COMPARISON OF OTHER STATE EXCHANGES

This document compares the established state health care exchanges prior to the Affordable Care Act. Under the ACA, states that opt to create their own exchange may establish a government agency or a non-profit to carry out its duties. While the ACA does not specify a governance structure that states must use, an exchange must consult with health care consumers, those with experience in facilitating enrollment in qualified health plans, the state Medicaid office, and advocates for hard to reach populations.

Key Questions Explored:

- In other states,
  - Is the exchange governmental or nonprofit and how is the exchange governed?
  - What type of infrastructure does the exchange have and is the exchange self-sustaining?

- States Assessed:
  - California
  - Massachusetts
  - Oregon
  - Utah
  - Washington

- In Pennsylvania, what governance models exist?
  - SERS
  - PSERS
  - Pennsylvania Housing Finance Authority
NEWLY PASSED CALIFORNIA HEALTH BENEFIT EXCHANGE

How is the exchange governed?
The California Health Benefit Exchange is an independent public entity governed by an executive board, established in statute on September 30, 2010. This is the first state exchange law since the ACA. Appointed members are given staggered 4 year terms. They are unpaid, expect for travel and per diems. There are explicit prohibitions on membership and staffing of the Exchange, members and staff cannot be:

- Employed by, consulting with, on the board of, affiliated with, or a representative of an insurance carrier, agent, or broker; or a health care provider, facility, or clinic while serving on the board.
- A health care provider, unless they receive no compensation and have no ownership interest in a professional practice.

The board is composed of the following 5 members:
One Ex Officio –
(1) the secretary for health and human services

Four appointments –
(2) Senate Rules committee
(3) Assembly Speaker
(4) Governor
(5) Governor

Each appointment is subject to the following considerations:

- Expertise in two of the following: Individual health care coverage, small employer coverage, plan administration, health care finance, administering public or private health delivery systems, and purchasing health plan coverage.

The board is given broad authority with few specifics to implement the exchange provisions of the ACA and the ability to hire an executive director. It is also given responsibility for the CA planning grant and authority to apply future HHS exchange related grants.
How is the exchange governed?
The Massachusetts Connector is governed by the Commonwealth Health Insurance Connector Authority through legislation enacted in 2006. The Authority is a quasi-independent state agency governed by an independent board established in statute to independently operate the connector. Appointed members have renewable three year terms.

The board is composed of the following 10 members:
Four Ex Officio –
(1) the secretary for administration and finance, statutory chairperson
(2) the director of Medicaid
(3) the commissioner of insurance
(4) the executive director of the group insurance commission (equivalent of SERS)

Three appointed by the governor –
(5) An actuary in good standing with the American Academy of Actuaries
(6) A health economist
(7) A representative of small business interests

Three members appointed by the attorney general –
(8) An employee health benefits plan specialist
(9) A representative of a health consumer organization
(10) A representative of organized labor

Is it self-sustaining?
Scope
The Connector offers 6 plans. Individuals and small employers with 50 or fewer workers are able to purchase CommChoice health care and those eligible for subsidy may enroll in CommCare. CommCare had 163,000 members in June. CommChoice has 31,000 (non-subsidized enrollment of individuals and small business) and Bridge had 26,000 (special immigrant program for established for one year in 2009).

Revenue/Budget
The initial state appropriation for the Connector was $25 million for administrative cost. Since, MA only funds the service cost of CommCare (subsidized) not the Connector, and the administrative cost is covered by a fee to members. The administrative fees for CommCare and CommChoice are 3.2% and 3.5% respectively. This fee is will generate $32m in FY 2011.

Administrative Structure
The Connector directly employs 50 people. Customer service, premium billing, enrollment and eligibility, and other support appear to be subcontracted. The call center’s personnel are contracted. Dell Systems is the CommCare contractor. The Small Business Service Bureau is the CommChoice contractor.
How is the exchange governed?
The Utah Health Exchange is governed by the Board of Directors Risk Adjustment through legislation enacted in 2008 and 2009. The Office of Consumer Health Services (OCHS), an office under the Governor’s Office of Economic Development administers the exchange. Also, there is a nonprofit Utah Defined Contribution Risk Adjuster that administers the defined contribution component of their exchange. Its Board of Directors is as follows:

Up to eight appointed by the governor with consent of the Senate:

1. 3-5 directors with actuarial experience who represent insurance carriers (currently 4) who participate in the defined contribution and including at least one and up to two directors who represent a carrier that has a small percentage of lives in the defined contribution market;
2. Either an individual employee or employer in the defined contribution market
3. Representative of the OCHS;
4. Representative of the Insurance Department, voting only when there is a tie;

Other:
5. Chosen by and representative of the Public Employee's Health Benefit Program with actuarial experience;

Is it self-sustaining?

