



Ohio's Health Insurance Market

OAHP Lunch and Learn Series
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Miranda Motter
President and CEO

Gretchen Blazer Thompson
Director of Govt. Affairs

OAHP Overview

Who We Are: The Ohio Association of Health Plans (OAHP) represents 16 member plans providing health insurance coverage to more than 9 million Ohioans. Ohio's health plans include carriers providing coverage in both the private and public markets.

Core Mission: To promote and advocate for quality health care and access to a variety of affordable health benefits for all Ohioans



OAHHP Overview

Current Membership:

- Aetna
- Anthem Blue Cross/Blue Shield
- AultCare
- Buckeye Health Plan
- CareSource
- Cigna Healthcare
- Gateway Healthcare
- Humana
- Medical Mutual of Ohio
- Meridian
- Molina Healthcare of Ohio
- Paramount Health Care
- SummaCare
- The Health Plan
- UnitedHealthcare Community Plan
- UnitedHealthcare of Ohio

Affiliate members: CVS Health, Delta Dental Plan of Ohio; Ohio State University Health Plan

OAHP Overview

OAHP Staff

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- *Miranda Motter (mmotter@oahp.org)*

Director of Association Services

- *Stacy Bewley (sbewley@oahp.org)*

Director of Regulatory Services

- *Angela Weaver (aweaver@oahp.org)*

Director of Government Affairs

- *Gretchen Blazer Thompson (gblazer@oahp.org)*

External Lobbying Consultant

- *Joe Stevens (joe@stevensconsultgrp.com)*



Today's Agenda:

- What is Health Insurance?
- How Do Ohioans Obtain Health Insurance?
- How Does Health Insurance Work?
- Who Regulates Health Insurance?
- What Impacts Health Insurance Costs?
- Ohio's Health Insurance Market
- Hot Topics

What is Health Insurance?

Health Insurance allows individuals to obtain treatments for illness, conditions and unforeseen injuries at a more manageable cost.

Health Insurance is a contract that is established between a consumer and an insuring entity.

- The consumer makes regular payments (“premiums”) to the insurer. In exchange, the insurer agrees to pay all – or a portion of – the consumer’s medical expenses for a specific period of time.

What is Health Insurance?

Health Insurance is important because . . .

. . . health care is expensive. Most people cannot afford to cover the high costs of medical services on their own.

. . . it helps you to stay healthy. Too often, people think of health insurance as something to use when they are sick. But, it's much more than that.

- Preventative Services
- Wellness Programs

How Do Ohioans Obtain Health Insurance?

There is no one way to get covered. Ohioans obtain health insurance coverage on their own, through an employer, or from a government-sponsored program.

Individual Health Insurance. Coverage that is purchased or obtained independently by an individual or family.

Employer-sponsored Health Insurance. Coverage made available by employers to its employees (also known as “group health insurance”).

- “Small Group” (1-50 employees) vs. “Large Group” (51+ employees)
- “Fully Insured” vs. “Self Insured”

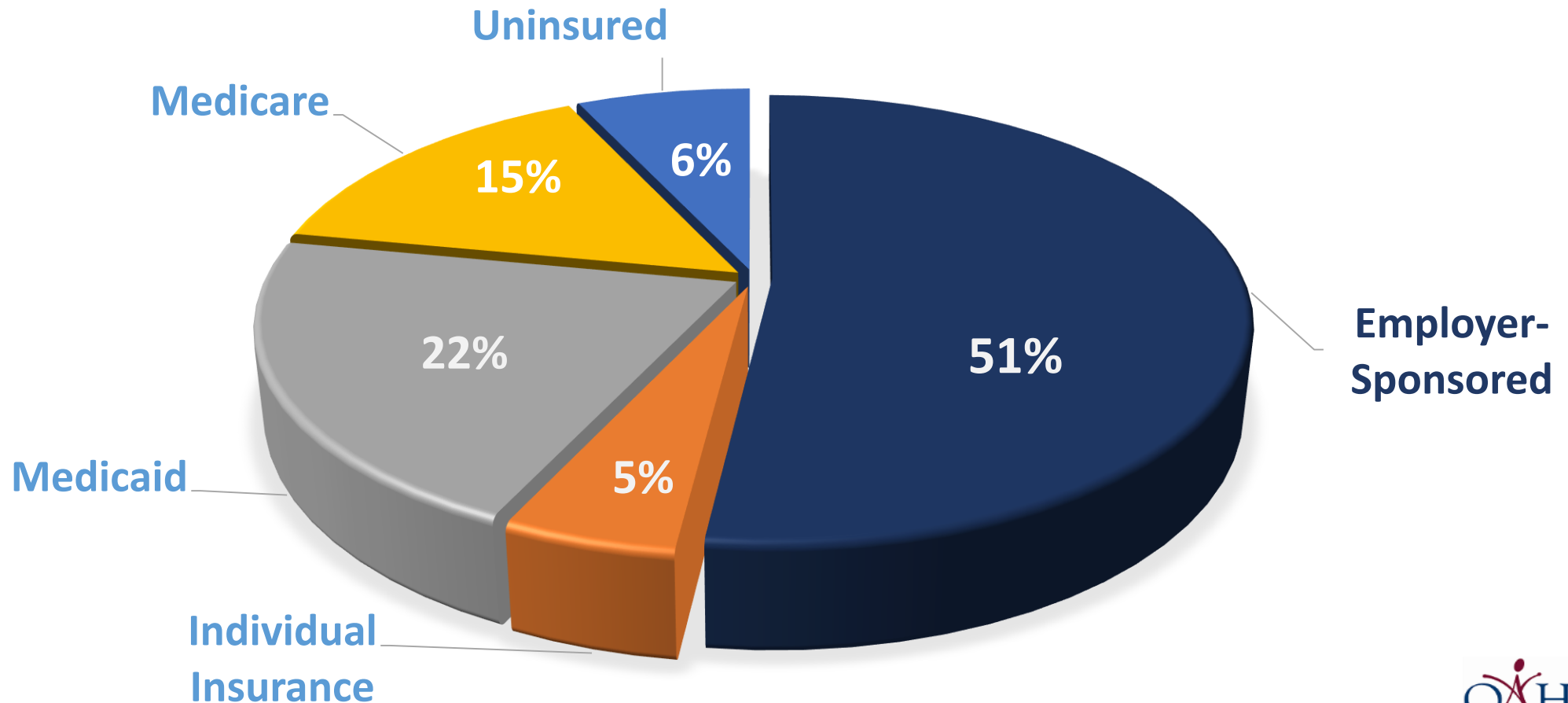
How Do Ohioans Obtain Health Insurance?

