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Health Insurance Exchanges: Unprecedented Opportunities or Potential Pitfalls?

Presented to the
House Health Policy Committee
Michigan State Legislature
October 27, 2011

What is an Insurance Exchange?

- Online marketplace—A tool that enables individuals to shop, compare, and enroll in a health insurance plan
- Definition—Varies by intended role of the exchange
 - Massachusetts—Intended to address access
 - Utah—Intended to address costs

State models are still in development...

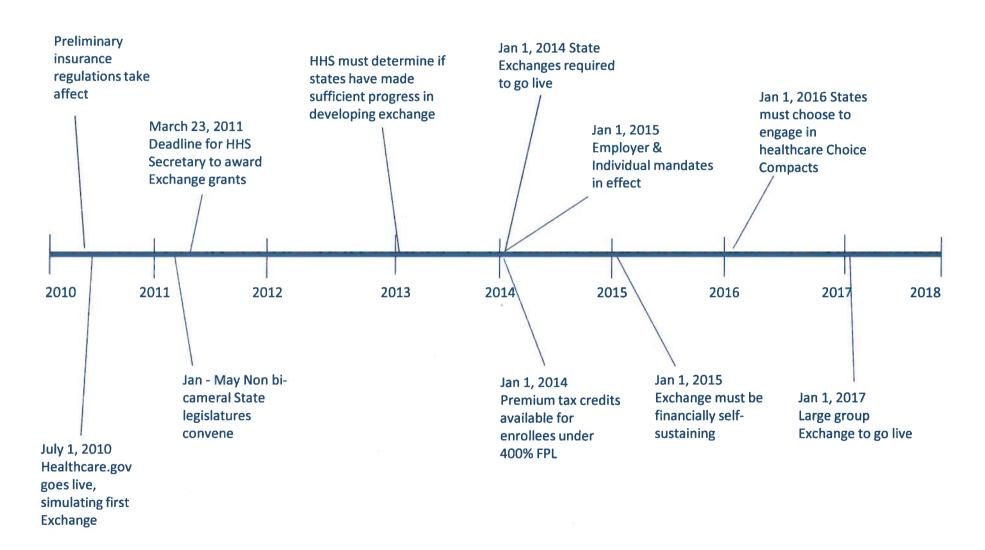


MA and UT: Compare and Contrast

	MA	UT
Launched (began enrollment)	Oct-06	Oct-10
Target Market	Individual	Small Group
Enrollees	~200,000	~4700
Subsidized Plan	~159,000 0	
Unsubsidized Plan	~41,000 ~4700	
State Population	~6.5 million	~3 million
Individual Mandate	Yes	No
Employer Mandate	Yes	No
Public Subsidies	Yes	No
Marketing & Outreach (1st year)	\$5M	\$5K
	\$25M start-up/	\$600K start-up/
Cost	FY 2011 ~\$30M	FY 2011 ~\$670K
	Federal and state	
Funding course(c)	appropriations;	Annual state appropriation;
Funding source(s)	premium tax	technology fees

