



How Health Insurance Exchanges Will Affect Employers and Health Plans

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Today's Agenda



1. About HealthPass
2. How Exchanges Affect Employers
3. How Exchanges Affect Health Plans
4. Questions

About HealthPass New York

A Commercial Health Insurance Exchange for NY Small Businesses



- Commercial health insurance exchange started in 1999
- Joint collaboration between:
 - Northeast Business Group on Health
 - Mayor's Office of the City of New York
 - Health insurance industry
- Missions:
 - Grant small businesses greater access to healthcare
 - Help stem the tide of the working uninsured

An Employee-Choice Model



- **Employee-choice** model in community-rated environment for small businesses
- Menu of carriers and benefits
- Serve 5 boroughs of NYC, Long Island, Mid-Hudson Valley



How Exchanges Affect Employers

SHOP Exchanges Must Be Attractive to Employers



- Must be a simple, streamlined purchasing experience
 - In Utah Exchange pilot, 20% of eligible groups didn't enroll because employees couldn't complete application
- Defined contribution model encouraged
- Broad, but not overly complicated, range of choices needed
- Simplified administration
 - One-page group election and employee enrollment forms
 - Robust member services/call center
 - Ancillary services
- Employee choice (at the point of enrollment)
 - Relieves employer from choosing coverage plan that may or may not fit employees' needs and budget

Exchange Must Streamline Health Benefits Services



ROBUST ADMINISTRATIVE SERVICES

Member Services

COBRA & State Continuation Admin.

Premium Aggregation & Monthly Consolidated "List" Billing

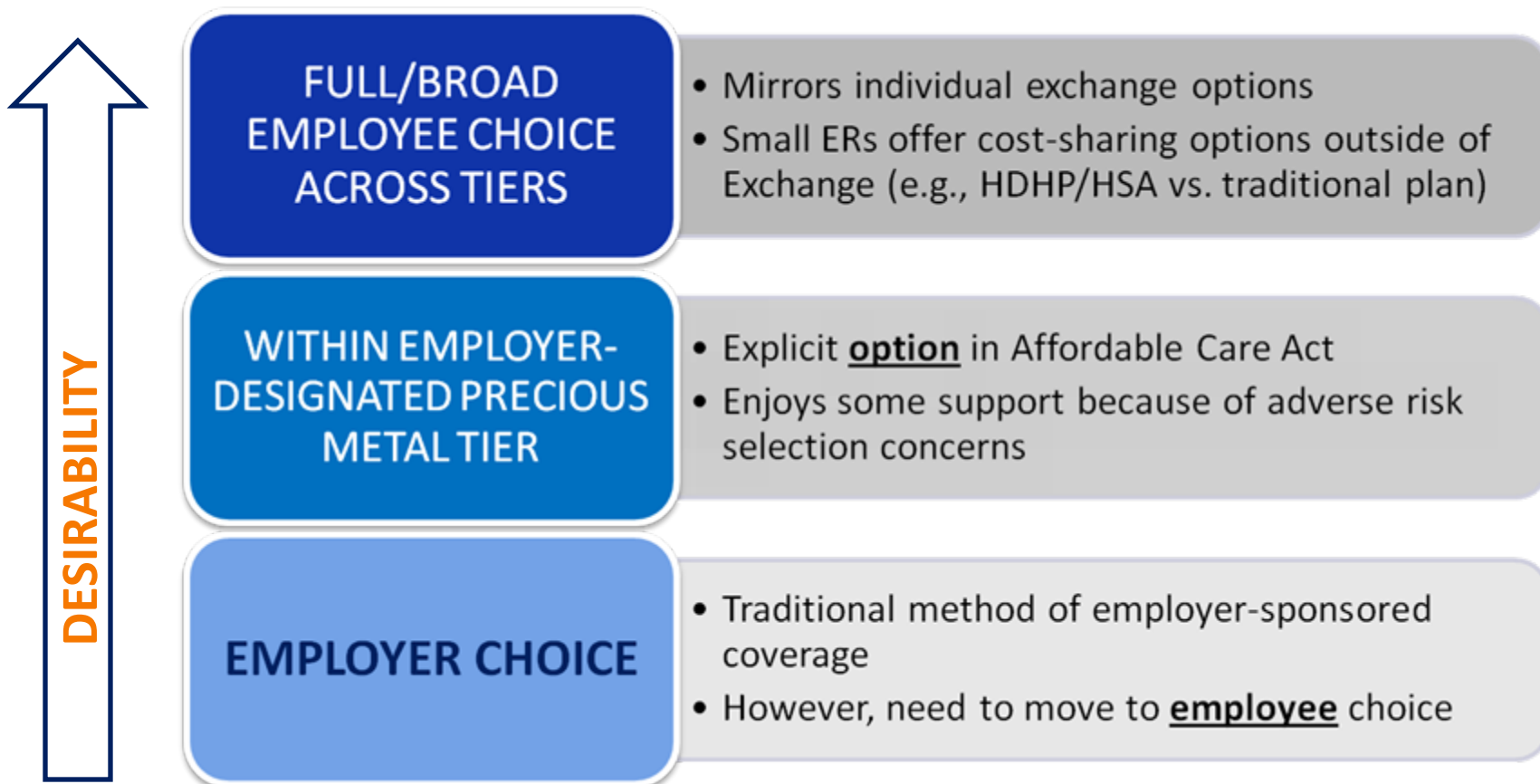
Section 125 for Pre-Tax Premium Contributions

