

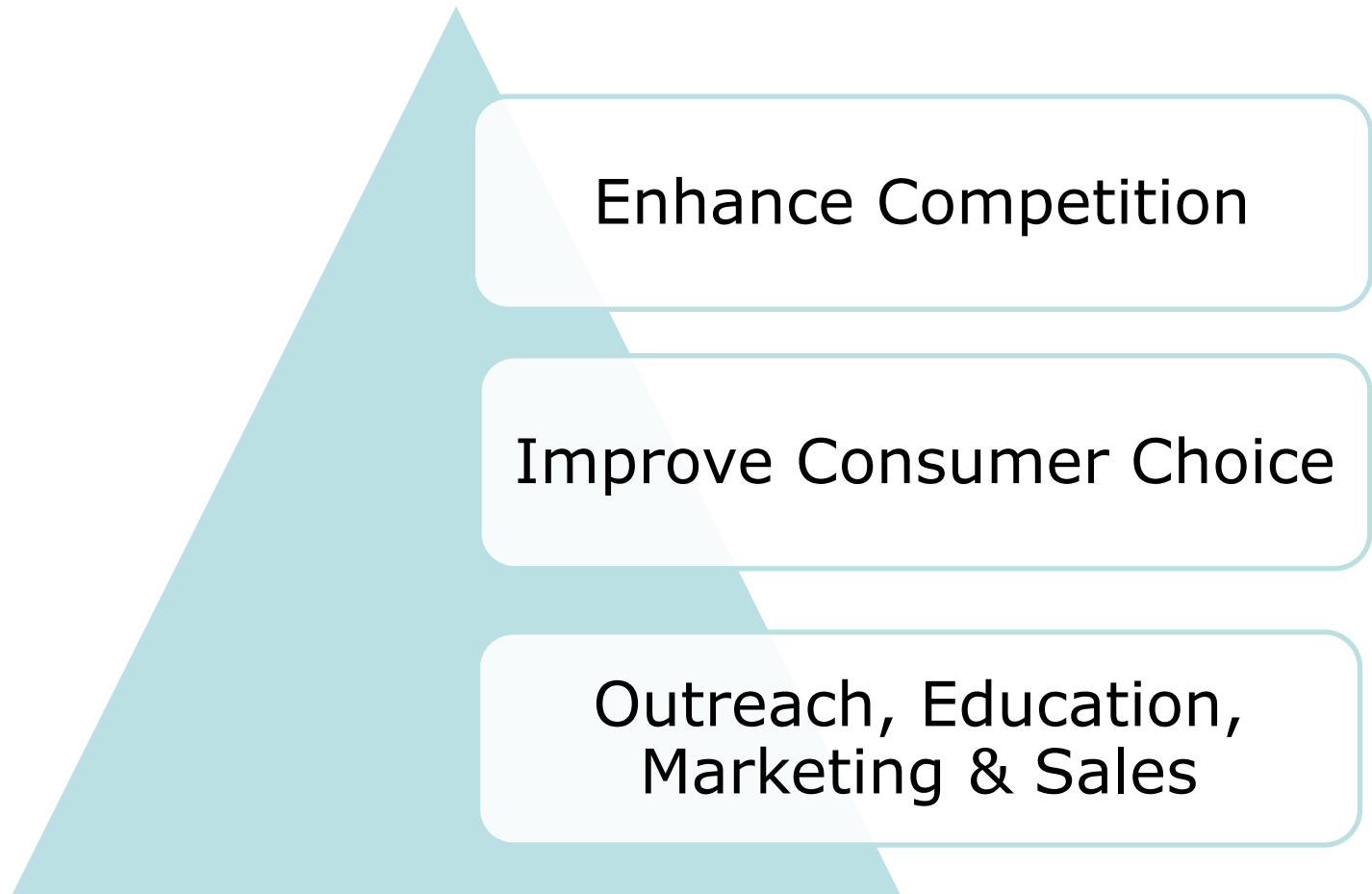
Why Exchanges?

**Federal Reserve Bank Conference on the Affordable
Care Act: Rules, Regulations, and Implementation**

Jon Kingsdale, Ph.D.

