



## **The Health Insurance Exchange**

The *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act* create state-based health insurance Exchanges to make health insurance affordable and accessible for small businesses and individuals.

### **State-Based Exchanges**

- ✓ Creates state-based Exchanges where individuals and small businesses can compare and purchase health insurance online at competitive prices.
- ✓ Provides access to state-based Small Business Health Options Program (SHOP) Exchanges for small businesses with up to 50 employees, or up to 100 employees depending on the state. These Exchanges, like the individual market Exchanges, will include web portals to make comparing and purchasing health insurance easier for small businesses.
- ✓ Ensures strong oversight by state insurance commissioners who will continue to provide oversight regarding consumer protections, rate review, and solvency.
- ✓ Monitors the financial integrity of the Exchanges through annual audits and financial reporting overseen by the Secretary of Health and Human Services, and establishes procedures and protections to guard against fraud and abuse.

### **One-Stop Shopping that Promotes Choice and Competition**

- ✓ Creates state-based web portals to provide health coverage options available in a zip code.
- ✓ Makes purchasing health insurance easier and more understandable by using the Internet to present consumers with available plans.
- ✓ Provides Americans with choice of coverage among several standard benefit packages that provide comprehensive health care services with different levels of cost sharing.
- ✓ Ensures availability through the Exchanges of state-based co-ops, which are non-profit, member-run health insurance companies that serve individuals in one or more states, and multi-State plans, offered by private insurance carriers under the supervision of the Office of Personnel Management and available nationwide.

### **Provide Information and Promote Transparency**

- ✓ Requires standardized format, definitions, enrollment applications, consumer satisfaction, and marketing requirements to allow easy comparison of the prices, benefits, and performance of health plans.
- ✓ Requires a toll-free telephone hotline to respond to consumer requests for assistance.
- ✓ Assists users in determining online if they are eligible for health care premium tax credits or public programs, and consumers without access to the Internet may enroll through the mail or in person in a variety of locations.
- ✓ Funds health coverage Navigators in states to conduct public education activities, distribute information about enrollment and premium credits, and provide enrollment assistance.
- ✓ Awards grants to states to establish, expand, or support health insurance consumer assistance.

### **Ensure Affordable Coverage**

- ✓ Provides premium tax credits to limit the amount an individual spends on health insurance premiums to two percent of income at 100 percent of the Federal Poverty Level (FPL) to 9.5 percent of income at 300 to 400 percent of the FPL.
- ✓ Provides cost-sharing credits for lower-income individuals so that, on average, individuals with income between 100-150 percent of poverty are responsible for no more than 6 percent of total costs, individuals with income between 150-200 percent of poverty are responsible for no more than 13 percent of total costs, individuals with income between 200-250 percent of poverty are responsible for no more than 27 percent of total costs, and individuals with income between 250-400 percent of poverty are responsible for no more than 30 percent of total costs.
- ✓ Provides sliding scale tax credits to eligible small employers with fewer than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees.

### **Includes Important Market Reforms**

- ✓ Eliminates discrimination by insurers for pre-existing conditions, prohibiting them from refusing insurance coverage or charging higher premiums because of past illnesses.
- ✓ Eliminates lifetime limits on the dollar value of benefits and regulates use of annual limits until 2014, when annual limits will be prohibited.
- ✓ Prohibits insurance companies from dropping or watering down coverage for those who become seriously ill.
- ✓ Prohibits insurance companies from charging more because of gender.
- ✓ Places annual caps on how much insurance companies can charge for out-of-pocket expenses.