



## Carrier Participation Requirements

November 26, 2012

**Essential Question: How should COHBE use waiting periods to encourage participation and discourage frequent entrance and exit in the Exchange market?**

Goals/Objectives of COHBE:

- Provide quality coverage options for Individuals and Small Employers using the Exchange
- Support a stable risk pool
- Increase affordability, access and choice for Individuals and Small Employers purchasing health insurance in the Exchange
- Foster a competitive marketplace for health insurance
- Not duplicate or replace the duties of the Division of Insurance
- Promote procedural timeliness in all applicable areas of the certification process

<u>Colorado</u>	<p><u>SB11-200</u></p> <ul style="list-style-type: none"> <li>• Increase affordability, access and choice for Individuals and Small Employers purchasing health insurance in the Exchange</li> <li>• The Exchange shall not duplicate or replace the duties of the Commissioner established in Section 10-1-108, including rate approval, except as directed by the Federal act.</li> <li>• The Exchange shall foster a competitive marketplace for insurance and shall not solicit bids or engage in the active purchasing of insurance.</li> </ul> <p>Board duties:</p> <ul style="list-style-type: none"> <li>• Consider the affordability and cost in the context of quality care and increased access to purchasing health insurance.</li> <li>• Investigate requirements, develop options, and determine waivers, if appropriate, to ensure that the best interests of Coloradans are protected.</li> </ul> <p><u>C.R.S. 10-16-201.5</u></p> <ul style="list-style-type: none"> <li>• <u>A carrier that leaves a market segment cannot reenter the market for 5 years unless the Commissioner of Insurance gives permission to reenter</u></li> </ul>
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Federal	45 CFR §156 Outlines the general requirements of QHP certification. Additional certification requirements are included in 45 CFR §155 that impact QHPs exclusively.
	45 CFR §156.225 outlines the required marketing for QHPs, including the obligation to comply with applicable state laws and to not use any practices that would discourage people with significant health needs from enrolling in a QHP.
	45 CFR §156.235 lists the Essential Community Provider Requirements for certification of a Qualified Health Plan.

Background

*Licensed vs. Certified:*

*Licensed:* 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.*

*Certified:* In order to sell health insurance in the Exchange, the Exchange must certify a carrier. The certification process covers several different requirements 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.*

The essential question addresses whether or not *licensed* carriers should have a waiting period if they choose not to participate in the Exchange from the outset in 2014 or beyond. If *certification* were the criteria used, then a licensed carrier could simply avoid certification for 2014, sell in the outside market during 2014, and then join the Exchange in 2015. Current DOI rules protect against a carrier dropping their license in 2014 and then reentering markets in 2015.

Options for Consideration

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

No waiting period

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

No waiting period

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

- No waiting period
- 1 year waiting period
- 2 year waiting period

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

- No waiting period
- 1 year waiting period
- 2 year waiting period

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

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

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

- 1 year waiting period
- 2 year waiting period
- 3 year waiting period
- 4 year waiting period

COHBE Recommendations

Across all scenarios, an appeals process will be available. Please see the Carrier Participation Requirements overview document.

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

**Recommendation:** No waiting period.

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

**Recommendation:** No waiting period (waiting periods are not applicable in this scenario).

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

**Recommendation:** 1 year waiting period.

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

**Recommendation:** Entry is subject to an appeals process.

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

**Recommendation:** 2 year waiting period.

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

**Recommendation:** 2 year waiting period.