

Health Insurance Exchanges Overview and State Actions

The Colorado Health Foundation
Public Policy Committee
(updated from Colorado Health Care Task Force, August 2009)

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rev. 11/17/09

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- ◆ “The problem of the uninsured can never be adequately and effectively addressed without first tackling the issues of coverage continuity and portability.”

- Ed Haislmaier- Heritage Foundation

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Small groups, individuals, uninsured

Can one new idea fix all this?

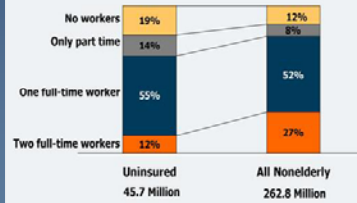
- ◆ State policymakers want to coordinate, centralize and simplify the health insurance market.

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The Health Exchange

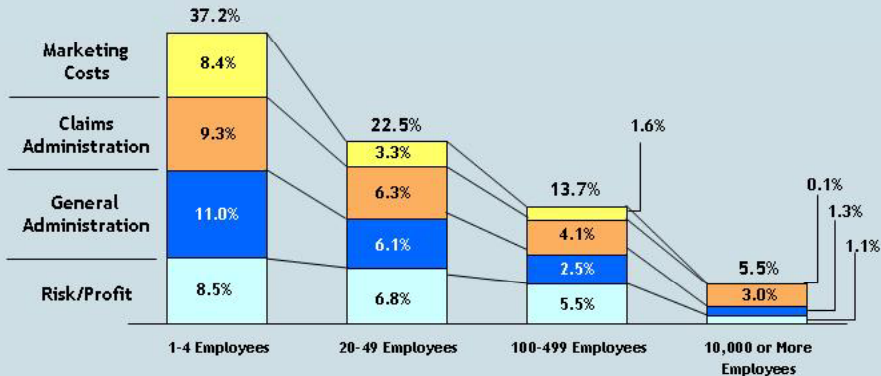
- ◆ Using the private insurance market to fit multiple health access and coverage goals.

Uninsured Nonelderly vs. All Nonelderly, by Family Work Status, 2008



NOTES: Data may not total 100% due to rounding.
SOURCE: Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of 2009 ASEC Supplement to the CPS.

Insurance is More Costly to Administer for Small Groups



Source: Lewin presentation on "Cost and Coverage Impacts" to Colorado Commission, August 23, 2007

What is a Health Exchange?

- ◆ A structure that facilitates people selecting a health plan from a broad selection of offerings.
- ◆ **10 key functions --**
- ◆ **“Comparison Shopping” Provides Insurance Benefit Information-**
An organization and associated website for purchasing insurance to get information and compare options. Web-based tool helps consumers to compare insurance products and pricing. *Example:* Massachusetts website provides information to allow for comparison shopping and also tiered the levels of coverage (i.e. gold, silver, bronze).
- ◆ **Portable** - same policy for many employers or payers.

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What are the key functions of “reform style” exchanges?

- ◆ **Establish standardized benefits** (insurers offer several tiers with different cost-sharing levels - set by the state)
- ◆ **“Affordability”** expanded market; rate discussions.
- ◆ **Transparency** - plain language
- ◆ **Organize quality programs & information**
- ◆ **Can coordinate public subsidies for private insurance** (Massachusetts, Tennessee)
- ◆ **Market reorganization**, for example MA combines their small group market and individual market.
- ◆ **Can assist smaller employers;**
- ◆ **Can work with brokers and health insurers.**

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The largest example:

Massachusetts Connector (Exchange)

- ◆ Bi-partisan reform effort, passed 2006.
- ◆ Merges individual and small-group markets.
- ◆ Creates a “safe world” for small employers who are relieved of having to run an insurance plan; they still contribute to plans and are assured that



employees have quality coverage to pick from.

- ◆ Portability is guaranteed by law.
- ◆ Full & part-time workers are eligible. Premium payments from multiple employers or accounts.

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Mass. portability: multiple employers can contribute; choice of 6 plans

A screenshot of the Massachusetts Connector website. The page features a navigation bar with links for 'Home', 'Find Insurance', 'Health Care Reform', and 'About Us'. Below the navigation bar, there is a main heading: 'You need health insurance. The state's Health Connector can help.' This is followed by a grid of images representing different user groups: 'Individuals & Families', 'Young Adults', 'Employees', 'Employers', and 'Brokers'. A central callout box titled 'Help your employees save on health insurance.' lists benefits like pre-tax savings and unified billing. Below this, there are sections for 'We're your connection to good health, Massachusetts!' and 'Win Red Sox tickets!'. The footer contains the text: 'The Health Connector is an independent state agency that helps Massachusetts...' and a '[web]' icon.

6 major health plans:

- Blue Cross Blue Shield of Mass.
- Fallon Community Health Plan
- Harvard Pilgrim Health Care
- Health New England
- Neighborhood Health Plan
- Tufts Health Plan



Mass. Market Reform: PROGRESS!

	1998	2006	2008
# Carriers	21	19	28
# Benefit Packages	26	30	180
Monthly Premium*	100%	244%	185%

* Under adjusted community rating for non-group in Mass., premiums for the oldest subscribers are twice that for the youngest, so these premium relativities apply broadly across age groups for an individual subscriber in a given geography (Boston) enrolling in a standard HMO plan, as shown for 1998 (just after G.I & R. was implemented), 2006 (before c. 58 was implemented), and Oct. 2008 (after c. 58 was implemented)

Source: Jon Kingsdale, Mass. presentation to CO Health Symposium 7/31/09

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Utah Health Exchange

Public launch August 19, 2009



Home Find Insurance Health System Reform About the Exchange Help Contact Us



Welcome to the Utah Health Exchange

The Utah Health Exchange is the State's official hub for all of your health insurance needs.