January 9, 2014

Primary functions of public HIX



Outreach, education, marketing & sales

Inform the public about the ACA

Create awareness & appetite

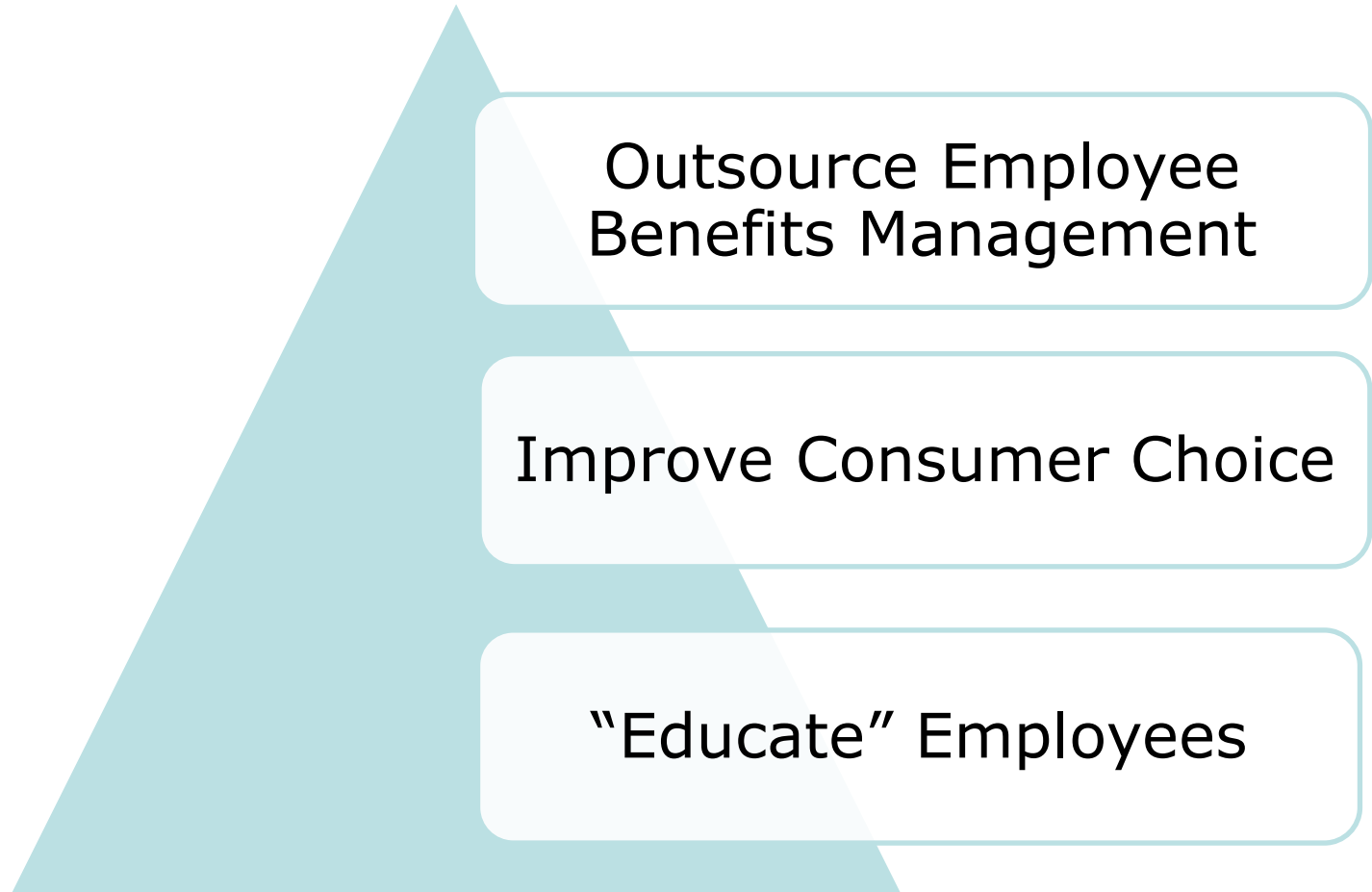
Manage distribution channel(s)

