



COLORADO  
**HEALTH  
BENEFIT**  
EXCHANGE

## Health Plan Advisory Group: Carrier Participation and Waiting Periods

November 26<sup>th</sup>, 2012



- **Essential Question:** How should COHBE use waiting periods to encourage participation and discourage frequent entrance and exit in the Exchange market?
- Initial background was provided to the board on November 12th, 2012.
- The board asked the HP Advisory Group to further evaluate waiting periods based on the first year vs. subsequent years and further define their views on licensure and certification.
- Scenarios have been categorized into two groups 1) 2014 participation and 2) post-2014 participation.



# Licensure and Certification

*In order to sell on the Exchange, a carrier must be licensed and certified*

**1) Licensed to sell in Colorado**

*Current market requirements*

**2) a. Certification Part 1: DOI QHP Review, etc.**

*Modified / new per ACA requirements*












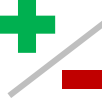
**2) b. Certification Part 2: Exchange Certification**

*New per ACA requirements*



# 2014 Participation Scenarios

Carrier participation on the Exchange in 2014 is dependent on licensure and certification

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
1) Licensed to sell in Colorado				
2) a. Certification Part 1: DOI Rate Review, etc.				
2) b. Certification Part 2: Exchange Certification				
<i>Will the carrier be able to participate on the Exchange ?</i>	No	Yes	No	<i>Pending completion of 2a and 2b</i>



## Scenario #1: Carrier that is new to Colorado in 2014 and is *not licensed*

1) Licensed to sell in Colorado	<input type="checkbox"/>
2) a. Certification Part 1: DOI Rate Review, etc.	<input type="checkbox"/>
2) b. Certification Part 2: Exchange Certification	<input type="checkbox"/>
<i>Will the carrier be able to participate on the Exchange ?</i>	
No	

- Carriers new to Colorado in 2014 or beyond are by definition, not licensed upon arrival.
- If the carrier obtains licensure and certification, they should be able to participate in the Exchange without any waiting period.
- This ensures that Colorado can attract new carriers without any detrimental waiting period for new entrants.

**Recommendation:** No waiting periods are recommended.

**Vote:** Unanimous support for the recommendation.



## Scenario #2: Carrier *licensed* to sell in Colorado and participates in the Exchange in 2014

1) Licensed to sell in Colorado	+
2) a. Certification Part 1: DOI Rate Review, etc.	+
2) b. Certification Part 2: Exchange Certification	+
<i>Will the carrier be able to participate on the Exchange ?</i>	Yes




- If a licensed carrier becomes certified and participates in the Exchange in 2014, then waiting periods are NOT applicable to the first year of participation.

**Recommendation:** Waiting periods are not applicable in this scenario.

**Vote:** Unanimous support for the recommendation.



# Scenario #3: Carrier *licensed* to sell in Colorado and *chooses* not to participate in the Exchange in 2014

1) Licensed to sell in Colorado	
2) a. Certification Part 1: DOI Rate Review, etc.	
2) b. Certification Part 2: Exchange Certification	
<i>Will the carrier be able to participate on the Exchange?</i>	No

## **Advisory Group Discussion Points:**

- This includes any licensed carrier that decides to avoid certification in 2014. Should COHBE institute a waiting period to encourage participation in 2014?
  - The goal is for there to be a robust marketplace.
  - A waiting period does not necessarily foster a competitive marketplace; a long waiting period may result in a light Exchange market for several years.
  - There may be justifiable business reasons why a carrier may not enter the market.
- It will be difficult to delineate whether or not a carrier is legitimately trying to participate (Scenario #4) or actively choosing not to participate in the Exchange (Scenario #3).
  - Incentives were considered as an alternative to a waiting period including those that may impact financial sustainability. The HP AG agreed to table the conversation of incentives for this discussion.
  - In any case, an appeals process should be available to enable an alternate way for carriers to enter the Exchange prior to the end of any waiting period.



**Scenario #3:** Carrier *licensed* to sell in Colorado and *chooses* not to participate in the Exchange in 2014

	2014	2015	2016	2017	HP AG Votes
No Waiting Period	Choose not to participate in 2014	Eligible to participate			11
1 Year Waiting Period		Waiting Period	Eligible to Participate		7
2 Year Waiting Period		Waiting Period		Eligible to Participate	0

**Vote:**

**No waiting period: 11 votes**

**1 year waiting period: 7 votes**




**2 year waiting period: 0 votes**

- Votes across carrier representatives were mixed.
- Votes across consumer advocacy groups were mixed.





## Scenario #4: Carrier *licensed* to sell in Colorado and *tries to participate* in 2014 but cannot due to an IT, certification, or DOI hurdle.