Individuals & Families

Use the Exchange to find the individual or family plan that fits your needs. Compare features, prices, and apply for coverage all in one place. [Shop Now](#)



Employees

If you work for a participating employer, you can use the Exchange to choose from a variety of plan options to get coverage tailored to you and then enroll online. [Learn More](#)



Employers

Use the Exchange to set up a defined contribution plan. Your employees get multiple plan choices. You get cost predictability and greatly simplified benefits management. [Learn More](#)



Producers

The Exchange can offer comprehensive plan choices to your clients and their employees. Use defined contribution plans to expand your clients' benefits options and your business. [Learn More](#)

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Done, but with errors on page.

Internet

100%

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Some Utah features

- ◆ **Defined Contribution by Employers**
- ◆ **"Simplified Benefit Management:** greatly simplify the planning and management of a company's health benefit options. By enrolling in a defined contribution plan via The Exchange, the only decision an employer has to make is how much to contribute."
- ◆ ... move our health care system toward a consumer-based system.
- ◆ A standardized electronic application and enrollment system.
- ◆ **NCSL reports:** 136 employers, 2,400 workers joined in 1st 2 weeks [web](#)

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- ◆ Launched Jan. 2009, **Cover Florida Health Care** is intended to provide coverage to residents ages 19-64 without insurance for 6 months. No tax revenues used; consumers will use their own dollars to buy the relatively low-cost plans.
- ◆ Plans are **portable from one employer to another** because they are individual policies. Employers may voluntarily share in the cost of the plan with their employees or may assist employees with a payroll deduction.
- ◆ **Limitations:** 3,757 people enrolled in 1st 8 months; 77,500 residents lost coverage in Florida [web](#)

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Federal Reform Proposals...

- ◆ **U.S. House Bill (HR 3962) as passed includes Insurance Exchanges** —
- ◆ Establishes a federal health insurance exchange for each state and territory in 2013 under the new Health Choices Administration that would allow individuals without government-provided or employer-provided coverage, and certain businesses, to purchase health insurance. **The bill permits states to run exchanges if they meet certain criteria.** CBO estimates that roughly 30 million people will likely take advantage of the exchange.
- ◆ - CQ Summary. Updated November 6, 2009
- ◆ **Actual outcome... no one knows yet??**

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Exchanges are in both Houses House passed || Senate (Reid)

HOUSE BILL (Passed)

The bill would set up new insurance marketplaces — called exchanges — where people without access to affordable coverage through an employer could purchase comprehensive plans.

Subsidies would be available to households earning up to 400 percent of the poverty level (\$88,200 for a family of four).

EFFECTIVE 2013

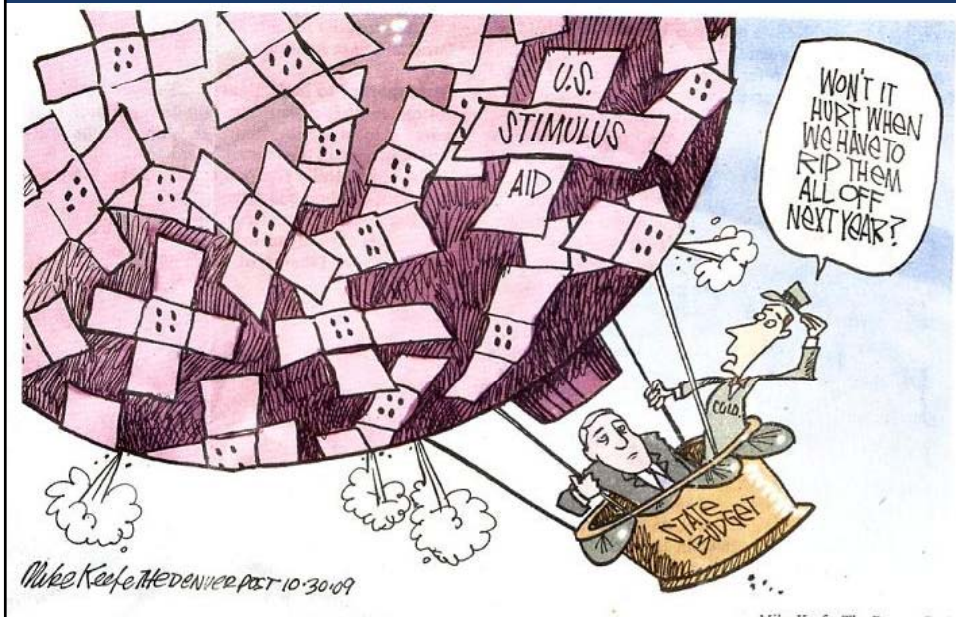
SENATE BILL (Sen. Reid- Nov. 18)

The bill would set up new insurance marketplaces — called exchanges — where people without access to affordable coverage through an employer could purchase comprehensive plans.


Tax credits would be available on a sliding scale for individuals and families who earn up to 400 percent of the federal poverty level (\$88,200 for a family of four).

EFFECTIVE 2014

State budgets make any change uncertain




8 / 20 75% Find



More to the Story than Numbers

"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**



Source: Jon Kingsdale, Mass. presentation to CO Health Symposium 7/31/09

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