Health Care Reform: Exchange Options Discussion
Based on deliberations of the steering committee on health reform

Advisory Council on Health Systems Development
September 24, 2010

Today's Agenda

- Review of Exchange Provisions in ACA
  - Key Functions of Exchange
  - Timeline
- Preliminary Assessment of Current State Infrastructure
- Discussion of Problems Maine Would Like to Address with an Exchange
- Discussion of Goals for Maine Exchange
- Discussion of Early Considerations and a Framework for Future Planning
What does the ACA require of states?

- States must establish American Health Benefit Exchange (AHBE) and Small Business Health Options Program (SHOP) by 1/1/2014 or
- HHS will establish one for them
- Exchanges may be administered by a Governmental Agency or a non-profit entity
- Exchanges may be organized at a multi-State, State, or a regional level
- States must decide on the structure of their Exchange(s) by 1/1/2013 and

What does the ACA require of states?

- HHS Secretary will decide whether significant progress has been made by 1/1/2013
- Grants are available to states for planning the AHBE and technical assistance for SHOP
- State Exchanges must be financially self-sustaining by 2015
- Must consult with relevant stakeholders in establishing Exchange *(In Maine: ACHSD and public meetings and hearings planned)*
- In 2017 states may apply for waiver of many Exchange (and overall reform) features
Key Functions of the Exchange

- Determine and Coordinate Eligibility
- Create standardized benefit categories of health insurance plans
- Offer multistate plans
- Certify Qualified Health Plans
- Maintain a call center for customer service and establish procedures for enrolling individuals and businesses
- Establish website with comparative cost and quality information
- Assign quality ratings
- Reward quality
- Set up a "Navigator" program

Timeline for Implementation

- HHS Secretary decides if state has made enough progress
- Option for multi-state compacts
  Must allow firms up to 100 employees in Exchange
- Exchange planning and implementing
- Exchange must be financially self-sustaining
- States may apply for waiver
- Exchange launched
  Premium & Cost sharing subsidies begin
  Employer requirements/assessments begin
### Current State Infrastructure

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>State</th>
<th>NEVS</th>
<th>BIC</th>
<th>Rate Employee Plan</th>
<th>Stable Site</th>
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<tr>
<td>Requires Public Program</td>
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<td>Requires subsidies for private insurance</td>
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<td>Determine employer thresholds</td>
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<td>Determine Affordability Waver</td>
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<td>Determine Employer Access</td>
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<td>Refuse applicants to other programs</td>
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<td>Benefit and Plan Interaction</td>
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<td>Contract with Carriers</td>
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<td>Standardize benefit packages by standard value</td>
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<td>Certify Qualified Health Plans</td>
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<td>Obtain quality through market-based incentives</td>
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<td>Design quality rating for plans</td>
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<td>Conduct health assessment</td>
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<td>Customer Service</td>
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<td>Call center</td>
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<td>Send individuals</td>
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<td>Send businesses</td>
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<td>Maintain website with ease and quality information</td>
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<td>Provide cost calculator</td>
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<td>Premium Payment and Collection</td>
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<td>Pay perks</td>
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<td>Manage navigational program</td>
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<td>Pay premiums to carriers</td>
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<td>Aggregate premium from multiple insurers</td>
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Draft 5 - for Discussion

### Problems Maine would like to address with Exchange

- High insurance costs
  - Small to medium firms dropping coverage
  - Part-time and seasonal workers have particular difficulty affording coverage
  - Underinsurance
- Limited transparency in insurance purchase
  - Difficult to compare products
  - Confusing for consumers
- Lack of continuity for individuals moving between health insurance coverage types
- Payment structures do not incent primary care and prevention
- Limited choice of carrier in non-group and small group markets
- Adverse selection

Draft 5 - for Discussion
Goals of the Maine Exchange

- Improve the health of Maine residents.
- Provide meaningful insurance to more people.
- Improve overall satisfaction with and quality of health care system through payment reform, benefit design, and quality incentives.
- Standardize and simplify insurance purchase.
- Create a more robust market for health insurance through transparency.
- Increase portability and choice of health insurance.
- Build on current system and infrastructure.
- Promote policies which may reduce the rate of health care cost growth.

Early Considerations and Options to Guide Future Planning

- Stakeholders understand that this is an evolving process
- Preliminary analysis of pros and cons suggest a particular path but as new data become available preliminary framework will be revisited
- Difficult to move forward in planning without a "strawman" proposal
- The next set of questions help shape Maine’s initial planning process
- Areas for additional inquiry will be identified
Early Considerations and Options to Guide Future Planning

1 Should Maine
   a) manage its own Exchange,
   b) work with other states to create a regional Exchange, or
   c) let the Federal government run it?
2 Should Maine create separate exchanges for individuals and businesses or just one Exchange serving both individuals and businesses?

