



State Based Exchanges: National Overview

A Briefing to the Joint Meeting of the Rhode Island
Senate Health and Human Services Committee &
Senate Finance Committee

Christopher F. Koller

President, Milbank Memorial Fund
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Slide 1

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Chris Koller, 11/25/2014

Agenda

- Review Exchange Functions
- Review RI Decision
- Study of State Based Exchanges
 - Operations
 - Market Size
 - Performance
 - Budget
 - Financing
- Findings
- Options for RI



1. Exchange Functions Set Forth by Federal Government

1. Certify qualified health plans
2. Assign a rating to each qualified health plan

**“Plan Management”
(Making a Market)**

1. Provide a website with easy to understand comparisons of plans
2. Present a standardized format for health plan options
3. Provide online calculator for cost of coverage including tax credits
4. Grant “unaffordable” exemptions from the individual mandate
5. Transfer to Treasury a list of people who:
 - • are exempt from the individual mandate
 - • Have access to employer-based coverage but qualified for subsidized coverage
6. Provide employers with the names of employees with coverage during a plan year

**Enrollment and
Eligibility System**

1. Establish the Navigator program
2. Provide a toll-free telephone hotline (and enroll individuals in insurance with/without subsidy)
3. Inform individuals of eligibility requirements for Medicaid and State programs and enroll people who are eligible

