



Lessons from
Massachusetts on
Exchanges under National
Health Reform

Jon Kingsdale, Ph.D.
Executive Director

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Agenda

1. Progress report on Massachusetts
2. Model for national health reform
3. Preliminary design issues for exchanges



Achievements of Massachusetts Health Care Reform – 5 Facts

1. **2.6%** uninsured after 2 years
2. **43%** of newly insured are **private pay**
3. **CommCare** average rate trend = **4.7%** thru FY 2010
4. **98.6%** compliance rate (taxpayer filings)
5. **69% - 75% approval** rating



There's More to the Story

“If I didn’t have health insurance, I would never have made an appointment with my doctor because of the cost. The cancer would have spread and I would not be alive today to tell you my story.”

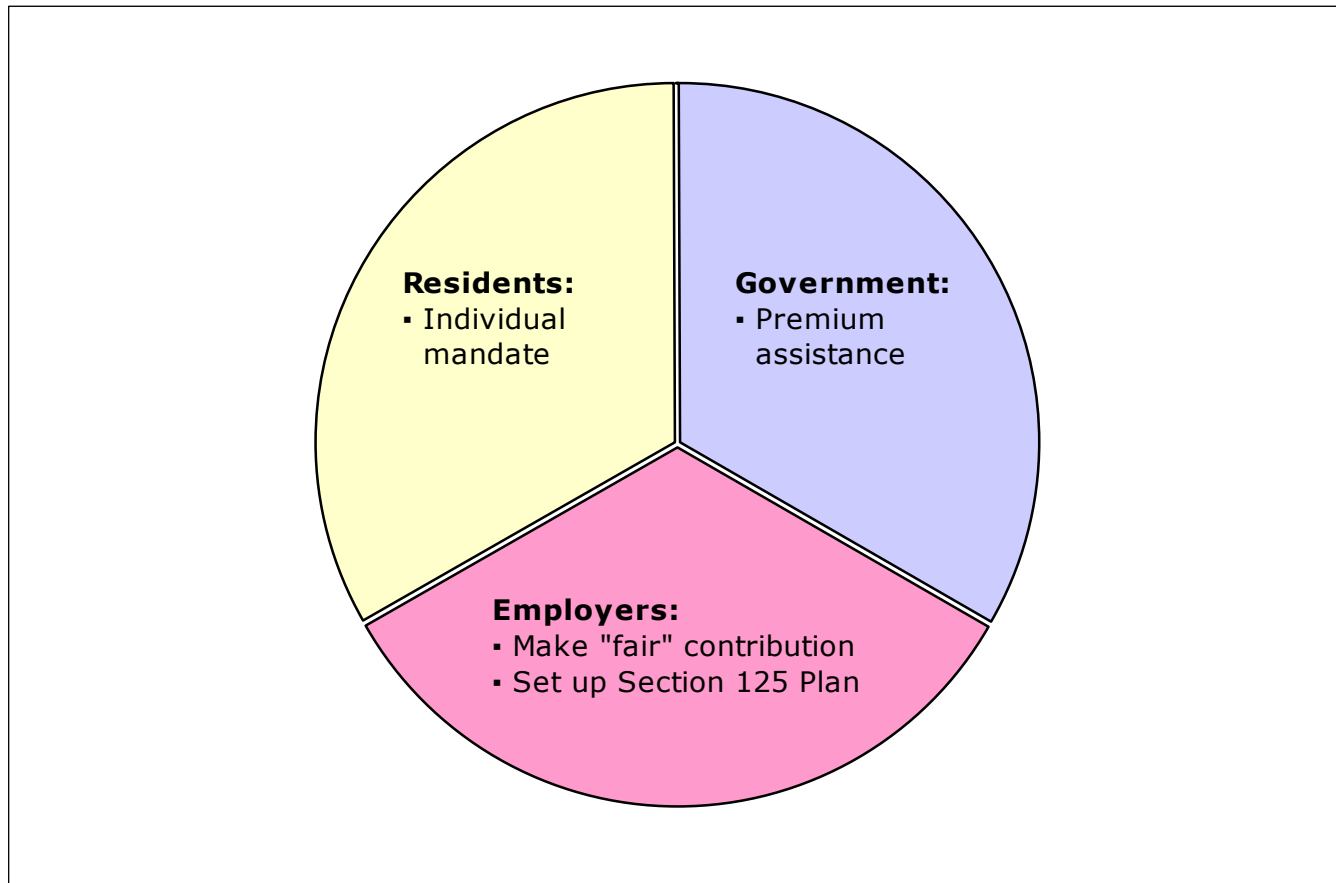


- ***Jaclyn Michalos, 27***



Key Elements of National Reform:

1. "Shared responsibility"





Key Elements of National Reform:

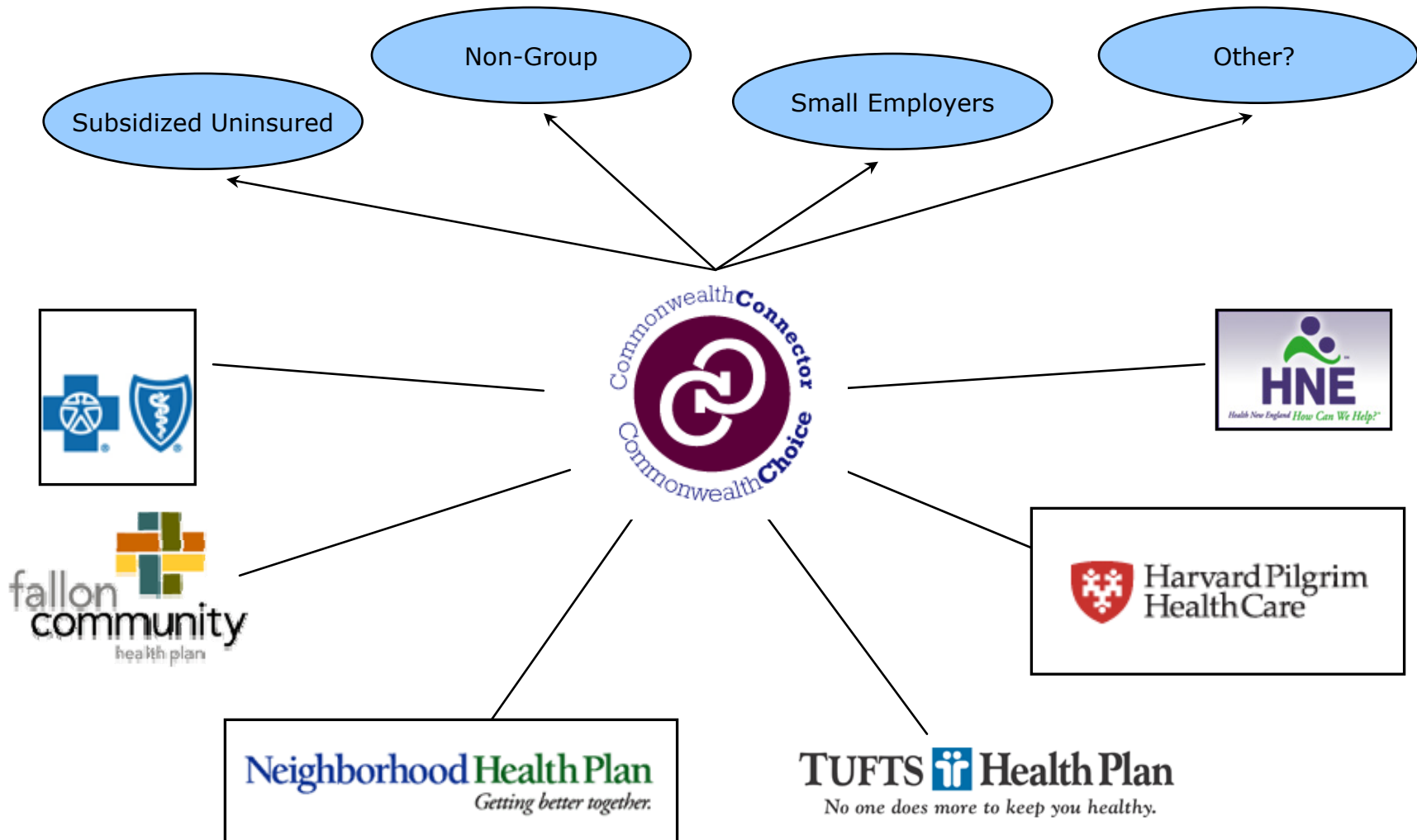
2. Insurance market reform

- 1. Guaranteed Issue**
- 2. Guaranteed Renewal**
