Alameda County Board of Supervisors Health Committee's Community Dialogue on Preparing for Health Reform

Session 9: September 24, 2012

This session explored the transformative changes to the health insurance market that will result from the Affordable Care Act. This was part of a 13-month series on how the Patient Protection and Affordable Care Act (ACA) could impact Alameda County. The speakers for this session included:

- An overview on the current state of the California Health Benefit Exchange by **David Panush,** Director of Government Relations for the Exchange.
- Summary of the broad policy context and current challenges to the Exchange by **Marian Mulkey**, Director of Health Reform and Public Programs Initiative at the California Healthcare Foundation.
- Local preparations for changes in the market and collaboration with the Exchange by **Ingrid Lamirault**, Chief Executive Officer of the Alameda Alliance for Health.
- Implications and issues for consumers by **Anthony Wright**, Executive Director of the Health Access.

California's Health Benefit Exchange

In the context of preparing for implementation of health insurance coverage expansions, Alameda County is large enough to innovate, but small enough to get things done, said David Panush, Director of Government Relations for the California Health Benefits Exchange (Exchange). Panush gave a brief history of health reform legislation and the path to today's planning for implementation of the ACA. Once the federal health reform legislation passed in 2009, California moved quickly because of its history of health reform efforts. Then Governor Arnold Schwarzenegger signed into law in December 2010 the legislation creating the California Health Benefits Exchange (the Exchange). A five-member independent board governs the Exchange, which currently is funded entirely through grants from the federal government. By January 2015, however, the

Exchange will need to be entirely self-sustaining. The funding will come from health plan premiums and staying lean is a top priority.

The Exchange has an ambitious schedule to meet the deadline of January 1, 2014 to expand health insurance coverage. In January 2013, health plans will submit applications to be "qualified health plans" in the Exchange. The final selection of plans will occur in April 2014. The Exchange's online portal and customer service center will launch in July 2014, and pre-enrollment will begin in the fall of 2014 for new coverage to start on January 1, 2014.

The key activities for the Exchange revolve around creating a new marketplace for individual and small group health insurance. Changes for the individuals and small employers include:

- Guaranteed issue, no insurance companies can turn down individuals for pre-existing conditions;
- Community rating by which individuals will be charged an average premium rate based on where they live and on their individual health history;
- Providing subsidies to make coverage more affordable; and
- Create a purchasing pool through which small businesses can use a small tax credit to buy insurance for their employees.

The Exchange will contract with a variety of qualified health plans that meet the minimum essential benefits requirements. The health plans will be required to submit a letter of interest in October 2012 and submit full applications in January 2013.

Once health reform is fully implemented, an estimated 1.5 million people will be newly covered by Medi-Cal, and millions more will be new purchasers of health insurance. To support their enrollment, the Exchange is working with the contractor Accenture and the California Department of Health Care Services to develop a web-based portal known CALHEERS and a state service call center. Additionally, the Exchange is planning an extensive education and outreach campaign. Currently, it is holding focus groups to set a public name and branding. The Exchange is aiming to have 20,000 to 30,000 assistors and navigators in hospitals, clinics, churches, and community-based organizations. This massive outreach effort will cost between $20 million and $40 million. People who are new to health insurance coverage will need to learn what to do once the enrollment begins. They will need face-to-face help to understand their choices.

Questions and Answer Period

Supervisor Chan asked how Medi-Cal and the county eligibility systems fit into the Exchange's planning. Panush said the Exchange is focused on finding a balance between excellent customer service and ease of enrollment and building on the expertise at the county level. Discussion is ongoing over whether a person could call the state-level service center and enroll in Medi-Cal. Coordinating with county eligibility departments will be a main goal.

Supervisor Chan also asked about the legislation that proposed creating a Basic Health Plan option in California in addition to the Exchange. The ACA allows for the creation of a Basic Health Program for people between 138 percent and 200 percent of the federal poverty level. The Basic Health Plan could be a more affordable product than the coverage options available through the Exchange, but a potential downside is that it might pull up to 800,000 people out of the Exchange. The legislation for the Basic Health Plan failed last session but likely will be re-introduced during the winter's special session on health reform, Panush said.

During the question and comment period, it was recommended that the Exchange build on the outreach and enrollment efforts established and refined for the Healthy Families program. Another commenter reminded the room that the shortage of primary care physicians and providers will worsen in 2014 with all the people newly eligible for coverage, many of whom may have pent-up health problems.

Bringing Transparency and Standardization to the Health Insurance Market

Mariane Mulkey of the California HealthCare Foundation expanded on Panush's comments about the ACA's impacts on the insurance market. Federal law provides basic parameters for the operation of the Exchange, but much state-level work remains to determine more specifics on the types of products and cost sharing offered through the Exchange, she said. The benefit packages offered through the Exchange will be standardized through an essential health benefits package that all participating health plans will be required to provide. On the date of this hearing, the Governor still had a bill on his desk a bill to establish the essential health benefits package. He signed this bill into law on September 30th.

