

Goals and Structure

Stakeholder Input

Planning for the DC Health Exchange

June 15, 2011



Key Decision Points

1. Should the District establish its own Exchange?

2. Should the District participate in a Regional Exchange?

3. Should the District have one Exchange for both Individuals and Small Businesses or two Exchanges (one for Individuals and one Small Businesses)?

4. What type of entity should operate the Exchange?

5. What role should the Exchange play in the Insurance Market?

1. Should the District establish its own Exchange?

Option A

District
Exchange

Option B

Federally
Operated
Exchange

A. Establish District Exchange

Pros

District will have more control and flexibility

Federal government provides funding for planning and implementation

Allows cultural and socioeconomic diversity to be addressed

Allows District to coordinate benefits and eligibility across District programs

Choosing a District-led exchange now preserves all options; Choosing a federal exchange now eliminates that option

Cons

Greater uniformity in federal Exchange

Intensive use of District resources to develop and administer

Challenge of creating new program during time of budget shortfalls

Could cost more than funds provided by the feds

Must be self-sustaining by 2015

B. Federal Government to Operate DC Exchange

Pros

Federal Government resources used to develop Exchange

Uniformity of design

More fully realize economies of scale

Cons

No opportunity to design an Exchange that meets the District's unique needs

Exact design of federal Exchange is unknown

Limits opportunity for the District to change its mind; development will be lagging and 2013 readiness impaired

Decision Point Recap

1. Should the District establish its own Exchange?

- A - District Exchange
- B - Federally Operated Exchange

2. Should the District participate in a Regional Exchange?

Option A

District-only
Exchange

Option B

Regional
Exchange with
one or more
States

A. District-Only Exchange

Pros

Allows the District greater control in establishing the Exchange

Resources still must be dedicated to creating an Exchange even with a regional Exchange

Having a DC Exchange does not preclude partnering with other states for certain functions

Cons

The District may not have a large enough pool of “covered lives” to have a successful Exchange

Would be expending District resources instead of taking advantage of work already done by other states or sharing the load

B. Regional Exchange with one or more States

Pros

Capitalizes on economies of scale, both administratively and by potential pooling of populations

Capitalizes on work already done by other states

Shares administrative burden and costs

Cons

Variations in insurance laws and regulations

Would involve complex interstate compacts

Complicates regulatory oversight

May limit the District's flexibility to make changes

Less able to design specific to District's needs

Possible that no state is interested in joining with DC

Decision Point Recap

2. Go it Alone or Not?

- A -District-only Exchange
- B - Regional Exchange with one or more States

3. Should the District have one Exchange or two Exchanges for individuals and small businesses?

Option A

One Exchange
serving both
Individuals and
Small Businesses

Option B

Two separate
Exchanges, one for
Individuals and one
for Businesses

A. One Exchange for Individuals and Small Businesses

Pros

Eliminates duplicative administrative structure; more cost effective

One governing body for consistent public policy decisions

Allows for potential pooling together of markets

One-stop shopping easier for those that move between the individual and group markets

Cons

Individuals and Small Businesses have distinctly different needs related to marketing, enrollment and support services

B. Two Separate Exchanges for Individuals and Small Businesses

Pros

Allows each Exchange to focus on the unique needs of either individuals or small businesses

Cons

More costly due to duplicative administrative structure

Alone neither may constitute a large enough risk pool to achieve competitive rates

Possibly more confusing to consumers

Decision Point Recap

3. One Exchange or Two?

- A - One Exchange for Individuals and Small Businesses
- B - Two Separate Exchanges for Individuals and Small Businesses

4. What type of entity should operate the Exchange?

Option A

District Agency

Option B

Quasi-
Governmental
Agency

Option C

Nonprofit

A. District Agency

Pros

Easier to coordinate and link with Medicaid

Opportunity to integrate with other publicly funded programs

Consistency of public policy through executive leadership

Under control of Executive branch

Cons

Subject to extensive bureaucratic processes

Exchange is a private market program; some District agencies may have less experience with the private market

District budget shortfalls could negatively impact Exchange operations

May be vulnerable to partisan politics

B. Quasi-Governmental Agency

Pros

More flexible and less bureaucratic than a District agency in hiring, procurement and other administrative functions

Can interact with private sector more easily than a state agency

Can structure board appointments to provide diversity of representation and expertise

Accountable to the legislative branch of the District

Cons

Coordination with Medicaid and other agency more difficult, requires interagency agreement

Requires legislation to create quasi-governmental agency

May be vulnerable to partisan politics

C. Nonprofit

Pros

More flexibility in design and operation

Functions could be solely dedicated to the goals of the Exchange

Bound by contract terms to the District

Likely more independence from political environment

Cons

Limited control by District officials to ensure DC's priorities are met

More difficult to coordinate and link with Medicaid

District is potentially limited by procurement and contract process in selection and oversight of entity

