

November 24, 2010

## Insurance Exchange Planning Initiative - State of Tennessee

### Insurance Exchange Planning Initiative

Tennessee Department of Finance & Administration 26th Floor, Tennessee Tower  
312 Rosa L. Parks Ave.

Nashville, TN 37243

[insurance.exchange@tn.gov](mailto:insurance.exchange@tn.gov)

### Update from the Insurance Exchange Planning Initiative

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#### In This Update:

- Poll: Stakeholders prefer Tennessee operates its insurance exchange
- New procurements for actuarial consultant and policy and operations consultant posted
- Federal regulations on agent/broker commissions and medical loss ratios released
- Health care provider and advocate roundtable scheduled

#### Results of Poll Released

By way of background, we sent the following poll to a number of stakeholders and interested parties, and asked for feedback by Friday, November 12, 2010:

"Assuming that the insurance exchange provisions of Title I, Subtitle D, Part I of the Patient Protection and Affordable Care Act (Pub. L. 111-148), as amended, remain in effect as of January 1, 2014, would your organization prefer: (a) the state of Tennessee (or a non-profit established in state law) to operate the insurance exchange; or (b) the federal government to operate the exchange for Tennessee?"

"If you currently have insufficient information with which to form a position, please feel free to respond by saying so. Also, please let us know if we can provide you with any information or materials."

Key stakeholders now express (in writing) their preference that Tennessee operate the exchange instead of the federal government. These groups include all of the major insurers, both major associations for brokers and agents (i.e., Tennessee division of the National Association of Health Underwriters (NAHU) and National Association of Insurance and Financial Advisers (NAIFA) in Tennessee), Tennessee Medical Association (TMA), Tennessee Hospital Association (THA), Tennessee Health Care Campaign, National Federation of Independent Business (NFIB), Tennessee Primary Care Association (TPCA), and American Cancer Society-Tennessee Chapter. No group has expressed a preference for a federally-run exchange.

#### New Procurements Posted

As we indicated in the stakeholder meeting and in our planning grant proposal, the State will procure services from both an actuarial consultant as well as a policy and operations consultant. The requests for proposals (RFPs) for these services are now available at

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<http://www.state.tn.us/finance/rds/ocr/rfp.html>. Proposals are due on December 28, 2010. Please contact [marlene.alvarez@tn.gov](mailto:marlene.alvarez@tn.gov) if you have any questions about these procurements. Please reference RFP # 31701-04100 for actuarial/benefits consulting and RFP # 31701-04101 for policy/operational consulting.

### Update on Agent/Broker Commissions and Medical Loss Ratios (MLRs)

The federal Office of Consumer Information and Insurance Oversight (OCIIO, which is within the U.S. Department of Health and Human Service) released regulations on Tuesday, November 22, 2010 regarding the medical loss ratio requirements; please see [http://www.healthcare.gov/news/factsheets/medical\\_loss\\_ratio.html](http://www.healthcare.gov/news/factsheets/medical_loss_ratio.html) for additional information. While the regulations have apparently not yet been officially published in the Federal Register, they are available at [http://www.ofr.gov/OFRUpload/OFRData/2010-29596\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2010-29596_PI.pdf). Of key interest: "The NAIC includes in these non-claims expenses sales expenses, agents' and brokers' fees and commissions, other taxes, community benefit expenditures, and general administrative expenses. HHS supports the NAIC approach to defining non-claims costs and has followed it in §158.160 of this interim final regulation."

### Health Care Provider and Advocate Roundtable

The Insurance Exchange Planning Initiative will convene a roundtable discussion of health care providers and advocates on Wednesday, December 8, 2010 at 2:00pm CT. At this meeting, we would like to hear feedback from these stakeholders about the October 22, 2010 discussion paper and presentation that we posted at <http://www.tn.gov/nationalhealthreform/exchange.html>. Also, we will be happy to respond to technical questions about the exchange and the new federal guidance (to the extent that we have information and answers). This meeting will take place in the Madison Room on the 3rd floor of the Tennessee Tower at 312 Rosa L. Parks Avenue, Nashville, TN 37243.

Please RSVP for this meeting by emailing us at [insurance.exchange@tn.gov](mailto:insurance.exchange@tn.gov), and please forward this message to others who may be interested. The roundtable meeting is in advance of a formal Technical Advisory Group (TAG) of health care providers and of advocates in early 2011, after we receive additional federal guidance on key questions. Late on Thursday, November 18, 2010, OCIIO issued preliminary guidance on some of these issues. This guidance is available at

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[http://www.healthcare.gov/center/regulations/guidance to states on exchanges.html](http://www.healthcare.gov/center/regulations/guidance%20to%20states%20on%20exchanges.html)

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We continue to digest the details and implications of this guidance, and we look forward to receiving additional clarifications from OCIIIO in the coming weeks. We will continue to publicize the guidance from OCIIIO to Tennessee stakeholders, and we plan to send additional information about the health care TAG and advocacy group TAG in early 2011. We also plan to hold a roundtable discussion for small businesses in the near future.

Background materials, discussion papers, and presentations are available online at [www.tn.gov/nationalhealthreform](http://www.tn.gov/nationalhealthreform).

Email [insurance.exchange@tn.gov](mailto:insurance.exchange@tn.gov) to join or unsubscribe from the listserv.