

This message is from Ellen Pinnes and The Disability Coalition.

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Health Care Reform Information Series – Bulletin #10

What's Coming in 2014

Part V. – Better insurance marketplaces: Health insurance “exchanges”

In 2014, new insurance marketplaces will make it easier to shop for and sign up for coverage.

**** What is a health insurance exchange?** – It’s a virtual marketplace where both individuals and small businesses can shop for and obtain health coverage. Exchanges are intended to make the process of getting coverage easier and more transparent.

- Although exchanges are expected to operate primarily on-line, there will be other ways to contact and interact with the exchange so no one is excluded because they don’t have Internet access or aren’t comfortable transacting business on-line.

**** The Exchange will play a number of roles to improve the process of getting and having health care coverage through Medicaid or private insurance:**

- Function as a **single-entry, “no wrong door” access point to coverage** – people will be directed into Medicaid if they’re eligible, and to private insurance options if they are not eligible for Medicaid.
- **Certify health plans** as meeting applicable requirements. Only plans that meet those requirements – which relate to transparency of information, adequacy of the provider network, and benefits covered, among other things – can be offered through the Exchange.
- Allow for **comparison shopping among private insurance companies and policies, with easy-to-understand information** about coverage options. The Exchange provides trustworthy information on which to base a decision.
- **Administer subsidies** for people with incomes up to 400% of the federal poverty level to help pay for premiums and out-of-pocket cost-sharing. This financial assistance will be available only for insurance purchased through the Exchange.
- Provide **user-friendly application and enrollment** into coverage.
- Enforce **consumer protections**.
- Establish “navigator” programs to provide **outreach and help with enrollment**, so people know what’s available to them and get assistance when they need it to sign up for coverage.

**** The Exchange offers many advantages to consumers and businesses:**

- Helps buyers with less clout in the marketplace – gives individuals and small businesses the same market advantages big groups already have.
 - Bringing so many buyers together increases negotiating power, creates a larger risk pool, and reduces administrative cost. A larger “risk pool” means that the cost for those who have high medical needs in any given year is shared across more people, bringing prices down, which is how insurance is supposed to work.
- Should promote competition based on price and quality of the insurance rather than on companies making their profit by trying not to cover people who might incur higher costs.

**** If exchanges function as planned, they will expand coverage, improve the quality of insurance (and maybe of health care), and reduce costs.**

**** Under the Affordable Care Act, states have to establish exchanges by January 1, 2014.**

- There will be exchanges for individuals and for small businesses.
- If state chooses not to (or can’t) establish its own exchange, the federal government will operate the exchange for the state or contract with a nonprofit entity to do so.