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PhRMA

Via Electronic Mail

February 3, 2012

Connecticut Health Insurance Exchange Board

Re: Comments on the Mercer Presentation to the Connecticut Health Insurance Exchange Board

Dear Connecticut Health Insurance Exchange Board:

I am writing on behalf of the Pharmaceutical Research and Manufacturers of America (PhRMA), to offer a few comments for your consideration as Connecticut moves forward with the development of its Insurance Exchange ("Exchange"). PhRMA is a voluntary, non-profit organization representing the nation's leading research-based pharmaceutical and biotechnology companies, which are devoted to inventing medicines that allow patients to lead longer, healthier, and more productive lives.

Maximizing Choice of Qualified Private Plans within New State-level Exchanges

We recommend that states promote a broad choice of qualified private insurance plans for eligible small businesses, families, and individuals. That is, a state Exchange should facilitate the availability of health insurance plans that meet federal certification requirements of health plans as qualified health plans and not otherwise seek to exclude plans or limit consumer choices within these new marketplaces. The Administration and Congressional architects of The Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act (P.L. 111-152), jointly referred to as the Affordable Care Act (ACA) have stated as a guiding principle that consumers do better when there is choice and competition and advocated for increasing plan choices for individuals and families.[1] We agree. This is also consistent with the design of one of the most successful Exchange-type models – the Federal Employees Health Benefits Program (FEHBP) – which provides high-quality, comprehensive health insurance coverage to over 9 million federal employees, retirees, and dependents while providing a wide array of private plan options (including national and local plans). Policymakers have long pointed to FEHBP as a model for making high-quality, affordable coverage available to individuals and small businesses.

Providing a broad choice of qualified plans will help small businesses and individuals who typically lack such choices in today's marketplace. Providing this choice and, therefore, an opportunity, to select a plan that best meets its purchaser's needs is one of the key benefits of Exchanges. Additionally, broad choice of plans will minimize the likelihood of disruption as

[1] Remarks by the President to a Joint Session of Congress on Health Care; The White House: Office of the Press Secretary; September 9, 2009. "The Senate is Ready to Act on Health Care: Our Reform Plan Will Protect the Market for Innovation." Senator Max Baucus (D-MT); Wall Street Journal Op-Ed; October 15, 2009.

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some workers' coverage switches from employer groups to Exchanges. With choice among the set of plans prepared to meet the ACA's consumer protection and quality standards, it is more likely that employees will maintain, rather than lose, access to the plans and provider networks with which they are satisfied.

Exchanges that do not offer the full set of qualified plans would limit consumer choice and could significantly diminish the benefits of competition over time. If a qualified plan is not offered in an Exchange in a given year, it may be very difficult for it to sustain a viable presence in the market. Therefore, it may not be available to compete in future years, leaving consumers with fewer choices and those plans that were included in Exchanges facing less competition.

The ACA includes important eligibility requirements that health plans must meet to qualify for participating in the new state-based Exchanges. Qualified health plans must provide the "essential health benefits package," limit cost-sharing to specified levels, meet actuarial value standards within the Exchange, offer at least one qualified plan in the "silver" and "gold" level within the Exchange, and charge the same premium rate inside and outside the Exchange (§1301(a)(1)). Moreover, health insurance issuers must be licensed and in good standing and comply with the ACA's new insurance reforms and consumer protections, such as requiring guaranteed availability of coverage, prohibiting discriminatory premium rates (e.g., modified community rating), barring pre-existing condition exclusions, and requiring comprehensive benefits.

Health plans must also meet specific criteria to qualify for participation in an Exchange. ACA requires the U.S. Secretary of Health and Human Services (Secretary) to develop these certification criteria, which include marketing requirements, provider adequacy requirements (including essential community providers), quality improvement strategy requirements, and accreditation requirements for consumer access, utilization management, quality assurance, provider credentialing, complaints and appeals, network adequacy and access, and patient information programs.

Enhance and Build upon the Private Insurer Delivery Model

An insurance Exchange is intended to be a market mechanism for making qualified insurance plans available for purchase by consumers. An Exchange should allow health plans that meet certification requirements to provide coverage and services in the way they believe can provide the best care. Because plans will be accountable for organizing and delivering care effectively (including meeting new standards for quality and patient protections), Exchanges should preserve the availability of plans to organize and contract with providers to deliver medical care and not seek to "carve out" items and services. Carving out services from plans would defeat the point of assuring that plans are accountable for meeting these new standards and assuring high-quality care since they would be unable to manage some services that affect their results on other aspects of care.

Facilitate Transparency and Fairness to Consumers

An insurance Exchange should be administered in a way that is responsive to consumer concerns in order to ensure that quality health care is available in plans offered to state residents. An Exchange should create a process for patients and stakeholders to provide input into the decision-making process, ideally in a public forum. Specifically, state open meetings laws should apply to the meetings of the Exchange Board.

The Exchange offers an opportunity for consumers to select a plan best suited to their individual needs. This cannot be done without access to clear and concise information about benefits, cost-sharing and co-payments, formularies, and appeals processes. Patients should also have access to data on prevention and wellness programs, medication management programs, and programs for addressing chronic conditions. The Exchange website is the primary venue for patients seeking coverage through the Exchange and should provide user-friendly and clear access to this information to empower patients to choose the plan best suited for their individual needs.

Structure and Governance

In order to safeguard the integrity of the Exchange, it is important that in addition to patient and stakeholder input, the legislature and executive branch maintain a degree of oversight. The Board of the Exchange should report annually to the Governor, Commissioner, and appropriate members of the legislature on the operations of the Exchange, including financial integrity, fee assessments, health plan participation and ratings, enrollee participation and satisfaction, and any other relative items. In addition, an advisory committee should be created comprised of stakeholders appointed by the Exchange Board and approved by the Governor. Committee members should represent a diverse range of expertise and perspectives including consumers, health plan administrators, advocates for enrolling minority and hard to reach populations, health care providers, and pharmaceutical and medical device manufacturers. The Advisory committee should be available to the Board for consultation on proposed policies, procedures, regulations, fees and other matters regarding the development, implementation, and on-going operations of the Exchange.

An Insurance Exchange creates an opportunity for secure quality healthcare for the state's uninsured. We appreciate your consideration of our comments. Please feel free to contact our lobbyist, Anita Schepker at 860-244-2101 with any questions.

Respectfully Submitted,

Leslie N. Wood