Enroll target segments, esp. the
uninsured

Launching “Connect-to-Health”



Primary functions of private HIX



Improve consumer choice

Specify product designs

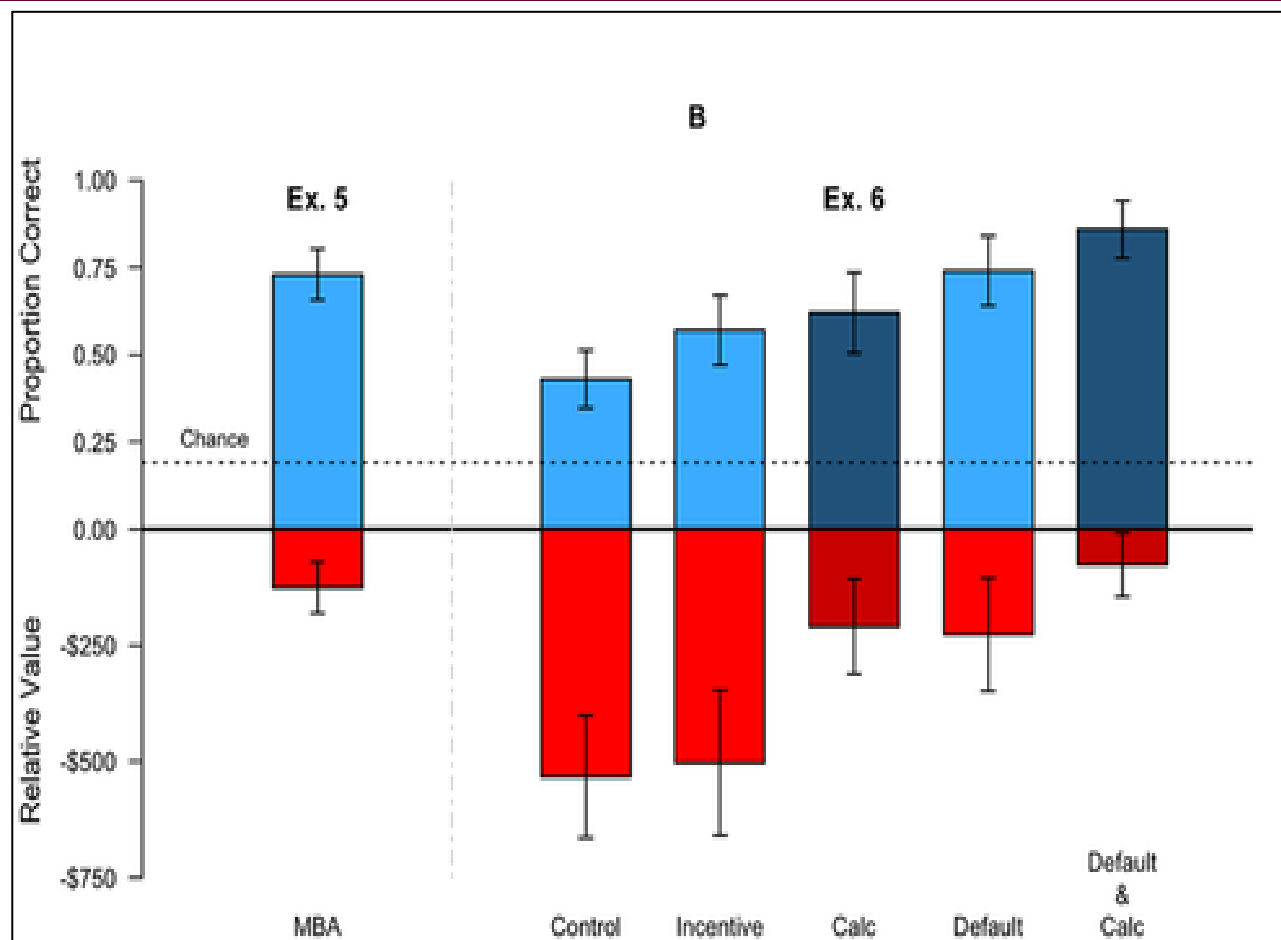
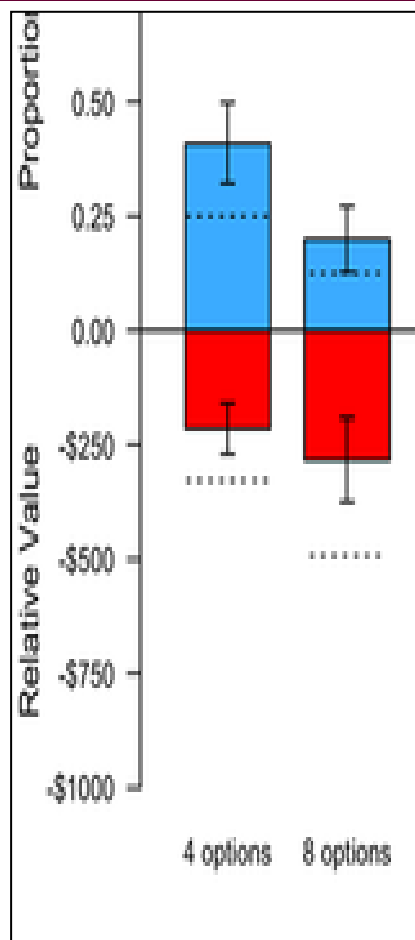
Recruit & select suppliers