Scope
Four medical carriers and two Health Savings Account (HAS) vendors are participating in the exchange. Initially the exchange allowed employers in Utah with 2-50 employees to enroll in the defined contribution system. Currently, the system is launching its large group pilot for enrollment, employers with 51 or more employees are eligible. Plans for employees are portable and tax benefits are preserved.

Revenue/Budget
The Utah Health Exchange operates with a state appropriation budget of $430,000. The enrollment technology cost is $365,000 and the banking function and call center are $65,000. The exchange is not self-sustaining.

Administrative Structure
The exchange employs 3 full-time and 3 part-time personnel. Of these, 2 are program managers and 1 is a compliance manager.


**WASHINGTON**

**How is the exchange governed?**
Health Insurance Partnership (HIP) administers the exchange through statute enacted in 2007. HIP is overseen by the Washington Health Care Authority.

The board is composed of the following 7 members:

One Ex-officio:
(1) Washington Health Care Authority Administrator (chair)

Six appointed by the governor:
(2) Members have expertise in the health insurance market and benefit design.

**Is it self sustaining?**
**Scope**
The exchange is intended for small employers with low-income employees. They offer sliding-scale premium subsidies of up to 90% based on family income to individuals earning below 200% of FPL.

HIP began accepting applications on September 2010 its coverage will begin on January 2011. HIP will designate the health plans it will offer at their next Board meeting on October 21, 2010. Currently, they have about 35 small business employers signed up for HIP. As of year 2, Washington anticipates 650 subsidized low wage employees to participate in HIP, with that number increasing to about 4,000 for years 3-5.

**Revenue/Budget**
The Washington State exchange is funded through the US Department of Health and Human Services HRSA State Health Assistance grant. The goal of the grant is to increase access to health insurance coverage for low-wage workers. Washington received $34.5 million for 5 years, and is currently in year 2. Funding for years 1 and 2 was about $2 million each, and increases to about $10M for years 3-5. Funding for each of the 5 years must be approved by HRSA, year 2 has been approved. The vast majority of the funding goes to subsidies (for health insurance premiums for low income workers of small businesses). The funding also pays for HIP program staff (3.5 FTEs), in addition to contractor support (third party administration, actuarial support, marketing) and other administrative support.

**Administrative Structure**
The HIP is administered by the WA State Health Care Authority. HIP has a staff of 4: a project manager, a project specialist, a marketing consultant (.5 FTE), and a health policy analyst.
How is the exchange governed?
The exchange will be governed by the Oregon Health Authority through legislation enacted in 2009. The Oregon Health Authority will be overseen by the Oregon Health Policy Board.

The Board will consist of 9 members appointed by the Governor:

- Individuals will collectively offer expertise, knowledge and experience in consumer advocacy, management of a company that offers health insurance to its employees, public health, finance, organized labor, health care and the operation of a small business.
- No more than four individuals whose household incomes come from health care or from a health care related field; or who receive health care benefits from a publicly funded state health benefit plan.
- No more than 4 individuals employed in health care or a health care related field.
- At least one member with an active license to provide health care in Oregon.

The governor appoints the Director of the Oregon Health Authority. The Director, in collaboration with the Director of Department of Consumer and Business Services, has the authority to hire employees and to promulgate regulations for implementation of the exchange.

Scope
Starting in 2014, individuals and small employer groups with fewer than 100 employees will have the option of purchasing insurance through the exchange. The state will provide access to tax credits, assistance with cost-sharing expenses (deductibles and co-payments), federal premium tax credits and subsidies for people with income up to 400% of the federal poverty level ($88,200 for a family of four).
PENNSYLVANIA BOARDS

State Employee Retirement Board: Independent administrative board with 11 members. Five board members must be active members of the system and at least two must have ten or more years of credited State service. The chairman is chosen by the Governor.

One Ex Officio:
(1) State Treasurer

Four Legislators:
(2) Two Senators, two members of the House of Representatives

Six appointed by the governor:
(3) One must be an annuitant

Public School Employees’ Retirement Board: Independent administrative board with 15 members.
(1) Secretary of Education
(2) State Treasurer
(3) Executive Secretary of the Pennsylvania School Boards Association
(4) Two Senators,
(5) Two members of the House of Representatives
(6) Two to be appointed by the Governor, at least one of whom shall not be a school or state employee
(7) Three elected by active professional members of the system
(8) One elected by annuitants
(9) One elected by active nonprofessional members of the system
(10) One elected by members of public school boards

Pennsylvania Housing Finance Authority: Board comprised of 14 members:
(1) Secretary of Banking
(2) Secretary of Community and Economic Development
(3) Secretary of Public Welfare
(4) State Treasurer
(5) Four legislators named by majority and minority leaders of the Senate and House
(6) Six private citizen members