

Initial OK 1332 Questions:

BCBSOK has offered health plan coverage in Oklahoma for over 76 years and currently covers more than 800,000 Oklahomans, including over 160,000 members in the individual market. BCBSOK wants to continue to work with state and federal regulators and other interested stakeholders to improve the long term sustainability of the individual market in Oklahoma. BCBSOK has filed rates and forms for participation on exchange in Oklahoma for 2017. However, no final decisions have been made. We appreciate the opportunity to participate on the 1332 stakeholder group and look forward to working with the state on this project.

1) In your opinion, what are the primary factors that have led the Oklahoma marketplace to its current situation? Why?

As widely reported, there are significantly fewer enrollees than anticipated from a national perspective (around half the original projected enrollment) and those who did enroll are sicker than expected. A recent report from the BCBSA focused on the health of the marketplace and the fact that the individual market enrollees are less healthy than those in the employer market with higher rates of certain diseases and heavier utilization of medical services and prescription drugs. Link to BCBSA Report:

http://www.bcbs.com/healthofamerica/newly_enrolled_individuals_after_aca.pdf

2) How have you been working to address or mitigate these factors? What steps have you observed others taking?

We are advocating on the federal level for changes that will improve affordability and encourage continuous coverage. A more affordable market will encourage competition, increase enrollment and bring down costs for everyone. We are monitoring other states and looking for best practices to share with Oklahoma.

3) What do you see as the single, largest challenge for continued success and stability of the Oklahoma marketplace?

Affordability is the single largest challenge. We need continuous coverage over a broad population to help share the costs of high risk enrollees.

4) What data are available to illustrate the challenge? If none, what data are needed?

Please see attached market summary.

5) What are your recommended solution(s) to this challenge? What action(s) is needed and by whom?

BCBSOK has made recommendations to federal regulators to improve the program. See response to question 6 below. BCBSOK wants to work with stakeholders on recommendations for a 1332 waiver to improve access to affordable health care for Oklahomans.

6) Are there changes to state or federal regulation needed to improve Oklahoma's situation? If so, what changes specifically?

BCBSOK, through our trade organization BCBSA, recommended changes at the federal level to improve the stability and sustainability of the individual marketplace. Recommendations relate to the risk adjustment program, rate stabilization, and reforms to the open enrollment and special enrollment period process to encourage continuous coverage and broader participation. Specifically, we have asked for a consistent and shorter open enrollment period, defined special enrollment periods with verification in advance of enrollment, and changes to the 3-month grace period to prevent gaming. The federal Notice of Benefits and Payment Parameters, which was recently released, addressed some of these recommendations for 2018 enrollment. We are evaluating the new proposal. In the meantime, we continue our federal legislative advocacy efforts and are working with Congress on improvements to ACA, including legislation addressing grace periods and special enrollment periods.

7) When looking across the nation, Oklahoma's current situation is not unique. Are you aware of discussions or experiences from other states that you would like Oklahoma to explore? If so, what's happening in other states?

The Affordable Care Act created 3 programs (risk adjustment, reinsurance, and risk corridors) to stabilize the new individual market. Two of the 3 programs (reinsurance and risk corridors) will end in 2016 and the remaining program, risk adjustment, is an allocation of risk between insurers. Alaska recently passed legislation creating a state reinsurance program to help stabilize the individual market in that state. It might be a good idea to have a conversation with regulators in Alaska to learn more about their program and what other options they considered.