



South Dakota Health Insurance Exchange Overview

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act (PPACA) was signed on March 23, 2010 by President Obama.

The Affordable Care Act (ACA) refers to PPACA and the Health and Education Reconciliation Act which made amendments to PPACA.

Three major components of PPACA:

1. Health Insurance Reform
2. Medicaid Expansion
3. Health Insurance Exchange

Health Insurance Exchange

- A one-stop shopping place where individuals and employees of small businesses can purchase health insurance coverage.
- Exchanges will intend to make it easy for individuals and small businesses to compare health plans, get answers to questions, and enroll in or offer to employees a health insurance plan that meets their needs.
- Individuals will be able to find out if they are eligible for advance payments of premium tax credits and cost sharing reductions or health programs like the Children's Health Insurance Program (CHIP) or Medicaid; small businesses will be eligible for the tax credit for coverage purchased through the Small Business Health Options Program (SHOP) Exchange.

Exchange Requirements

- Eligible individuals will be able to purchase qualified health plans with minimum essential benefits
- Individuals eligible for Medicaid and the South Dakota Children's Health Insurance Program (CHIP) will be enrolled through the exchange. This is in addition to current eligibility processes for Medicaid through the Department of Social Services (DSS).
- Individuals 139% to 400% of Federal Poverty Level (FPL) (\$30,429-\$88,200 for a family of four) will receive premium subsidies and cost sharing assistance.
- Small businesses will be allowed to purchase insurance for their employees.
- Certain individuals can be certified exempt from the individual responsibility requirement.

Health Insurance Exchange Task Force

- Assembled by the Governor
- Chaired by Lt. Governor Matt Michels
- Included legislators, state officials, and individuals from key private industries, including insurance and health care
- Purpose was to make recommendations concerning how a South Dakota health insurance exchange should be organized and operated, should the Governor decide to pursue one
- No recommendation was made regarding whether the state should run a health insurance exchange or not.
- Monthly meetings held from May, 2011 through August, 2011
- Subgroup met regularly between monthly meetings.

Key Parameters for an Exchange

Key parameters of a SD exchange set forth by Governor Daugaard:

1. An Exchange must be a “Market Facilitator”
2. An Exchange must provide for benefit eligibility interconnection/interface for state benefit assistance determination such as CHIP and Medicaid
3. An Exchange shall not be operated utilizing state taxpayer funds. However, this does not apply to the expense of the Medicaid/CHIP eligibility interface/functionality
4. One statewide exchange will include both individual and small group coverage.
5. Explore sharing functionality/technology among states
6. Maintain markets outside of an Exchange
7. Governance determined by Governor

Political and Legal Uncertainty

- A Republican President and Congress could overturn some or all of PPACA as early as 2013.
- Legal status of PPACA is unclear
 - One federal court of appeals upheld all of PPACA.
 - Another found the individual mandate unconstitutional and upheld the rest
 - The Supreme Court is set to hear the case during this term and may issue an opinion in June 2012; however it is unclear how the court will rule.