- 3. Adjusted Community Rating**
- 4. Grandfather Existing Policies**



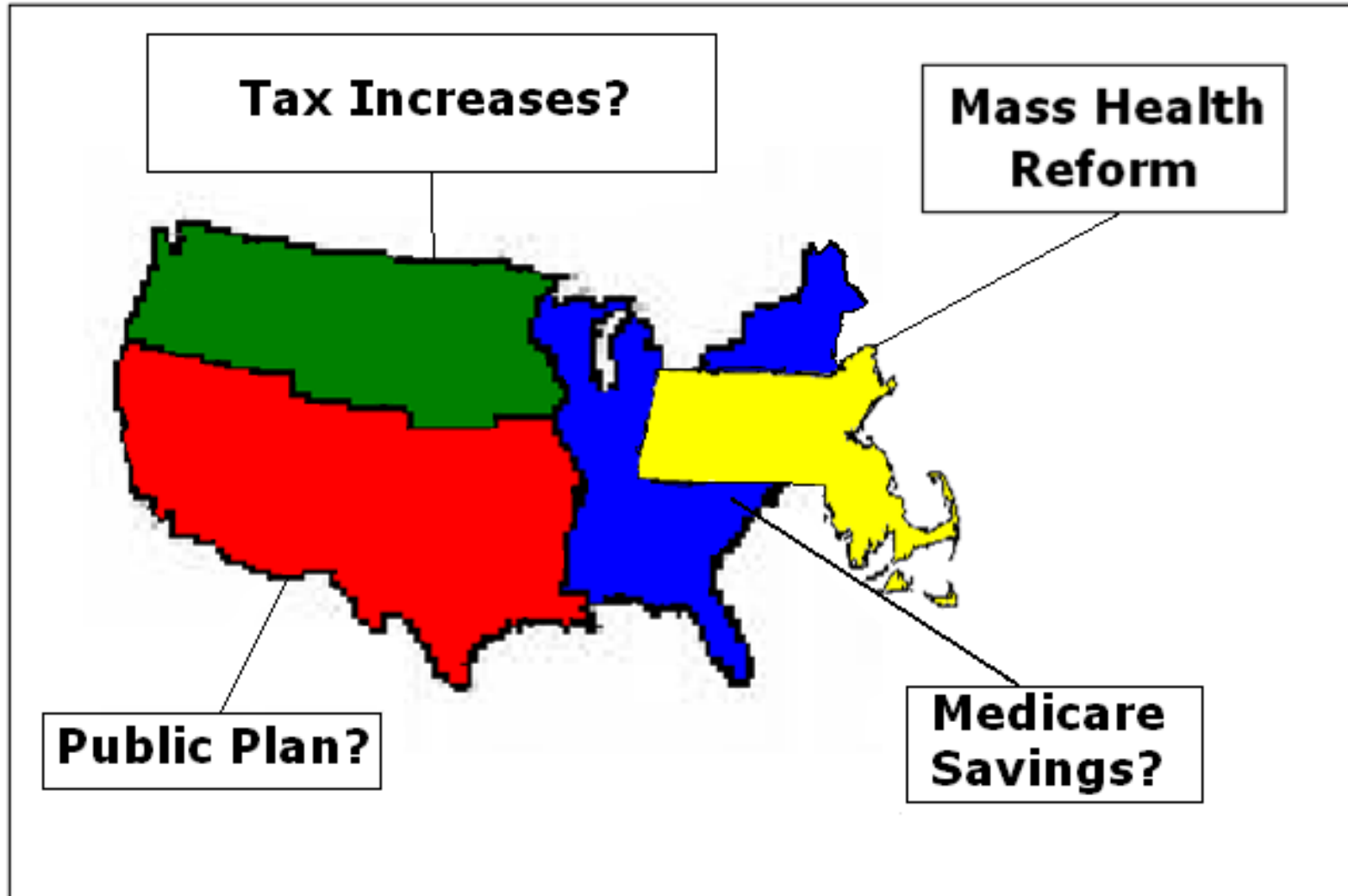
Key Elements of National Reform:

3. Insurance exchanges

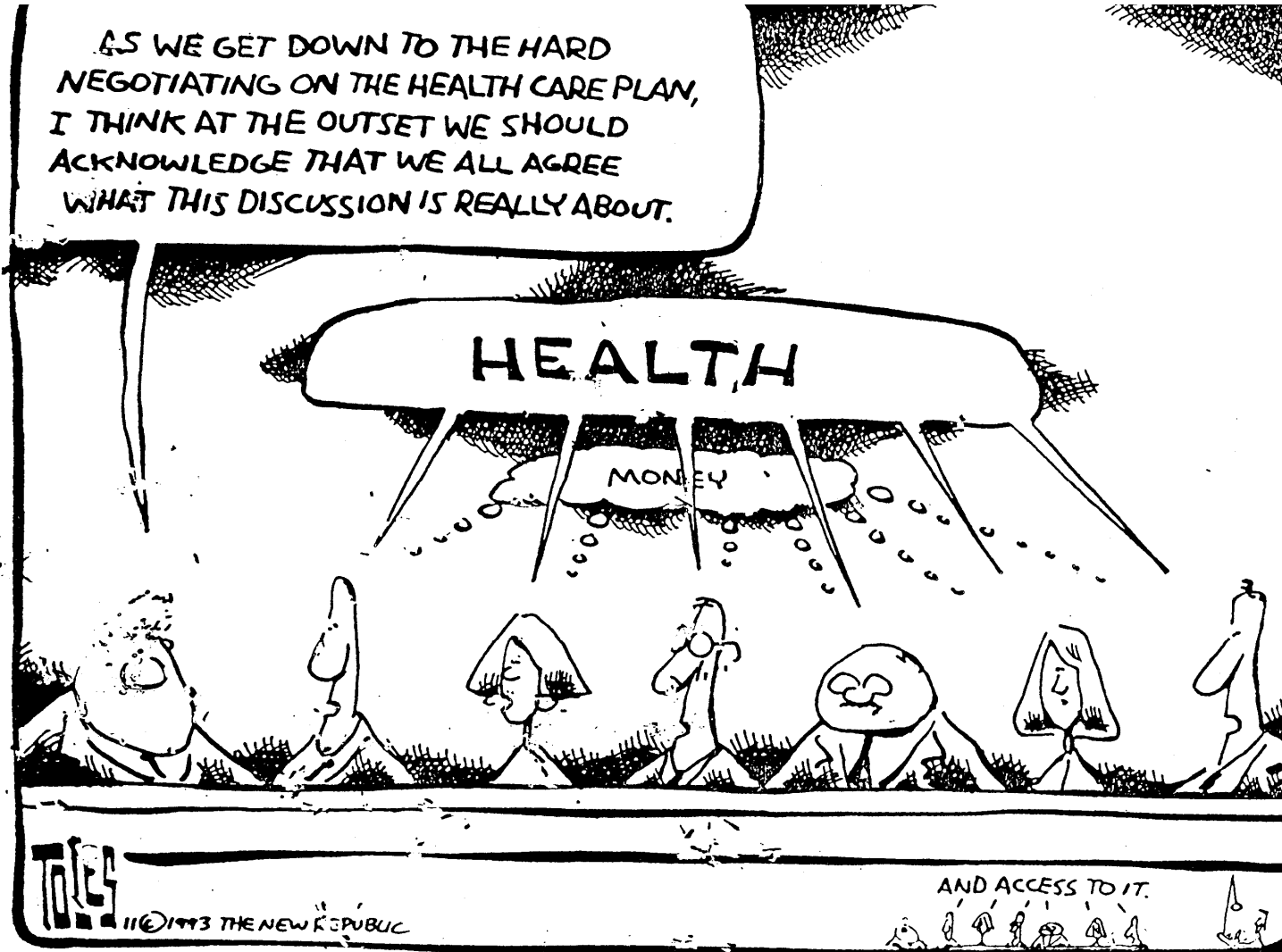




Bay State's View of National Reform



Déjà vu all over again?





Exchanges under National Reform

Senate H.E.L.P. Committee: grants to establish state exchanges, fed'l "fallback" if state doesn't act

Senate Finance Committee: started with national exchange (May), moving now to state exchanges

House (3 com'tees): National exchange, with opt-out for states & other geographic units



Likely Functions of Exchanges

1. Subsidize coverage for low-income uninsured
2. Offer coverage for other target market segments (non-group, small group, other?)
3. Specify plan designs & coverage tiers for unsubsidized coverage
4. Contract with & sell health plans
5. Education, outreach & marketing



Commonwealth Choice: unsubsidized marketplace for non- & small-group

Commonwealth Connector

Account Login • En Español • Help • Contact Us

Massachusetts now has the lowest rate of uninsured in the U.S. [learn more »](#)

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SEARCH

You need insurance. The state's Health Connector can help.

 <p>Find the right health plan for you or your family.</p> <ul style="list-style-type: none"> Compare plans. We'll let you know if you might qualify for a low or no-cost plan. <p>GET STARTED</p> <p>Individuals & Families</p>	 <p>Young Adults</p>	 <p>Employees</p>	 <p>Employers</p>	 <p>Brokers</p>
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Welcome to the Health Connector!

We are an independent state agency that helps you find the right health plan and avoid tax penalties. [Learn More...](#)

[Commonwealth Choice](#) offers many options from brand-name health plans. We negotiate prices and benefits. You shop, compare and enroll.

