

Federal Health Reform – Insurance Exchange Options

Option	Key Considerations	Key Activities
1. Federally Operated Exchange	<ul style="list-style-type: none"> - Federal HHS will operate exchange - State will maintain market regulation (licensure, solvency, market conduct, form review, etc.) - Federal operation and oversight of exchange market will intersect with state regulation (e.g., marketing, network adequacy) - HHS and HHSC must coordinate on eligibility - Federal government builds infrastructure - Could transition to state operated exchange at future date 	<ul style="list-style-type: none"> - Work with NAIC and HHS to ensure maximum flexibility for market stability - Coordinate Medicaid and CHIP eligibility processes with exchange - Assess potential risk of market disruption and inconsistencies between federal exchange regulations and Texas requirements - Weigh options for assuming exchange operations in future
2. State Partnership Exchange	<ul style="list-style-type: none"> - State performs certain plan management and/or consumer assistance functions within a federally operated exchange - May access federal funds for state assumed activities - Certain state decisions may be subject to federal approval - Could transition to state operated exchange at future date 	<ul style="list-style-type: none"> - Develop processes to integrate oversight of exchange plans with existing regulatory requirements - May apply for federal funds until October 2014 - Designate partnership entity (e.g., state agency, quasi-governmental entity) - Work toward readiness assessment - Notify HHS via declaration letter and blueprint, due 11/16/12, of intent to perform plan management and/or consumer assistance functions - Weigh options for assuming exchange operations in future
3. Future State Exchange	<ul style="list-style-type: none"> - Transition from federally operated or partnership exchange to state operated exchange in the future - Access to federal funds for establishment and start-up year expenses exists through October 2014 - Federal funds must be used within three years, requiring a state transition by 2017 	<ul style="list-style-type: none"> - Determine requirements for future state assumption of exchange - Designate exchange entity (e.g., state agency, quasi-governmental entity) - Apply for federal funds no later than October 2014 to cover state start-up costs - Evaluate federal design features that Texas would modify - Work toward readiness assessment - Submit transition plan for approval one year in prior to launch date of state exchange