**Consumer
support**

2. Why did RI go With a State Based Exchange (SBE)?

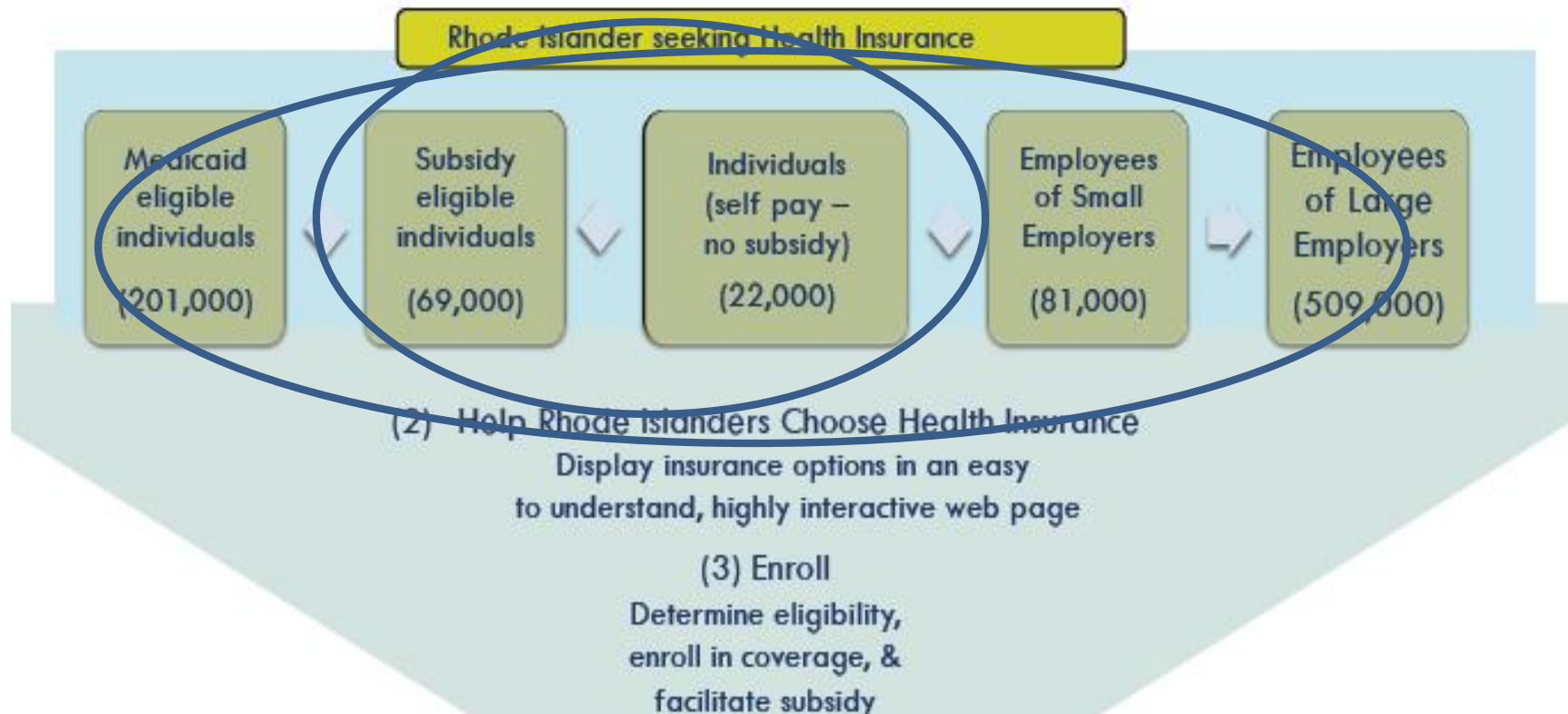
Vision of RI Exchange

“The Rhode Island Health Benefits Exchange (Exchange) will provide a robust marketplace for all Rhode Islanders