Government-sponsored Health Insurance. Public sources of health insurance where the state and/or federal governments cover or share in the costs for providing coverage.

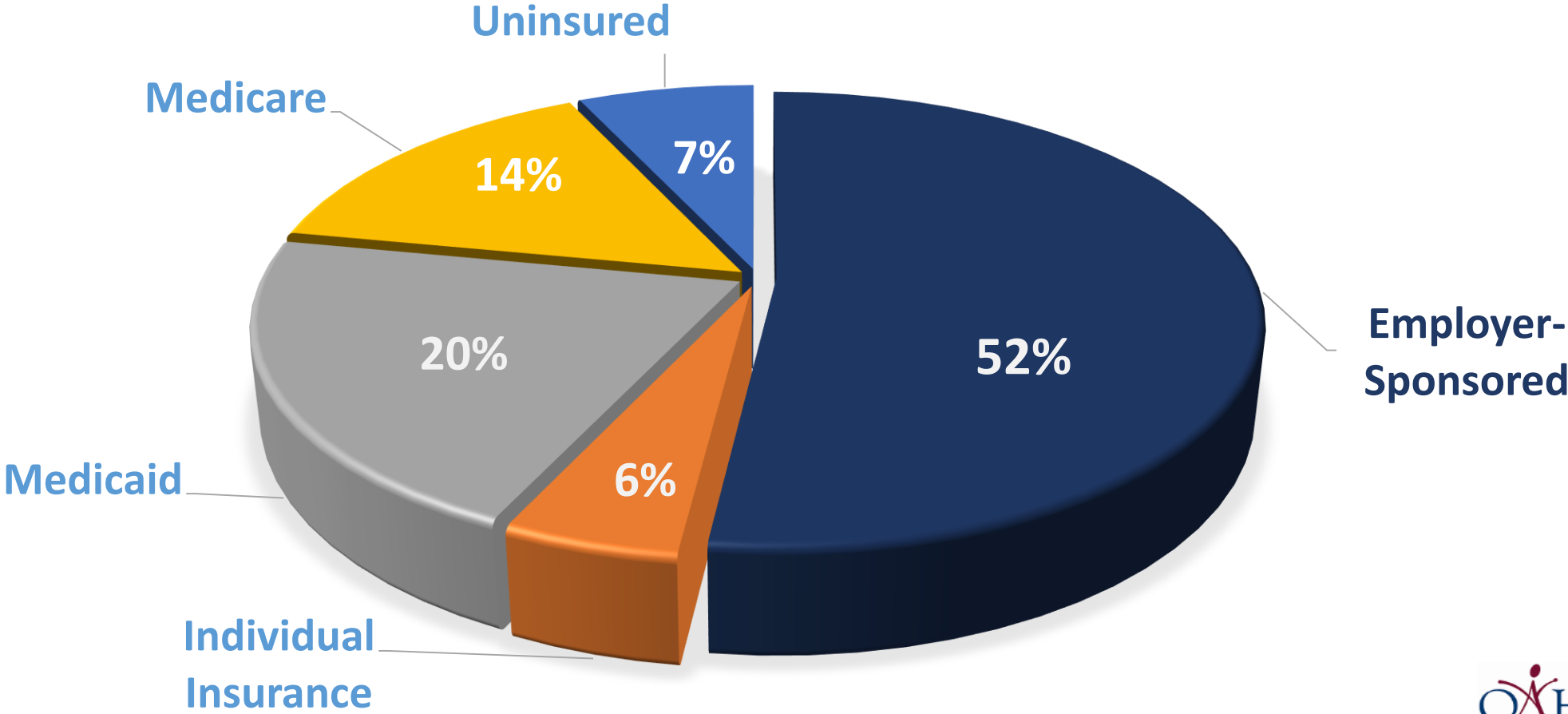
- **Medicaid.** A health insurance program for low-income individuals and people living with disabilities. Medicaid programs are funded by cost-sharing formulas between federal and state governments. All 50 states administer Medicaid programs.
 - Fee-for-Service (“volume purchasing”) vs. Managed Care (“value-based purchasing”)
 - *Coming Soon:* OAHP Medicaid 101
- **Medicare.** A federal health insurance program that primarily covers individuals aged 65 years or older. People below the age of 65 who live with permanent disabilities, may also qualify for Medicare insurance. Medicare is funded and facilitated solely through the federal government.
 - **Fee-for-Service (Traditional Medicare)**
 - **Medicare Advantage plans**