Eligibility Determination

Enrollment & Subsequent Employer and Employee Education

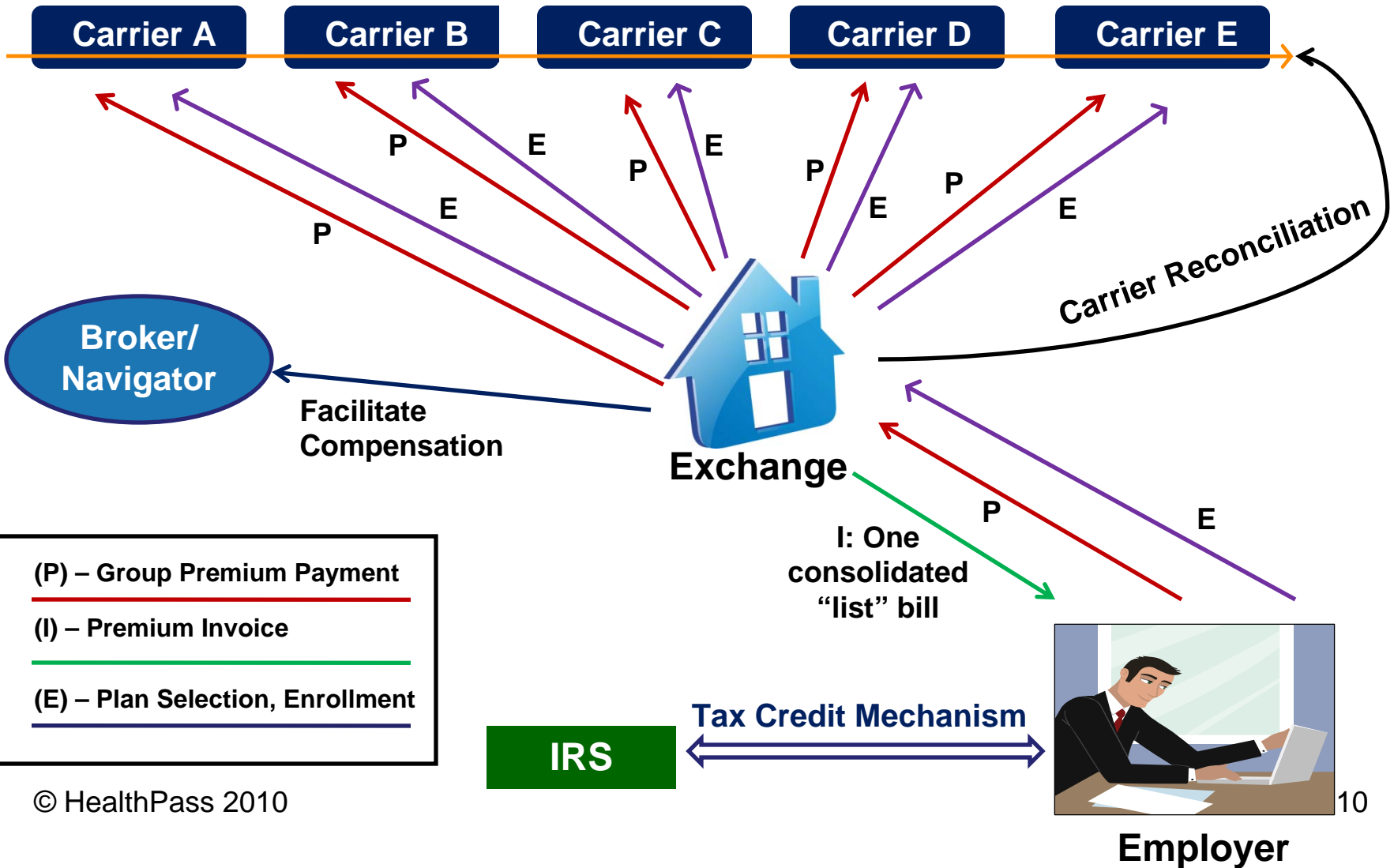
Size of small business correlated with HR capability

