Commonwealth Health Care Reform Implementation Advisory Committee
Meeting

July 28, 2010

AGENDA

1. Review of draft goals for the exchange.

2. Preliminary discussion on exchange policy decisions
   a. Who should establish the exchange? The first decision to be made is whether the State “elects” to establish the exchange consistent with federal requirements. If the State elects to establish the exchange, the Secretary will review the State’s progress in January 2013 and if the Secretary determines that the State will not be ready, HHS will establish the exchange in the State for operation in January 2014.

   b. What is the structure and governance for the exchange? Exchanges can be administered by a governmental agency or a non-profit organization. There can be one state-wide exchange, regional exchanges, multi-state exchanges, and separate or combined exchanges for individuals and small businesses. For instance, the Massachusetts Connector is administered by an independent quasi-governmental authority that has decision-making authority and regulatory powers. The Utah Exchange for individuals and small businesses is housed in the Governor’s Office of Economic Development and is much more limited in function, providing an internet site to provide information so that more informed decisions can be made on purchasing health insurance. Utah’s model allows the state to retain budgetary, payroll and policy decisions, whereas Massachusetts delegation to a regulatory authority limited (somewhat) political intervention and allowed for rapid start-up.

   c. Should the Exchange perform other functions? A potentially key function that is missing from the PPACA mandatory exchange functions is an “aggregator” function. Both the Massachusetts and Utah exchanges perform an aggregator function, by making a single payment to insurers that includes payroll deductions and premium contributions. This provides administrative relief for small businesses, individuals and insurance plans. Is this something that Pennsylvania’s exchange should do?

   d. Should the exchange be implemented prior to January 2014? Both Utah and Massachusetts phased in the operation of their exchange and modified operations based on lessons learned during the phase-in. There may be much to be said for a phased-in approach rather than having hundreds of thousands of new purchasers testing the exchange when it goes live in January 2014.

   e. Should the state exercise other policy options allowed under PPACA?
There are a number of options states have regarding benefits, rating areas and employer eligibility rules:

HHS will establish the minimum benefit package, but PPACA allows more generous benefits if the state is willing to assume the additional costs for providing those benefits.

States are given responsibility for establishing geographic rating areas for plans.

States are allowed to offer one or more basic health programs for low-income individuals whose incomes exceed 133% of the FPL but do not exceed 200%FPL instead of having them purchase coverage through the exchange.

States may limit access to the exchange to businesses with 50 employees or less until 2016 rather than 100 employees or less.

f. When and how will health insurance premium increases be monitored? Beginning in 2014, PPACA requires states to monitor all health insurance premium increases, not just those on the Exchange. From 2010-2014 the Secretary of HHS can award up to $250 million in grants to states to aid in reviewing (and approving if authorized by state law) health insurance premium increases. Pennsylvania will need to determine how it wants to proceed using this grant process.

g. How can the Exchange be structured to facilitate other health care reform goals such as transforming health care delivery, improving quality and reducing costs?

• How do we assure that the Exchange is fiscally sustainable by 2015?
  How will the Exchange be financed?

The next committee meeting is scheduled for August 25, 2010.