

Connecticut Health Insurance Exchange

An insurance exchange is a virtual marketplace where consumers can shop and compare various health benefit plans. This new way to shop online is similar to looking for hotels or airline tickets—except consumers will be shopping specifically for health insurance. The Affordable Care Act requires exchanges to establish a “navigator program,” which allows states to appoint navigators who will help consumers use the new exchange, and provide assistance for consumers selecting a plan.

In Connecticut bills have been raised this year to create a state health exchange pursuant to the Patient Protection and Affordable Care Act. If structured and implemented well, this exchange could make it easier to buy health insurance, as well as decrease prices through fair competition between plans on quality and price.

Q: What is a state health insurance exchange, as created by the Affordable Care Act?

A: 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 to them. Consumers will have to buy plans through the exchange in order to get subsidies. Exchanges will also direct people to Medicaid, if they’re eligible. These exchanges must be set up by January 1, 2014.

Q: Who are “navigators” and what are their roles within the exchanges?

A: Navigators will be used to assist consumers in researching and selecting a plan that works best for them. They will be chosen by the exchange to work as additional resources for consumers using the exchange. In order to be qualified 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 will not be paid on a commission, but rather from grants out of non-federal exchange operating funds to support their activities. Navigators must also conduct public education activities to raise awareness about qualified health plans, as well as provide fair and impartial information regarding premium tax credits and enrollment, facilitate enrollment, and provide necessary referrals for enrollees.

Q: Is Connecticut currently working on an exchange?

A: Yes. Several bills have been proposed to reduce the number of individuals who are uninsured and assist small employers in the procurement and administration of health insurance by, among other services, offering easily comparable and understandable health insurance options to individuals and small employers, and enrolling individuals in medical assistance programs.

Q: Will anyone be allowed to buy from the exchanges?

A: No. The exchanges will be open to individuals who are uninsured, those who are eligible for subsidies, and small businesses. Many residents will continue to get insurance through their jobs, not

the exchanges. Undocumented immigrants will not be allowed to buy coverage in the exchanges with or without subsidies.

Q: Massachusetts and Utah already have exchanges-will Connecticut use the same structure?

A: 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 tools for consumers, as well as streamlined benefits packages. At one point in time, those creating the Connector sent proposals from insurance companies back for better consumer rates. While competitive, no insurer that has wanted to participate in the exchange has been denied. On the other hand, the Utah Health Exchange is referred to as a market organizer; it does not negotiate prices, set minimum quality standards, or limit variation among plan offerings.

Q: Will there be different "levels" of plans that will help to compare cost and quality?

A: Yes. Plans will be divided into four types, based on their levels of benefits: bronze, silver, gold and platinum. Information on each of these plan's benefits will be standardized to some extent, so comparing their cost, quality and services will be easier for consumers.

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

A: The ACA gave 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 to create regional exchanges, 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. 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 from the exchange starting in 2017. Additionally, states may decide whether to create two separate exchanges for individuals and small businesses, or keep them both in the same exchange.

Q: How will Connecticut's exchange be governed?

A: Connecticut is currently debating this question. This is an important piece of the exchange design, as the makeup of the governing board should consist of those with expertise in the area, who do not have a conflict of interest. Other states have excluded insurers, providers and others whose current compensation is tied to the industry. The power of the governing board is therefore decided by the states, as members who are appointed can hold significant influence depending on their position.

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

A: 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 fair and competitive market. For example, to ensure a fair marketplace, plans must be established to monitor

risk adjustment methodologies for services and care management, to ensure that there are no incentives to avoid more costly patients.

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Sources:

Office of Policy & Management: Connecticut Health Insurance Exchange Grant

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