



Oregon Health Policy Board

Health Insurance Exchanges

Barney Speight
February 9, 2010

What is a Health Insurance Exchange?

Definition:

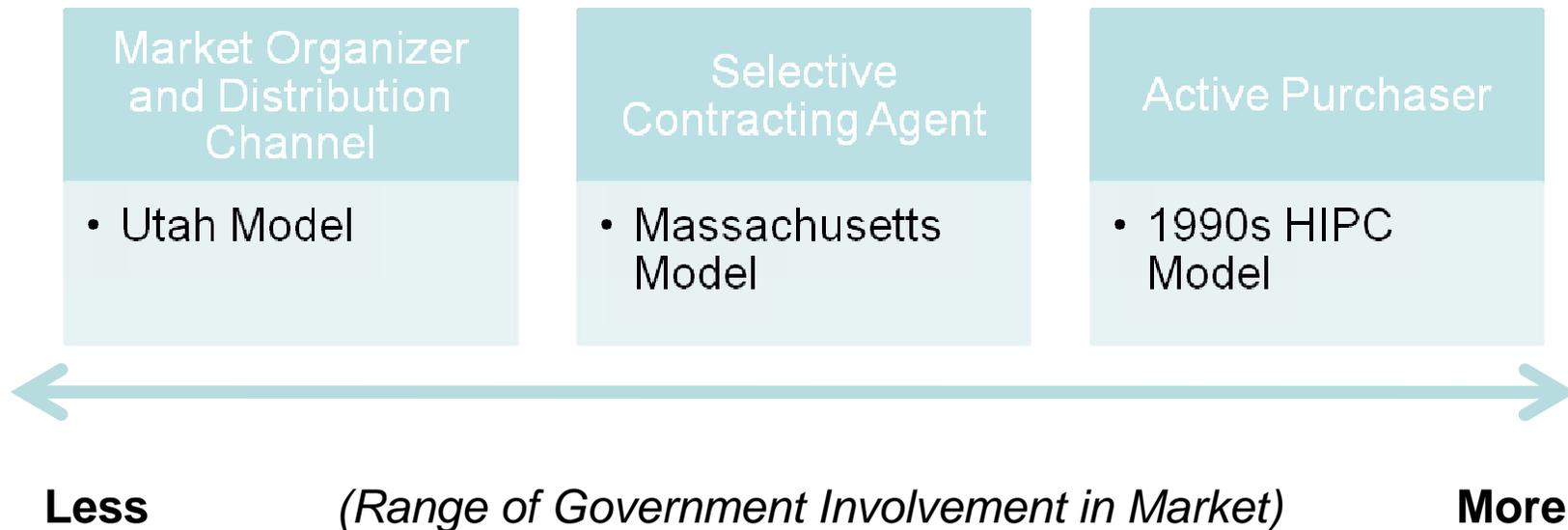
A managed marketplace in which individuals & employees of small (& perhaps larger) employers can choose among a variety of health benefit plans.

Other labels:

“Connector” (Massachusetts)

“Gateway” (Senate HELP bill)

What Type of Exchange?



Exchange Roles and Functions

- Range of potential functions (from narrow to broad):
 - Information & decision support – “insurance mart”
 - Enrollment & administration
 - Benchmarking & standards
 - Selective contracting & rate negotiation

Component Parts of an Exchange

- Organize the Market:
 - Transparency & Standardization
 - Simplify Purchasing, Improve Choice & Portability
- Access
 - Establish Benefit Standards & Incentives (Individual Mandate)
 - Location for Subsidies
- Cost Containment

The Three Goals of Health Care Reform

	<u>IHI's Triple Aim</u>
Access	Health of Populations
Quality	Patient Care Experience
Cost	Reducing Per Capita Costs

Exchange and Access

- Less Involvement
 - Ease of access to “insurance mart”
 - Ease of comparison and choice
 - Ease of enrollment
- More Involvement (Mandate with subsidies)
 - Ease of access to “insurance mart”
 - Ease of comparison and choice
 - Ease of enrollment
 - Subsidy administration

Exchange and Quality

- Measure, Report and Compare
 - Carrier levels of service
 - Provider network quality performance metrics
 - Ambulatory Care
 - Inpatient Hospital Care
 - Prescription Drugs
- “Seal of Approval”

Exchange and Cost Containment

- “...[I]t is important to recognize that none of the exchanges established to date have focused on this as a primary goal.
- “...[T]here is little evidence regarding how an exchange can help with cost containment.”

Exchange and Cost Containment (cont'd)

“Policymakers must be careful to set appropriate expectations about the mechanisms needed to drive system affordability and whether the exchange could and should be a vehicle and location for this activity.”

Exchange and Cost Containment (cont'd)

- Possible reduction in administrative expense
 - Equal to or greater than Exchange's admin costs?
- Payment methodologies / Payment reform
 - Generalized across all market segments?
 - Limited to select market segments?
- NOTE: Generally, carriers negotiate payment methodologies and rates for all commercial lines of business. [Medicare Advantage & Medicaid are exceptions]

What's the Primary Goal for an Exchange?

- Improve Access?
- Improve Quality?
- Improve Affordability? (i.e., lower growth in cost trends)

Secondary Design Issues

- Who will be permitted to use Exchange?
 - ✓ Who can't use the Exchange?
- What benefit packages are in the Exchange?
- Which carriers will participate in the Exchange?
- Are subsidies available? If so, where can they be used?
- What are the rules inside and outside the Exchange?
 - ✓ Common offerings inside and outside Exchange?
 - ✓ How is risk pooled?
 - ✓ Risk adjustment among carriers inside the Exchange?

Questions ?

Comments ?

Discussion ?