

Overview of Massachusetts Health Reform:

Exchange Design Issues & Lessons Learned

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Agenda

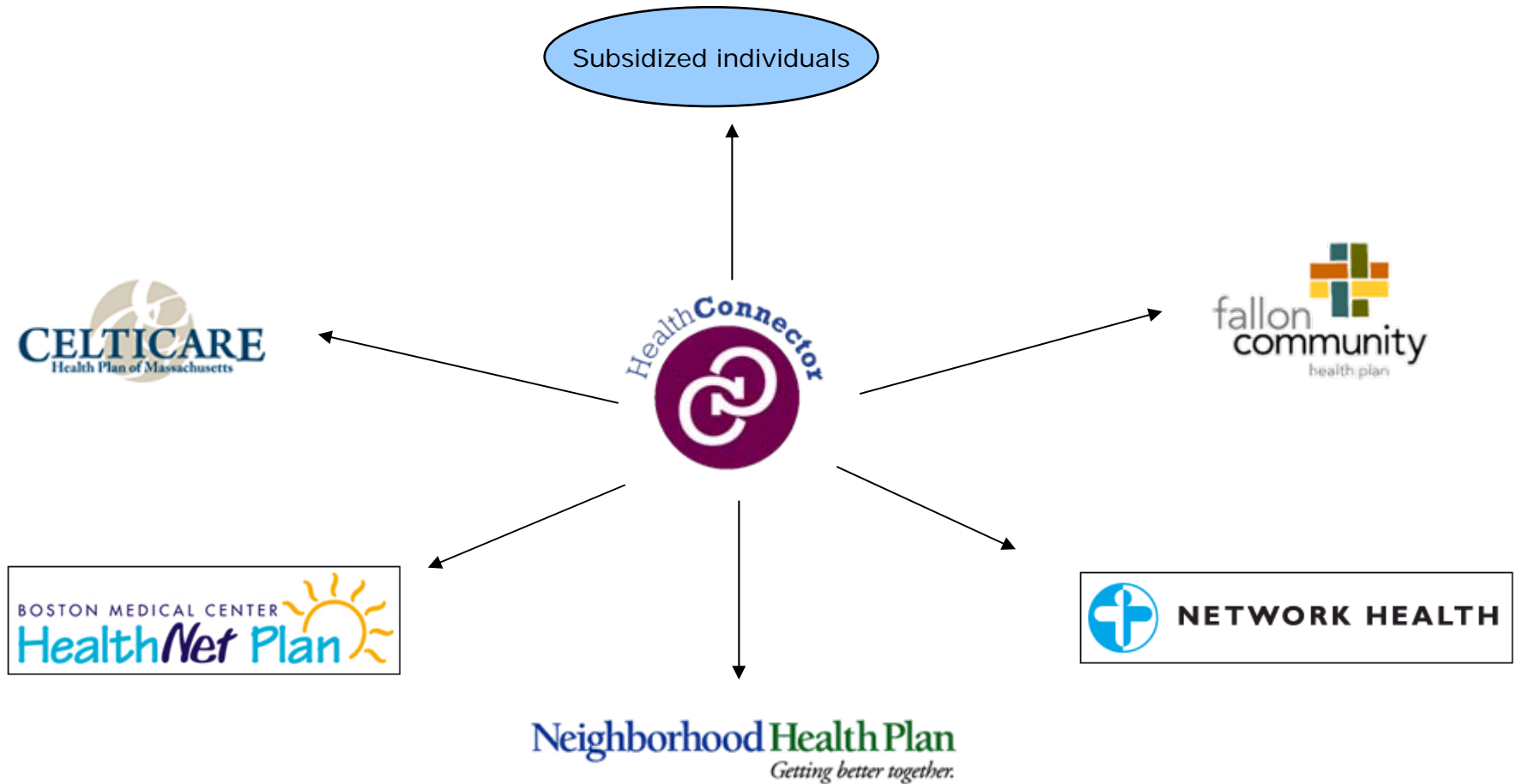
1. Brief description of health reform in Massachusetts and progress
2. Key design issues for exchanges
3. Lessons learned & strategic considerations

Primary Functions of Exchanges

1. Determine eligibility and subsidy flows
2. Sell to other target market segments
3. Specify plan designs & cost-sharing
4. Select, contract & market health plans
5. Public education & outreach