Choice at What Level?



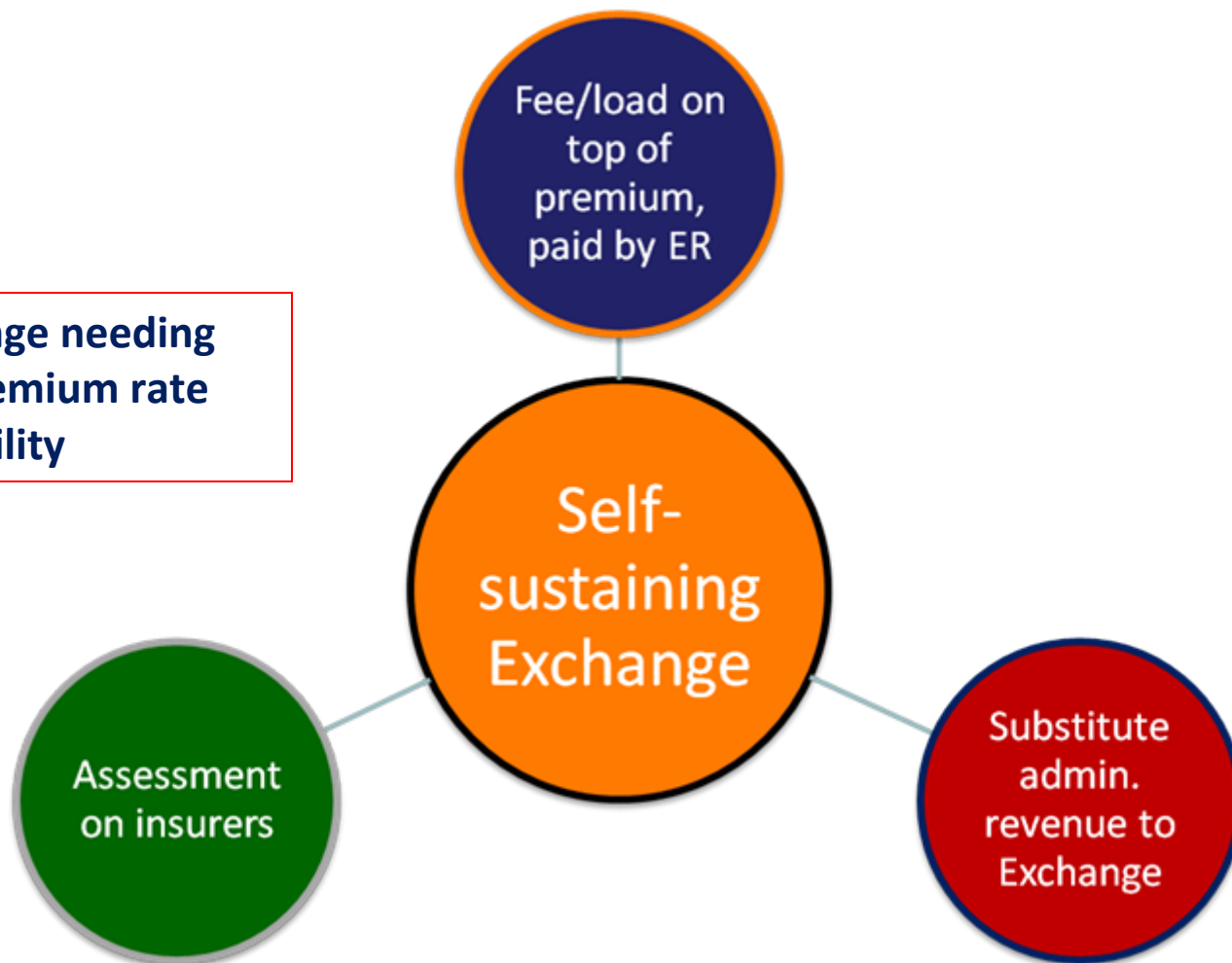
Defined flat-dollar employer contribution recommended across all options

