

Goals for a Health Insurance Exchange



State of Illinois

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Welcome

Introductions

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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?

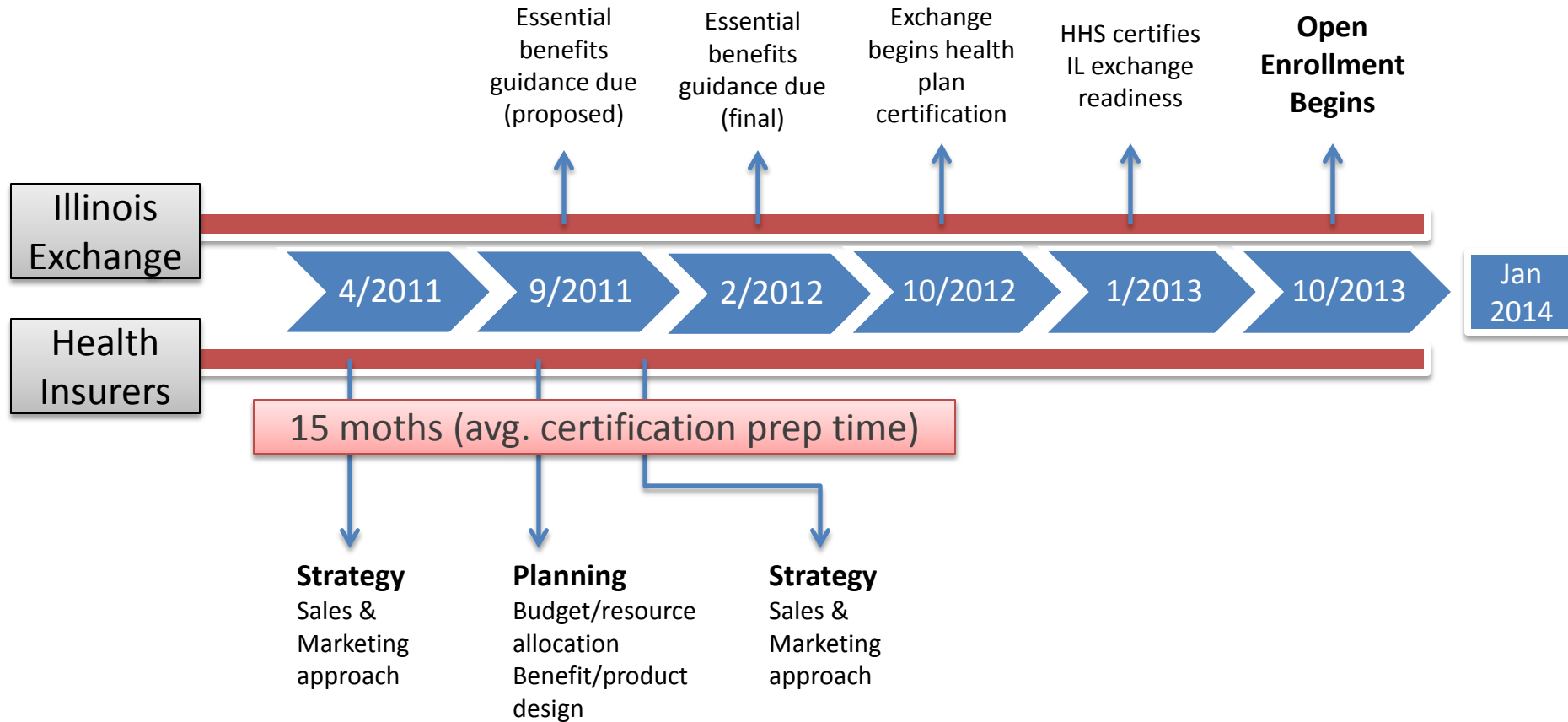
- A store for insurance
 - Decide what products to offer
 - Contract with plans to offer those products
 - Outreach to consumers
 - Help consumers shop for and enroll in plans
- Mechanism for implementing premium and cost-sharing subsidies
 - Eligibility determination
 - Financial tracking & reporting

Illinois Health Benefits Exchange

Critical Tasks Timeline



Exchange Insurer Timeline Requests



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

