Health Insurance Exchanges: Past, Present and Future

December 1, 2012
The Compounding of Compassion...

- SS Insurance
- Unemployment
- AFDC
- Medicare
- Medicaid
- SSI
- CHIP
- TANF

- Medicare (Part D)
- PPACA

1935 Roosevelt
1965 Johnson
1974 Nixon
1997 Clinton
2006 Bush
2010 Obama
Leavitt Partners Health Reform Framework

**THEME:** The ultimate confluence and overlap of the insurance market and the delivery model

**INFLUENCERS**
- **Government**
  - Legislation
  - Regulation
  - Deficit Spending
- **Market**
  - **ECONOMIC:**
    - Health care spend
    - Savings
  - **DEMographic:**
    - Aging
    - New Diseases
  - **Technological:**
    - New Technology
    - EMR/HIT adoption
  - **Consumerism:**
    - Accountability
    - Health Wellness

**STRUCTURAL SHIFTS**
- **Increased Regulation and More Federal Control**
  The federal government usurps state regulatory authority, methodically restricting private sector autonomy and profitability
- **Access to Care**
  Decreasing government reimbursements and significantly expanded coverage changes patient access to care
- **Reapportionment of Wealth and Risk**
  Funding for new entitlements is extracted from industry to individuals. Risk gradually shifts from rate payers to tax payers & from insurer to providers
- **Reordering of Insurance Markets**
  Three dominant distinct payer markets will emerge: large employers, exchanges, and government
- **Information Transparency**
  Consumers, employers, and the government demand new information and benefit designs that maximize value
- **Reimbursement Design**
  Fee-for-service payment will be converted to payment based on value
- **Delivery Models**
  Cost pressures drive providers to coordinate care while utilizing more efficient locations, personnel, and technologies
- **Smart Medicine**
  Genetic information and comparative effectiveness research combine with information technology to empower providers and patients.

**EVOLVING MODELS**
- **Corporate**
  - Integrated Health systems
- **Collaborative**
  - Network integration
- **Regulatory**
  - Single payer system
Three “take-aways“:

1. Exchanges are **not** a product of the ACA
Three “take-aways”:

1. Exchanges are not a product of the ACA

2. An Exchange is a tool—stakeholders decide how to deploy it
New Timeline

Nov 20: Proposed Rule Making on A/V Calc, Insurance Market Reforms, EHB, etc

Dec 14: States Must Declare Exchange Intent / SBE’s File Blueprint

Dec 21: Comments Due; EHB Final Deadline

Feb 10: Final Rules Published

Feb 15: Partnership Blueprint Due

RemainingRegs Drop

Fiscal Cliff Negotiations

October 1: Enrollment Begins

State Legislative Sessions
Federalism

• State will play a significant role in implementation

• Almost an even split between SBEs and FFEs
  • 15-22 states will be certified by 2014
  • 5-10 states openly intend to partner
  • 15-20 states will default to FFE

• States must weigh:
  • Administrative and operational costs associated with exchange model
  • Control
Three “take-aways”:

1. Exchanges are **not** a product of the ACA
2. An Exchange is a tool—stakeholders decide how to deploy it
3. Insurance market reforms likely to have the greater long-term impact
# Wave of Regulations

<table>
<thead>
<tr>
<th>Title</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential Health Benefits</td>
<td>Proposed Rule Released 11/21/12 Comments Due 12/21/12</td>
<td>Includes EHB, A/V Calculator, Cost-Sharing and Accreditation</td>
</tr>
<tr>
<td>Insurance Market Rules</td>
<td>Proposed Rule Released 11/21/12 Comments Due 12/21/12</td>
<td>Rating Limits, Guaranteed Issue, Rate Review, Single Risk Pool, Catastrophic Health Plan</td>
</tr>
<tr>
<td>FFE Guidance</td>
<td>Proposed Rule Released 11/30/12</td>
<td>Detail on how plans will engage FFE or Partnership Exchange</td>
</tr>
<tr>
<td>Multi-State Health Plans</td>
<td>Proposed Rule Released 11/30/12</td>
<td>Details Multi-State Plans and state oversight</td>
</tr>
<tr>
<td>Premium Tax Credit</td>
<td>OMB</td>
<td></td>
</tr>
</tbody>
</table>
What does Race day look like?

What was envisioned....

...What 1.0 will look like
Three “take-aways“:

1. Exchanges are not a product of the ACA
2. An Exchange is a tool—stakeholders decide how to deploy it
3. Insurance market reforms likely to have the greater long-term impact
A health care intelligence business