to identify health insurance coverage options and for those eligible to purchase coverage.”

Source: RI Health Reform Commission/
RI Exchange Planning Process 2011



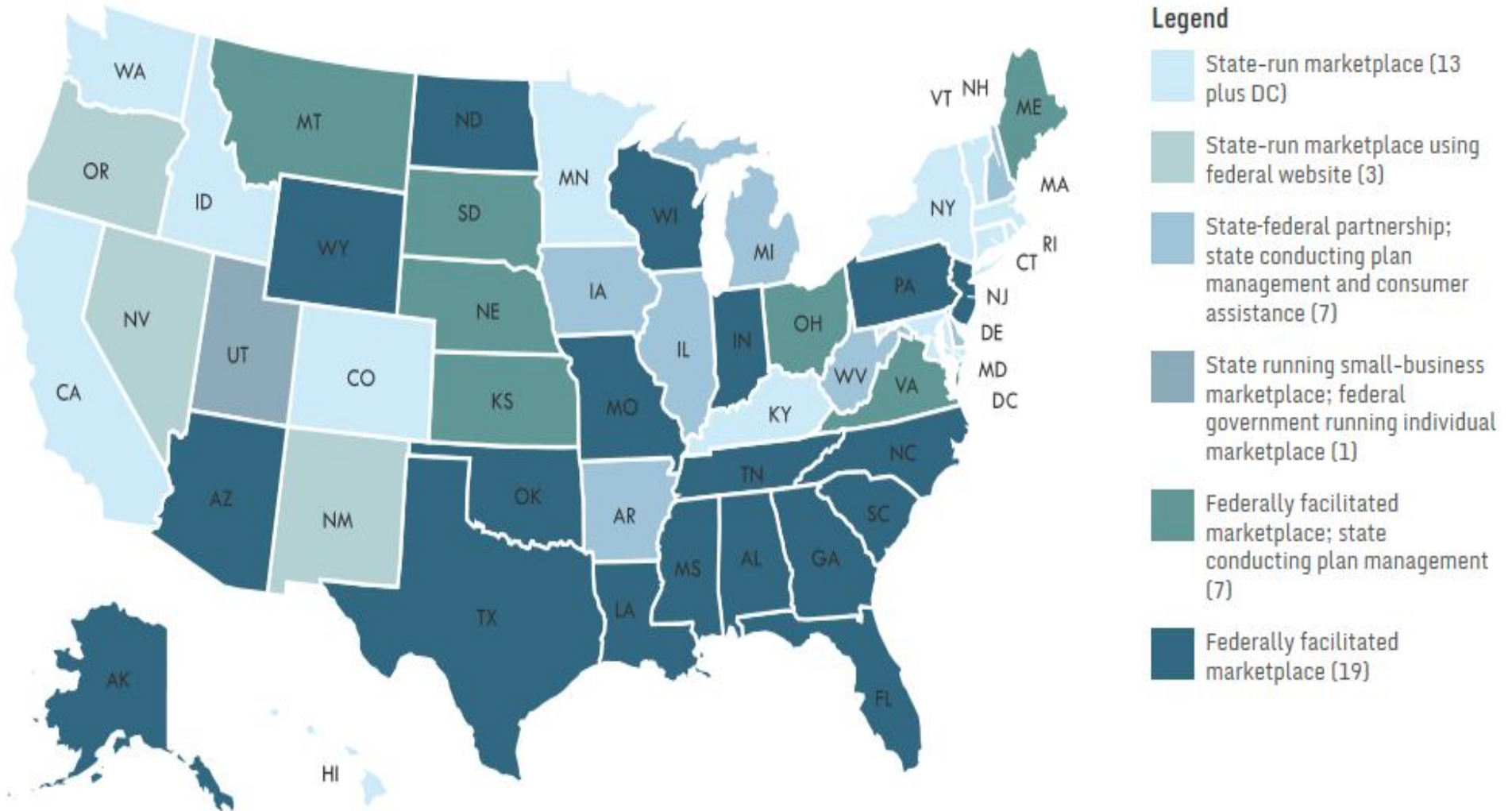
What does that vision look like?



