Making Sure The Health Insurance Exchange Works For Arkansas Families

By Anna Strong and April Moore

The Exchange in Arkansas

The Patient Protection and Affordable Care Act (ACA) requires states to have a health insurance "Exchange" that will provide high-value and affordable coverage for consumers, including individuals and small businesses, in place by 2014. The Exchange will be a marketplace where Arkansans can go to enroll in private insurance plans and, for those with income up to 400 percent of the federal poverty level (about $89,000 for a family of four), receive subsidies based on their income. The Exchange will also serve as a doorway for individuals and families to enroll in Medicaid or ARKids First if they qualify. This marketplace should empower consumers by giving them the information and tools they need to make the best choices for their health and budget.

States have had the opportunity to choose to operate an Exchange on their own or partner with the federal government to run the Exchange in the state. Arkansas abandoned efforts to establish a state-based Exchange after the legislature failed to pass a law enabling the creation of one. However, Governor Beebe is supporting and advocating for establishment of a Federally-Facilitated Exchange (FFE) Partnership Model for Arkansas. With this model, Arkansas will oversee the Plan Management and Consumer Assistance functions for the FFE, while the federal government will manage the remainder of the Exchange.[1] In April 2012, the legislature appropriated a $7.7 million federal grant to the Arkansas Insurance Department (AID) for FFE Partnership planning for these two components.

Projections show that approximately 211,000 Arkansans will enroll in health plans through the Exchange in 2014, with another 170,000 more taking advantage of a newly expanded Medicaid program.[2] This will give scores of uninsured Arkansans access to affordable health coverage that they cannot access today. While the state has lost some control by not choosing to operate a state-based model, Arkansas families will need the same things from an Exchange regardless of who is ultimately responsible for managing it. The state should aim to retain as much influence as possible over the mechanics of the Exchange through the Partnership in order to ensure that it works for Arkansans.

The U.S. Department of Health and Human Services (HHS) issued final regulations governing the Exchange in March 2012. While the regulations do not specifically address how a Partnership Exchange will function, most of the rules will apply to the Arkansas Exchange. Following are recommended principles that to guide Exchange development through consumer participation, the Consumer Advisory and Plan Management workgroups, and decisions that will impact the success of the federal exchange. These elements are critical to developing an Exchange that meets the needs of Arkansas's children and families.

Recommended Principles for Arkansas's Exchange

Strong Consumer Voice and Participation

The Exchange will exist to serve consumers, so in every area of its development, consumers need to be represented. Arkansas consumers and small businesses know first-hand what will or will not meet their health insurance needs and should have a strong voice in planning, establishing, and evaluating the Exchange they will utilize. The consumer perspective is essential for developing an Exchange that is functional and appropriate for the communities it serves. This strong voice can be facilitated in several ways:

- *Give consumers a strong voice in Exchange decisions.* Even though Arkansas will have a Federally-Facilitated Exchange, the state should have a group or governance body charged with advising operational decisions for the FFE. Though HHS final rules only require one board member to represent consumers,[3] a majority of Arkansas's advisory body should consist of individual exchange users, small business users, and representatives from organizations serving the interests of low-income, minority, or otherwise underserved consumers who will obtain coverage through the Exchange. This voice should be broader and more permanent than the Consumer Assistance and Plan Management advisory groups working on implementation.

- *Limit decision-making influence of those who could benefit financially from the Exchange.* Some stakeholders stand to benefit financially from the Exchange, posing a conflict of interest and jeopardizing the effectiveness of the Exchange advisory group in protecting consumer interests. To mitigate any conflict of interest, Arkansas should limit industry representatives such as hospitals, physicians, insurers, and brokers from serving on the body advising the Exchange in Arkansas. While their expertise will be critical to decisions, they can provide input through another avenue.

- *Value transparency and accountability.* All processes related to the Exchange should require open meetings; public reporting on information, process and key decisions; sharing of data and analyses; and open communication about intentions. Developing an infrastructure for two-way communication and information-sharing will ensure account ability for decision-makers and make the Exchange responsive to the needs of consumers.

Consumer Assistance

The Consumer Assistance Advisory Committee was convened by the state insurance department to help develop the state's Navigator program, outreach and education efforts, and consumer complaint resolution. These representatives will be responsible for ensuring that Arkansas develops the infrastructure to educate consumers about the Exchange, to help consumers understand their plan options, and to ensure that the Exchange is adequately marketed to maximize participation.

