



## **Ohio Association of Health Underwriters**

### **Overview of H.B. 456**

- **Creates I-Ohio Reinsurance Program (I-Ohio)**
  - Effective July 1, 2009
  - Superintendent of ODI must: establish (3) categories of individuals that are high insurance risk (i.e. Low-High, Medium-High, High-High)
    - Low-High Risks will be reinsured during the first 2 years of Program.
    - Medium-High Risks will be reinsured in years 3 and 4 of Program.
    - If the Superintendent determines that sufficient funding is available then High-High Risks will be reinsured after year 4 of the Program.
  - Coverage Requirements:
    - Superintendent must establish a basic standard policy including coverage for chronic care.
    - All insurers are required to offer, to eligible individuals, only basic, standard policies reinsured under I-Ohio.
    - Basic, standard policy may cover dependents if dependent is a Low-High, Medium-High, or High-High Risk and/or dependent cannot be covered by an employer sponsored benefit plan and insured earns the primary household income.
  - Eligibility Requirements:
    - Not employed by an employer that offers health insurance coverage.
    - Annual income of less than \$90,000
    - Individual has not been covered by a benefit plan in (6) months, or individual has been declined coverage under a benefit plan, or premiums for individual's most recent health benefit plan exceeded 125% of the average market premium price as determined by the Superintendent.

- Reinsurance Limitations:
  - No reinsurance until individual’s insurance has made \$15,000 in benefit payments for services provided in a calendar year.
  - Reinsurance would then pay 85% of claims cost of individual up to \$50,000 of total claims paid.
  
- Funding:
  - Diverts all insurance premium tax funds from the General Revenue Fund to the Health Insurance Credit Fund credited by the legislation.
  
  - Superintendent is required to:
    - Establish average annual cost to reinsure;
    - Determine total eligible enrollment;
    - Suspend enrollment if total enrollment reported by insurers exceeds eligible enrollment;
    - Suspend enrollment in counties if more than 10% of policies cover individuals who live in a particular county.
  - Superintendent may contract with public or private entities to obtain estimates for number of individuals eligible for coverage and costs of administering and implementing I-Ohio.
  
- I-Ohio Reinsurance Advisor Board
  - Board’s purpose is to study and make reports to the Governor and General Assembly in January and July every year regarding:
    - Implementation of I-Ohio;
    - Impact of high-risk individuals on small group market;
    - Methods for implementing I-Ohio in small group market.
  
- Seven member Board (all 3 year terms)
  - Governor’s appointees (two with health insurance industry backgrounds and one representative of ODI)
  - Speaker of the House’s appointees (one representing small business and one consumer advocate with health care issues background)
  - Senate President’s appointees (one must be an insurance underwriter and one must be a physician)
  - Governor designates one of his appointees as Chairperson of the Board
  - Board must meet at least (4) times annually.

- **Other Provisions**

- **Health Insurance Credit Program**
  - Creates the Health Insurance Credit Program in ODJFS for individuals that meet the following criteria:

- Ohio resident for six months;
  - 18 years or older;
  - Have combined (husband and wife) incomes between 90-100% FPL (from 7/09-7/11) or 90-125% (after 7/11);
  - Have individual income between 65-100% FPL (from 7/09-07/11) or 65-125% (after 7/11);
  - Uninsured six months;
  - Any other criteria established by ODJFS.
- ODJFS shall issue the funding directly to the health insurer indicated on the application submitted by the applicant in the amount of \$4,000 for a husband and wife or \$2,500 for an individual annually to pay for the premium for coverage. Any amount of money in excess of the actual amount of the premium shall be credited to the individual account administered by the health insurer and be used to pay for copayment or deductible amounts.
  - Creates the Health Insurance Credit Advisory Board.
  - ODJFS shall apply for waiver to apply for Medicaid funds towards health insurance credit program.
- **Tax Credits and Deductions**
- Creates a new tax credit of up to \$1,000 per year for medical care paid by taxpayer for insurance – not eligible for anyone eligible for employer coverage.
- **Pharmaceutical Purchasing for Certain Public Employees**
- Require the School Employee’s Healthcare Board to incorporate into the best practices for school districts a requirement to provide pharmacy benefits through the newly created “Office of Pharmaceutical Purchasing Coordination.”
  - Creates the “Office of Pharmaceutical Purchasing Coordination” which shall be responsible for maximizing the purchasing power of Rx benefits for all Medicaid recipients (including Medicaid Managed Care), public employee retirement system, police and fire pension fund, state teachers retirement system, claimants of industrial commission, bureau of workers compensation, public works relief compensation, other compensation funds and school district employees.
  - Provides for an opportunity to petition the office to be excluded from the contract if the group is able to secure lower reimbursement rates for claims.
  - Specifies that the BWC prescription drug system will be established under the Office of Pharmaceutical Purchasing Coordination.