*Source: Preliminary estimates of 2014 volume , modeled using CPS, DHS, OHIC, ACS and MEPS data

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3. What Did Other States Decide?



*Iowa is responsible for plan management only.

Source: Center on Health Insurance Reforms, Georgetown University Health Policy Institute; Commonwealth Fund analysis.

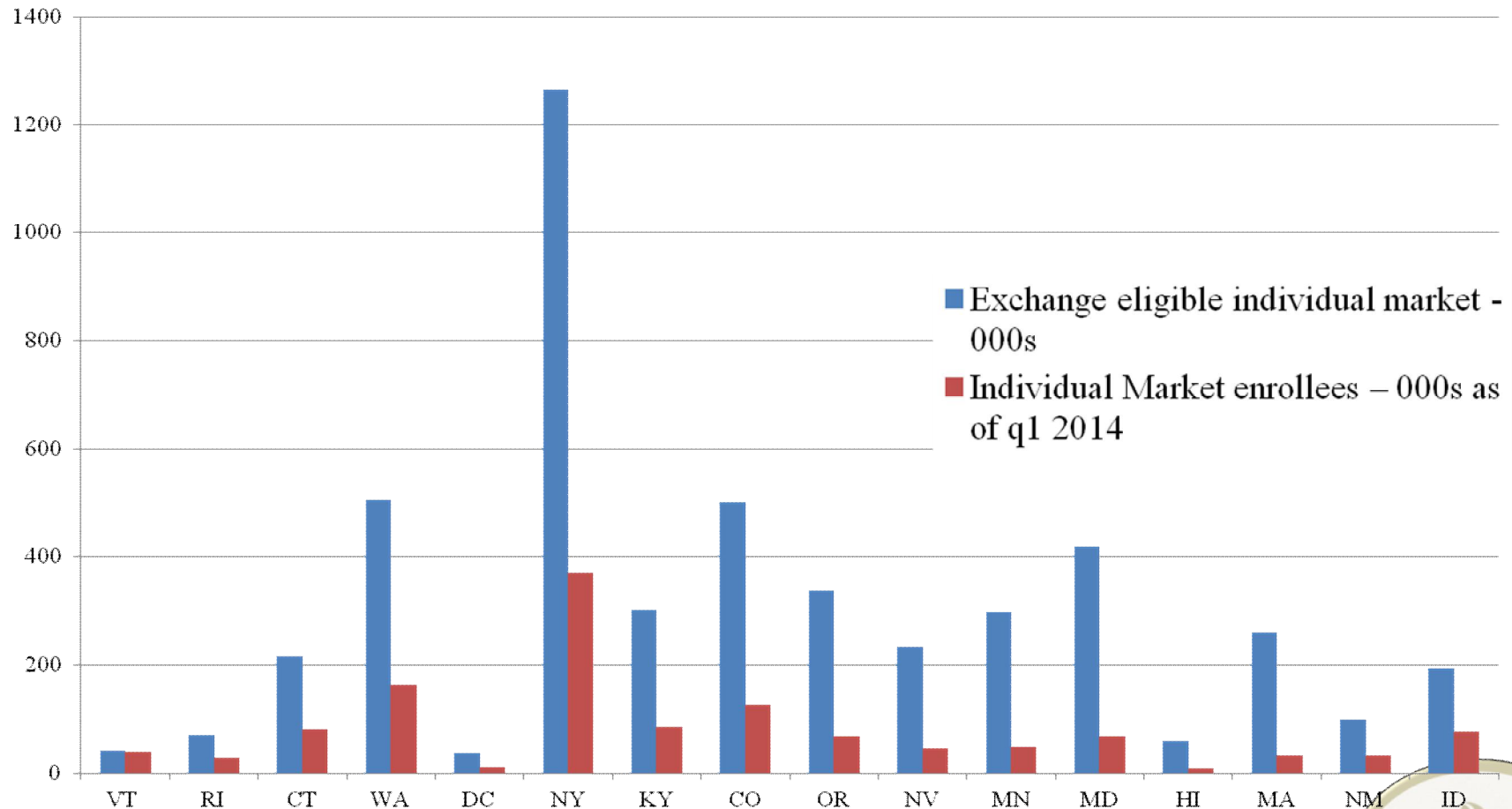
SBE Operations

- Of the Sixteen SBE's, after first year:
 - None share operational staff for plan management, consumer support or administration.
 - Four adopted somebody else's Enrollment/Eligibility Platform
 - OR (after internal failure), NM and NV use Federal System
 - MD adopted CT IT services (after internal failure)