District is still ultimately responsible

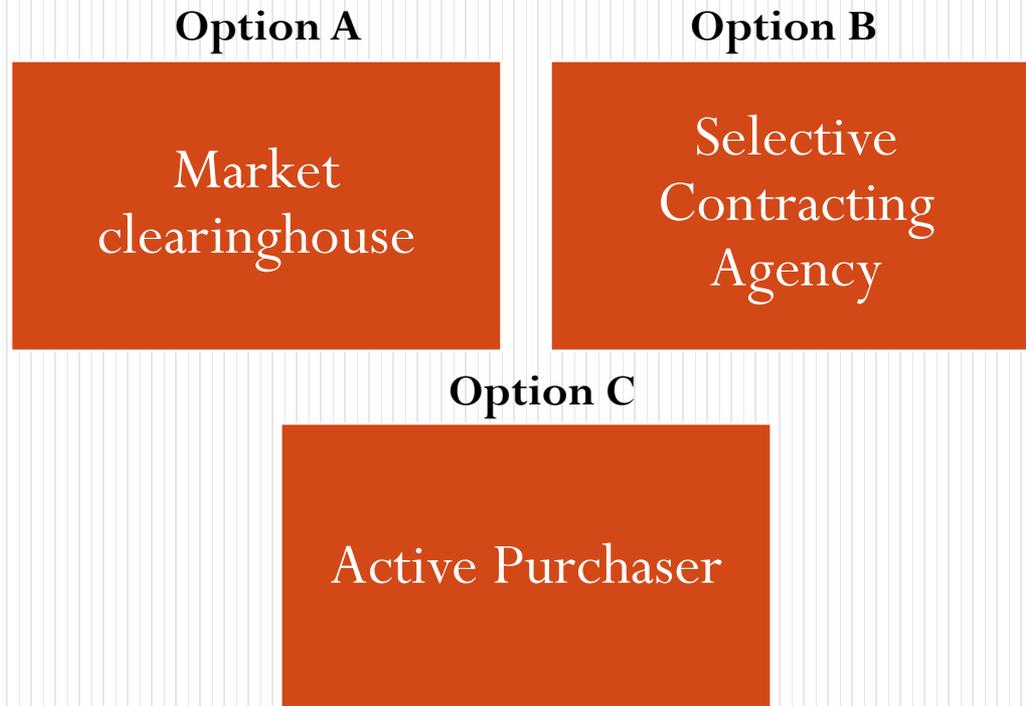
Potential for less transparency to the public

Decision Point Recap

4. District, Quasi-Governmental or Nonprofit?

- A - District Agency
- B - Quasi-Governmental Agency
- C - Nonprofit

5. What role should the Exchange play in the Insurance Market to align with the principles of the DC Exchange?



Principles for the DC Health Exchange

Consumer Friendly

- Easily accessible to all
- Appropriate language, literacy and cultural competency
- Fully coordinated with Medicaid and DC Healthcare Alliance

Affordable

- Outreach to all individuals and business to develop large risk pool
- Policies reduce risk of adverse selection

Quality

- Focus on quality improvement and performance
- Accredited plans based on clinical quality measures and customer satisfaction
- Prevention services aiming to reduce health disparities

Transparent

- Individual choices driven by transparent information on cost, services, quality and customer satisfaction
- Clear choices amongst a strong provider network

A. Market Clearinghouse (Organizer)

Establishes criteria for a Qualified Health Plan and accepts any plan and all plans that meets those requirements

Serves as an impartial source of information on health plans

Provides structure to market to help consumers compare health plans and purchase insurance

Administers premium subsidies

Serves as a broker of health insurance

Example: Utah Exchange

B. Selective Contracting Agent

Exchange plays a more active role by exerting influence in the insurance market and enhancing competition by various strategies, such as offering a select group of plan or by requiring that the plans meet certain cost or quality requirements

Can increase
competition and quality

Provides structure to
the insurance market to
enable the comparison
of health plans and
informed purchasing

Example: Massachusetts Connector

C. Active Purchaser

Exchange establishes plan design and purchases coverage on behalf of its members, i.e. similar to a large employer procuring health benefits for employees

Must have a large and broad risk pool to enable insurance carriers to offer competitively priced plans

May be able to get the best prices where competition is limited

Can encourage insurers to invest in quality improvements and delivery system changes

Decision Point Recap

5. What role do you want the Exchange to play?

- A - Market clearinghouse
- B - Selective Contracting Agency
- C - Active Purchaser

Decision Points

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Comments and Suggestions

Acknowledgements and Resources

- ❑ Academy Health, RWJ Foundation, State Coverage Initiatives
<http://www.academyhealth.org/>
- ❑ Health Reform Source, Kaiser Family Foundation
<http://healthreform.kkf.org/>
- ❑ HealthReform.Gov
<http://www.healthreform.gov/>
- ❑ DC Health Reform Implementation Committee
<http://healthreform.dc.gov>
<http://healthreform.dc.gov/DC/Health+Reform/About+Health+Reform/Implementation>