

Health Insurance Exchange Forum – Notes
Colorado Medical Society – COPIC
September 29, 2010

Joan Henneberry began the forum at 9:05 a.m. with introductions and thanks. She announced that news of the federal exchange planning grant will be released very soon. The administration's comments on exchanges will go to CMS either today or tomorrow, and the response will be posted on the Web site.

Gretchen Hammer thanked the audience for all of the contributions thus far. Colorado is ahead of many states in gathering stakeholder feedback. Today the discussion will be around the stakeholder perspectives document, Tracy's presentation, and finally, governance of the exchange. Gretchen reiterated the ground rules.

The stakeholder perspectives document is a way to begin framing what feedback has come out of these forums. The final product will hopefully be a 10-15 page document to guide what has happened and what future opportunities exist.

Feedback on the [stakeholder perspectives](#):

- The core function is to organize the marketplace to ensure access to understandable and reliable information for consumers and small businesses. However, the core function should be to match people up with health insurance coverage and subsidies. A key principle needs to be individuals and small businesses at the center of the exchange.
- Successful exchange will judiciously ensure consumers and businesses have meaningful choice among high quality options. There are a range of perspectives, from recommending a robust certification process for fewer options with higher value to more competition in the exchange leading to better quality and value.
- There is redundancy in using the words both quality and value, and technical compliance with state and federal requirements should be central.
- Add a sentence to the document explaining that we did not discuss in full or arrive at a consensus as to a definition of a public option. There is also a question around the ability of a public option to compete on a level playing field.
- Create one risk pool within the exchange, with the same rates inside and outside.
- Who will be defining quality and value? It needs to be consumer oriented, and explored in much more depth with the appropriate board.
- The exchange must maximize participation and minimize adverse selection. There must also be mechanisms for re-insurance and protection against risk adjustment.
- It is difficult to go in to depth on the benefits package without the federal guidelines, but Colorado will comply when they are released.
- Possibly a lower cost or higher risk plan for younger consumers, or those searching for alternative therapies. Massachusetts has included this type of plan. Federal law allows the structure for younger consumers, but there has not been a robust conversation about this issue, or about alternative therapies. This perhaps can be covered in the certification and language requirements.
- There is much that we do in organized medicine that is wasteful without evidence of doing good, and it goes to the heart of what information and requirements we put in place that we believe are of value to the consumer to allow them to make thoughtful choices about what they want to purchase.
- Speaks to the mandate that people have to purchase a product, and meet the minimum standards.
- Plenty of clients prefer not to have benefit-rich, low-deductible plans for office visits they do not use and for which they do not want to pay. Perhaps high-deductible plans, such as health savings accounts,

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can be an option so that they determine how they want to seek health care. Be careful about using the words “evidence-based medicine”, which consumers sometimes feel is used as a tool for claims denial.

- Essential to the conversation is the minimum standard. Advocacy for alternative therapies or higher risk plans needs to be at the federal level. It will be up to the state to fund subsidies for options that are outside of the essential benefits package.
- There has not been enough conversation about how the business community is affected. Although there have been meetings and outreach to business groups, they have yet to publicly weigh in on their concerns or support for exchanges.
- Create a marketplace to purchase coverage without assistance, while also ensuring assistance to those who do need help navigating.
- If we are to reach critical mass then small businesses must be pulled in to the exchange.
- Must look seriously at conflicts of interest in all dealings, including potential navigation. Providing information to consumers requires assurance that these conflicts have been adequately addressed.
- State law requires disclosure of broker commissions.
- There are strict rules for licensing and certification that navigators follow, and folks on a salary instead of commission may not put in that kind of time and effort.
- The involvement of the business community is critical. Do we send a draft of the document to the business community for reflection? Be very clear in the preamble to this document that small businesses did not officially endorse components of the document although they have been at all of the forums.