How Ohioans Obtain Coverage

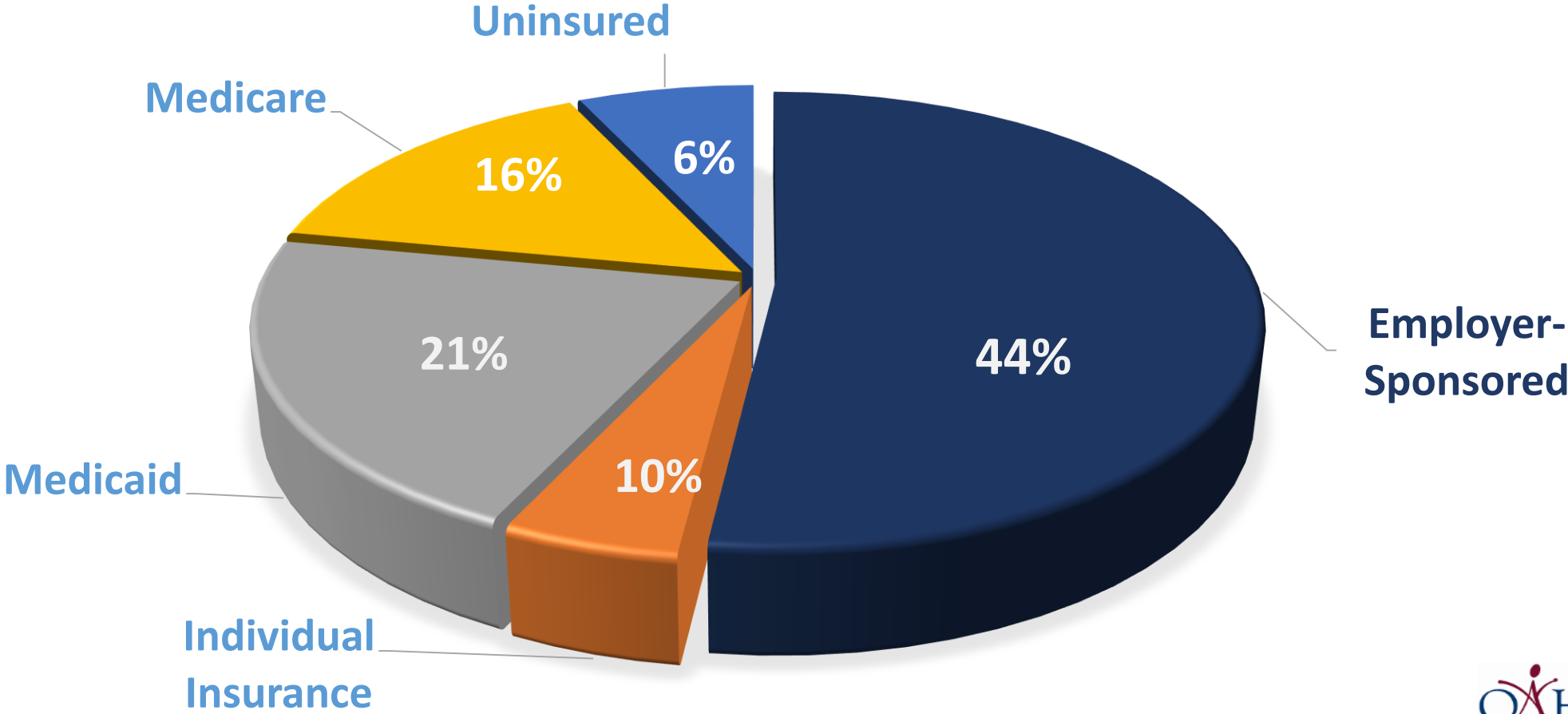
More than half of Ohio residents receive insurance coverage through an employer-sponsored benefit.



