Goals for a Health Insurance Exchange

State of Illinois

August 24, 2011

HEALTH MANAGEMENT ASSOCIATES
Welcome

Introductions

Kate Gross, Assistant Director for Health Planning
Illinois Department of Insurance

Mike Koetting, Administrator
Division of Health Reform Planning & Implementation
Illinois Department of Healthcare and Family Services

Jon Kingsdale, Managing Partner
Wakely Consulting (Boston)
Outline of Goals Discussion

• Expectations for today’s discussion of goals?
• What is an exchange? (in brief)
• Why set goals for the Illinois exchange?
• Discuss potential goals for the Illinois Health Benefits Exchange and how to prioritize them
• Next steps
What Is an Exchange?

• A store for insurance
  – Decide what products to offer
  – Contract with plans to offer those products
  – Outreach to consumers
  – Help consumers shop for and enroll in plans

• Mechanism for implementing premium and cost-sharing subsidies
  – Eligibility determination
  – Financial tracking & reporting
Illinois Health Benefits Exchange

**Critical Tasks Timeline**

- **Complete by:**
  - DEC 2011
  - March 2012
  - April 2012
  - July 2012
  - Oct 2012
  - Dec 2012

- **Start by:**
  - April 2012
  - July 2012
  - Oct 2012

- **Submit Readiness Proposal to Feds by:**
  - Dec 2012

- **Open Enrollment Summer 2013**

**Tasks:**

- **Background Research**
- **Appoint Board**
- **Hire Core Staff (Exec Dir, CFO, CIO)**
- **Website**
- **Billing System**
- **Enrollment System & CS**
- **Data Warehouse**
- **Market Res**
- **Outreach**
- **Appeals & Grievances**
- **Mandate exceptions**
- **Report to Feds**
- **Develop Specs for**
  - QHPs
  - navigators
  - brokers
  - other

**Provides Description of Operational Exchange**

**Test Systems and Processes**
Exchange Insurer Timeline Requests

Illinois Exchange

- 4/2011
- 9/2011
- 2/2012
- 10/2012
- 1/2013
- 10/2013

Health Insurers

- 15 months (avg. certification prep time)

Strategy
- Sales & Marketing approach

Planning
- Budget/resource allocation
- Benefit/product design

Strategy
- Sales & Marketing approach

Open Enrollment Begins

Stat: Source adapted from PWC Health Research Institute, July 2011
Why Set Goals?

• Carve out “space” for reform
• Be realistic about exchanges
• Recognize trade-offs
• Set priorities
Potential Goals for an IL Exchange

- Create an attractive, accessible, and easy-to-use website for individuals and their families to compare and purchase comprehensive health insurance coverage

- Use advanced cutting-edge technology to determine eligibility for individual tax credits and enroll qualified applicants into the expanded Medicaid program

- Develop a navigator program & outreach campaign to encourage the widest possible purchase of health insurance coverage
Potential Goals for an IL Exchange

- Foster a competitive health insurance marketplace for more affordable coverage of households and reduce adverse risk selection

- Sustain continuity of care for lower-income populations whose income and eligibility for Medicaid and private insurance will change frequently

- Provide small businesses with cost-effective and easy to access comprehensive health insurance coverage options
Create an attractive, accessible, and easy-to-use website for individuals and their families to compare and purchase comprehensive health insurance

- Health insurance is an expensive and complex purchase decision
- Standardization of benefits can facilitate comparison shopping
  - ACA will set essential health benefits and actuarial tiers
  - Exchange could consider additional standardization of benefits
- Decision support tools: some already available on commercial exchanges, others in development for ACA
- Health insurance a la Travelocity
Use advanced cutting-edge technology to determine eligibility for individual tax credits and enroll qualified applicants in the expanded Medicaid Program

- “No wrong door” eligibility determination
- Non-stigmatized premium subsidies
- Individual mandate
- Exchange serves many low income patients who become newly insured
- New Medicaid enrollees:
  - Currently eligible but not enrolled
  - Newly Eligible
Develop a navigator program & outreach campaign to encourage the widest possible purchase of health insurance coverage

- Education/outreach efforts
  - “Boots on the ground” effort by community agencies, similar to Medicaid/All Kids efforts
  - Mass marketing campaigns
    - Red Sox great partner in MA

- Balance outreach to traditionally difficult-to-reach populations with maintaining broad appeal of Exchange
Foster a competitive health insurance marketplace for more affordable coverage for households & reduce adverse selection

- Promote broad commercial appeal of exchange
- Risk adjustment critical to encourage value-based competition

“Wholesale” competition:
- Plans compete on price, plan design, etc. for “shelf-space”
- Economies of scale for certain administrative functions
- Reduce barriers to entry and even recruit new plans

“Retail” competition:
- Individuals buy based on personal preferences
- Generally very price sensitive buyers
❖ Sustain continuity of care for lower-income populations whose income and eligibility for Medicaid and private insurance likely will change frequently

✔ Proactively address churning
✔ Basic Health Plan for Illinois?
✔ Requires alignment of Medicaid, All Kids, QHPs
✔ How to maintain financing of safety net providers post-reform
Provide small businesses with cost-effective and easy to access comprehensive health insurance coverage options

- Reduce administrative costs for small businesses
  - Retention is typically 20-25% in IL today
  - Under ACA minimum MLR of 80%
- Reduce premium variations for small businesses (?)
- Offer employees of small business more coverage options
- Offer employers lower cost health plans
- Close buying gaps between large and small employers
Discussion

1. How realistic are these goals?

2. Should other goals be considered?

3. What are the trade-offs among these goals?

4. Who/how/when to set goals for Exchange?
Roles in Exchange Planning

- Goals
- Evolving Policies
- Implementation