



HEALTH CARE REFORM update



BlueCross BlueShield
of Kansas City

An Independent Licensee of the
Blue Cross and Blue Shield Association

Kansas and Missouri Exchange Updates

Summary of the American Health Care Exchange Establishments

On March 23, 2010, President Obama signed the “Patient Protection and Affordable Care Act” (PPACA) as part of the national health care reform efforts. Included in this Act is the requirement for all states to establish an American Health Care Exchange by January 1, 2014. The purpose of the Exchange is to create a marketplace in which individuals and small businesses can obtain “qualified health plans” (See “Get the Facts”). It will provide individuals access to various health care insurance products and the opportunity to choose which product best suits their needs. The Exchange also allows small businesses (employers with less than 100 employees, or employers with less than 50 employees if a state so elects) to purchase health care plans for their employees. Beginning in 2017, states may elect to expand the Exchange to include offering coverage to employees of large employers.

In an effort to initiate the state-based Exchanges, the Department of Health and Human Services (HHS) announced the establishment of Federal grants on January 20, 2011.

Kansas and Missouri Exchange Efforts

Kansas Exchange Efforts: On February 16, 2011, HHS awarded seven states “Early Innovator” grants. Kansas was among the recipients of this grant. The grant was intended to assist the state in establishing an Information Technology (IT) system for the state-based Exchange. This summer, Governor Brownback returned the grant and announced that Kansas will not be enacting an Exchange until after the United States Supreme Court rules on the constitutionality of PPACA (anticipated to occur during mid-2012). As a result, it is unlikely that Kansas Exchange legislation will be introduced until the 2013 Kansas legislative session. Since HHS will endorse state Exchanges by January 2013, the probability is low for Kansas having a state-based Exchange in effect on January 1, 2014.

Missouri Exchange Efforts: On September 30, 2010, HHS awarded 48 states \$49 million in grants to assist in establishing state-based Exchanges. Both Missouri and Kansas received this grant. Subsequently, in June of 2011, Missouri applied for an additional grant through the Missouri High Risk Pool (MHIP) and was eligible to receive an additional \$21 million. This fall, the MHIP Board of Directors assembled to vote on the approval of the \$21 million grant. The Senate Interim Committee also held a hearing on Exchanges. Following the hearing, all actions by MHIP were discontinued and one Senator filed a Senate Resolution preventing the governor from creating a Missouri Exchange. It is unknown whether the Senate will pass the Resolution during its upcoming session.