- **Compliance with Ohio Health Reinsurance Program Requirements**
  - Deletes compliance for health benefit plans with 3924.07-3924.14 (Ohio Health Reinsurance Program).
  - Specifies the following criteria the superintendent shall consider when requiring insurers offer proposals to alliance groups:
    - Demonstration by the carrier of a substantial and established market presence;
    - Demonstrated experience in the individual market and history of rating and underwriting individual plans;
    - Commitment to comply with the requirements of Section 3923.58 of the Revised Code;
    - Financial ability to assume and manage the risk of enrolling open enrollment individuals.
  - Deletes option for reinsurance coverage for federally eligible individuals.
  - Deletes references to specific requirements for “federally eligible individuals.”
  - Deletes required offering of the Ohio Health Care Basic and Standard Plans.
  - Deletes the “adjusted average market premium price” for the Ohio health reinsurance program.
  - Deletes definition of Ohio Health Care Plan.
  
- **Dependent Age Limit**
  - Deletes “unmarried” limitation on dependent coverage.
  - Requires that if the limiting age for dependent children specified in the contract, policy, or agreement is less than age 29, the HIC, insurer or public employee benefit plan shall notify the primary policy, contract, agreement holder or plan member 30 days before the dependent reaches the limitation age to offer coverage to the dependent until age 29. (Qualifiers: dependent must be a resident of Ohio or full time student, the dependent nor any spouse is employed by an employer who offers coverage).
  
- **Direct Payment for 911 Services**
  - Requires HICs and sickness and accident insurers to directly reimburse nonparticipating 911 emergency services provider or their billing agent 911 services including transportation resulting from 911 calls an ER physician services.
  - Prohibits a third party payer from refusing to honor an Assignment of Benefits to a physician, physician group, physician partnership or physician professional corporation for emergency physician services regardless of whether a contract exists.
  
- **Prohibit Exclusions for Injuries from Alcohol and Drugs**

- Prohibits a sickness and accident insurer from excluding coverage for injuries sustained while under the influence of alcohol or drugs.
- **Chronic Care Management – Public Employee Plans**
  - Requires every public employee benefit plan to include coverage for Chronic Care Management.
- **Ohio Health Advantage Program**
  - Allows BWC to offer a discount on an employer’s premium to an employer that participates in the Ohio Health Advantage Program.
  - Creates the Ohio Health Advantage Program that provides a 5-20% discount on BWC premiums paid if the employer establishes and maintains a health and wellness program, qualifying health plan, or both, and establishes what programs qualify for the discount.
- **Non-Contracting Hospitals and Medicaid Managed Care**
  - Specifies the reimbursement for non-contracting hospitals at 95% of FFS reimbursement and eliminates previous exemptions.
  - All disproportionate share hospitals to receive additional HCAP funding if they contract with all Medicaid Managed care Plans in the region.
  - Prohibits hospitals that are not a disproportionate share hospital to receive any funds from HCAP unless the hospital has contracts with all Medicaid Managed Care Plans in the region.
- **Health Information Technology (HIT) Pilot Program**
  - Establishes a pilot program in Hamilton County to provide all Medicaid providers with equipment, software, and any other items necessary to retain the medical records of the Medicaid recipients in an electronic format. Expands the program to six additional counties by 2013 and statewide by 2015.
  - Creates a Health Information Technology Board to do the following:
    - Create operational plan on how to implement Ohio Health Information Security & Privacy Collaboration Implementation Plan & Ohio Health Informational Technology Strategic Roadmap;
    - Identifies obstacles to adoption of HIT;
    - Advise the Governor and General Assembly on issues related to HIT development;
    - Oversee work of the Ohio Health Information Security & Privacy Implementation Plan and implementation of state funded HIT and health information exchange pilot projects.;

- Coordinate allocation of funds to subsidize the adoption of HIT by providers and with entities on broadband infrastructure;
- Oversee coordination of relationship with federal initiatives and agencies or neighboring states.