Early Considerations and Options to Guide Future Planning

3 Should Maine have one or more exchanges to serve geographically distinct regions?
4 Should Maine collaborate with New England states on some Exchange functions?
5 Where should Maine’s Exchange be housed, in a/an:
   a) non-profit
   b) quasi state or independent agency
   c) existing government agency?
Planning Framework Issue 1: Maine Should Manage its own Exchange

- Pros:
  - Maine will have more control and flexibility
  - Exchange will focus on Maine’s priorities and goals
  - Maine has existing state infrastructure with core competencies
  - More efficient for state agencies to coordinate with each other than to separately coordinate with a federal or regional exchange
  - Implementation timelines are very ambitious; takes longer to coordinate with other states
  - Maximizes legislative oversight
  - Federal planning and implementation grants available to state

- Cons:
  - Resource intensive for state to administer (time and personnel)
  - Difficult to estimate the administrative costs and whether the Exchange can be sustainable
  - May not realize economies of scale that could potentially be realized through a regional or national Exchange

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Planning Framework Issue 2: Maine should create one Exchange serving both Individuals and Businesses

- Pros:
  - Individuals move between employer and non-group coverage, having one Exchange will make it easier
  - Economies of scale in having one Exchange
  - Administrative costs more expensive with two exchanges
  - All covered lives in one Exchange (vs. 2) allows for larger pool and ability to have more impact on quality & cost
  - One Board/oversight body

- Cons:
  - May be difficult for one entity to balance differing priorities of Individual and SHOP Exchange
  - Different messaging and customer service needs for individuals and businesses

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Planning Framework Issue 3:
Maine should have one Exchange serving the State

- Pros:
  - Maine's population can be covered within one Exchange
  - Insurance carriers are statewide
  - Administrative efficiencies may be realized with centralized Exchange
  - Could coordinate with local offices of state government

- Cons:
  - Will require outreach in rural areas of Maine
  - Will require strategies other than the Internet for remote areas and populations without access
  - Will require governance reflective of geographic and other diversity of the state

Planning Framework Issue 4:
Maine should collaborate with New England states on Exchange functions

- Pros:
  - Procurement of IT and other resources might bring efficiencies and/or economies of scale
  - Allows for collaboration on specific issues given the tight implementation timeline
  - States can share best practices and learn what works

- Cons:
  - May be difficult to coordinate across states, particularly given on-going activities
  - Each state has its own procurement rules which may make collaboration difficult
  - States may have different goals that impact ability to collaborate on specific issues
  - Cost of multi state meetings/travel
Planning Framework Issue 5:
Maine’s Exchange should be housed in an Independent or Quasi-state agency.

Nonprofit Discussion

Pros:
- Least influenced by political environment
- Most nimble as it will not be constrained by state procurement and HR rules
- Potentially better able to compete for highly skilled staff
- It’s not government so some may trust it more
- Traditionally private functions may be easier to carry out*

Cons:
- Hardest entity to ensure that state priorities are carried out
- May be difficult to coordinate across state and federal agencies
- Difficult entity for sharing confidential information
- Government still remains responsible for carrying out ACA yet Legislature and Governor have least accountability here

Planning Framework Issue 5:
Maine’s Exchange should be housed in an Independent or Quasi-state agency.

Independent/Quasi State Agency Discussion

Pros:
- Better site for state priorities
- Easier to coordinate with federal and state agencies
- Better accountability and more transparency
- Can appoint governing board composed of people with technical expertise
- Board appointed by Governor and Legislature
- Executive Director to serve at pleasure of the Board
- Flexibility from some state procurement and HR laws
- May be better able to interact with private sector than government agency

Cons:
- Sharing of confidential information may be problematic
- May carry stigma with consumers (individuals and businesses) as governmental agency
- May be somewhat influenced by political environment
- Less able to ensure accountability and transparency to state government than full governmental entity
- Executive and Legislative branches of government have less control than over a state agency; more than over a non profit
Planning Framework Issue 5: Maine’s Exchange should be housed in an Independent or Quasi-state agency.

Existing Government Agency Discussion

Pros:
- Ensures state priorities and goals are met
- Easiest for coordination with federal and other state agencies
- Greatest opportunity to ensure accountability and transparency to state
- Confidential information more easily shared across state agencies
- Director appointed by Commissioner or Governor

Cons:
- Agency led by Commissioner that serves at the pleasure of Governor
- No diverse governing board to assist with technical and policy issues
- Don’t want to create new agency and Exchange functions may get lost or downplayed in existing agency
- May carry stigma as governmental agency
- Most influenced by political environment
- Less nimble as it must follow state procurement and HR laws

Next Steps

- Identify opportunities and barriers of working with other New England states in establishing an exchange
- Ask the federal government to provide details on how a federally-established Exchange would operate
- Begin to develop a “strawman” model of a Maine Exchange for stakeholder feedback
- Begin planning process for examining options for Maine to establish its own Exchange.