A True One-Stop SHOP

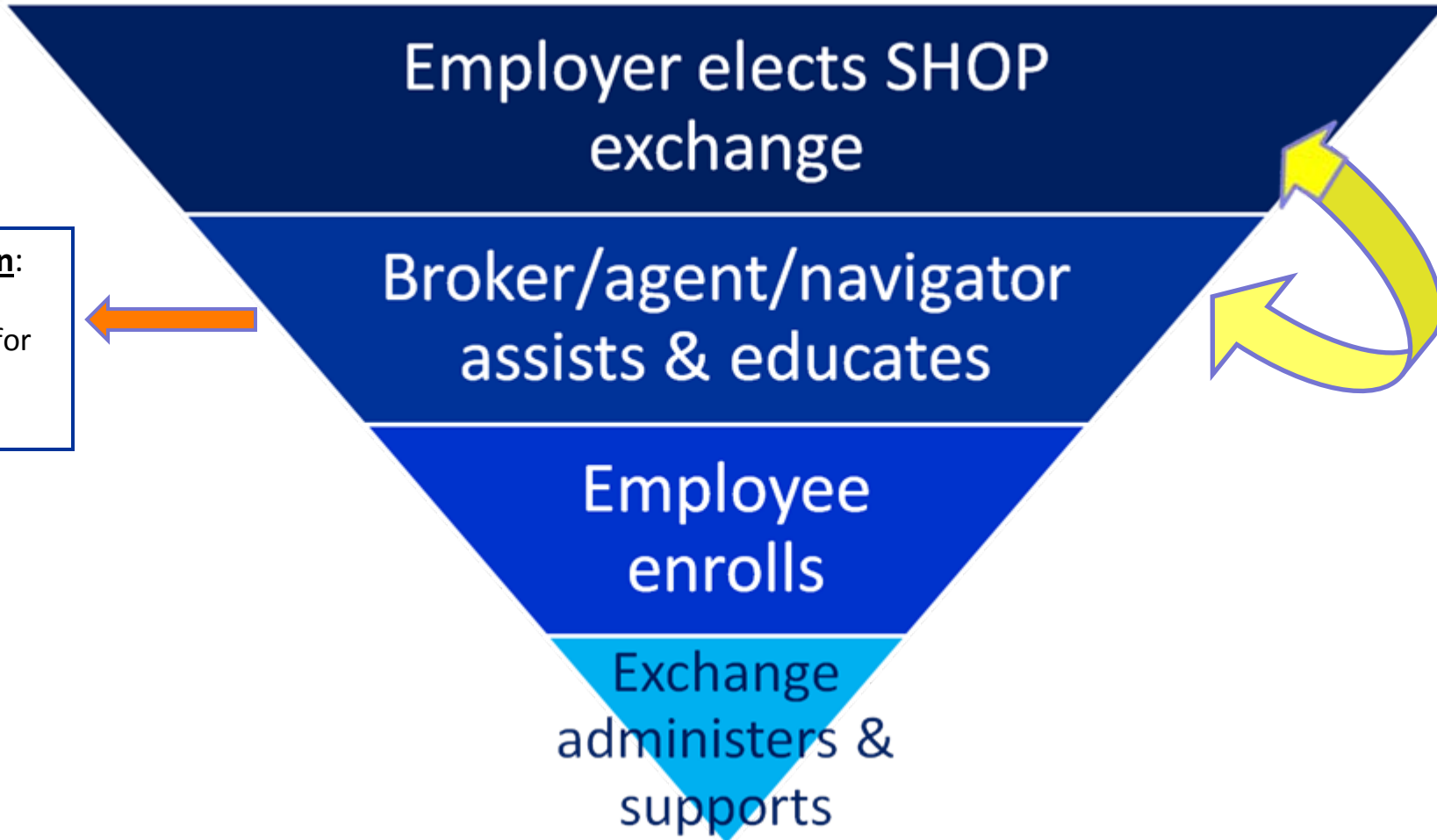


Employers & Health Plans May End Up Financing Exchanges

Anticipate Exchange needing 3.0% - 4.5% of premium rate for self-sustainability



Brokers & Agents Are Vital



Consideration:

Equal credentialing for brokers and navigators?

Exchange Implementation Timeline



October, 2010	HHS awards first round of planning and establishment grants to states
2011 – 2012	States authorize exchange through legislation
January, 2013	HHS determines if state is willing and able to open exchange by January, 2014
August, 2013	Exchange begins selling health insurance
January, 2014	State exchange must be fully operational
January, 2015	Exchange must be self-sustaining
2016	Small group must be expanded to groups up to 100 EEs
2017	State <i>may</i> open exchange to large groups (>100 EEs)

