Connecticut Health Insurance Exchange

An insurance exchange is a virtual marketplace where consumers can shop and compare health plan options. This new way to shop online is similar to looking for hotels or airline tickets – except that the state will be representing consumers and ensuring a fair, open market. A functional, user-friendly, fair exchange is critical when, on January 1, 2014, consumers will be legally mandated to secure health coverage under the Affordable Care Act, and recently upheld by the Supreme Court. If structured and implemented well, Connecticut's exchange could make it easier to buy health insurance, as well as decrease prices through fair competition between plans on quality and price.

It is expected that up to one in ten Connecticut residents will eventually purchase coverage through our state insurance exchange. The 140,000 state residents eligible for federal affordability subsidies will be required to purchase insurance through the exchange.

What is a state health insurance exchange?

An exchange is a tool for organizing a competitive insurance marketplace by offering a choice of plans, establishing common rules regarding the offering and pricing of insurance, and providing information to consumers and small businesses to help them better understand the options available. Consumers who qualify for federal subsidies to make coverage affordable will only be able to access those subsidies for insurance they purchase through the exchange, under the Affordable Care Act. The exchange must be up and able to enroll consumers and small businesses by October 2013.

Who are "navigators" and what are their roles in the exchange?

Navigators will be certified and funded through the exchange to assist consumers in buying the right insurance for their needs. Navigators must also be able to determine if consumers are eligible for Medicaid or exchange premium subsidies, and provide meaningful assistance in applying for coverage. It is possible that the costs of navigator Medicaid enrollment efforts could be matched by the federal government. In order to be certified as a navigator, an entity must demonstrate that it either has existing relationships, or could establish relationships, with employers and employees, consumers and self-employed persons. Navigators must adhere to conflict of interest standards ensuring they have no financial interest in which plan consumers choose and must have a deep understanding of both Medicaid and insurance. Navigators must also conduct public education activities to raise awareness about qualified health plans, as well as provide fair and impartial information regarding premium subsidies and enrollment and provide necessary referrals to other programs for enrollees.

Is Connecticut currently working on an exchange?

Yes. Connecticut has begun implementation of a health insurance exchange. A governing Board has been appointed by political leaders, advisory committees are meeting and staff have been hired. However, the current leadership of the exchange has been widely criticized for insurance industry and political control while excluding independent consumer voices.

Will anyone be allowed to purchase insurance in the exchange?

No. The exchange will be open to individuals who are uninsured, those who are eligible for subsidies, and small businesses. Many residents will continue to get their coverage through their jobs, not the exchange. Undocumented immigrants will not be able to buy coverage in the exchange with or without subsidies.

Massachusetts and Utah already have exchanges – will Connecticut use the same structure?

Not sure yet. Massachusetts and Utah have key differences in how their exchanges operate. Massachusetts's Connector exchange uses an active purchasing model, offering decision-support tool is for consumers as well as negotiating to lower costs on their behalf. At one point in time, the Connector send insurance company proposals back for better rates, and all the companies lowered their prices. Since the Massachusetts Connector was implemented, premiums in the exchange rose less than 5% each year, compared to 8 to 10% annual increases in the commercial market. The Connector has never turned away an insurer. In fact the Connector was able to recruit a new insurer to offer coverage in the state, the first new entrant in two decades. The new entrant improved competition and resulted in even more affordable offerings for consumers. In contrast, Utah's exchange does not negotiate prices, set minimum quality standards or limit variation among plan offerings. In focus groups, Connecticut consumers have expressed significant support for an active purchasing model.

Will there be different "levels" of plans in the exchange to help consumers compare cost and quality?

Yes. Plans will be divided into categories based on the generosity of their benefits: bronze, silver, gold, platinum and a less generous plan for young adults. Information on each of these plan's benefits will be standardized to some extent, so comparing their costs, quality and covered services will be easier for consumers.

What implementation decisions are given to each state in developing an exchange?

The Affordable Care Act gives states the discretion to develop their own approach that will best serve their residents, and allows the states to set up their own exchange, form coalitions with other states, share exchange functions with the federal government, or let the federal government run an exchange for their state. States can open participation to all qualified plans, or limit participation to plans that meet standards set by the state exchange. State exchanges may provide an unlimited number of product choices for consumers or establish a standardized set of benefits and limit the number of products. States can allow businesses with over 100 employees to purchase coverage in the exchange starting in 2017. States may also decide whether to establish separate exchanges for individuals and small businesses or one exchange for both markets.

How is Connecticut's exchange governed?

This is a great question and has been deeply contentious. Connecticut's exchange is governed by the CT Health Insurance Exchange Board. State law passed in 2011 excluding from the Board members with an "affiliation" with insurance companies, among others. This strong conflict of interest provision was necessary to ensure that members who will choose which plans can be offered in the exchange, what benefits they must cover, what standards they must meet and how much they can charge, can make decisions based only on the best interests of Connecticut and consumers. However three members with

deep ties to the insurance industry, and no other relevant experience, were appointed by political leaders to the CT Health Insurance Exchange Board. Federal regulations require at least one consumer representative Board member and state that a majority of members should represent consumers and small businesses. Connecticut's exchange board includes no independent consumer representatives. The Board has also been criticized for not engaging consumers in policymaking or soliciting consumer voices. In response to the criticism, the Board now takes ten minutes of public comment at their meetings.

What will be done to monitor all the components of the exchange?

A robust monitoring plan is crucial to ensure a strong, effective and fair market that maximizes value for consumers and taxpayers. In devoting time and resources throughout the implementation of the exchange, consumer and small business needs will be better understood while ensuring a competitive market. For example, to ensure a fair marketplace, risk adjustment methodologies and care management services must be monitored to ensure there are no incentives to deny care or avoid more costly patients.

What three things should Connecticut do to ensure the exchange works?

1. Productively engage consumer voices and limit the influence of interested parties, especially insurers – It is critical to both engage consumers in the larger "real world" in developing the exchange, as well as put independent consumer voices in positions of leadership. Engaging consumer advocates solely in marketing the exchange, without any input into its design, will not be welcomed or productive.
2. Implement active purchasing – Consumers expect the exchange to bargain on their behalf for the best price and value the same way large employers do. Without this, the utility of the exchange is questionable.
3. Build a robust public education and navigator program – It is critical to engage trusted messengers appropriate to all the targeted populations. One size does not fit all. Distrust of insurance companies is only surpassed by distrust of government. Without trusted messengers, the exchange will fail.

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