

Health Benefits Exchange: Governance Options for States



Presentation Before the Illinois Health Benefits
Exchange Legislative Study Committee

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Governance

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- Governance Questions to be Considered:
 - Where should the Exchange be located?
 - What should the composition of the Board be?
 - How should Board members be selected or appointed?
 - Conflict of interest provisions?
 - Should the Exchange be subject to State laws governing hiring and procurement?
 - What level of transparency and public accountability is desired?

ACA Requirements and Federal Guidance

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- Section 1311(d)(1) of the ACA requires an Exchange to be “a governmental agency or a nonprofit entity that is established by a State.” This provides for three basic alternatives:
 1. New or existing state agency;
 2. Nonprofit entity established by State; or
 3. Quasi-governmental entity.
- Section 1311(d)(6) requires an Exchange to “consult with [relevant] stakeholders,” including enrollees, representatives of small businesses, Medicaid offices, and advocates for enrolling hard to reach populations.
 - NOTE: Specific groups are named in the proposed federal regulations, and are wide-ranging.

ACA Requirements and Federal Guidance (ct'd)

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Proposed Federal Regulations (*Issued July 22, 2011*)

- **Governing Board.** If a State chooses to structure their Exchange as a quasi-governmental entity/non-profit, it must have a governing board in place that does the following:
 - Holds regular, public meetings;
 - Operates under a formal charter or by-laws.
 - Represents consumer interests, with a majority of voting representatives consisting of individuals without conflicts of interest; and
 - Majority of voting members have relevant experience (described specifically in reg).
- **Guiding Principles.** The Exchange must have in place publically available guiding governance principles that include:
 - Ethics;
 - Conflicts of interest standards;
 - Accountability and transparency standards; and
 - Disclosure of financial interests.

Models for Governance

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- **Existing Insurance Exchanges:**
 - Massachusetts “Connector”
<https://www.mahealthconnector.org/portal/site/connector/>
 - Utah Health Exchange
<http://www.exchange.utah.gov/>
- **Legislation Establishing Insurance Exchanges:**
 - California, Pennsylvania, Montana, Oregon, Maryland, Washington State, West Virginia, Nevada and others
- **Other Illinois State Models**
 - *e.g.*, Illinois Comprehensive Health Insurance Plan, Office of Health Information Technology

Comparison of Selected State Models

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	Massachusetts	Utah	California
Location	Quasi-governmental	State agency, with <i>Advisory Board</i>	Quasi-governmental
Number of Voting Board Members	10	8	5
Length of Term	3 years	N/A	4 years
Selection of Board Members	<ul style="list-style-type: none"> • 4 <i>ex officio</i> members (e.g., Insurance Commissioner) • 3 Governor appointees • 3 AG appointees 	<ul style="list-style-type: none"> • Selected by Director of Office Of Economic Development 	<ul style="list-style-type: none"> • 1 <i>ex officio</i> member • 2 Governor appointees • 2 legislative appointees

Comparison of Selected State Models (ct'd)

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	Massachusetts	Utah	California
Board Composition / Representation	<u>State agencies</u> <ul style="list-style-type: none"> • Medicaid, Insurance, Group Insurance Commission, Administration and Finance <u>Interest Groups</u> <ul style="list-style-type: none"> • Consumers (1), small businesses (1), organized labor (1) <u>Skills/Expertise</u> <ul style="list-style-type: none"> • Actuary (1), health economist (1), employee health benefits plan specialist (1) 	<u>State agencies</u> <ul style="list-style-type: none"> • Insurance, Department of Health <u>Interest Groups</u> <ul style="list-style-type: none"> • Producers (2), consumers (2), “large insurer” (1), “small insurer” (1) 	<p>Each board member must have expertise in at least 2 of the following areas:</p> <ul style="list-style-type: none"> • Individual coverage • Small employer coverage • Health plan administration • Health care finance • Administering health care delivery system • Purchasing coverage