[Commonwealth Care](#) is low or no-cost health insurance for people who qualify.

Find out what's available to you.

Health Connector Success Stories



Andre from Milton

"I didn't know how I was going to be able to afford the rising cost of health insurance. Fortunately, my wife told me about the Health Connector, which provided me with many different options ..." [read more](#)

Already a Commonwealth Care Member?

- Register for access to your account
- Log in to choose a health plan and view account information





Starting List of Design Issues

1. Governance: semi-independent public agency

Distributor/Guardian of public funds

Market maker

Interacts w/ other gov't agencies



Starting List of Design Issues

2. Coordinate w/other agencies

Medicaid

Division of Insurance

Dept of Revenue (IRS?)

Health & Human Services



Starting List of Design Issues

3. Premium rating in the exchange

Self-contained purchaser (S-I)

Market rates, based on ACR

Managing the “risk premium”



Starting List of Design Issues

4. Risk adjustment

Mandate is essential

Standardizing benefits

Age/sex/geography & acuity

Limiting choice of actuarial tiers



Starting List of Design Issues

5. Benefits specification

Begin with market research

Encourage innovation

Standardize for easy comparison

Manage change



Starting List of Design Issues

6. Carrier bidding & selection

Managed competition

Transparency

Long-term relationships



Starting List of Design Issues

7. Administrative functions

Outreach & marketing

Eligibility determination

Enrollment & premium billing

Customer service

Appeals



Potential Value of Exchanges

1. Protecting/representing enrollees
2. Prudent purchasing of health insurance
3. Choice & managed competition
4. Scale economies in distributing insurance