



Health Care Reform Resource Guide

State Health Insurance Marketplace (formerly the “Exchange”)

Background

An insurance Marketplace is scheduled to be in operation in each state by October 1, 2013 for coverage to become effective January 1, 2014. The Marketplace is an online market established to allow individuals and small businesses (generally fewer than 100 employees) to purchase health insurance from insurance companies. The Marketplace itself will not issue health insurance; it is simply the framework to bring buyers and sellers together, similar to the aggregation of pricing and options provided by Kayak or Expedia for travel. The goal of the Marketplace under the Affordable Care Act (ACA) is to enable individuals and employers to compare qualified health insurance options in order to find the plan that best meets their needs and budget.

Each state can choose how its Marketplace will operate. A state can establish and administer a Marketplace on its own, allow the federal government to establish and administer the Marketplace on behalf of the state, or partner with the federal government to operate the Marketplace in a joint state/federal basis. The states are currently in various stages of Marketplace implementation.

An insurance plan available for purchase on the Marketplace cannot underwrite an individual based on health status; therefore, an individual cannot be denied coverage, charged a higher premium or be subject to a waiting period or pre-existing condition limitation due to his/her health status. In addition, Marketplace coverage is month-to-month, meaning that coverage can be purchased, terminated and repurchased again without the need to wait for an open enrollment.

Application to WELS VEBA

Marketplace health insurance plans will be categorized into “metallic level” grades based on the value of eligible claims expenses paid by the plan. The chart below identifies how the WELS VEBA health plan options compare with the values and metallic levels of Marketplace plans. Premiums for Marketplace plans will vary by coverage level, benefits and carriers; premium rates have not yet been established.

Marketplace “Metallic” Level	Actuarial Value	WELS VEBA Equivalent
Platinum	90%	None currently
Gold	80%	Plan Option 1: 88.5% Plan Option 2: 82.7%
Silver	70%	Plan Option 3: 73.4% Plan Option 4: 72.1%
Bronze	60%	None currently
Young Invincible	Catastrophic plan for individuals under age 30	None currently

(Over)

Similar to the Marketplace, WELS VEBA does not underwrite on an individual basis. In order to reduce the likelihood of adverse selection (i.e. individuals enrolling for coverage only when significant services are needed), WELS VEBA (and nearly all employer-sponsored health plans) does not permit month-to-month enrollment. In addition, WELS VEBA does not increase premium rates as covered individuals age, while Marketplace plans are permitted to charge higher premiums to individuals based on age ranges.

Resource Links

- Kaiser Foundation state-by-state implementation map: <http://healthreform.kff.org/the-states.aspx>
- Example of a state health insurance exchange in operation: <http://www.mahealthconnector.org>

Contact WELS Benefit Plans

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