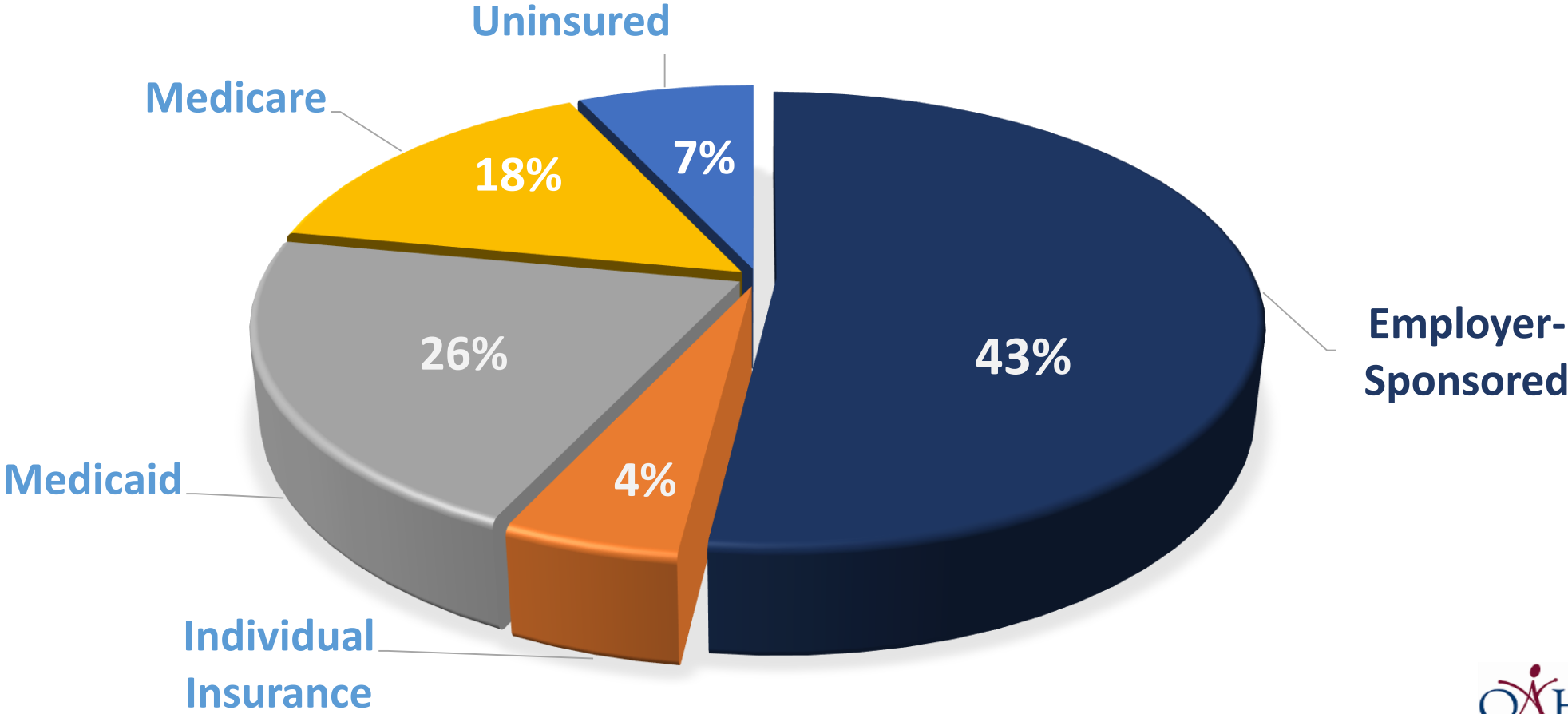
How Does Ohio Compare with Neighbors? Indiana



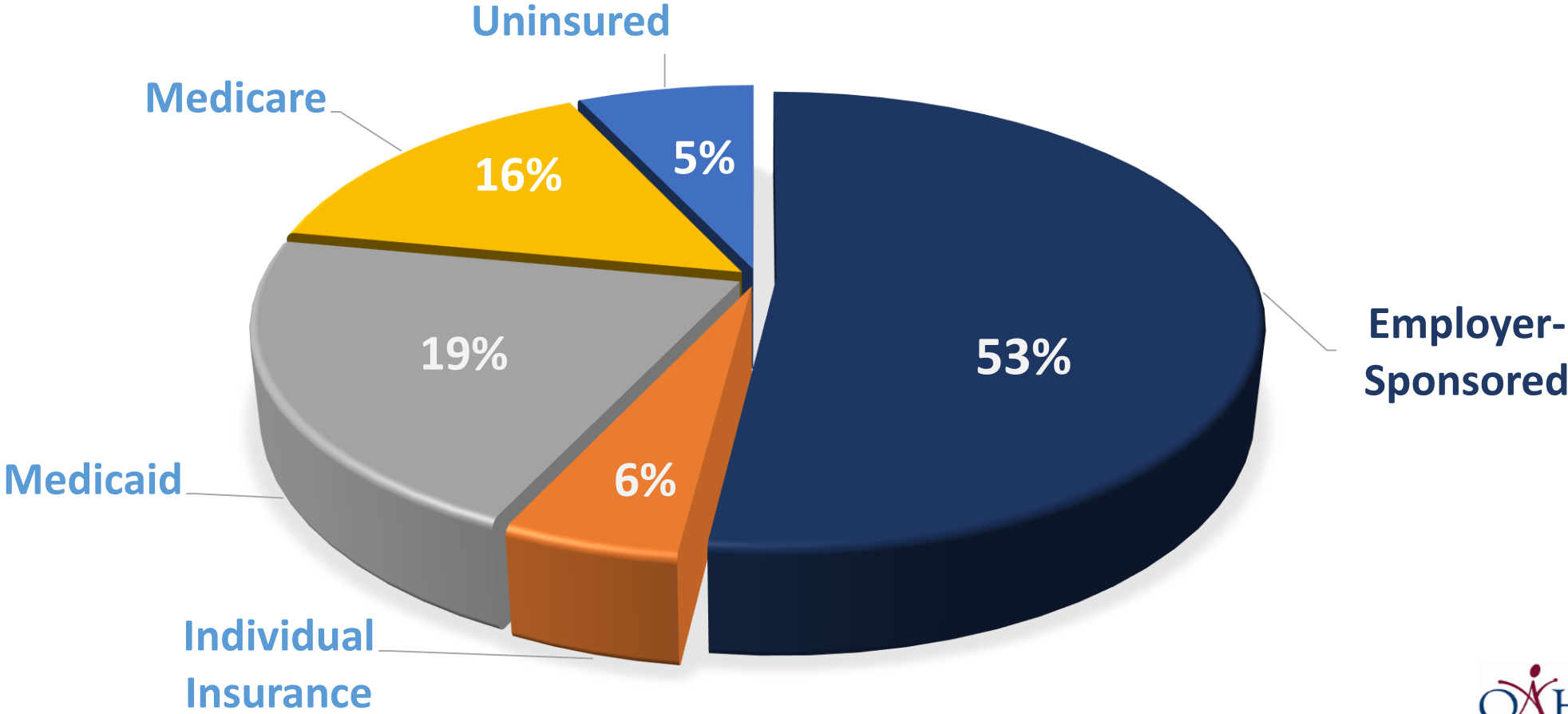
How Does Ohio Compare with Neighbors? Kentucky



