

Health Insurance Exchange Planning: Philanthropy Leading the Way

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Health insurance exchanges are the cornerstones of the Affordable Care Act (ACA). By 2014, each state will need to establish two health insurance marketplaces, known as exchanges, one to serve individuals and one to serve small employers of up to 100 employees (the SHOP exchange).

An exchange can be operated by a government agency, a quasi-public authority, or a nonprofit organization. Every state but Alaska has received a \$1 million grant to plan and establish an exchange. The implementation process must be fully underway by the end of 2012 for the exchanges to be running by 2014 and financially self-sustaining by 2015. The federal government will operate the exchange in the event that a state is unable or unwilling to do it.

Because health insurance exchanges are a relatively new and wide-scale reform venture, foundations have a great opportunity to play a role in shaping their design and the implementation process. We can bring stakeholders to the table, generate dynamic information sessions, and support open and honest discussion that leads to informed policy development.

WHAT'S AT STAKE?

With the exception of Massachusetts, there has been relatively little precedence for planning and implementing health insurance exchanges. The time crunch is on in the uncharted waters of exchange planning and implementation. Questions on how best to proceed have come from every corner of the health policy world.

How can states close the coverage gap and extend insurance to the millions of uninsured, while reducing costs and improving the quality and delivery of health care for all? Furthermore, how do states implement an adaptable framework such that an exchange can support, and evolve with, the unique marketplace of a given state? To facilitate the exchange-planning process, stakeholders will need to be well-educated about the exchange, and legislators and administrative officials will need to understand the many related policy decisions that will be

crucial to the possible success of the exchange.

To that end, the Universal Health Care Foundation of Connecticut (UHCF) decided to use its position and resources to bring together a cross-section of stakeholders for a multistate symposium on key issues and challenges facing states as they design their exchanges.

GOALS AND PLANNING

Goals for the symposium included:

- Educate each other and convene benchmark states that have a history of leadership in providing access to health care for their residents.
- Encourage the most robust and consumer-conscious implementation process possible for the health insurance exchange in Connecticut, New York, and Maryland.
- Connect executive and legislative leaders together with policymakers, consumer advocates, and national experts.
- Encourage interchange between federal and state officials.
- Create a model symposium for other states to use in supporting the success of the ACA.

Planning began with a meeting of the regional directors of the U.S. Department of Health and Human Services (HHS) from regions one (New England), two (New York, New Jersey, Virgin Islands, and Puerto Rico) and three (the Mid-Atlantic). In the spirit of the meeting itself, UHCF created a cosponsorship collaborative with the assistance of the Greater New York Hospital Association and The Annie E. Casey Foundation. The Multi-State Health Insurance Exchange Symposium took place on April 21, 2011, in Hartford, Connecticut.

Stakeholders attending from Connecticut, New York, and Maryland included top executive branch officials involved with health care reform implementation, legislative leaders, consumer advocates, tribal health service officials, small

business representatives, and foundation representatives. Additionally, to foster federal and state interchange, regional HHS directors associated with each of the three states were invited, as well as HHS Director of Health Insurance Exchanges Joel Ario. Attendees received a flash drive of briefing materials that included articles on exchange planning and implementation, as well as information on each state's recent efforts with regard to health care reform.

CONTENT

The three topics covered for the day were: governance issues, small business SHOP exchanges, and healthy competition. Each topic was introduced by a national expert, followed by a lively discussion by participants on the many considerations each state must address. The panel of experts was composed of: Robert Carey, senior advisor, Public Consulting Group, and former director of planning and development for the Commonwealth Health Insurance Connector Authority in Massachusetts; Dave Chandra, senior policy analyst at the Center on Budget and Policy Priorities; and Sabrina Corlette, research professor, Georgetown University Health Policy Institute. Some key points covered in each session are listed below.

► Exchange Governance

- Governing boards must balance the need for expertise with the need to have consumer, small business, and other stakeholder representation, while still guarding against conflict of interest.
- Each state has its own unique political and economic backdrop that can influence exchange governance.
- Establishing an equitable and broad-based ongoing funding mechanism will be key.

► SHOP Exchange

- More attention needs to be paid to how the exchange can add value to small employers. They are a very different “customer” than individuals, with different needs and different ways that they currently purchase insurance.
- Attracting insurers to the SHOP exchange and providing sufficient choices to employees may prove to be challenging.
- The exchange will be able to offer insurance portability to employees who change jobs only if most employers participate. Incentives will have to be well-designed to assure employer participation.

► Healthy Competition

- Encouraging “active purchasing” is not just about price negotiation. The vision of the exchange is to encourage competition on value (price AND quality) and to ultimately push delivery system innovation that lowers costs and improves quality and outcomes.

- If states set the bar too high, they may not have sufficient competition in the exchange. If they set the bar too low, the exchange will not be able to drive positive change or may offer a large and confusing array of choices for consumers to consider.
- States will want to guard against adverse selection inside and outside of the exchange, as well as between plans inside the exchange.

LESSONS LEARNED: PHILANTHROPY HAS A ROLE TO PLAY

By the time this article is published, several more states will have passed exchange legislation and others will be poised to do so. This issue is unfolding rapidly, with little real-life examples from which states can draw. Foundations are uniquely positioned to create a forum for high-level discussions among those challenged with legislating and implementing policy and those who will benefit from effective policy development. They can set a tone that enables participants to leave politics at the door and engage in an open dialogue on the issues. Foundations also have established relationships among key stakeholders that can help encourage conference attendance.

This meeting showed the great benefit in partnering across state lines. Participants noted in their evaluations that there was great value in meeting their colleagues from other states who are grappling with the same set of issues. By working together in a regional collaboration, foundations can help move their health care reform advocacy agendas forward in their individual states. By partnering with federal and state government, they can also contribute to insuring an elevated and informed discussion.

Ultimately, foundations can use their role as a convener to power the planning process, raise awareness, educate, advocate, and contribute their voices to the evolution of effective health care reform policy from which all will benefit.

This symposium was intended to be a template for stakeholders in health care reform looking to partner in shaping the exchange-planning process. For more information, contact Jill Zorn, senior program officer at UHCF, at jzorn@universalhealthct.org or 203.639.0550, x302.

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