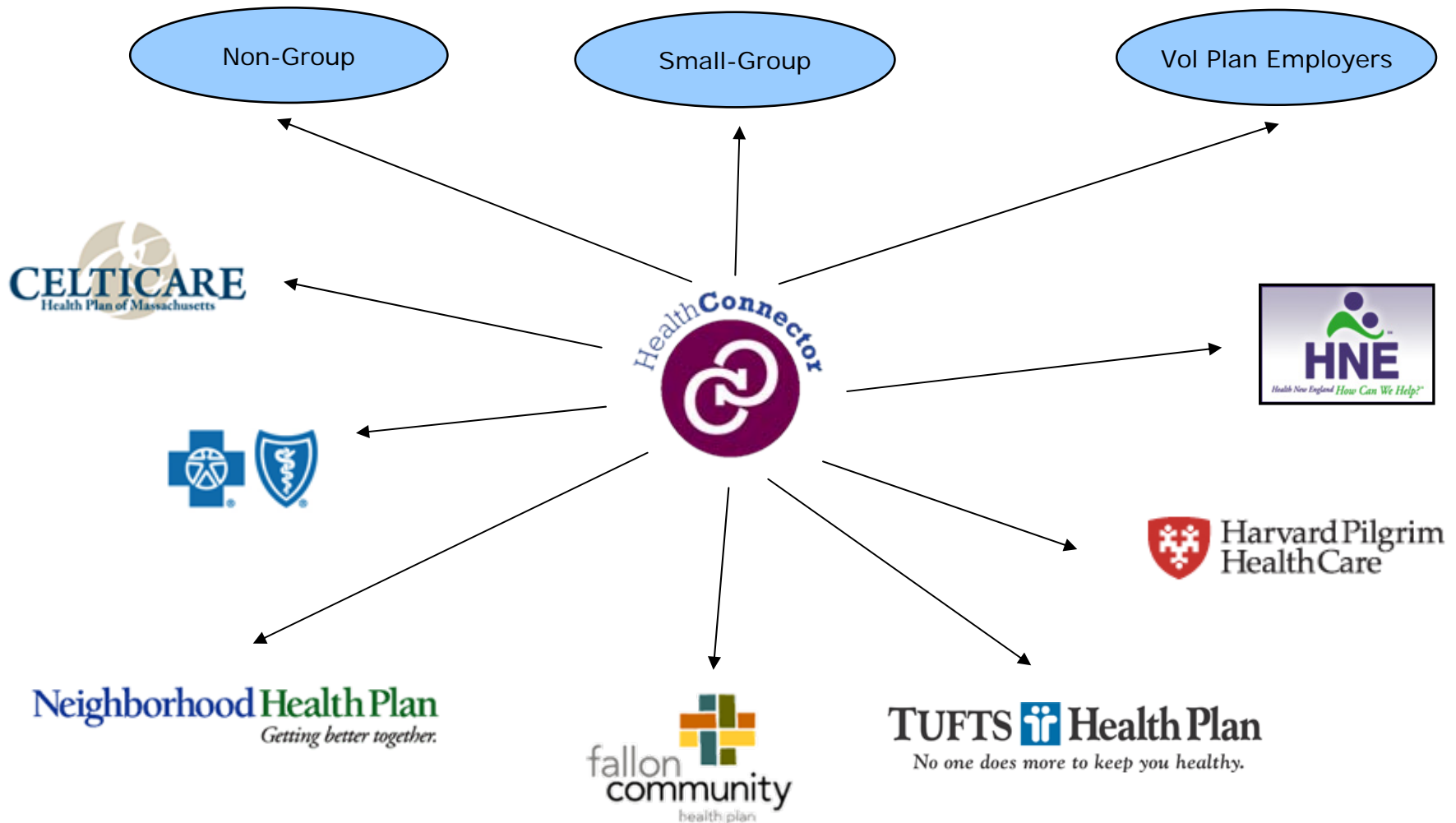
Commonwealth Care: 185,000 mbrs

Connects eligible, uninsured, low-income residents to subsidized health plans



Commonwealth Choice: 35,000 mbrs

Connects Mass residents and businesses to commercial health insurance products



Health Plan Participation

1. Ambivalence at Plan A
2. Suspicion of Plan A at Plan B
3. MMCOs step to the plate
4. Great opportunity for smaller plans
5. Resistance to choice
6. Rate regulation and “the government store”

Achievements of Massachusetts Health Care Reform – 5 Real Facts

1. **2.7% uninsured** after 3 years
2. Of newly insured, **35% private pay**
3. **98% compliance** (taxpayer filings)
4. **59% - 75% voter approval** rating
5. **Net new state costs ~ \$350 million**

There's More to the Story

"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 to tell you my story."

- ***Jaclyn Michalos, 27***



There's More to the Story

Before moving to Mass in 2007, she was told by an insurance agent in her home state:

"You'll never get insurance, so don't waste your time."

After discovering Commonwealth Choice:

"I did the whole thing online and got a very good plan. I was just thrilled!"

**Abbie von Schlegell ,
Commonwealth Choice
member**



Strategic Question:

What are the exchange's goals?

Facilitate comparison shopping

Avoid risk selection and "death spiral"

Reduce administrative costs

Transition safety-net providers

Transform healthcare delivery

Starting list of design issues for state-based exchanges

1. Governance: Connector a semi-independent public authority

- Fiscal agent for public funds
- Policymaking board of directors
- Coordinates w/ other state agencies
- Market-maker/promoter

Medicaid, DoI, HHS/OED?

Regional exchanges across state lines?

Private non-profit entities?

Starting List of Design Issues

2. Adverse selection

Adjusted community rating rules?

Merge non-group & small-group risk?

Standardize products in/out of exchange?

Availability of high-deductible plans?

Market practices oversight

List vs composite billing for Employers?

Other rules ?

Starting List of Design Issues

3. Risk adjustment, reinsurance & stop-loss

Complex

Critically important

Requires HHS guidance/framework

Starting List of Design Issues

4. Benefits specification

Begin with market research

Encourage innovation

Standardize for easy comparison

Manage change

Strategic Issues

5. Carrier bidding

Managed competition

Transparency

Encourage systems integration?

Long-term relationships

How selective? (evolving)

Strategic Issues

6. Administrative challenges

Outreach & marketing

Integrated eligibility determination

Transparency of cost, access & quality

Simplification of choice & enrollment

Customer service (N-G & SHOP)

Advocacy?

Lessons Learned

1. "It's a campaign"
2. Research & experiment
3. Communicate, communicate, communicate
4. Huge technology challenge/opportunity
5. Outsource, partner & collaborate

Lessons Learned

6. Simplify and standardize
7. Consolidate legacy programs, if possible
8. Consider new exchange “applications”
9. Rationalize program eligibility
10. Reform health care delivery, too

If you have questions,...

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