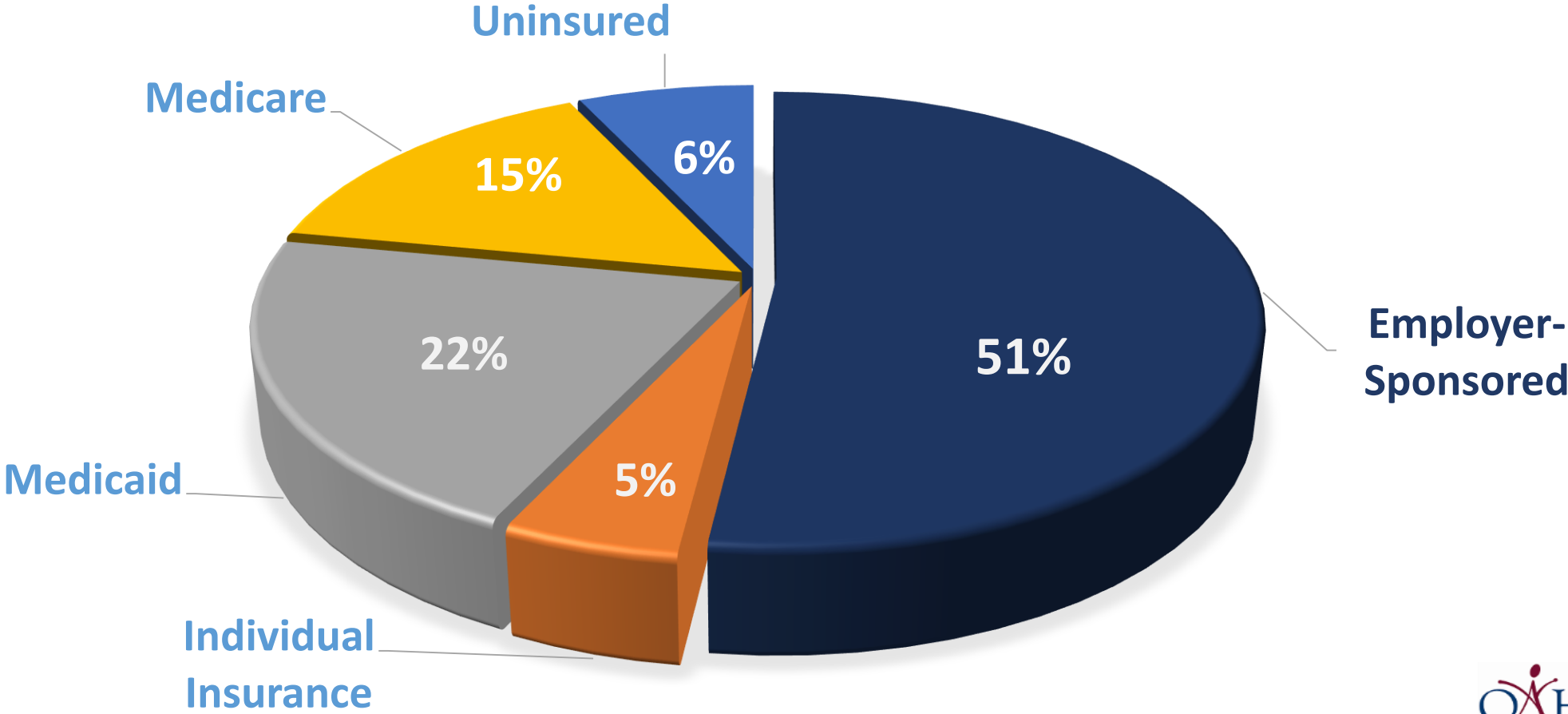
How Does Ohio Compare with Neighbors? West Virginia