Employer & Employee Benefits



Employer Benefits

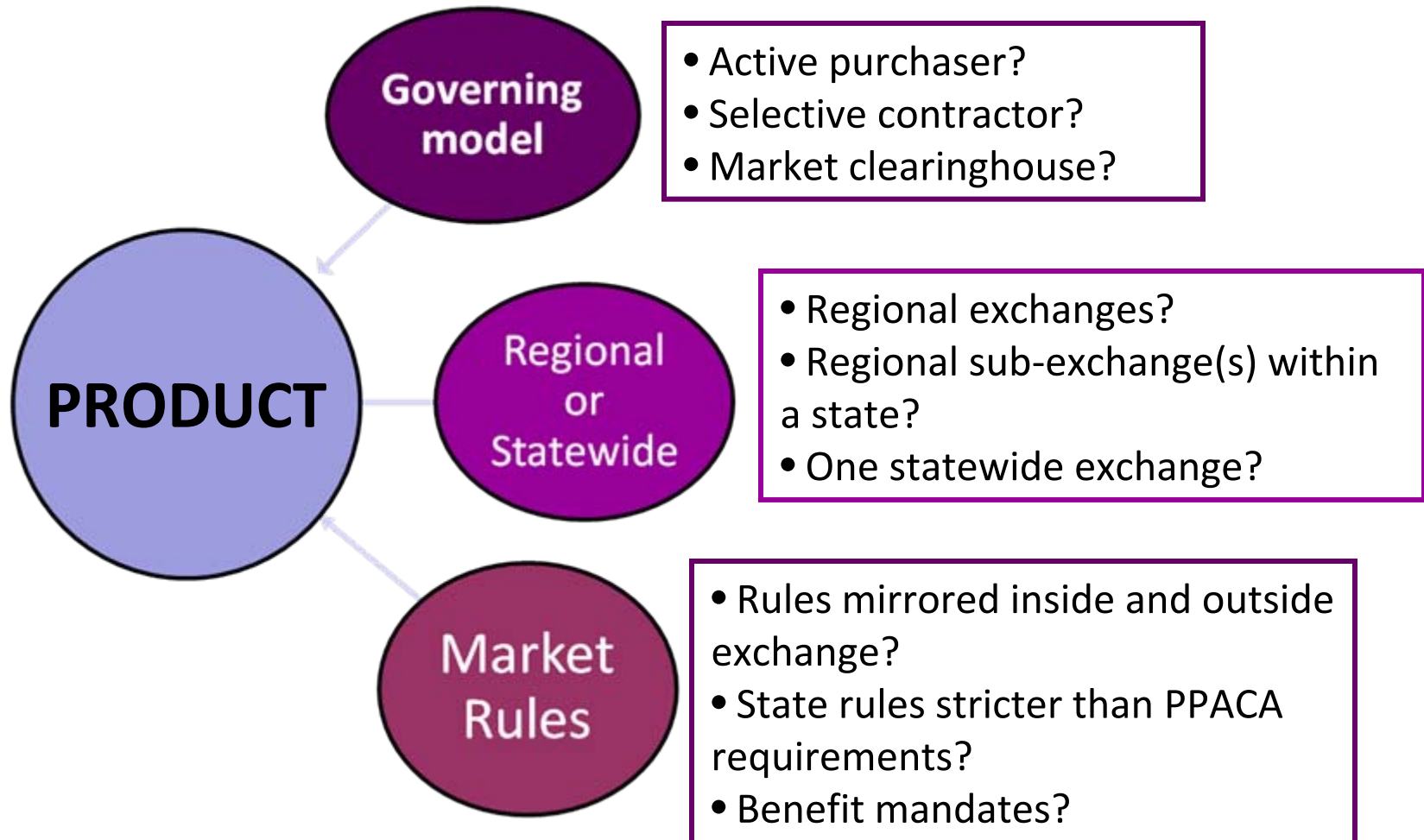
- No need to pick one plan for different employees
- Curbs wasted healthcare spending
- Helps to attract and retain key employees
- Empowers employees to participate in making informed healthcare decisions
- Defined contribution sets a benefits budget
- Simplified administration
- Robust client support
- Home billing of COBRA and COBRA administration
- No need to shop for insurance every year

Employee Benefits

- A voice in a personal decision – healthcare
- Choice of plan types (e.g., HMO, EPO, POS, PPO, HSA)
- Choice of insurer
- Annual choice to meet individual healthcare and budget requirements
- Pre-Tax contributions (thru Section 125) minimize out of pocket costs
- Robust member and advocacy services

How Exchanges Affect Health Plans

Product Mix Dependent on Governing Model, Regionalization, & Market Rules



Attractive Medical Loss Ratios in SHOP; Undecided about AHBE



- Anecdotally, MLRs (for HealthPass plans) run at same level or better than same plans on a direct basis
- Attributable to enrolled population
 - Typically younger (predominately 20s and 30s)
 - Much more likely to be open to change/a new way of purchasing health care coverage
 - More apt to using technology to shop for and purchase coverage
- Profit margins potentially affected by state's mandate profile

PPACA requires 80% MLR in small group

Exchanges Will Attract Varying Populations

Individual Exchange

Newly insured individuals eligible for subsidy (133%-400% FPL)

~40% of uninsured eligible for subsidy have chronic condition or report health as fair or poor¹

SHOP Exchange

Previously uninsured groups

Previously insured groups seeking more affordable option

Younger, healthier firms/employees

Likely to be regional and geographic differences in enrollment levels across Exchanges

¹Cunningham, PJ. (2010). *Who Are the Uninsured Eligible for Premium Subsidies in the Health Insurance Exchanges?* (No. 18). Center for Studying Health System Change.

Questions

Health Pass
NEW YORK

Q & A



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