The Value of Exchanges

The Role of the Health Connector in Driving towards Value

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Agenda

• About the MA Health Connector

• Health Care’s Value Challenge

• Role of Health Connector in Driving to Value

• What’s Ahead?

• Questions & Answers
In 2006, a confluence of events came together to create health care reform in Massachusetts.

**Supporting Conditions**
- Massachusetts has a history of health care reform
- Existing sources of funding for the uninsured could be redeployed
- Strong and active health care advocacy community
- Relatively low uninsured in state made success more plausible

**Catalysts for Change**
- Rising financial costs of health care in Massachusetts
- Medicaid waiver
- Local political factors
- Business and advocacy communities willing to compromise
About the Health Connector

• The MA Health Connector was created as part of the state’s 2006 health reform law

• Two Core Programs:
  – Commonwealth Care: Provides subsidized health insurance to non-Medicaid-eligible low-income adults
  – Commonwealth Choice: State-based Health Insurance Exchange for individuals >300%FPL, and small businesses with 50 or fewer employees to purchase unsubsidized commercial health insurance plans
An Example for National Reform

- Health insurance exchanges are central to the ACA
- Oversight of network adequacy, member experience, etc. to ensure access and quality is embodied in the Qualified Health Plan (QHP) process
“If I didn’t have health insurance, I would never have made an appointment with my doctor because of the cost. The cancer would have spread and I would not be alive today.”

Jaclyn Michalos
Norwood, MA
Health Care’s Challenge

Cost containment...

...and driving towards value.
The Health Connector’s Role in Driving to Value

How can Exchanges support value in health care?

- Encourage the development of “value-driven” health insurance products
- Assist consumers in selecting the health insurance that best meet their needs
“Value-driven” Products: Market Challenges

Prior to the Health Connector, the small- and non-group market had significant challenges.

- Especially in the non-group market, insurance products were often hard to find and purchase
  - Even if a customer could find a place to purchase, choices were often limited
- Limited oversight of plan design and quality
“Value-driven” Products: Connector Approach

- **Offer a variety of high quality and desirable products to meet diverse customer needs**
  - Multiple product types: sole-source health, employee choice, dental
  - Multiple “metallic tiers”: Bronze, Silver, Gold and Platinum
  - Variety of insurance carriers
  - Mixture of standardized and non-standardized plan designs

- **Provide a level playing field for carriers to compete**
  - Comparison shopping promotes innovation in product design
  - Lowers entry barriers for new carriers

- **Seal of Approval Process**
  - Certification of insurance plans for access and quality
Shopping for Value: Consumer Challenges

• Consumers are (relatively) uninformed about key health insurance parameters
  – Deductibles
  – Coinsurance
  – Provider networks

• Consumers are (generally) poor at identifying their own needs in health insurance
  – Overly risk averse
  – Overly sensitive to premium prices
  – Overly sensitive to brand
Shopping for Value: Connector Approach

- **Provide decision support to help customers, especially those new to insurance, make sound choices**
  - “Plan Helper” allows shoppers to filter plans by annual deductible, presence of co-insurance and provider availability
  - Educational content, including videos, makes complex insurance topics understandable for consumers

- **Offer a comparison shopping experience to promote transparency and choice**
  - Allows for “apples-to-apples” comparison of plans
  - Facilitates evaluation of premium, network and benefit differences
Shopping for Value: Decision Support

How do you feel about an annual deductible?

Plans with higher deductibles usually have lower premiums and higher out-of-pocket costs at the time you receive services or obtain medications (until you've paid your annual deductible).

Move the blue sliders below to set the range of your deductible (which will narrow the number of available plans). The dollar amounts below reflect the chosen deductible.

Higher Premium $0 $500 $1,000 $1,500 $2,000 Lower Premium

Lower Deductible $0 $500 $1,000 $1,500 $2,000 Higher Deductible

- I've moved the sliders to show my ideal range for my annual deductible.
- I'd like to skip this question.

What is an Annual Deductible?

An annual deductible is the amount that you, or your family, is responsible for paying before your health plan will pay for most covered services. Deductibles are in addition to the monthly premium you owe for your health insurance coverage. Some services, however, such as preventive care services, will not be subject to a deductible.

Important things to note:
- Once you pay the full amount of your deductible over the course of

Tips about Annual Deductible

- Consider a high-deductible plan if your primary requirement for health insurance is a low monthly premium.
- Choosing a zero or low deductible plan will have a higher monthly premium, but will have lower costs at the time you receive care.
- Keep in mind, there is always the risk of unplanned medical expenses. If you select a high-deductible plan, you may want to set some funds aside in a savings or other special account, such as a health savings account (when available), to help pay for the cost of services before you reach your deductible limit.
Shopping for Value: Education

Video Guides to Help You Compare Plan Options and Find the Plan that Best Meets Your Needs

These videos can help you understand what to look for when shopping for health insurance.

Provider Networks Explained

Co-Insurance Explained

Annual Deductible Explained

Annual Out-of-Pocket Maximum Explained
Shopping for Value: Provider Search

Do you have a provider you want to keep using?

