A Consumer-Friendly Exchange includes Enrollment Assistance

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Starting January 1, 2014:
Industries and small businesses can shop in a new health insurance marketplace featuring:

- standardized insurance products (and better peace of mind);
- tools for comparing options and finding the best plan for you;
- strong insurer oversight; and
- tax credits for coverage (if your income qualifies)
Health Insurance Exchanges – Policymaker’s View

- Exchanges have the potential to leverage market forces to increase competition and drive down costs
- It is going to be a pain in the neck to implement this thing
Achieving Success

To successfully attract consumers, manage their expectations, and allow them to make a meaningful choice among health plan options, exchange designers must start with a nuanced understanding of how consumers actually shop for health insurance.
Lesson #1:
Abandon the image of a careful shopper capable of weighing the myriad costs and benefits of their health insurance options.
In truth...

- Consumers dread shopping for health care.
- Consumers struggle to compare health plan cost-sharing provisions.
- Some consumers are hazy on the insurance function itself.
- Lack of understanding and too many choices makes it difficult to make an informed choice
- How are consumers to play their role?
Consumers Need Help

Help should be multi-layered:

- ACA provisions simplify health insurance choices
- Online tools that help consumers compare plans
- Live assistance from brokers, navigators and others
New ACA Rules Help Consumers Shop

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* Does not apply to large employer plans
Exchange designers should build on these ACA provisions

- Provide vetted short-cuts to help consumers to make an informed choice:
  - Actuarial Value Tiers
  - Measures of network adequacy
  - Coverage Facts Labels

- Avoid jargon (allowed amount, benefit limit, preferred/non-preferred etc.) Use terms that are familiar to most consumers. Substitute terms will have to be tested.
Exchange designers should build on these provisions, con’t

- Provide a manageable number of “good” (vetted) choices
  - Given the cognitive difficulty of evaluating their choices, consumers don’t want an unlimited number of choices

- Even Better: reduce the number of features that can vary between plans makes them easier to compare – make designs even more standardized
Providing clarity is insufficient; information must also be trusted

☐ Cultivate an image as a trusted source for information
☐ Manage consumer expectations – don’t oversell
☐ Partner with trusted entities
☐ Merit consumer trust:
  ■ vet health plans well,
  ■ strive for stability in offerings,
  ■ invest in good communications,
  ■ test communications with consumers, and
  ■ engage in these activities over the long run
Consumers Lack Confidence and Turn to “Assistors”

- Not just brokers, but also family, friends, neighbor-who-happens-to-work-at-a-hospital, others

- ACA introduces navigators – modeled loosely on an existing program called State Health Insurance Assistance Program (SHIP)
Best Starting Point: What type of assistance do consumers need?

Your state-level assessment might show they need help:

- understanding individual responsibility under the law
- understanding the purpose and function of insurance
- understanding and weighing their health insurance options and the final cost after tax credits
- navigating the eligibility process (to purchase in the exchange, as well as tax credits)
- navigating the enrollment process
- understanding their responsibilities post-enrollment
- in the form of a permanent source to respond to questions

..in their native language, from a person they trust and are comfortable with.
Given the great need, engaging a variety of “assistors” makes sense
Policymakers/Exchange Designers Can Protect Consumers

- Establish strong marketing rules for insurers inside and outside the Exchange, lest consumer health plan confusion be exploited.
- Establish strong rules for brokers and navigators with respect to health plan steering.
- Require compensation structures that do not provide an incentive to steer consumers to plans that pay better commissions.
- Require compensation structures to be disclosed.
Policymakers/Exchange Designers Can Protect Consumers, con’t

- Require training of formal assistors (navigators, broker):
  - Brokers – understanding the needs of lower-income applicants; their public coverage options, their tax credit options, consumer protections under the law.
  - Navigators – insurance options under the ACA, new public coverage options, their tax credit options, and consumer protections under the law.

- Licensing should not be required for navigators
Policymakers/Exchange Designers Can Facilitate the Work of Assistors

- Arm assistors with consumer-tested “tools” that facilitate consumer understanding (glossary, examples, etc)
- Rigorously test all Exchange-produced, consumer-facing products to make the assistors work easier
- Engage in continuous monitoring of consumer reactions to their Exchange experience and improve over time.
For More Information

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Studies: