



# What Worked and What Didn't: Examining State-Based Exchanges in Year One

*Symposium: State-Based Health Insurance  
Exchanges – The Way Forward*

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## “The Exchange is more than a website.”

### ✦ What we did right:

- Collaborative and inclusive governance and policy development, with flexibility to innovate and adjust to changing landscape;
- One-step-at-a-time approach, building on existing health care sector and insurance markets and distribution networks;
- Robust, community-based consumer assistance program;
- Operating model to promote competition and meaningful consumer choice;
- Integration of qualified health plan (QHP) and Medicaid enrollment.

### ✦ Important areas of focus – cautionary tales:

- Website/IT system development;
- Coordination among operations/business processes, consumer assistance and IT;
- Innovative, targeted outreach beyond low hanging fruit;
- Melding policy and implementation.

### ✦ Implications for states deciding whether to establish state-based marketplaces

- Autonomy and control v. risks and costs
- Opportunity to use market leverage to advance objectives, *e.g.* health care delivery system reform.

# Governance, Decision-Making, and Policy Development

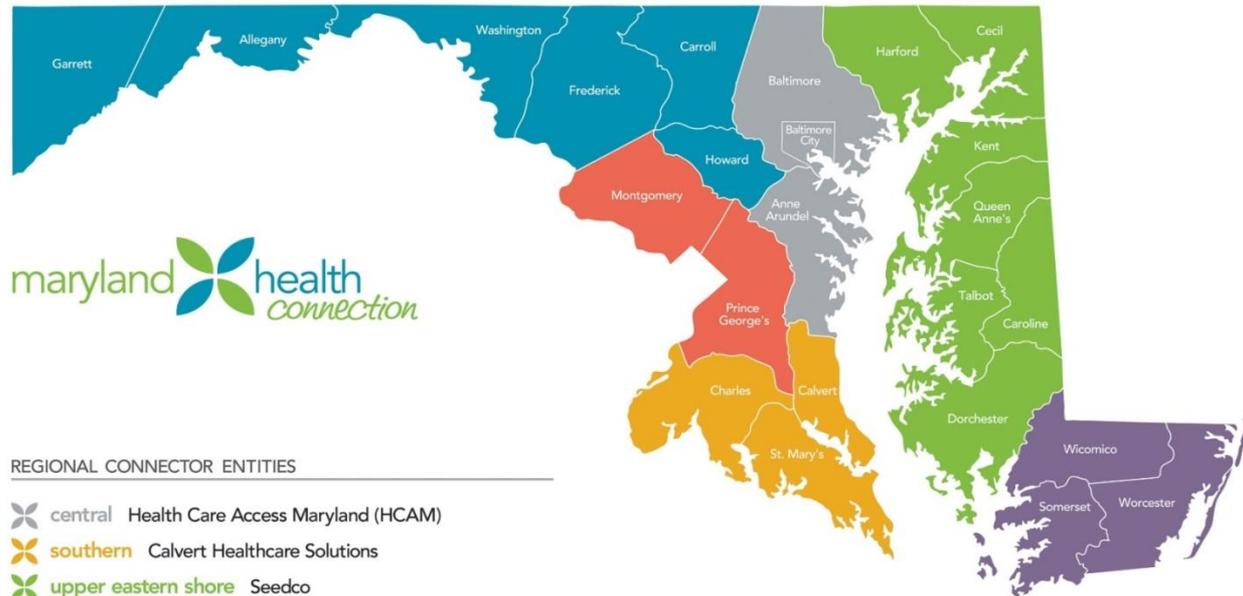
- ✦ **Creation of State-based marketplace (SBM):** Joint legislative-executive branch council recommended SBM created through 3-part enabling statute;
- ✦ **Development of governing principles and policies:** 6 legislatively-mandated studies led by subject-matter experts with stakeholder advisory committees informed legislation on financing, consumer assistance programs, operating model, SHOP development, plan certification, etc.
- ✦ **Quasi-public corporation:** Hybrid entity with transparency and accountability of government, together with greater hiring and contracting flexibility of private sector;
- ✦ **Independent Board:** 3 ex officio; 6 private sector members with expertise in health care financing and economics, consumer advocacy, public health, and small business; no conflicts of interest with marketplace business partners;
- ✦ **Transparent decision-making:** Board weighs staff recommendations developed with stakeholder and sister agency input;
- ✦ **Ongoing stakeholder role:** Standing Advisory Committee with broad stakeholder representation acting in advisory capacity to Board.



- ✦ **Existing health care, insurance, and distribution infrastructures as building blocks**
  - **Insurance markets:** Continued separation of small group and individual markets; opted against early expansion of small group;
  - **Provider networks:** Carriers initially providing explanation of adequate networks and Essential Community Provider participation, with plan to impose specific standards in coming year;
  - **Insurance distribution networks:** Brokers authorized to sell qualified health plans (QHPs); Third-party administrators enlisted to administer SHOP program.
- ✦ **Phased-in active purchasing operating model**
  - **Market participation:** All carriers above premium threshold must offer plans in Exchange; number of plans limited to promote meaningful consumer choice;
  - **QHP certification standards:** Exchange may establish standards, *e.g.* compliance with Mental Health Parity and Addiction Equity Act, network adequacy, and quality;
  - **Active purchasing:** After 2016, Exchange may use selective contracting to promote key objectives like value-based insurance design, new care delivery models, *etc.*

# Robust, Community-Based Consumer Assistance Program and QHP/Medicaid Integration

- ✦ **Connector Entities:** 6 regions, with umbrella organizations required to partner with community-based groups with expertise reaching vulnerable, diverse and special populations;
- ✦ **Additional consumer assistance resources:** Call center, authorized producers, application counselors.
- ✦ **No wrong-door:** Medicaid and QHP eligibility determinations through HIX.



REGIONAL CONNECTOR ENTITIES

- ✦ **central** Health Care Access Maryland (HCAM)
- ✦ **southern** Calvert Healthcare Solutions
- ✦ **upper eastern shore** Seedco
- ✦ **lower eastern shore** Worcester County Health Department
- ✦ **western** Healthy Howard
- ✦ **capital** Montgomery County Department of Health & Human Services

# Important Areas of Focus: Cautionary Tales

## ✦ Website/IT system development

- Procurement of vendor and software;
- Phased, disciplined approach to design and development;
- Contingency planning.

## ✦ Protection against silos

- Coordination among operations/business processes, IT system developers, consumer assistance programs, and communications.

## ✦ Increasing need for innovative and targeted outreach

- Decrease in low hanging fruit;
- Enhancement of types and channels of outreach, *e.g.* community colleges, retail storefronts, virtual town halls.

## ✦ Public-private intersect: melding policy and implementation

- Disconnect between concept and practice, *e.g.* hybrid entity
- Trade-offs between transparency/accountability and flexibility/nimble response to market pressures, system failures, regulatory changes, etc.

## What factors are most important?

### ✦ Maximizing autonomy and control

- Plan management, consumer assistance, communications;
- Importance of governance structure.

### ✦ Minimizing risks and costs

- IT system development;
- Revenue streams/financing: tied to enrollment and/or State budget.

### ✦ Pursuing opportunity to advance objectives beyond coverage expansion

- Promoting health care delivery system reforms, *e.g.* patient-centered medical homes, meaningful use of health IT, *etc.*

Questions?