
A Consumer- Friendly Exchange includes Enrollment Assistance

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Health Insurance Exchanges – Consumer's View

Starting January 1, 2014:

Individuals 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

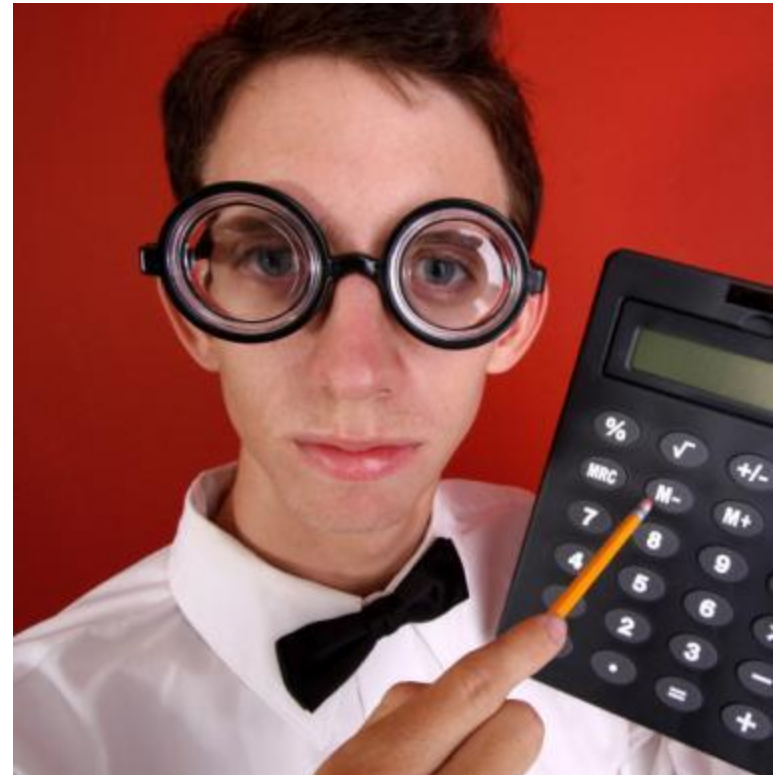
- ❑ Exchanges have the potential to leverage market forces to increase competition and drive down costs
- ❑ It is going to be a pain in the neck to implement this thing

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

Inside the Exchange	Outside the Exchange
Guaranteed Coverage with limited rating factors	
Must Cover Essential Benefits*	
Some limits on cost-sharing	
Health plans arrayed into tiers based on actuarial value*	
Health Plan Quality Reporting	
Tax Credits for those under 400% FPL	
Tax Credits for small, low-wage businesses	
Additional health plan reporting	

* 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:

- <http://www.commonwealthfund.org/Content/Publications/Issue-Briefs/2011/Feb/Making-Health-Insurance-Cost-Sharing-Clear.aspx>
- http://prescriptionforchange.org/wordpress/wp-content/uploads/2011/08/A_New_Way_of_Comparing_Health_Insurance.pdf