Manage Web site & customer call center

Provide robust decision support tools

Monitor product performance

The percentage of choices of the most cost effective option and respondents' average error.



Simplify choices

Choose the type of plans that will meet your needs.

Bronze

- * Lower monthly cost
- * Higher costs when you receive medical services



Who chooses Bronze plans?

[▶ See Bronze Plans](#)

Silver

- * Monthly cost can run higher than Bronze
- * Lower costs when you receive medical services compared to Bronze



Who chooses Silver plans?

[▶ See Silver Plans](#)

Gold

- * Highest monthly cost
- * Lowest costs when you receive medical services



Who chooses Gold plans?

[▶ See Gold Plans](#)











or

[▶ View all plans](#)



Inform choice

Compare plan details then choose a plan to enroll in or go back to view others.

			
Insurance Carrier	 Neighborhood Health Plan	 Harvard Pilgrim Health Care	 Blue Cross Blue Shield of Massachusetts
 NCQA Rating	 4 out of 4 stars → View insurer's report card	 4 out of 4 stars → View insurer's report card	 4 out of 4 stars → View insurer's report card
Benefits Package	Bronze High	Bronze High	Bronze High
About Benefits Package	About Bronze High <ul style="list-style-type: none"> • Lowest annual deductible in Bronze • No deductible for visits to your doctor. • Has co-insurance. Example: A lab test costs \$100. Bronze High has 35% co-insurance. You will pay \$35 and the insurer will pay \$65. 	About Bronze High <ul style="list-style-type: none"> • Lowest annual deductible in Bronze • No deductible for visits to your doctor. • Has co-insurance. Example: A lab test costs \$100. Bronze High has 35% co-insurance. You will pay \$35 and the insurer will pay \$65. 	About Bronze High <ul style="list-style-type: none"> • Lowest annual deductible in Bronze • No deductible for visits to your doctor. • Has co-insurance. Example: A lab test costs \$100. Bronze High has 35% co-insurance. You will pay \$35 and the insurer will pay \$65.



WISCONSIN HEALTH BENEFIT EXCHANGE

Connecting You To Health Insurance

ABOUT

GET STARTED

HELP ME CHOOSE

ENROLL

Health Behavior

Preferences

View Plans



View Plans

Please select a plan for the following people.