- *Develop a culturally competent, community-based navigator workforce*. Navigators will help consumers access and use the Exchange. Studies show that consumers want navigators to be knowledgeable, accessible, and be able to clearly explain consumer options.[4] Arkansas should ensure that navigators have the appropriate capacity to reach uninsured and underserved populations, including communities with unique cultural, language, or literacy needs. The Exchange planning groups should produce a detailed profile of the uninsured and underinsured in Arkansas to help tailor navigators' approaches statewide.

- *Ensure the navigator program attracts diverse, effective organizations and individuals who can effectively reach uninsured Arkansans*. The Navigator grant program should be designed and marketed to encourage community-based organizations to apply. Adequate financial support should be available to qualified entities to ensure the success of the navigator program. Navigators must be impartial; therefore entities that stand to benefit financially from the Exchange or pose other conflicts of interest should be prohibited from becoming navigators. Programs should also accommodate communities who lack consistent internet access. The navigator program should be monitored to ensure it achieves quality outcomes and reduces the number of uninsured individuals.

- *Design the outreach campaign to reach under-insured and uninsured Arkansans*. Standard outreach materials that accommodate a variety of cultural and language needs should be developed for use by all navigator programs. A comprehensive certification and training program will ensure that all navigators –and others enrolling individual in plans inside the Exchange or in Medicaid or ARKids First –have the skills to reach uninsured consumers. A variety of outreach and media tools should be utilized to ensure that consumers are aware of the coverage newly available to them and how to connect with navigators and other avenues to enrollment such as user-friendly websites.

- *Collect data to improve the Exchange experience for underserved populations*. Navigators can help gather information that will lead to continual improvements in the Exchange. It is important that the Exchange be a vehicle for reducing health disparities by providing coverage to all Arkansans. Data and stories collected by navigators regarding consumers' interactions with the Exchange can inform state policymakers about what is and isn't working in order to improve programs.

- *Establish a comprehensive appeals process for consumers that is administered by the Exchange*. The appeals process should include easy-to-read forms, reasonable timeframes to resolve consumers' grievances, and the opportunity for consumers to pursue an appeal through a neutral party, outside of the Exchange.

Plan Management

Plans sold in the Exchange must meet minimum requirements that provide a full range of services to Arkansans. AID tasked the Plan Management Advisory Committee with defining and delivering guidelines for Qualified Health Plans sold in the Exchange. It is essential that plans sold in the Exchange meet the health needs of children and families across the state.

- *Balance plan value and cost for families*. Plans offered in the Exchange should cover a set of Essential Health Benefits that meet the needs of children and families, including the full range of pediatric services recommended by the American Academy of Pediatrics and subsequent treatment recommended by providers.[5] Private plans have been developed with working adults in mind, so they may not meet the unique needs of children. Comprehensive full-family plans should be affordable based on the family's income, and child-only plans should be offered for situations such as Medicare-eligible grandparents who have custody of a grandchild. The full cost of plans, including premiums, subsidies, and cost-sharing, should be explained clearly and simply so that families can make the best choices for their financial and health situations.

- *Emphasize high quality and prevention*. The Exchange should only offer plans that provide a comprehensive and high-quality package of health services. Every plan should prioritize prevention and work to reduce health disparities, and dental and mental health benefits should be included. Healthcare delivery networks should include essential community providers, and patients should have access to providers who speak their native language. By promoting community health through the fostering of collaborative efforts between insurers and local community organizations, the Exchange will ensure the efficient delivery of health information, health promotion, and disease prevention and screening services.

- *Authorize the Exchange to negotiate with insurers regarding quality and price of plans*. Arkansas should maintain its flexibility in negotiating with insurers by acting as an "active purchaser." Using its pool of consumers to drive competition for participation and price, Arkansas will be able to help provide the best plans with the highest value for consumers. The plans and their networks should also be able to handle an influx of new patients, ensuring access to health care. Implementing effective monitoring mechanisms, such as market research, will encourage continual improvement and further standardization of products offered through the Exchange, and increase value for consumers. There should be a low administrative burden for all so that administrative costs do not lead to increased healthcare coverage costs.

- *Give the Exchange tools to mitigate adverse selection*. Adverse selection occurs when sicker individuals purchase coverage through the Exchange and healthier, lower-cost consumers seek coverage elsewhere. The potential for adverse selection poses a significant threat to the strength and effectiveness of the Exchange, so our state must identify and adopt strategies to mitigate its impact. These strategies can include aligning market rules inside and outside the Exchange and requiring insurers outside the Exchange to offer the same products as those offered within the exchange.