The next discussion centered on governance options for the exchange:

- Tracy Johnson gave her [presentation](#) on governance options.
- Different regions within the state have different needs, and Colorado’s overall needs will be different from other states’. Certain states may not be large enough to have their own exchange, but Colorado is and could have its own state based exchange.
- The board of the directors and where the exchange is hosted are still left up to the state to decide. If no decision is made, then Colorado effectively opts out and the exchange will be federally run.
- It may be the first option to have a state run exchange, but a federal one may be the better choice if Colorado does not do something differently or gain something specific from a Colorado based exchange.
- Do not rule out regional either, because we already provide care for many of our regional neighbors.
- Take in to consideration the cost of running our own exchange as opposed to opting in to the federal exchange – is it worth it?
- Concerns about the exchange being hosted in state government revolve around personnel and contracting rules. Getting things done in a timely and creative manner will be more difficult in a public agency instead of a private or quasi-governmental agency.
- With a regional pool, are we opting in to a more expensive, riskier pool? Consider that Colorado has the lowest adult obesity rate in the nation, and expanding to other states will potentially bring more costs.
- Insurance coverage needs to be easy and affordable for the consumer, whether they are traveling or moving to other states, and expanded portability might be of value with a regional or federal exchange.

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- States that do not take adequate steps will default regardless. It is unknown what happens if a state changes their mind after that, but designation must happen by 2012 or default to federal exchange is automatic.
- In general, the larger area provides for a larger risk pool, which is beneficial. Potential issues may lay in providers who only work in certain areas, and whether that would have to change in order to participate in the exchange. Rating areas are also geographically reflected.
- Health insurance is regulated by the states themselves, which would change implementation issues if we proceed with multi-state exchange, so recommend only a state-wide, single state exchange.
- Support a state exchange with two separate risk pools initially. It may be necessary to consider other states as it gets off the ground. Encourage a quasi-governmental agency.
- One exchange keeps the administration simple, and two pools are important in the phase-in period. There will be a lot of change happening, and the individual market still has different rules from the small business market. Until they are the same, keep the pools separate.
- The larger the risk pool, the lower the cost, so advocating for one risk pool.
- The individual market is more prone to adverse selection, so the larger the pool the lower the rates will not be true until adverse selection is equalized.
- There are more advantages to a larger risk pool, because it will contain a larger number of healthy people to keep the premiums as affordable as possible.
- It should all be the same risk pool, because the more we pick it apart, the more cherry picking and exclusions come in to play.
- There are some readjustment ratings under the law to reduce adverse selection. We should keep the markets separate at first because we are doing something never done before, and need to be cautious of unintended changes and market disruptions.
- The underwriting rules for individuals and small businesses become the same shortly after the exchanges are in place. Larger groups can come in to the exchange in 2017. We can only bring them in earlier if we have a state based exchange.
- We are operating under different assumptions today, and will want as little shock to the system as possible in 2014 to allow risk adjustment to take place – two separate pools.
- Consensus seems to be centered on a state based exchange, with a quasi-governmental administrative entity. There must be a governing board clear of conflicts of interest.
- The planning grant is for nearly a \$1 million, and sometime during 2011 the proposal for the operational funds will need to be written. Depending on legislation, a decision needs to be made as well about sustainability, because the exchange needs to be self-sufficient by January 1, 2015.
- Whether it is a governmental agency or not is secondary to whether it is separate from the political process. Be sure to stagger the terms of board members so that span administrations, and balance independence of the political process with public accountability.
- A broad board will be needed because of the expertise required. Accountability must be to the consumer paying the premium.

Gretchen's closing remarks reminded of the four forums that are being held around the state in October. There is no commitment yet about moving the stakeholder perspectives document forward, but will decide on a process to be sure everyone is considered. Time is a big factor, because the legislature and administration in 2011 will have to take on the exchange legislation.

The next forum will be held in Alamosa, Colorado on October 11, 2010 from 10:00 a.m. – 12:00 p.m.