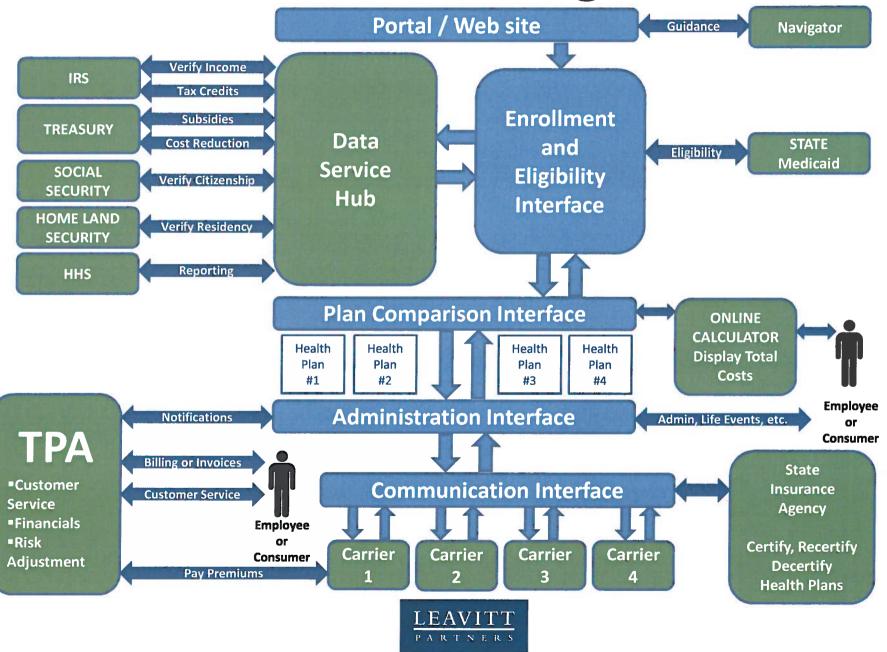


PPACA Timelines

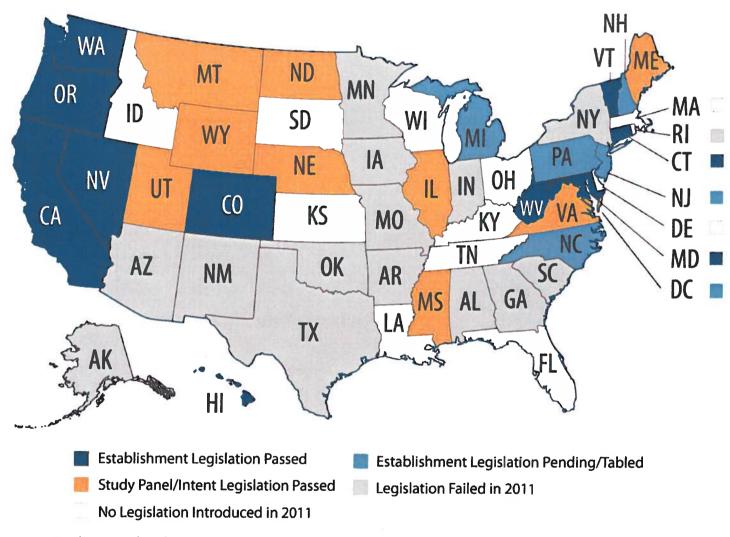




Mandated State Exchange Functions



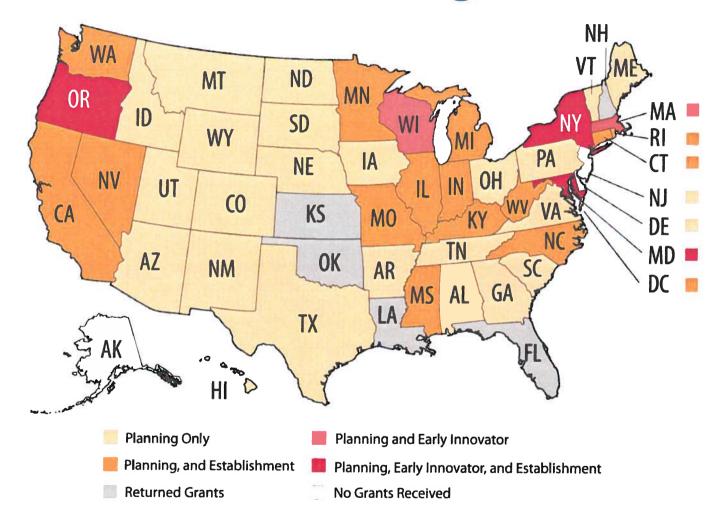
State Exchange Legislation



Source: Center on Budget and Policy Priorities, September 30, 2011



2010 and 2011 Exchange Grant Awards



Source: Center on Budget and Policy Priorities, September 30, 2011



Barriers to Implementation

- Overall lack of certainty
 - 2012 Elections
 - Constitutional challenges
- Lack of timely guidance from HHS
- Tough statutory timelines
 - Agreement among state officials
 - Stakeholder buy-in
- Technology
 - Systems development
 - Strained public/private sector resources



Federal Funding Opportunities Through 2014

Level I

- Single year funding only
 - Period of Performance up to one year post award
- Available only through 2011
 - Application deadlines are March 30th, June 30th, September 30th, and December 30th

Level II

- Multi- year funding
 - Period of Performance from date of award through December 31, 2014
- Available through 2014
 - Application deadlines are March 30th, June 30th, September 30th, and December 30th

• 90/10 Match

- MMIS claims processing
- Medicaid enrollment eligibility systems



Federal Funding Opportunities Post 2014



Likely State Policy Positions

- Lack of federal guidance means many state reform efforts will largely be focused on the small group market
- Exchanges will be used as tools to reform Medicaid
- Fully functioning, PPACA compliant exchanges by 2014 is questionable
 - Majority of states indicate insufficient lead time on PPACA implementation
 - Political and practical barriers abound



Strategic Imperatives for States

- Define the state's vision; identify long- and short-term strategies
- Perform environmental assessment
- Develop a blueprint
- Proactively engage all stakeholders
- Act NOW
 - Be thoughtful, deliberative, and decisive in planning and implementation efforts
 - Understand the implications of actions or lack thereof
 - Be creative in finding unique solutions that work for the state's unique circumstance



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