Federally-Facilitated Exchange Considerations

Because Arkansas will have a FFE, the federal government will retain control over many aspects of the Exchange. Arkansas needs to ensure that, as the FFE is implemented, the necessary systems are in place to ensure that consumers have an easy-to-understand, seamless, high-quality experience and that the FFE is branded in a way that Arkansans will utilize it.

- *Integrate Medicaid and Exchange systems*. Not all Exchange consumers will be at income levels that indicate they should purchase private insurance through the Exchange. Some will qualify for Medicaid or ARKids First. Nationally, an estimated 75% of parents who will qualify for Exchange subsidies will have children eligible for Medicaid or CHIP (ARKids First in Arkansas).[6] A split system could put children at the greatest risk of falling through the cracks if families are forced to duplicate application or enrollment processes or use multiple doorways. A modern "no wrong

door" system will fully and seamlessly integrate the Exchange with Medicaid eligibility, enrollment, and re-enrollment processes. The Exchange should be equipped with resources and expertise necessary to communicate with state agencies effectively and in a timely manner to facilitate real-time information access, easy enrollment into private or Medicaid coverage, and responsiveness to consumers.

- *Ensure continuous and consistent coverage for families facing complex coverage situations and frequent changes in income*. Many consumers, especially young families, will have parents who purchase private insurance through the Exchange but have children who are enrolled in ARKids First. Additionally, low-income families often face frequent changes in income or family structure that will cause their eligibility to churn between Medicaid and the Exchange. A recent study showed that 35% of low-income adults will move between the Exchange and Medicaid within six months of enrollment.[7] Transitions between coverage types should be seamless and avoid gaps in coverage to reduce the negative effects of churning. Provider networks need to be consistent across plans to ensure that families can maintain a medical home regardless of coverage. The state could implement a Basic Health Plan that covers premiums for families between 133 and 200 percent of poverty, helping ensure that coverage is affordable and comparable to Medicaid.

- *Provide customers with a single, user-friendly, streamlined application and enrollment process*. The need for special enrollment processes for those participants who lack internet access or are otherwise disconnected from the health care system should be recognized and prepared for well in advance of the Exchange start date. The single application should also be able to facilitate enrollment in other services available to low-income families, such as supplemental nutrition assistance (SNAP). Online access for enrollment, information, and renewal would help families stay connected to their coverage.

- *Make applications accessible for all Arkansans*. Applications, plan descriptions, explanations of subsidies, and other information should be written in plain language at an appropriate reading level to empower and educate consumers.[8] The Exchange interface should be accessible for consumers with disabilities, in compliance with state and federal laws. Arkansas should make materials, website, and navigators available in English, Spanish, Marshallese, and other languages as necessary to meet the needs of consumers.

The Exchange provides a tremendous opportunity to connect thousands of uninsured Arkansans to insurance coverage. As it is planned and implemented, decision-makers should remain focused on serving those who most need health care coverage and services. Thankfully, Arkansas can use and build on the dramatic success of ARKids First, which has brought the rate of uninsured children in our state to its lowest levels on record. Using these principles, Arkansas can again lead the way by building an Exchange that will successfully extend health coverage to entire families and improve the health of all Arkansans.

For more information on the exchange or this report, contact **Anna Strong (astrong@aradvocates.org)** or **Rich Huddleston (rhuddleston@aradvocates.org)**. Call our office at (501) 371-9678.

[1]Arkansas Insurance Department, stakeholder letter, February 2012.
[2]Arkansas Insurance Department, stakeholder letter, February 2012.
[3]U.S. Department of Health and Human Services. Patient Protection and Affordable Care Act; Establishment of Exchanges and Qualified Health Plans; Exchange Standards for Employers. Last retrieved April 2012 from https://www.federalregister.gov/articles/2012/03/27/2012-6125/patient-protection-and-affordable-care-act-establishment-of-exchanges-and- qualified-health-plans.
[4]Washington State Health Benefit Exchange: Potential Role and Responsibilities of Navigators. Retrieved from http://www.hca.wa.gov/hbe/documents/NavigatorRecommendations.pdf.
[5]EPSDT (Early Periodic Screening, Diagnosis, and Treatment) is a baseline for Medicaid that ensures children receive not only preventive care but follow-through on issues – all covered by insurance.
[6] Unpublished estimates by the Urban Institute, as cited in the May 11, 2012 letter by the Georgetown University Center for Children and Families to the Department of Health and Human Services
[7]Center for Health Care Strategies, Inc. Strategies for building seamless health systems for low-income populations. February 2012.
[8]Enroll America. Communicating with Plain Language. February 2012.