SBE's – Operational Results

Individual Market

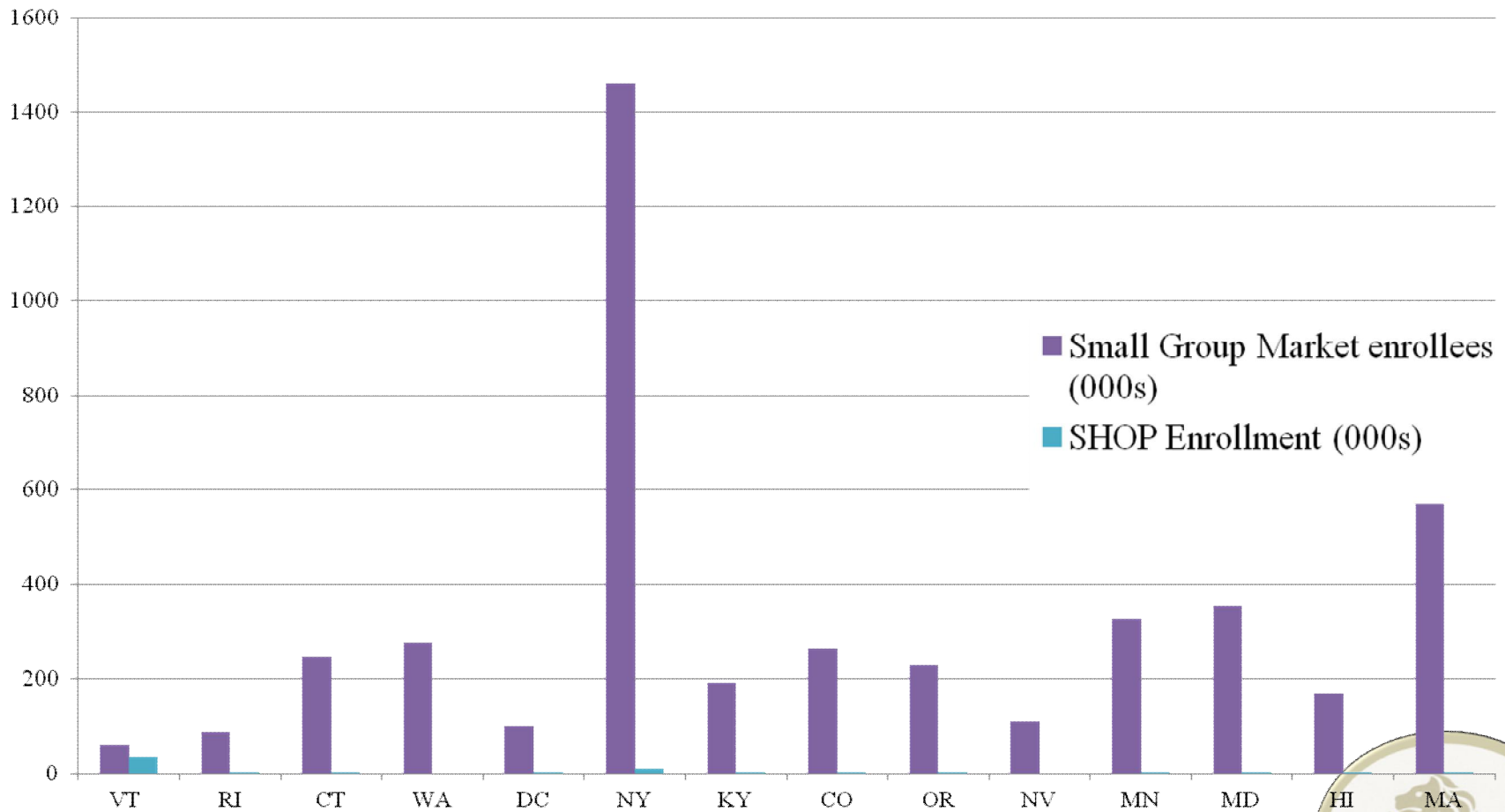


Source: Kaiser Family Foundation



SBE's – Operational Results

Small Business Health Options (SHOP) Market

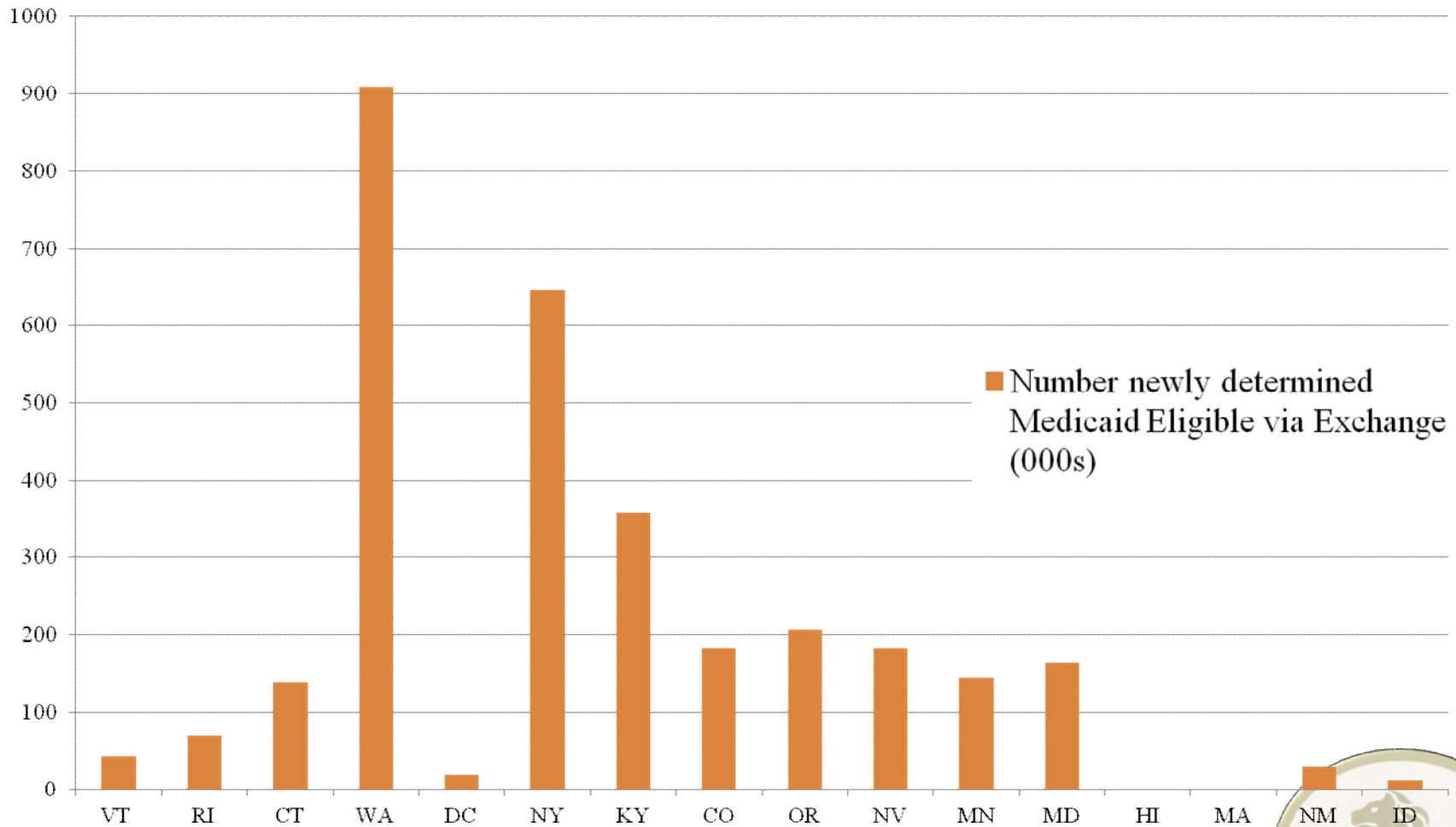


Source: Kaiser Family Foundation



SBE's – Operational Results

New Medicaid Enrollment



Source: Kaiser Family Foundation



SBE - Finances

	Exchange Mkt - Small & Individ (000s)	Exchange Operations (blank= local)	Annual Budget (\$ mill)- net of Medicaid.	Funding Mechanism	Amount
VT	99		@30	Undecided	
CA	3660			In exchange	\$13.95 pmpm
RI	114	(IT from DeLoitte)		Undecided	
CT	326	(IT from DeLoitte)	35	Broad based	1.35%
WA	437	(IT from DeLoitte)	40	In exchange	2% plus \$4.19 pmpm
DC	109		28	Broad based - all health insurers, all products	1%
NY	1832			State Appropriation	
KY	274	(IT from DeLoitte)	27	Broad based	1%
CO	388		30-35	Mixed in and broad based	1.4% of prem plus \$1.80 pmpm for in-exchange
OR	298	IT off of Federal Platform	31 (no payment for IT)	In exchange (no payment for IT)	\$9.66 pmpm
NV	1252	IT off of Federal Platform	(no annual budget yet- (no payment for IT)	In exchange	\$13 pmpm
MN	375		76	In exchange	3.5%
MD	422	IT bought from CT		Broad based	2%
HI	178		(no annual budget yet)	In exchange	2%
MA	609			In exchange	2.5%
NM	90	IT off of Federal Platform	(no payment for IT)	Undecided	
ID	162	Went from Fed IT to State in Y2	28	In Exchange (no payment for IT)	1.5% of premiums

