

ARKANSAS
Health Insurance
MARKETPLACE

October 6, 2016

**The Honorable Sylvia Mathews Burwell
Secretary of Health and Human Services**

U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Burwell:

This letter is in response to the requested comments on the proposed Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2018. Specifically, the Arkansas Health Insurance Marketplace (“AHIM”) would like to comment on the user fee as it relates to the State Based Exchange on the Federal Platform (“SBE-FP”). AHIM appreciates the opportunity to comment on this matter.

The Notice of Benefit and Payment Parameters states that “...we propose to charge issuers offering QHPs through an SBE-FP a user fee rate of 3.0 percent of the monthly premium charged by the issuer for each policy under a plan offered through an SBE-FP.”

I. AHIM respectfully recommends that the user fee be waived for states entering the second consecutive Plan Year of operating as an SBE-FP model in Plan Year 2018.

Over the past three years, Healthcare.gov technology was provided at no charge to the states that transitioned to an SBE-FP model, while the Healthcare.gov technology fee will be 1.5% for SBE-FP states in Plan Year 2017. HHS suggested that states transitioning to the federal technology platform build a reserve through state-level assessments during the years before the standard rate applies. Therefore, states that previously failed in establishing their state platforms were allowed to accumulate state-level assessments or user fees without additional charges from HHS for three years.

During Plan Year 2017, Arkansas will enter the second year of a successful small group health options program (SHOP) on the state-based model. Also in Plan Year 2017, AHIM will become responsible for the state’s non-technical functions of the Individual Marketplace under the SBE-FP model. Though Arkansas previously relied solely on 1311 grant funds as the funding source for the state-based marketplace model, it will begin collecting the state-level user fee that will become the revenue source for AHIM in Plan Year 2017. To ensure citizens of Arkansas continue to have options when shopping for an Individual Marketplace Plan, and to ensure Individual QHP issuers continue to offer quality plans,

we believe AHIM should have an equal amount of time as fellow SBE-FP states to establish its operations without incurring a user fee.

II. In the alternative, the reduced fee of 1.5% should be extended for all SBE-FP states.

AHIM is confident in the SBE-FP model which allows states to utilize the proven functional technology of Healthcare.gov while also providing consumers a more state-specific experience. A continued reduced fee of 1.5% would maintain resources for the state to effectively administer the non-technical functions of the marketplace, thereby reducing total user fee assessments. In turn, HHS would grow state-federal marketplace partnerships while advancing a solution to offset premium increases. To further incentivize states to reduce premiums, HHS could extend the 1.5% fee for states that can deliver SBE-FP solutions that offer total assessments at 3.25% or less.

We look forward to working with you on an ongoing basis. Please let me know if additional information would benefit your decision making process or if you have any questions you would like us to answer.

Regards,

Cheryl Smith Gardner, Executive Director
Arkansas Health Insurance Marketplace

CC: The Honorable Asa Hutchinson, Governor of the State of Arkansas
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