

Full* Subsidization thru Reinsurance for Small Group:

Reinsurance Cost	State Subsidization	Employer	State	New Enrollees
Option 1a	\$89,131,000	10%	90%	17,000
Option 2a	\$140,402,000	10%	90%	27,000
Option 3a	\$29,937,000	0%	100%	6,000
Option 4a	\$21,070,000	0%	100%	4,000

Full at lower claims amounts = 90% to retain some portion of claims management responsibility

Partial Subsidization thru Reinsurance for Small Group:

Reinsurance Cost	State Subsidization	Employer	State	New Enrollees
Option 1b	\$49,517,000	50%	50%	9,000
Option 2b	\$78,001,000	50%	50%	15,000
Option 3b	\$14,968,000	50%	50%	3,000
Option 4b	\$10,535,000	50%	50%	2,000

Reforms Modeled – Plan Design: Mini-Med

Small Employer Mini-Med Benefits Modeled:

Benefit	Limit (for a 12 month period)	Cost Share
Doctor Visits	12 visits	
<ul style="list-style-type: none"> • PCP 		\$15 Co-pay
<ul style="list-style-type: none"> • Specialist 		\$25 Co-pay
Prescription Drugs	Generic Only \$2,000 maximum	\$10 Co-pay
Inpatient	\$15,000 maximum	\$100 Co-pay
Emergency Room	2 visits	\$50 Co-pay
Outpatient Surgery	1 visit	\$25 Co-pay
Outpatient Other (Includes Lab/Radiology and PT/ST/OT services)	4 services	\$25 Co-pay
DME	\$1,000 Limit	\$0 Co-pay
Maximum Annual Benefit	\$25,000	

Reforms Modeled – Plan Design: Mini-Med

Cost and Enrollment of Mini-Med Program:

		Distribution of Cost by Funding Source		
		1/3 State	1/3 Employer	1/3 Employee
New Enrollment Due to Mini-Med	~11,000			
Total Cost	\$22,085,000	\$ 7,362,000	\$7,362,000	\$7,362,000
New Mini-Med Premium	~\$165	~\$55	~\$55	~\$55



Next Steps

Outcome of Today's Meeting:

- Fine-Tune Models based on Committee's Feedback
- Prepare for Board Presentation of Committee's Recommendations