

## BACKGROUND

As part of the Michigan Association of Health Plans (MAHP) 2023 Strategic Plan, the Innovation, Competition, and Exchange (ICE) Committee has been charged with identifying key policy consensus elements to include in a State-Based Exchange (SBE) bill to take an active role in future policy discussions. Based upon input from ICE Committee members, below are the key policy elements that have been identified:

### FEDERAL 1332 WAIVER REINSURANCE PROGRAM PREREQUISITE

To optimize the affordability of qualified health plans offered on an SBE, MAHP recommends that the state seek and secure a federal 1332 waiver to run a claims-based state reinsurance program. To ensure the cost-effective transition to an SBE for customers and plans, we recommend that a federal 1332 waiver be considered a prerequisite for creating an SBE and that the bill's effective date be contingent upon a waiver acquisition.

### FEES

To successfully operate an SBE, nearly every state charges participating health plans a fee based upon a percentage of premiums collected on the SBE. The federal marketplace fee charged to participating health plans is 2.75% of premiums collected. As such, any SBE fee imposed on participating health plans should be lower than the national fee to ensure an SBE operates more efficiently and cost-effectively for customers.

### GOVERNANCE STRUCTURE

Upon review of 18 different SBE governing structures, MAHP recommends that an SBE governance structure be modeled after Pennsylvania, where there is an 11-voting member board with representation from health plans, provider-sponsored health plans, consumers, and individuals that have relevant experience with the individual market. We also recommend an advisory board comprised of all health plans participating in the exchange, employer groups, and medical stakeholders.

### TRANSITION COST RECOVERY

To assist with the migration from the federal exchange to an SBE, we recommend that the state consider a small pool of state resources that health plans could seek for administrative cost recovery to ensure the affordability of qualified health plans on the newly established SBE.

### RATING CRITERIA

To ensure predictable, objective, and nationally accepted best practices, MAHP recommends that reasonable guardrails be placed around any criteria established to rate qualified health plans on the exchange. As such, the requirements should be modeled and or reflect either the Star quality rating system administered by CMS for plans on the federal marketplace or quality criteria in place for Medicaid health plans.

### ELIMINATE SHOP

Avoid a Small Business Health Options Program (SHOP) from an SBE.

### PROTECTION OF CONFIDENTIAL INFORMATION

Ensure health plan and customer information that may be required under an SBE (such as financial disclosures, claims payment policies, rating practices, payments for out-of-network, etc.) is confidential and protected.

### LIMITS ON ADMINISTRATIVE AUTHORITY

The statutory administrative authority granted to the SBE governing board or state departments should not be broad and sweeping. Such authority must be carefully delegated, and appropriate administrative and legal due process should be granted to participating health plans.

### DUE PROCESS

If the state creates a separate standalone quasi-government board with administrative authorities independent from specific state departments, MAHP would encourage venues for administrative due diligence by allowing health plans to appeal decisions of the SBE board for review by the Director of DIFS. If a health plan is aggrieved by the final judgment or inaction of the DIFS Director, health plans should be able to seek due process under the administrative procedures act and explore other legal avenues.