Sources: KFF, On line documents, Commonwealth Fund Blog by Dash, Lucia et al

Findings from Other SBE's

1. RI operational performance is good
2. Operations
 - Nobody is sharing services
 - No SBE has reverted to Feds – those with IT problems looked to Feds (OR) or elsewhere (MD).
3. Finances
 - Size matters: there are significant economies of scale, driven by IT build and maintenance.
 - Except for DC, smaller markets (VT, NM, HI, RI) are the last to decide



If RI were to throw in the towel on its SBE

- Results in fundamentally different vision for health insurance market in RI.
- Costs: Feds charge 3.5% of all Exchange-based premiums
 - Considerably less than anticipated RI Exchange Budget
- However:
 - Accountability for Federal Funds used?
 - Extracting from Medicaid operations – call volume of people enrolled in Medicaid through Exchange's front door.
 - King v Burwell decision could rule no subsidies on Federal Exchange



Options for RI Exchange Sustainability

1. Handing all operations back to Feds
 - Change in health insurance strategy in RI.
 - Operationally complex
 - Entails risks (fed negotiations; King v Burwell)
2. Reduce the numerator: Expenses
 - Benchmarks are emerging
 - Reduce to core: IT and consumer support
 - Marketing, analytics, planning, communications etc.
 - Shared services can achieve cost reductions if
 - Enrollment and eligibility policies and operations for Exchange and Medicaid are standardized with partners
 - Staff savings are identified