How Does Ohio Compare with Neighbors? Pennsylvania

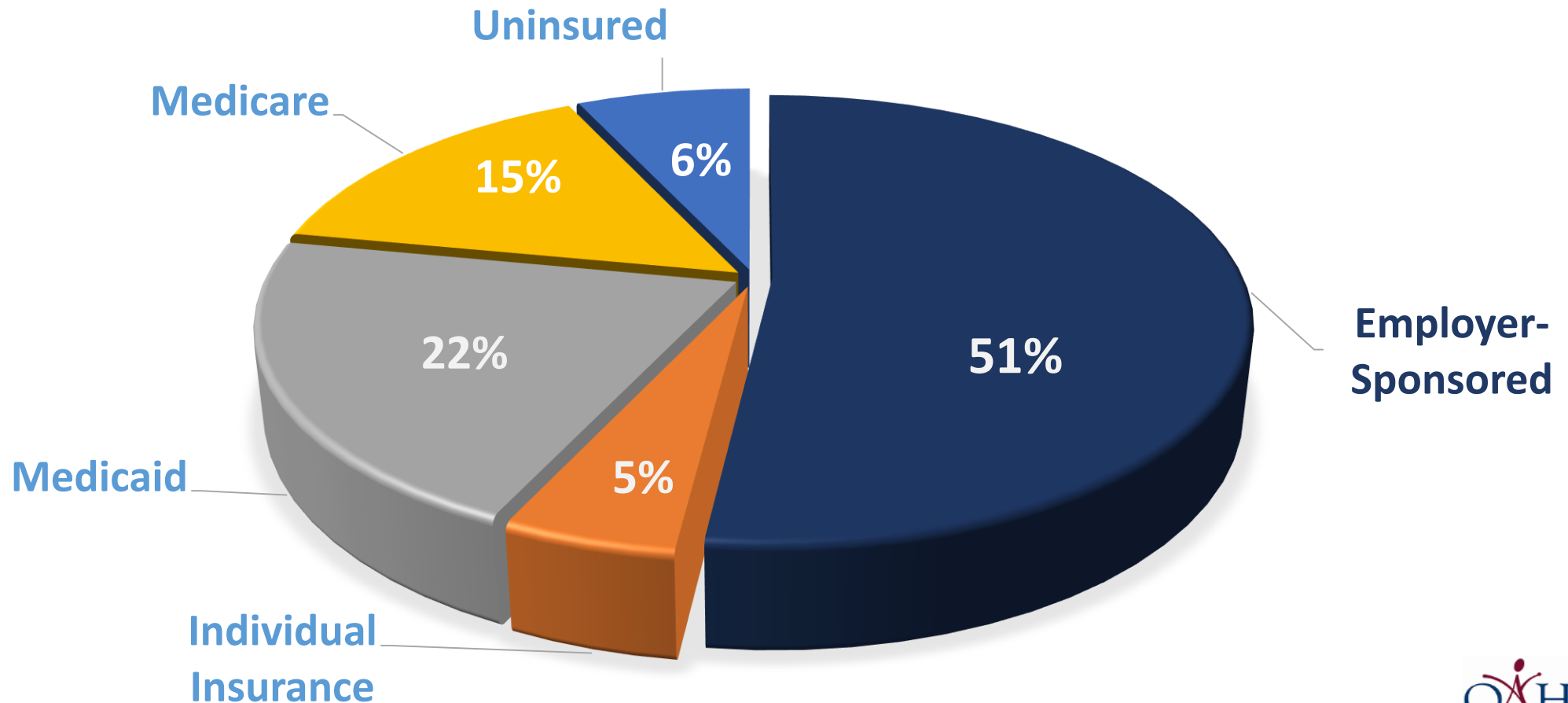


How Does Ohio Compare with Neighbors? Michigan



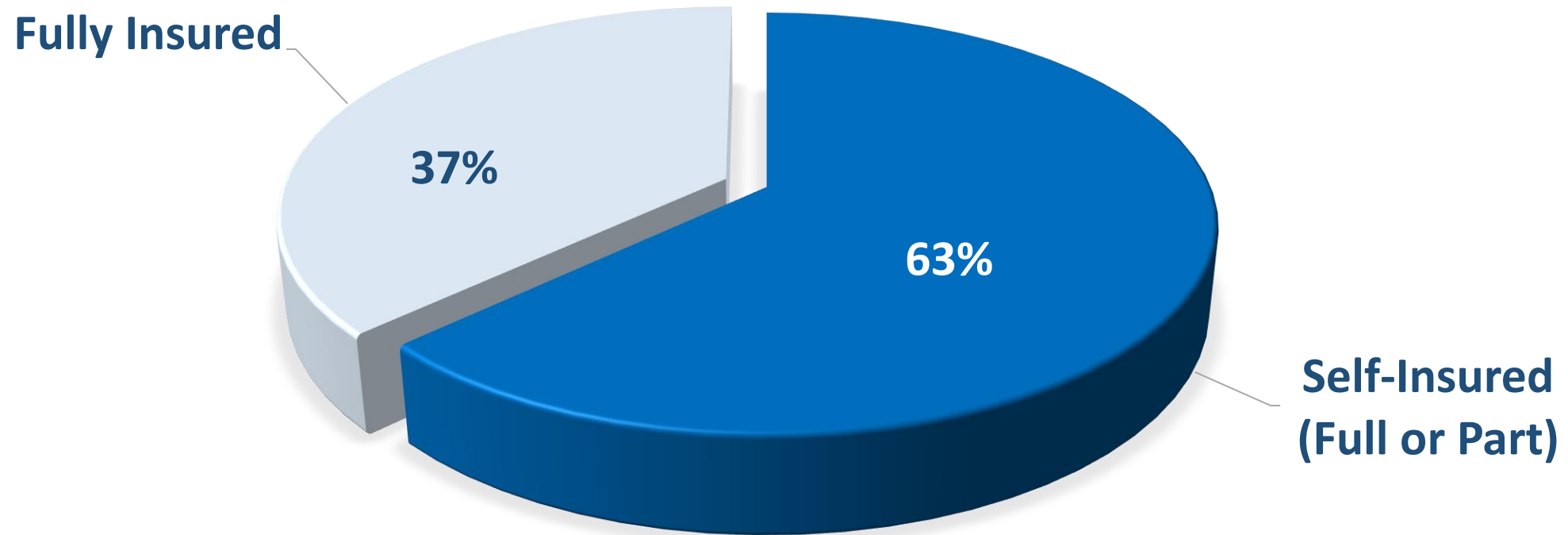
How Ohioans Obtain Coverage

More than half of Ohio residents receive insurance coverage through an employer-sponsored benefit.