This provider might be a doctor, nurse practitioner, hospital, health center or a practice of several doctors.

- Yes, I want to select a plan that allows me to keep my current medical provider(s).
- No, I don't mind a new doctor.
- I’m not sure. Skip for now.

What is a Provider Network?

- Every health insurance plan has a group of doctors, nurse practitioners, hospitals and other medical professionals that have agreed to provide certain covered benefits to its members. These groups are known as the "Provider Networks".
- A "General Provider Network" is the broadest network of health care providers offered by an insurance carrier.
- A "Limited Provider Network" is a smaller network, compared to an insurance carrier's "General Provider Network" with access to fewer health care providers.

Tips about Provider Network

- Some insurance carriers offer 2 or 3 different varieties of the same health plan where plan #1 is on the "Breadth" network and plan #2 is on the "Smaller" network.
- Health plans with narrower networks may have lower premiums. You should carefully consider any trade-offs on premiums and access to medical providers in reviewing your health plan options.

[Health Connector Video: Provider Networks Explained]
See full text / accessible version
# Shopping for Value: Provider Search

Create Your List of Providers

**Provider list: 0**

You have not added any doctors or facilities to your list
Click **Add this provider** in a doctor or facility’s row to build your list
Click **Save provider list & go back to plans** when you are done

## Provider search results (1)

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>City, State ZIP code</th>
<th>Phone</th>
<th>Actions</th>
</tr>
</thead>
</table>
| Boston Medical Center | 1 Boston Medical Center Pl     | Boston, MA, 02118    | (617)638-8000
 (617)638-3157, (617)534-5000 | More info | Add this provider |

## Find provider

<table>
<thead>
<tr>
<th>Provider's last name</th>
<th>Hospital or facility name</th>
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<tr>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provider's first name</th>
<th>ZIP code</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02446</td>
<td>10 miles</td>
</tr>
</tbody>
</table>

Need to find a new doctor? Try **advanced search**
Shopping for Value: Comparison Tools

8 benefits packages (What's a benefits package?) : 59 plans

Review plans. Narrow your choices. Select up to 3 plans to compare.

- **Bronze Low**
  - 9 plans
  - Monthly Cost: $243

- **Bronze Medium**
  - 9 plans
  - Monthly Cost: $265

- **Bronze High**
  - 9 plans
  - Monthly Cost: $255

- **Bronze Other**
  - 4 plans
  - Monthly Cost: $274

- **Silver Low**
  - 9 plans
  - Monthly Cost: $344

- **Silver High**
  - 9 plans
  - Monthly Cost: $346

- **Silver Other**
  - 3 plans
  - Monthly Cost: $372

- **Gold**
  - 7 plans
  - Monthly Cost: $422

Sort plans by: Benefits package
How have we done?
Health Connector Results

• **Gateway to coverage for the uninsured**
  – 98.1% insured in the state
  – Over 225,000 covered through Health Connector

• **More employers offering coverage**
  – 77% in 2010 compared to 70% in 2005 and 69% nationally
  – More than 95% of employers are doing their fair share

• **Fair, effective steward of Individual Mandate**
  – Only 1.2% of tax filers assessed a penalty (2009)
  – Approved 65% of penalty appeals
Health Connector Results (cont.)

- **Force for competition**
  - Annual avg. premium trend of ~3% in Commonwealth Care
  - New market entrants in Commonwealth Care and Choice

- **Platform for shared ownership of reform**
  - Diverse Board with transparent decision-making

- **Continued strong public support**
  - 59% to 75% voter approval rating
What’s ahead?
Health Connector 2.0

The Health Connector is working to offer a transformative customer experience.

- Make it easier than ever to compare, choose and enroll in innovative health insurance products
- Offer cutting-edge wellness programs
- Break down barriers to affordable, high-value coverage
Health Connector 2.0

What are we doing to ensure the success and sustainability of the Health Connector?

- Offer a simple comparison shopping experience where consumers can cut through complexity and find health insurance that meets their needs.

- Create an innovative marketplace that drives (or mirrors) commercial market trends, including wellness programs, ACOs, and VBID.

- Provide a platform for transparent competition among carriers offering popular and innovative products.
What are we doing to ensure the success and sustainability of the Health Connector?

- **Become a cost-effective administrator**, with business processes and technology infrastructure to reduce ongoing operational costs.

- **Serve as an effective steward** of the individual mandate and cross-market risk adjustment programs for the non- and small-group markets.

- **Work in partnership with Medicaid**, facilitating smooth member transitions between Medicaid-administered programs and the Exchange.
Key Takeaways

• **Exchanges can help to move the health care system towards value by:**
  - Expanding access to health insurance
  - Fostering the development and sale of “value-driven” health insurance products
  - Educating consumers about key health insurance concepts
  - Helping consumers to select insurance that best meet their needs

• **The Affordable Care Act offers the potential to expand the impact of exchanges on value.**
  - Enhancements in Massachusetts
  - New implementations in other states
Questions & Answers