1) Licensed to sell in Colorado	
2) a. Certification Part 1: DOI Rate Review, etc.	
2) b. Certification Part 2: Exchange Certification	
<i>Will the carrier be able to participate on the Exchange?</i>	<i>Pending completion of 2a and 2b</i>

### **Advisory Group Discussion Points:**

- There are multiple reasons why a carrier may not be able to complete certification prior to 2014 including business, certification (e.g., rate review), and IT constraints.
  - The timeline to complete product development and carrier certification to participate in 2014 is aggressive.
  - Additional regulations were recently released which carriers are dependent on in order to design plans.
  - A rigorous appeals process should be available to enable an alternate way for carriers to enter the Exchange prior to the end of any waiting period.
- It will be difficult to delineate whether or not a carrier is legitimately trying to participate (Scenario #4) or actively choosing not to participate in the Exchange (Scenario #3). Establishing different criteria may force the Exchange to make a difficult judgment call on a carrier's preparation efforts.

**Scenario #4:** Carrier *licensed* to sell in Colorado and *tries to participate* in 2014 but cannot due to an IT, certification, or DOI hurdle.

	2014	2015	2016	2017	HP AG Votes
No Waiting Period	Cannot fulfill certification, DOI, or IT requirements.	Eligible to participate			13
1 Year Waiting Period		Waiting Period	Eligible to Participate		5
2 Year Waiting Period		Waiting Period		Eligible to Participate	0

**Vote:**

**No waiting period: 13 votes**

**1 year waiting period: 5 votes**

**2 year waiting period: 0 votes**

- Two advisory group members switched from voting for a one year waiting period in Scenario #3 to no waiting period in Scenario #4.
- This switch in vote reflects the desire to not punish carriers that are making a good faith effort to participate in 2014 but are not able to make the deadlines.
- Votes across carrier representatives were mixed.
- Votes across consumer advocacy groups were mixed.



# Post-2014 Participation Scenarios

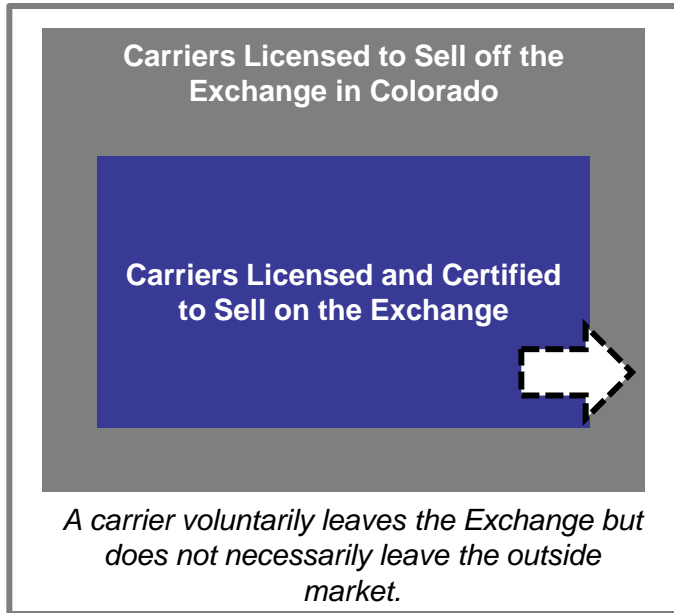
Carriers Licensed to Sell off the Exchange in Colorado

Carriers Licensed and Certified to Sell on the Exchange



- Carriers certified to sell on the Exchange are a subset of the carriers licensed in Colorado.
- State law requires carriers to be licensed by market segment. If a carrier leaves a Colorado market segment, the carrier may not re-enter the market segment for 5 years.
- **Essential Question:** If a carrier that is currently participating on the Exchange leaves the Exchange, should there be a waiting period to re-enter the Exchange market, similar to the current market requirements?

## Scenario #5: An active Exchange carrier, licensed and certified, *voluntarily leaves* the Exchange.



### **Advisory Group Discussion Points:**

- The Exchange should protect itself against churn in the market.
  - A waiting period for exiting the Exchange market after 2014 should be more harsh than for not participation in 2014.
  - When a carrier leaves the Exchange, it will put a number of consumers in a difficult position of finding new coverage and may impact continuity of care.
  - A determination of whether or not the departure was voluntary or involuntary may be subjective.
- 
- There was a general sentiment that the Exchange should not delineate between voluntary and involuntary departure from the Exchange. A determination of whether or not the departure was voluntary may be subjective.
  - A rigorous appeals process should be available to enable an alternate way for carriers to enter the Exchange prior to the end of any waiting period.