Options for RI Exchange Sustainability II

3. Expand your denominator (People in Exchange) Choice of channels is not costless.

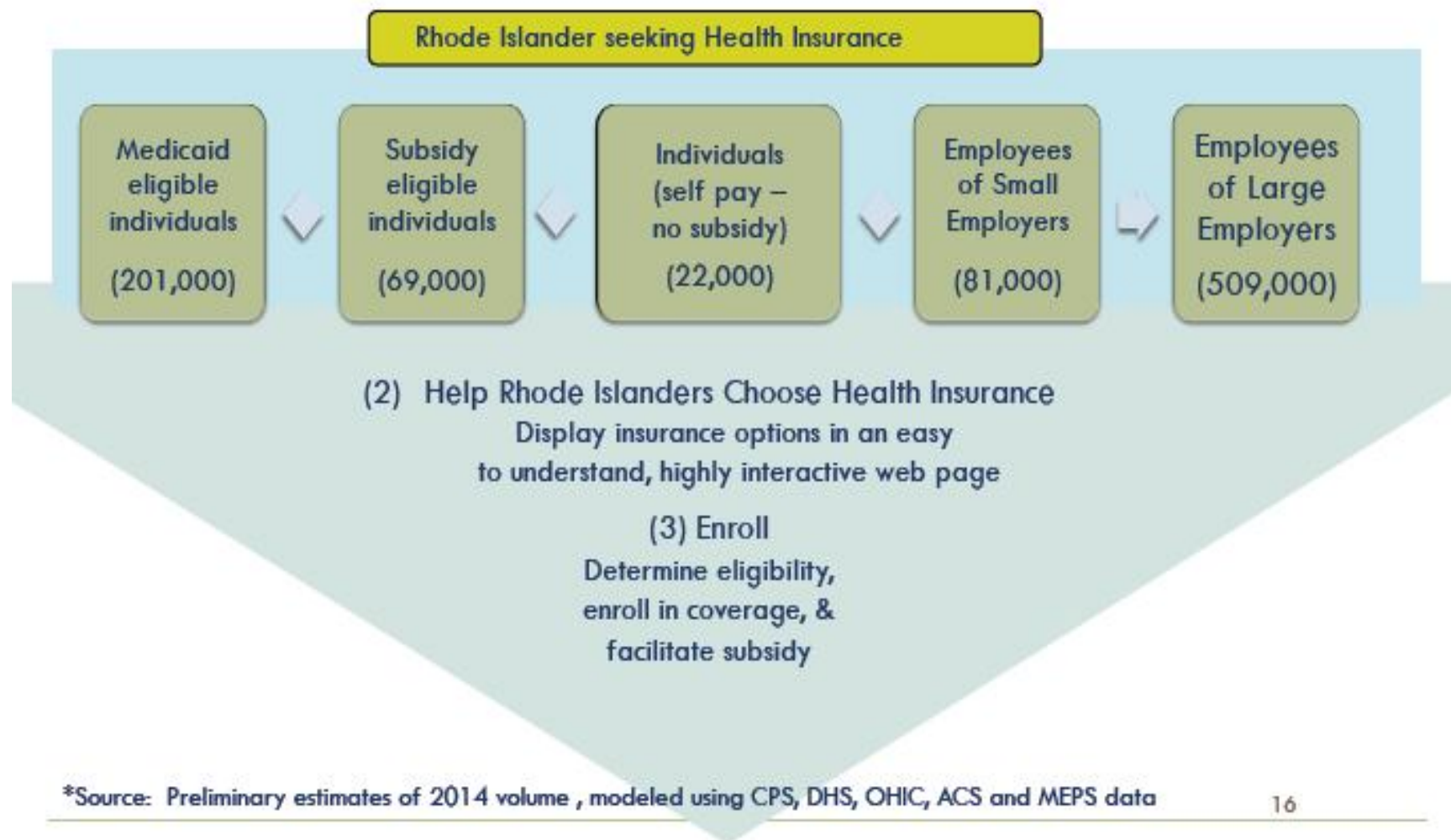
- Outside Exchange individual market: 11k currently directly enrolled in BCBS
- Outside Exchange small group market : 86 k enrolled in three carriers.
 - This policy adopted in DC and VT

4. Expand your assessment base and lower the rate

- Argument to be made that all employers (large, small and self insured) benefit significantly from Exchange operations
 - part time employees who enroll in Exchange with federal subsidies or in RiteCare
 - Adopted in DC
 - Other market wide assessments for public goods exist (immunizations; HIT)



The Vision is still valid



Thank
you