Fallon Community
Health Plan

People



Mark



Kate

COMPARE ?	RANK ?	COMPANY	YOUR TOTAL MONTHLY PREMIUM ?	YOUR ESTIMATED ANNUAL OUT OF POCKET EXPENSE ?	OVERALL QUALITY OF CARE ?	QUALITY FOR YOUR HEALTH CONDITIONS ?	CUSTOMER SERVICE ?	YOUR DOCTORS, CLINICS AND HOSPITALS ?	CAN COVER YOUR WHOLE HOUSEHOLD ?	ENROLL
-----------	--------	---------	------------------------------	---	---------------------------	--------------------------------------	--------------------	---------------------------------------	----------------------------------	--------

<input type="checkbox"/>	1	AFFORDABLE HEALTH	\$68	\$280	A	B	C-	Doctor Smith University Hospital		ENROLL
<input type="checkbox"/>	2	Reliable Health	\$68	\$280	A-	A-	B+	Doctor Smith University Hospital		ENROLL
<input type="checkbox"/>	3	QUALITY HEALTH	\$68	\$280	B-	B	B	Doctor Smith		ENROLL
<input type="checkbox"/>	4	value Health	\$68	\$280	B	C+	B+	University Hospital		ENROLL

Enhance competition

Structure competitive bidding

Lower barriers to entry

Manage the supply chain

Price is king

You've Selected:

Benefits Package

- ☒ Bronze
- ☒ Silver
- ☒ Gold

Narrow Your Plans by:

Monthly Cost

- Less than \$300 (10)
- \$301 - \$400 (16)
- \$401 - \$500 (13)
- \$501 - \$600 (2)
- Greater than \$600 (1)

Annual Deductible

- None (12)
- \$250 - \$500 (6)
- \$500 - \$1,000 (6)
- \$1,000 - \$2,000 (6)
- \$2,000 - \$4,000 (12)

Insurance Carrier

- Blue Cross Blue Shield of Massachusetts (7)
- CeltiCare (7)
- Fallon Community Health Plan (7)
- Harvard Pilgrim Health Care (7)
- Neighborhood Health

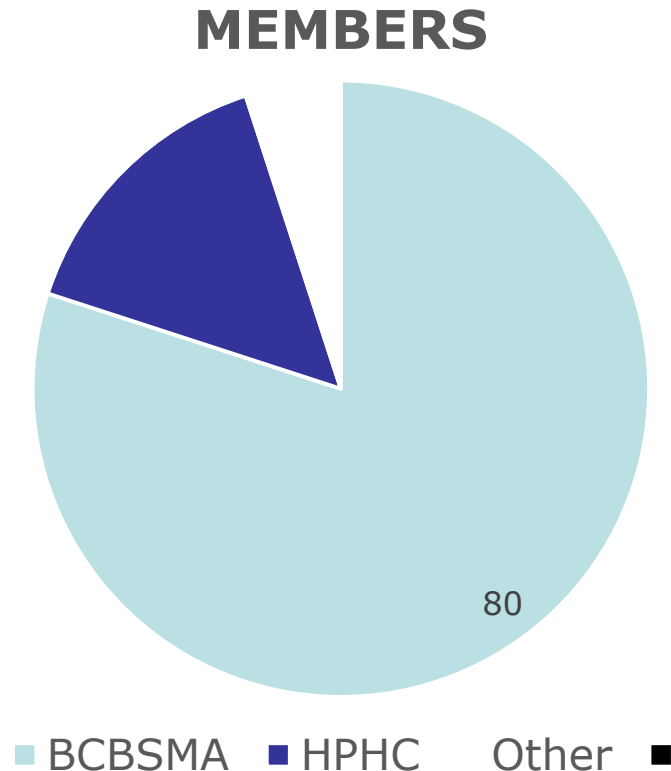
Show Plans. Then choose up to 3 to compare. Click **Continue** at bottom.



