

PROJECT HISTORY

AMERICAN HEALTH BENEFIT EXCHANGE MODEL ACT

1. Description of the Project, Issues Addressed, etc.

In March, following the NAIC Spring National Meeting, the NAIC established the Exchanges Subgroup under the Health Insurance and Managed Care Committee. The purpose of the provisions of section 1321 of the Patient Protection and Affordable Care Act (PPACA). Section 1321 of PPACA provides that the Secretary of the U.S. Department of Health and Human Services, in consultation with the NAIC and its members and with health insurance issuers, consumer organizations, and such other individuals as the Secretary selects in a manner designed to ensure balanced representation among interested parties, issue regulations setting standards for: 1) the establishment and operation of Exchanges, including SHOP Exchanges; 2) the offering of qualified health plan through the Exchanges; 3) the establishment of the reinsurance and risk adjustment program; and 4) such other requirements as the Secretary determines appropriate.

As provided in section 1311(b) of PPACA, a state elects to establish an exchange, the exchange must be established and operational no later than Jan. 1, 2014. Section 1321 of PPACA requires the Secretary of the U.S. Department of Health and Human Services to make a determination on or before Jan. 1, 2014, whether any state that elects to establish an exchange has taken the actions the Secretary considers necessary to have the exchange operational by Jan. 1, 2014.

At the NAIC Summer National Meeting, in August, to assist those states electing to establish an exchange, the Exchanges Subgroup decided to develop a model act that would reflect the minimum essential provisions of PPACA for establishing an exchange. The model act was adopted by the Exchanges Subgroup and the Health Insurance and Managed Care Committee in November. It outlines the essential duties and functions of an exchange as provided in section 1311 of PPACA. The model act does not include provisions PPACA provides state flexibility, such as in the structure and operation of an exchange. The Exchanges Subgroup anticipates developing issue briefs for some of the possible provisions, including governance, funding, role of navigators/insurance producers, regional exchanges, and eligibility and enrollment. The issue briefs would highlight issues that states should consider, but not make any specific recommendations.

Major provisions in the model act include:

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2. Name of Group Responsible for Drafting the Model and States Participating

The Exchanges Subgroup drafted the model act. The members of the Subgroup are: Kansas, Lead Regulator and Illinois, Co-Lead Regulator, Alaska, California, District of Columbia, Florida, Indiana, Kentucky, Maine, Maryland, Massachusetts, Minnesota, Montana, New Hampshire, New Mexico, North Dakota, Oklahoma, Pennsylvania,