How Ohioans Obtain Coverage

Employer-sponsored Coverage Breakdown



- Why is this important? Ohio's business owners are actively making decisions about the coverage provided to their employees

How Does Health Insurance Work?

Congratulations! You're insured! (. . . now what?)

- **You are a Member.**
- **You are part of a “Risk Pool”**
 - High-risk vs. Low-risk
- **You and your insurer share the covered medical costs**
 - Premiums
 - Deductibles
 - Co-payments
 - Out-of-Pocket Maximum

How Does Health Insurance Work?

What are Premiums?

- A **Premium** is an amount that an individual pays to an insurance company in exchange for receiving coverage for a specified period of time under a contract.
- Premiums are typically paid on a month-to-month basis. However, beneficiaries may pay on an annual or quarterly payment schedule if they wish.

How Does Health Insurance Work?

Deductibles

- A **Deductible** is the amount of money a beneficiary must pay toward medical bills before the health insurance company begins to pay.
 - Example: If your deductible is said to be \$1,000, your insurance carrier will begin to pay your medical costs once you have paid \$1,000 in out-of-pocket costs.
- Generally, higher **deductibles** are coupled with lower **premiums** – and vice versa.

How Does Health Insurance Work?

Co-payments

- A **Co-payment** is a flat fee for specific covered services.
 - Examples: a visit to the ER for an injury, trip to the doctor, or picking up a prescription from the pharmacy.

How Does Health Insurance Work?

Co-Insurance

- **Co-Insurance** is the amount you pay for a covered service or treatment after the health plan's deductible has been met.
- It is usually based on a percentage rather than a fixed dollar amount. That percentage may vary based on the cost of the service.
- For example, medicine might require a 30% coinsurance and on a \$1,000 medicine, you'd be required to pay \$300.

How Does Health Insurance Work?

Out-of-Pocket Maximum

- An **Out-of-Pocket Maximum** refers to the most you have to pay for covered services in a plan year. After you spend this amount on deductibles, co-payments, and/or co-insurance, the health plan pays 100% of the costs of covered benefits.

Who Regulates Health Insurance in Ohio?

Ohio Department of Insurance

Regulates the health insurance industry in Ohio. Laws regulating health insurance companies can be found in Ohio Revised Code Chapters 17 and 39.

Ohio Department of Medicaid

Implemented and maintains a care management system that utilizes private managed care plans to provide services to Medicaid beneficiaries

Ohio Revised Code Chapter 5167 contains laws regulating Medicaid managed care plans. Plans are also held to the requirements contained in the ODM provider agreement.

Who Regulates Health Insurance Federally?

United States Dept. of Health & Human Services (HHS)

Implements legislation impacting the health insurance industry (ACA, HIPAA)



Centers for Medicare and Medicaid Services (CMS)

Administers the Medicare program and works in partnership with state governments to administer Medicaid, the State Children's Health Insurance Program (SCHIP), and health insurance portability standards

Examples of Federal Regulations:

- **ACA** – Patient Protection and Affordable Care Act
- **COBRA** – Consolidated Omnibus Budget Reconciliation Act
- **HIPAA** – Health Insurance Portability and Accountability Act



How Does Regulation and Oversight Work?

State and federal regulators oversee a variety of components of the health insurance industry.

- ✓ **Benefits Design**

- ✓ **Rates**

- Must be actuarially sound and actuarially justified

- ✓ **Medical Loss Ratios – MLRs**

- Health insurance companies are required to spend a certain amount of premium dollars on claims and quality improvement. This limits the amount of premium dollars that can be spent on administrative expenses.
 - Ohio Law. ORC 3923.022 prohibits administrative expenses in excess of 20% of premium received. The Ohio Department of Medicaid requires a minimum MLR of 85% for the Medicaid managed care plans.
 - Federal Law. The ACA requires insurers in the individual and small group markets to meet a minimum MLR of 80%. For large group plans the minimum MLR is 85%.

AND MORE

What Impacts Overall Health Insurance Costs?

