



STATE OF INDIANA

MICHAEL R. PENCE, Governor

IDOI

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March 23, 2016

Stephen W. Robertson, Commissioner

VIA ELECTRONIC MAIL

Dean Mohs
Director, Small Business Health Options Program (SHOP) Marketplaces
Centers for Medicare and Medicaid Services
7501 Wisconsin Ave
Bethesda, MD 20814
shop@cms.hhs.gov

RE: 2017 SHOP Vertical Choice Option

Dear Mr. Mohs,

On March 8, 2016, the Center for Medicare and Medicaid Services published the 2017 Payment Notice. As codified in 45 CFR 155.705(b)(3)(viii), (ix), and (x) for plan years beginning on or after January 1, 2017, Federally-facilitated SHOPs (FF-SHOPs) and State-based Marketplaces utilizing the Federal platform for enrollment functions (SBM-FPs) will provide qualified employers with a choice of at least three methods to make Qualified Health Plans (QHPs) and Stand-alone Dental Plans (SADPs) available to qualified employees and their dependents. Codified within this rule was a new third vertical choice consisting of offering a choice of all QHPs (or SADPs) offered by a single issuer across all actuarial value levels of coverage. The Final Notice provided the discretion to the state whether or not to adopt the third option as described.

The Indiana Department of Insurance (IDOI) uses a federally-facilitated Marketplace to which there is one insurance company participating within the SHOP Marketplace due to the SHOP tying provision. We have had discussions with our only SHOP provider and with the Indiana Chamber of Commerce regarding the vertical choice option.

We have determined that considering the small breadth of coverage in the SHOP marketplace that we would not have a sufficient spread of risk to make vertical choice a viable option in Indiana. At this time, the employer has the final choice on the type of product they want to use for their employees. The idea of vertical choice with such a small number of employers would introduce higher levels of anti-selection leading to higher prices throughout the market. It is the finding of the IDOI that the vertical choice option would not be beneficial and potentially harmful to Hoosiers.

We choose not to make vertical choice available in Indiana.

The IDOI appreciates the opportunity to decide on what is best for our insurance market and for Hoosiers.

Sincerely,

Karl Knable
Chief Actuary

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS