



Ensuring Quality in Health Insurance Marketplaces

By Ashley A. Noble

Health insurance marketplaces—often called exchanges—have broadened the market of potential patients for health care providers. They also increased the number of enrollees in private health insurance plans and Medicaid. As consumers navigate the options, states are attempting to make choosing plans easier by giving them information beyond price points and [metal tiers](#)—the average percentage of costs covered by plans. They are providing information about the nature, cost and quality of health plans in a variety of ways.

Did You Know?

- New York invites health insurance carriers to participate on its health insurance exchange.
- States that allow any insurance carrier to participate in a health insurance exchange, as long as those carriers comply with federal criteria, are called “passive purchasers.”
- At least 21 states regulate the size of the insurance carrier provider networks, with widely varying provisions.

State Action

Essential Health Benefits. Health insurance plans purchased through an insurance marketplace are required to cover 10 categories of “[essential health benefits](#),” including “ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services, including oral and vision care.” Plans may require patients to pay a [copayment](#), deductible or other out-of-pocket cost. States [may expand](#) the types of treatments that insurance carriers must cover. For example, Nebraska and the District of Columbia enacted legislation in 2014 to require certain insurance plans to cover treatments for autism spectrum disorder.

Network Adequacy. Insurance carriers sometimes limit the number of providers in their networks in an effort to keep costs down, or they may adjust the size of their networks depending on market demand. Narrow networks can limit consumers’ options by reducing their choice of providers—which some may be willing to accept in order to save money—and also decrease access to care if in-network providers are not conveniently located. [At least 21 states and the District of Columbia](#) have enacted laws to ensure that insurance plans have an adequate number of providers within their networks.

Quality of Insurance Information. According to [The Commonwealth Fund’s Quality Improvement Report](#), nine states made information about the quality of insurance plans available to consumers in 2014. [Minnesota’s performance data](#) for health insurance carriers are notable because consumers can easily access the information from a health department Web page without having to click through the state’s health insurance exchange site.

Quality of Care Information. Some states also compile information about the quality of care into “score cards” or “report cards.” [California](#) created such a system, offering consum-

ers information about the quality of care patients have received from HMOs, PPOs, medical groups, Medi-Cal Managed Care plans, Medicare physician groups, hospitals and long-term care facilities, and its state employee retirement health plans. [New Jersey](#) hosts a Web page that allows users to compare health outcomes for various conditions in hospitals. Some states, such as [Illinois](#), provide report cards that rank providers and health care facilities. Such information could be useful to consumers who want to compare facilities, providers and networks before deciding on an insurance plan.

Active and Passive Purchasers. The [Government Accountability Office](#) recognizes that states operating their own marketplaces can be separated into “passive purchasers” and “active purchasers,” depending upon the insurance plans offered. [Passive purchasers](#), also called “clearinghouses,” require carriers and plans to abide by the standards set by the federal government, but do not otherwise limit participation in state exchanges. Six states and the District of Columbia operate under this model.

As active purchasers, some states require insurance plans to meet additional requirements to be sold on the market, such as certain quality standards. For example, states may use selective contracting or a [hybrid system](#) to determine which plans may be listed on a state marketplace. Selective contracting requires insurance carriers that wish to sell their plans on a marketplace to meet heightened criteria determined by the state, such as affordability or use of team-based care. [The Commonwealth Fund](#) has identified four states—California, Massachusetts, Rhode Island and Vermont—that use selective contracting. States that use a hybrid organization system, called “[market organizers](#)” by The Commonwealth Fund, limit the types of plans that may be offered but do not selectively contract with particular carriers. In New York, for example, the state invites insurance carriers to submit “[certain health insurance plans](#)” for approval. If approved, these plans will be offered on the state exchange as Qualified Health Plans.

The strategies listed here represent only an overview of the potential options states may employ to ensure that consumers have access to quality health insurance plans and health care. As states become more familiar with the structure of health insurance exchanges, it is possible they will develop and implement other innovations or perhaps will abandon less-successful strategies.

NCSL Contact and Resource

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[State Actions to Address Health Insurance Exchanges](#)

Additional Resources

American Academy of Family Physicians, [Health Insurance Exchanges: Variation in State Efforts](#)

Commonwealth Fund, [Implementing the Affordable Care Act: State Action on Quality Improvement in State-Based Marketplaces](#)

Commonwealth Fund, [13 States Are Using Health Insurance Marketplaces to Improve Quality](#)

Georgetown University Health Policy Institute and the National Academy of Social Insurance

Kaiser Family Foundation, [State Marketplace Profiles: New York](#)

U.S. Department of Justice, [Improving Health Care: A Dose of Competition](#) (2004)