California was an early adopter of the Exchange, but the state law also goes beyond the federal law by adding requirements and instructions intended to balance risk selection and make it easier for individual purchasers to compare what they're being offered. For example, the products will be ranked as bronze, silver, gold and platinum based on the average amount the consumer is expected to pay out of pocket. This is revolutionary in this market that historically has been challenging for consumers to navigate and understand, Mulkey said.

The California Exchange will use a competitive process to selects health insurers based on state criteria. Additionally, insurers outside the Exchange cannot sell products less robust and less regulated. "These changes invoke some discipline in the market that previously didn't exist," Mulkey said.

Another ACA provision would require health plans qualified through the Exchange to contract with essential community providers that serve a disproportionate share of care to low-income and Medi-Cal enrollees, such as Federally Qualified Health Centers

(FQHCs). Kaiser and other closed-network plans would be exempt from this rule if they otherwise meet access and network adequacy standards.

Mulkey listed the following items as issues to track as the California moves toward full implementation of health reform in 2014:

- The outcome of the November election, federal deficit, and ongoing state budget crisis all may impact implementation.
- The establishment of a basic health program would alter the Exchange's opportunities and challenges.
- As the Exchange selects qualified health plans, a new set of practical issues will arise.
- Securing an array of meaningful choice across the state is a major challenge.
- Outreach and enrollment will be critical to the success of the Exchange.
- Focusing on today's safety net and primary care infrastructure will be important to ensuring access to care for the newly covered population.
- Managing the costs of health care over time will be an ongoing issue.
- The populations who remain uninsured after 2014 will require ongoing attention, particularly by counties.

Applying to be an Exchange Qualified Health Plan

The Alameda Health Alliance is interested in becoming a qualified health plan under the exchange, said the Alliance CEO Ingrid Lamirault. The health plan leader believes the Alliance is positioned to be an important exchange product. Lamirault said her organization weighed the following issues when facing this decision:

1. As an Exchange plan, the Alliance will need to ensure it has a diversified risk pool by attracting higher-income people along with the lower-income people it has traditionally served.
2. The Alliance will offer its enrollees an important service by offering both public and private coverage through the exchange because lower-income people likely will move in and out of Medi-Cal and private coverage as their income levels change. The Alliance can help these people maintain continuity in care.
3. The early Exchange health plans will benefit from less competition. Alternatively, the people who need health insurance the most will be the ones who get it first and this creates a risk of an uneven risk pool.
4. Health plans that apply to be Exchange plans later may benefit from the early adopters experience and lessons learned, but there are no guarantees the Alliance will qualify later.

Based on this analysis, the Alliance leaders decided to submit in two weeks a letter of interest to be a qualified health plan and in January submit a full application. In the immediate term, the Alliance will focus on strengthening its partnerships and collaborations in the social and public health systems and also forge new partnerships to attract new populations of higher income people and meet expanded capacity.

Consumer Protections in the Changing Marketplace

Implementation of health reform in California has been a bipartisan effort, said Anthony Wright. People in the state recognize this as a huge opportunity to draw down federal funds to the state and counties. One of the key impacts of the ACA for consumers is the transformation of the individual insurance market – historically the least efficient and most expensive way to get coverage. "This radically changes the rules of the game in the individual market and for small business to provide affordability and availability," Wright said.

A key question to focus on now is how to get millions of people enrolled and ready to start coverage on January 1, 2014. California is the leading the nation with its Low-Income Health Program that has expanded coverage to 550,000 previously uninsured people through a partnership with the counties, state and federal governments. Ensuring all these people and the millions more eligible for new coverage start on day one will enable California to draw down as much federal money as possible. Additionally, more people signed up early will help ensure a health diversity of risk in the insurance pool. "The people who will sign up the quickest are the sickest," Wright said. "We need a [risk] pool that is not small and sick but big and broad."

"We need to make sure the safety net doesn't just survive but thrives for the people who will remain uninsured and continue relying on the safety net," Wright said. Safety-net providers need to be linked to the Exchange so they have a patient population with mixed payer sources.

Health Access supports the basic health plan to create a specific market for the local initiative health plans. The Exchange will establish a new set of rules and create a more level playing field that the local initiative plans could succeed within, but still these plans, which historically have served people just above the poverty line who qualify for Medi-Cal, lack the resources of large, multistate insurance companies.

"It's a very exciting prospect where we will not just reduce the number of uninsured, but we can have an improved health care system for all consumers," Wright said.