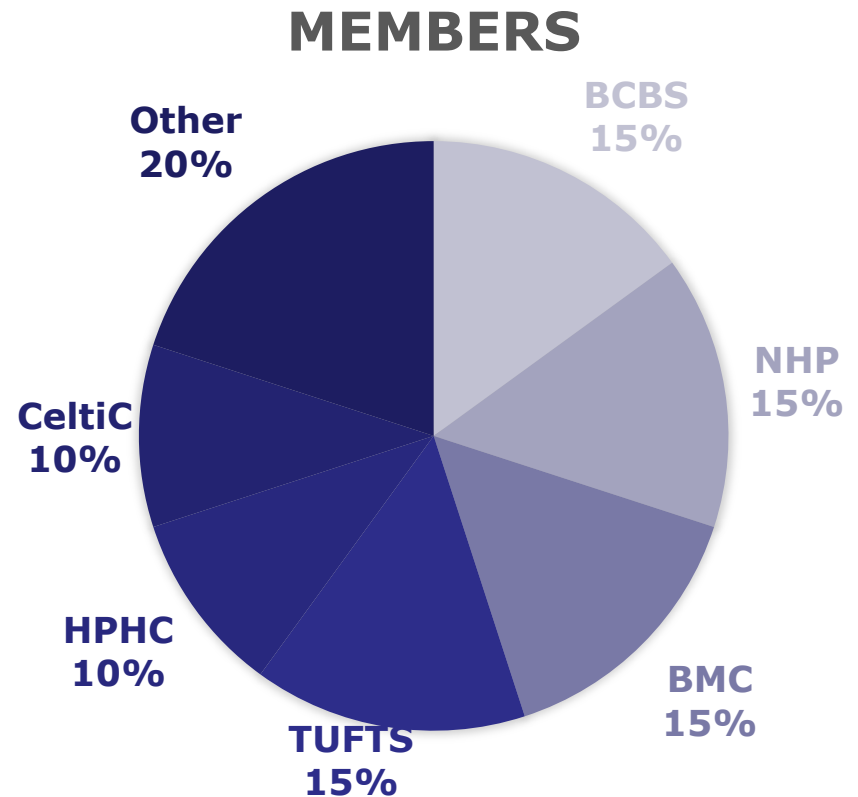
		Monthly Cost	Annual Deductible	Annual Out of Pocket Max.	Doctor Visit	Generic Rx	Emergency Room	Hospital Stay
Bronze Low Benefits Package 6 plans available		as low as \$231	STANDARD BENEFITS FOR ALL BRONZE LOW PLANS					
Show Plans About Bronze Low			\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	annual deductible, then \$25 copay	annual deductible, then \$15 copay	annual deductible, then \$100 copay	annual deductible, then 20% co-insurance
Bronze Medium Benefits Package 6 plans available		as low as \$252	STANDARD BENEFITS FOR ALL BRONZE MEDIUM PLANS					
Show Plans About Bronze Medium			\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$30 copay	\$10 copay	annual deductible, then \$150 copay	annual deductible, then \$500 copay
Bronze High Benefits Package 6 plans available		as low as \$242	STANDARD BENEFITS FOR ALL BRONZE HIGH PLANS					
Hide Plans About Bronze High			\$250 (ind.) \$500 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$25 copay	\$15 copay	\$150 copay	annual deductible, then 35% co-insurance
<input type="checkbox"/>	Neighborhood Health Plan	\$242.19	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	TUFTS Health Plan <small>SMALLER NETWORK</small>	\$276.59	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	CELTICARE	\$288.66	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	Harvard Pilgrim HealthCare	\$311.51	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	fallon community	\$358.00	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	MASSACHUSETTS	\$380.96	↑	↑	↑	↑	↑	↑
Silver Low Benefits Package		as low as	STANDARD BENEFITS FOR ALL SILVER LOW PLANS					
			\$1,000 (ind.)	\$2,000 (ind.)			annual	annual

Significant re-allocation of share in Massachusetts' individual market

Pre-Reform, 2005



Projected 2014



Connector's impact on premiums

- CommCare annual trend, CY 2007–FY 2013:
~2%
- CommChoice potential savings (>300% fpl):
 - Premium “spread” among health plans ~ 50%
 - Low-priced, select-network plans ~ 50%
 - Enrollment in Bronze and Catastrophic: 61%

Outsource employee benefits

- “Define” the employer’s contribution
- Distance benefits from the employer (degrees of outsourcing)
- Multiple employee/retiree segments

Modeling the economic impact of HIX

Sophisticated econometric modeling indicates that 5 years from now, exchanges will either significantly impact the market for health insurance in the United States, or not, depending on volume. Volume is predicted to be somewhere between a whole lot and not so much.