



RESOLUTION

EXECUTIVE BOARD OF THE DISTRICT OF COLUMBIA HEALTH BENEFIT EXCHANGE AUTHORITY

To establish a premium rating and employer contribution approach within the District of Columbia Small Business Health Options Program (SHOP) marketplace.

WHEREAS, the Health Benefit Exchange Authority Establishment Act of 2011, effective March 4, 2012 (D.C. Law 19-94; D.C. Official Code § 31-3171.01 *et seq.*) (“Act”) created the District of Columbia Health Benefit Exchange Authority (“Authority”), an independent authority of the Government of the District of Columbia, and its governing Executive Board;

WHEREAS, §5 of the Act (D.C. Official Code §31-3171.04(a)(2)) requires the Authority to establish a SHOP Exchange and §7 of the Act (D.C. Official Code §31-3171.06(a) & (b)) authorizes the Executive Board to take necessary lawful action to implement provisions of the Affordable Care Act of 2010 (“ACA”) (P.L. 111-148 & P.L. 111-152);

WHEREAS, §1201 of the ACA made premium fairness a requirement in the small group and individual marketplace (§2701 of the Public Health Service Act, 42 U.S.C. 300gg);

WHEREAS, 45 C.F.R. §147.102(c)(3) allows states to require composite premium rating in the small group market; and

WHEREAS, on March 26, 2013, the Employer and Employee Choice Working Group presented a consensus recommendation on a premium rating and employer contribution approach.

NOW, THEREFORE, BE IT RESOLVED that the Executive Board hereby approves the “Reallocated Composite Premium, with qualified SHOP employees paying the difference in list billing between the reference plan and the plan they select” method as the premium rating approach in the SHOP marketplace. As recommended by the Employer and Employee Choice Working Group, this rating approach would operate as follows:

- Issuers receive list bill premiums.
 - The only exception to this may be with regard to mid-year census changes.
- Composite rates are calculated for all plans that employees of a group could select.
 - Rates for any one plan are calculated based on the assumption that all qualified employees of a group enroll in that plan.
- A reference Qualified Health Plan (QHP) and contribution amount is selected by the

employer.

- The employer pays the same dollar amount for each employee, regardless of age or plan selected by the employee.
- For employees who select the reference plan, their premium payments are the same dollar amount, regardless of age.
- In addition to the employee contribution for the reference plan, if an employee selects a plan other than the reference plan, the employee pays (or receives) the difference between the list bill of the selected plan and the list bill of the reference plan with employees paying the difference in list billing between the reference plan and the plan they select.

I HEREBY CERTIFY that the foregoing Resolution was adopted on this 4th day of April, 2013, by the Executive Board of the District of Columbia Health Benefit Exchange Authority in an open meeting.

Khalid Pitts, Secretary/Treasurer
District of Columbia Health Benefits Exchange Authority

Date