## Scenario #5: An active Exchange carrier, licensed and certified, *voluntarily leaves* the Exchange.

	2014	2015	2016	2017	2018	2019	2020	HP AG Votes	
No Waiting Period	Participates in the Exchange	Leaves the Exchange	Eligible to Participate					1	
1 Year Waiting Period			Waiting Period	Eligible to Participate					4
2 Year Waiting Period			Waiting Period	Waiting Period	Eligible to Participate				9
3 Year Waiting Period			Waiting Period	Waiting Period	Waiting Period	Eligible to Participate			3
4 Year Waiting Period			Waiting Period	Waiting Period	Waiting Period	Waiting Period	Eligible to Participate		1

### Vote:

No waiting period: 1

1 year waiting period: 4

2 year waiting period: 9

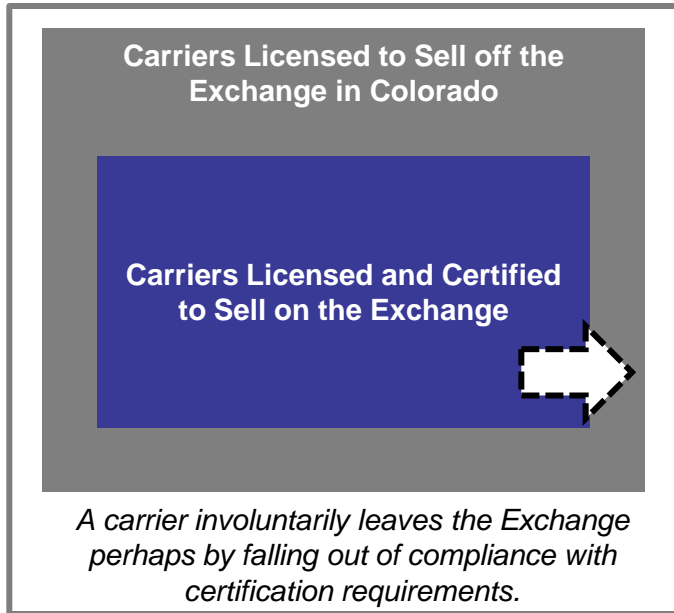
3 year waiting period: 3

4 year waiting period: 1

- All carrier representatives voted for shorter waiting periods
- All consumer advocacy groups voted for longer waiting periods



## Scenario #6: An active Exchange carrier, licensed and certified, *involuntarily leaves* the Exchange.



### **Advisory Group Discussion Points:**

- An involuntary departure from the Exchange may be as a result of falling out of compliance with certification requirements.
- While the reason for departing the Exchange may be different, there was a general sentiment that the Exchange should not need to delineate between voluntary and involuntary departure from the Exchange.
- A rigorous appeals process should be available to enable an alternate way for carriers to enter the Exchange prior to the end of any waiting period.

**Scenario #6:** An active Exchange carrier, licensed and certified, *involuntarily leaves* the Exchange.

	2014	2015	2016	2017	2018	2019	2020	HP AG Votes
No Waiting Period	Participates in the Exchange	Leaves the Exchange due to Cert. / License Issue	Eligible to Participate					1
1 Year Waiting Period			Waiting Period	Eligible to Participate				4
2 Year Waiting Period			Waiting Period	Waiting Period	Eligible to Participate			7
3 Year Waiting Period			Waiting Period	Waiting Period	Waiting Period	Eligible to Participate		3
4 Year Waiting Period			Waiting Period	Waiting Period	Waiting Period	Waiting Period	Eligible to Participate	1

**Vote:**

- No waiting period: 1
- 1 year waiting period: 4
- 2 year waiting period: 7
- 3 year waiting period: 3
- 4 year waiting period: 1

– Two representatives from carriers voted for a 2 year waiting period for *voluntary* departure (Scenario #5) but believe the waiting period for an *involuntary* departure should be less than 2 year.



# APPENDIX





## Licensure vs. Certification

- **Licensure:** In order to sell health insurance in Colorado, a carrier must be licensed with the Division of Insurance. The licensure process is outlined in various sections of Title 10 of the Colorado Revised Statutes. If compliant with Colorado's laws and rules, a carrier will obtain a "certificate of authority to do business" and may go forth selling insurance products. Licenses are specific to a particular line of business: individual, small group, etc. *All carriers must have a license in order to sell inside or outside of the Exchange.*
- **Certification:** In order to sell health insurance in the Exchange, the Exchange must certify a carrier. The certification process covers several different requirements (e.g., licensure, accreditation, network adequacy, rate review etc.) that carriers must meet. *Thus, a carrier must be licensed and certified to sell in the Exchange, however non-certified carriers can sell outside the Exchange.*

*Licensure is a component of certification. An Exchange certified carrier can sell off and on the Exchange but a licensed carrier may not be certified to sell on the Exchange.*



- The recommended waiting period appeals process should be a standalone process, as opposed to being tied to a certification appeals process. To ensure carriers have a fair hearing, the appeals board should be small, yet diverse. For example, a five-member appeals board could make sound decisions effectively. If the Board comprised of two COHBE Board members (say the chair and vice-chair), and three COHBE staff members (say the CEO, CFO, COO), the appeals Board would have a good knowledge of the day-to-day operational issues that led to the appeal request (e.g., an IT barrier). This would also allow COHBE to remain accountable to the public process that has helped establish the Exchange.

