Considerations for Implementing an Exchange

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Implementing National Health Reform
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About Community Catalyst

Community Catalyst is a national non-profit advocacy organization that works with national, state and local consumer organizations, policymakers and foundations to build consumer and community leadership to improve the health care system.

We support consumer advocacy networks that impact state and federal health care policy, and ensure consumers have a seat at the table as health care decisions are made.

Presentation Overview

- What is an Exchange?
- Exchanges in the Affordable Care Act
- Best Practices for Designing an Exchange
- Short-Term and Long(er)-Term Considerations
- Key Points

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What is an Exchange?

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Exchanges: The Concept

- An organized insurance marketplace
- A single portal for comparing and enrolling in health insurance
- A large pool that can act as a risk-spreading mechanism
- A source for reliable information about health insurance for consumers
- A way to generate competition among health plans on quality and cost

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Exchanges in the Affordable Care Act

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Exchanges in the ACA: An Introduction

- By 2019, 29 million people will receive coverage through an Exchange
- By January 1, 2014, states required to establish American Health Benefit Exchange (AHBE) for individuals and Small Business Health Options Program (SHOP)
- If HHS determines no significant progress made by January 1, 2013, it will establish and operate an Exchange in a state
- Government agency or non-profit can run an Exchange
- Required to solicit input from key stakeholders during Exchange planning process
- After 2014, Exchanges must be financially self-sustaining

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Exchanges in the ACA: State Options

- States have significant latitude when it comes to designing and operating the Exchange
- Can elect to design a single Exchange to serve both individuals and small businesses
- Option to establish a regional Exchange in partnership with other states
- Ability to establish multiple Exchanges within the state that serve geographically distinct areas
- Establish a Basic Health Program for individuals up to 200% FPL who are ineligible for Medicaid/CHIP

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Exchanges in the ACA: Key Responsibilities

- Certify health plans as “qualified” to operate in the Exchange and oversee marketing, network adequacy, and quality
- Assist both individuals and small business in making informed health insurance decisions
- Determine eligibility, application, and enrollment procedures for all Exchange coverage as well as for premium and cost-sharing subsidies
- Coordinating seamless eligibility for the Exchange, Medicaid/CHIP
- Determine exemptions from individual responsibility requirement and eligibility for Exchange coverage due to unaffordable employer-sponsored coverage

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Best Practices for Designing an Exchange

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Consumer Representation

•Ensure meaningful consumer involvement in both design and governance of the Exchange.

•All board meetings should be subject to open meeting laws. Agendas and supporting documents should be available to the public on a website.

•Exchange board members should be free from conflicts of interest. They should represent policyholders as the primary stakeholders, plus technical experts.

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Strong Health Plan Approval Standards

•Develop strong standards for health plans offered through the Exchange. Considerations should include:

- o Provider network adequacy
- o Premiums and rate increases
- o HEDIS scores and other quality measures
- o Payment mechanisms to reduce medical errors and preventable hospitalizations, reduce disparities and improve language access
- o Ensure formal process for ongoing plan member input into problems with health plan

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Ease of Enrollment

• Provide easy-to-understand, transparent information about health plans that helps people make informed choices about their coverage

• Seamless enrollment and application process between Exchange and Medicaid

• Outreach—both at community level and through marketing

• Navigators are key to Exchange enrollment—the Navigator function should performed by an independent consumer-oriented non-profit organizations

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Streamlined Information for Choosing and Comparing Plans

• Law defines "tiers" of coverage based on actuarial values

- o But actuarial value still allows for major differences in benefits and cost-sharing, making comparisons difficult
- o Massachusetts began using actuarial value and found it left room for insurers to manipulate benefit design and created consumer confusion
- o Now Massachusetts defines standard benefit packages that every insurer bids on in each tier
- o Focus groups showed this informed choice was preferred by consumers

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Short-Term and Long(er)-Term Considerations

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Short-term Considerations

• Does the planning process for the Exchange include strong consumer input and is it transparent?

• Are there strong working relationships between state government officials responsible for the Exchange and Medicaid/CHIP officials?

• Does the state want to operate a Basic Health Program?

• What needs to be done to put the technological capacity in place to operate a successful Exchange?

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Long(er)-term Considerations

• Should the individual and small group markets be merged?

• What can be done to minimize issues with adverse selection both between the Exchange and the outside insurance market and within the Exchange between plans?

• What specific criteria does the state wish to use to determine which plans qualify to operate in the Exchange?

• Are the Navigators set-up in a way that will to optimize their value to consumers?

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Key Points

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Key Takeaways

1. By January 1, 2014, states must have an Exchange up and running and it must be self-sustaining by 2015.

2. The Exchange is a one piece of the ACA puzzle and its effectiveness depends on its relationship the other pieces especially Medicaid, subsidies, market reform and regulation, and the individual responsibility requirement.

3. As the Georgetown Center for Children and Families said, “From the consumer perspective … the ultimate success of the Exchanges will come down to how easy it is to enroll and maintain coverage that is affordable and there when they need it.”

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Questions?

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