Overview of Massachusetts Health Reform:

Exchange Design Issues & Lessons Learned

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Agenda

1. Progress to date
2. First steps & strategy for exchanges
3. Lessons learned
Exchange Functions under Reform

1. Determine eligibility for subsidies
2. Specify plan designs & cost-sharing
3. Select & market health plans
4. Promote choice & competition
5. Public education & outreach

Commonwealth Care: 185,000 mbrs
Connects eligible, uninsured, low-income residents to subsidized health plans
Commonwealth Choice: 36,000 mbrs
Connects Mass residents and businesses to commercial health insurance options

Achievements of MA Health Reform

1. 2.6% - 2.7% uninsured
2. Of newly insured, 35% private pay
3. >98% compliance (taxpayer filings)
4. 59% - 75% public approval
5. 92 new PCCs (2009)
There’s More to the Story

“If I didn’t have health insurance, I would never have made an appointment with my doctor because of the cost. The cancer would have spread and I would not be alive today to tell you my story.”  - Jaclyn Michalos, 27

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There’s More to the Story

Before moving to Mass in 2007, she was told by an insurance agent in her home state: “You’ll never get insurance, so don’t waste your time.”

After discovering Commonwealth Choice: “I did the whole thing online and got a very good plan. I was just thrilled!”

Abbie von Schlegell, Commonwealth Choice member

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Issues w/ MA Health Care Reform

1. Net state cost in FY10: < $350 million

2. Exchange finances: self-supporting
   - $25 million initial capitalization
   - $13 million repaid
   - $20 million current net worth (state’s)
   - Admin budget = $30 million (3% of premiums)

Key Steps in Organizing an Exchange under PPACA

2010: Planning (data, issues, strategy, grants)
2010/11: Reform insurance & authorize exchange
2010-13: Eligibility-determination system
2011/12: Develop plans of operation
2012/13: RFPs: IT/portal, premium billing/enrollment, customer service, marketing, navigators, health plans, auditor
2013: Testing/go-live

Detailed timeline from AcademyHealth (7/29/10)
Strategic issues for state exchanges

1. Governance: Connector a semi-independent public authority
   - Fiscal agent for public funds
   - Policymaking board of directors
   - Coordinates w/ other state agencies
   - Market-maker/promoter

Medicaid, DoI, HHS/OED?
Regional exchanges across state lines?
Private non-profit entities?

Strategic Issues

2. Adverse selection & rating rules
   Community rating bands
   Transition rules pre/post-2014
   Merge non-group & small-group?
   Standardize products
   List billing
Strategic Issues

3. **Reducing distribution costs in non-group & small group**

   10% – 30% of premiums, nationally

   versus

   ~ 3% in exchanges

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Strategic Issues

4. **Benefits specification**

   Begin with market research

   Encourage innovation

   Standardize for easy comparison

   Manage change
Strategic Issues

5. **Carrier bidding**
   - Managed competition
   - Transparency
   - Encourage systems integration?
   - Long-term relationships
   - How selective? (evolving)

6. **Administrative challenges**
   - Outreach & marketing
   - Integrated eligibility determination
   - Transparency of cost, access & quality
   - Simplification of choice & enrollment
   - Customer service (N-G & SHOP)
   - Advocacy?
Lessons Learned

1. “It’s a campaign”
2. Research & experiment
3. Communicate, communicate, communicate
4. Huge technology challenge/opportunity
5. Outsource, partner & collaborate

6. Simplify and standardize
7. Consolidate legacy programs, if possible
8. Consider new exchange “applications”
9. Rationalize program eligibility
10. Reform health care delivery, too
If you have questions,...

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