

**Joint Select Committee on Health Reform Implementation
Exchange and Insurance Reforms Advisory Group**

August 25, 2010 Meeting Summary

Exchange planning grant

Presentation on the status of the federal planning grant application being submitted by the Health Care Authority.

Discussion of feedback from interest groupings

Topics of discussion included:

- State vs. federal exchange.
- How should the HIP and the BHP fit into the exchange?
- Managing risk within the exchange—how will the closure of the high risk pool and guaranteed issue the viability of the exchange?
- Multi-state exchanges.
- Long-term goals, including seamless entry/exit from the exchange and payment reforms.
- Adverse selection and churning.

Group discussion of initial policy questions

- State vs. federal exchange:
 - A state exchange would provide more local control.
 - What are the advantages/disadvantages of local control?
- Purpose and focus of the exchange:
 - Should the exchange be a selective purchaser that ensures quality and low cost by only allowing plans that meet selective criteria into the exchange?
 - Or should the exchange be market organizer that allows any plan to participate, allowing the market to ensure quality and control costs?
 - Is there a middle alternative?
- Administration/governance: the merits of a public, private, or public-private hybrid model.
- Separate or combined risk pools for the individual and small group markets:
 - Larger risk pools may benefit consumers by spreading risk over more people.
 - The small group market and the individual market have different adverse selection characteristics, which may make combining the risk pools difficult.
 - The risk pools could be kept separate and combined later.
- Regional exchanges: a complicated issue because of unanswered questions regarding whose regulations govern, administrative costs, and information technology.
- Coverage options for subsidized populations:
 - Entry/exit from coverage options should be seamless and cost-effective.
 - Providing more options for subsidized populations may have an adverse impact on the exchange because of split risk pools, complexity, and administrative costs.

Assignments to advisory group members

Advisory group split into smaller groups to address the initial policy questions.

Next meeting

October 21, 2010 (hold all morning for now: time and location TBA)

Advisory Group on Exchange and Insurance Issues
Summary of Phase #1 Policy Questions
Discussion Questions as of 8/25/10

While the HHS research grant is expected to bring more detailed data and analysis to the state in December, the Advisory Group reviewed the proposed phase 1 questions, combined some questions, and shared initial reactions and thoughts on each question.

Volunteers were assigned to each question to research the pros and cons and bring further information back to the next meeting. (Those advisory group members that missed the meeting can let staff know what question group they would like to join; others should send corrections as well.)

Phase 1 Policy Questions

Advisory Group member assignments for research and discussion

Question:	Volunteers:
1. State or federal exchange? Regional exchange with other states? (#1 & #6 combined)	On hold; focus on compiling questions regarding federal exchange; ask OIC for input on other states
2. Purpose/focus of the exchange?	Randy Flem, Donna Steward, Patty Hayes, Karen Merrikin, Misha Werschkul, Rebecca Kavoussi, Randy Cline
3. Administration and governance structure? (#3 & #4 combined)	Nancy Ellison, Sue Sharpe, Dyhan Lal
4. Separate exchanges for individuals and small groups? Separate risk pools? (#5)	Jack McRae, Donna Steward, Karen Merrikin, Lonnie Johns-Brown, Sean Correy, Randy Cline, Joshua Welter
5. Coverage options for subsidized populations? (#8)	Donna Steward, Patty Hayes, Joshua Welter, Rebecca Kavoussi, Misha Werschkul, Randy Flem

1. **State or federal exchange? Regional exchange with other states?**
 - a) What are the advantages and disadvantages to having a federal exchange? Compared to a federal exchange, could a state exchange enable the state to maintain control over policy direction and details of exchange to achieve the exchange's goals? Would the state have more authority/flexibility to scope a state exchange to be consistent with state resources and program priorities?
 - b) How would a state or federal exchange compare in assisting the state to achieve its health care goals (e.g., flexible options, stable markets, including seamless transitions for low-income populations, portability, quality care, cost containment)?
 - c) What are the state cost impacts of a state exchange? How will it be financed (both short-term and to reach a self-supporting stage)? What will be the impacts of a state or federal exchange on consumer cost? Will ongoing pilots provide options for addressing some cost issues?

- d) How would a state or federal exchange compare with respect to the impact on the state's insurance market? [Also see #5 below]
- e) How would a state or federal exchange compare with the current federal portal website?
- f) Would there be efficiency value in building on the state's HIP experience?
- g) What can be learned from other states' experiences (e.g., Utah, Massachusetts, others)?
- h) What are the challenges and opportunities of a regional exchange? Are there steps that could be taken to test the concept (such as regional compacts)? Are there steps short of a regional exchange that could be taken (such as multi-state planning)? What would the governance structure look like in a regional exchange?
- i) How can these issues be decided given the lack of guidance from the federal government at this time?

2. Purpose/focus of the exchange?

- a) Is the purpose to organize the market, be a purchaser, or something else? What are the exchange goals and how can an exchange meet them (e.g., improving the quality of care, containing costs, improving access to care, reforming payment approaches, creating seamless transitions between public and private coverage options, etc.)?
- b) What role could competition/market forces play in achieving the goals of the exchange? How will transparency and optimal consumer choice be achieved? How can the exchange ensure that consumer choice comparisons are "apples to apples"?
- c) How can the state build on the existing systems, rather than building a new entity from scratch?
- d) How will the impact of the exchange on the outside market be accounted for? How will a level regulatory playing field be set? What regulatory parameters are needed to achieve the exchange goals?

3. Administration and governance structure?

- a) To what extent should be state use public-private partnerships in establishing/operating an exchange? Could the HIP or experiences in other states provide guidance in structuring the exchange?
- b) How can the exchange's structure ensure public oversight of the expenditure of public funds?
- c) What opportunities could a "corporate entity" model provide?
- d) Who would respond to consumer inquiries/complaints, etc.?

4. Separate exchanges for individuals and small groups? Separate risk pools?

- a) Should the state revisit the definition of "small group?" (1-50, 1-100)
- b) What is the impact of a single risk pool (individual and small group pool) on the individual market?
- c) How will risk be spread across market segments? How will high risk pools be integrated or accounted for? What incentives are needed (for individuals, insurance markets, and/or providers) to control risk concerns?
- d) What impact could be expected on the small group market because of subsidized enrollment?
- e) How could the state control adverse selection?
- f) Can the risk pools be separate initially and then combined over time?

5. Coverage options for subsidized populations?

- a) What options best achieve the goals for seamless transitions between public and private coverage and streamlining administration?
- b) How will individual portability (moving coverage from job to job) be addressed?
- c) What would be the impact of a separate Basic Health option? Medicaid option? Exchange only option? Would a separate BH pool drive additional state costs?
- d) Is a given risk pool more stable if it includes subsidized populations?
- e) What is the impact on the system of undocumented persons?