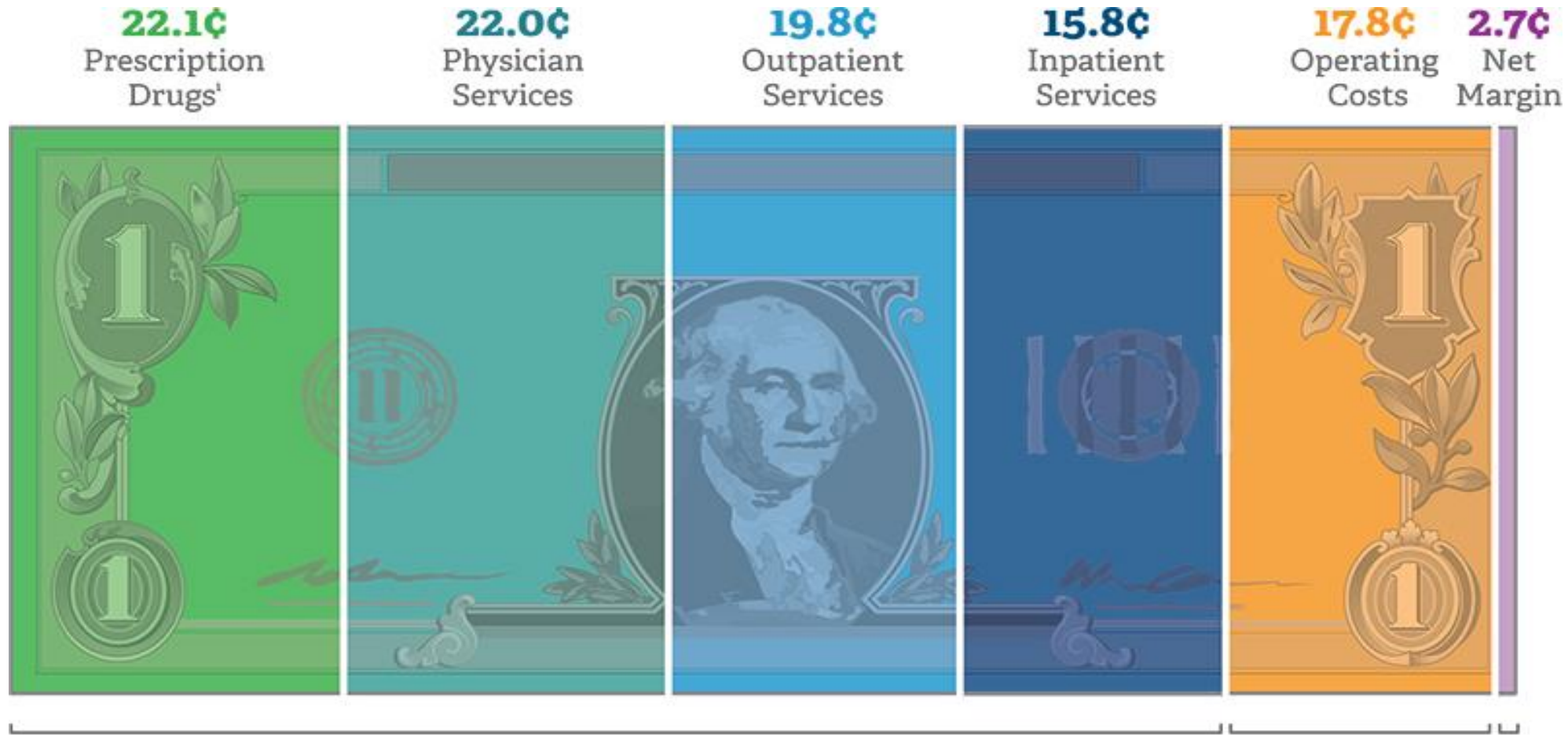
Health Care Costs impacts Health Insurance Costs

- Provider costs
- Pharmaceutical costs
- Taxes and Fees
- Who and what populations must be covered
- State and Federal Mandates
 - Federal mandates: health insurance purchased in the individual and small group markets must include services included in the essential health benefit
 - Ohio Mandates: any insurance purchased in Ohio must include certain types of coverage



AND MORE

Where Does Your Premium Dollar Go?



80%
Medical
Expenses²

18%
Operating
Costs³

3%
Net
Margin

Ohio's Health Insurance Market - Integrators of Care

Health Plans are no longer just payers of insurance claims.

Today, health plan personnel are coordinators and integrators of care who are helping residents to navigate the complicated health care delivery system.

- Physicians
 - Pharmacists
 - Nurses
 - Care Coordinators
 - Care Managers
 - Social Workers
- ... and more

Ohio's Health Insurance Market - Job Creators

OHIO-BASED JOBS AMONG OAHP MEMBER PLANS

2011	2016
17,178	21,992

That's a 28% increase in direct Ohio-based health insurance jobs over a five-year span.

OAHP member plans have offices in more than 30 Ohio cities:

Akron, Ashland, Beachwood, Blue Ash, Boardman, Canfield, Canton, Cincinnati, Cleveland, Columbus, Copley, Dayton, Dublin, Fairlawn, Hilliard, Independence, Lewis Center, Mason, Massillon, Maumee, Miamisburg, Moraine, New Albany, Parma, Richfield, Seven Hills, Springdale, St. Clairsville, Strongsville, Toledo, West Chester, Worthington, Youngstown.

Source: OAHP member plan self-reported 2016 data.

Ohio's Health Insurance Market - Economic Driver

- **Employees**

- Health plan Employees = 19,776
- Insurance-Related Employees = 32,653

- **Payroll**

- Health Plan Employees = \$1,322,454,000
- Insurance-Related Employees = \$1,764,802,000

- **State Premium Tax Collected = \$579,408,000**

Source: U.S. Census Bureau 2014 County Business Patterns (NAICS) report.

Key Takeaways

- **It is important that health insurance consumers have options.**
- **In order to address health insurance costs, we must address health care costs.**
 - Everything you place in the grocery cart, shows up on the receipt.
- **Transformation, Innovation, and Collaboration**
 - The health care industry is in a constant state of change that is only accelerating.
- **Today's health insurance is much more than a card in your wallet.**

Hot Topics

- Behavioral Health Redesign
- Pharmacy Benefit Managers
- Managed Long Term Services and Supports
- Others?



Questions? Comments?

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Mark Your Calendars...

- **April 9th – Medicaid 101**
- **June 11th – Sustaining, Improving, and Strengthening Ohio's Health Insurance Market**