

Challenges in State-Based Exchange Implementation

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State Challenges - Budget

- State general fund spending and revenue continues to be below FY 2008 levels¹
- Reduced funding and competing demands for restoration of budget cuts may continue to hamper or slow efforts at health reform implementation
 - “Cognitive Dissonance”

¹ National Association of State Budget Officers - Summaries of Fiscal Year 2013 Proposed Executive Budgets

State Challenges - Politics

- Gridlock is contagious
- Legal uncertainty + negative public perception of ACA = no political traction
- The tale of two health exchanges: individual exchange versus SHOP exchange
- Status quo is safer when there will be others (and federal options) to take the blame

State Challenges - IT Systems

- States, whether actively implementing or merely “studying” the options, are faced with aggressive IT deadlines
 - Procurements are complex, lengthy and extremely expensive
 - Existing state IT systems have their supporters
 - Build, buy or borrow?
 - Beware of the “sales pitch”
 - Pursuing an IT solution means a transfer of political risk

State Challenges - Managing Expectations

- Consumer/Advocate demands will eventually meet up with health plan reality
 - Cost of coverage remains a concern
 - Provider access and network adequacy will be strained
 - What if you build it and no one comes? Or worse
 - no one healthy comes?
 - Exchanges must balance between consumers, agent/brokers, health plans, government, health care providers

State Challenges – Market Forces

- Exchanges have to adapt to their given identity within the market
 - Are they designed to be “friendly” and to whom?
 - Have they been given the tools to succeed?
 - Private exchanges continue to gather steam.
 - Does a level-playing field exist within the state?
 - The danger of being “loved to death.”
 - Defining the Medicaid relationship: acquaintance, dating or married?

Questions?



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