



UNIVERSAL
HEALTH CARE
FOUNDATION
of CONNECTICUT

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Amy Tibor
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State of Connecticut
Office of Policy and Management
450 Capitol Avenue, MS# 52HIE
Hartford, CT 06106-1379

Dear Ms. Tibor,

Universal Health Care Foundation of Connecticut appreciates the opportunity to comment on the Health Insurance Exchange Planning Report submitted by Mercer to the Exchange Board. These comments highlight several key issues with the understanding that it is impossible to comment on all areas deserving of attention within the requested time and page number constraints.

Our current health care system is broken. Too many residents, patients and small businesses are uninsured or underinsured. When they do access the system, they often receive care, that does not track their medical conditions over time and does not focus on improving health. They deserve and need access to affordable AND comprehensive, coordinated, quality health care and health coverage.

Compared to many states, Connecticut is moving forward toward this goal. Yet the current process is troubling on several fronts. We need an Exchange that better serves the consumers, patients and small employers that have historically been left behind. However, these groups, which the Exchange is designed to serve, do not have adequate representation on the board. At the same time, the powerful vested interests that have led us to the current broken system are over-represented. They must be prevented from dominating the process. In addition, the board must operate with greater public transparency than has occurred to-date. It is unclear how decisions are being made. There has been little-to-no deliberations or decision-making by the board in public. Too much is occurring behind closed doors.

It is within this context that we submit our comments on the Mercer report.

The Basic Health Program

The goal of the Exchange is to insure as many people as possible with affordable, comprehensive coverage. The Affordable Care Act (ACA) makes this a very challenging prospect for high cost states like Connecticut. The Mercer report clearly states (p. 192) that without the Basic Health Program (BHP), there will be tens of thousands fewer people covered in Connecticut. Furthermore, families who live just barely above the poverty line do not have hundreds, in some cases thousands of dollars to pay for health coverage after paying for rent, food, transportation and other essential living expenses. Do we want them to pay a penalty from their limited resources to be uninsured? Or alternatively, do we want these families to be hounded by collection agencies chasing down unpaid deductibles and co-pays? This does not seem in keeping with Connecticut's tradition of working to assure affordability for its most vulnerable residents, as has occurred in its CHIP and LIA programs.

We should implement a Medicaid-like BHP, administered by the ASO that now administers our Medicaid program. It will allow more people to be covered and will keep low income families in the same system of care. Although establishing a BHP will reduce the number of people in the Exchange, this decrease in numbers will be offset by the positive impact on the risk profile of the pool of people served by the Exchange. While the provider network is likely to be less robust, particularly with regard to access to specialists, the alternative is far worse: unaffordable coverage and more uninsured. Finally, the Mercer report concludes that even if offering the same level of benefits as Medicaid, BHP is financially feasible for the state. In summary, BHP is a win-win for Connecticut. For further in-depth comments on this issue, please see the comments submitted by New Haven Legal Assistance Association.

Operation of the SHOP Exchange

The Mercer Report directly addresses the Health Connections program that offers insurance to small employers in Connecticut and is operated by the Connecticut Business and Industry Association (CBIA). Its analysis makes 3 points (pages 236-238):

- The SHOP Exchange would be in competition with CBIA's Health Connections
- Navigators could NOT refer to the CBIA program
- Consideration should be given to subcontracting with CBIA to run the SHOP Exchange

There is a striking difference in tone and approach in this section of the report. In most other sections the Mercer report lists the advantages and disadvantages of the difficult decisions the Exchange board must make and avoids making recommendations. In this section the report provides praise of the CBIA program and does not mention any concerns regarding subcontracting the SHOP Exchange to CBIA.

Yet serious conflicts of interest clearly exist. To participate in CBIA's Health Connections program, a small business must join CBIA and pay membership dues. In contrast, the SHOP Exchange will require no such fee and will have the Navigator program to provide referrals. How will CBIA manage such a blatant conflict? They would essentially be running an organization that is in competition with its own program, from which it derives revenue and membership? In addition, the dues CBIA now collects from employers that use the Health Connections program is used to fund CBIA's political agenda, which historically has been supported the concerns of powerful interests over the needs of consumers and small business. Large insurers are members of CBIA, providing yet another level of conflict of interest. We strongly oppose this "fox in the henhouse" approach to managing the SHOP Exchange.

Merging the individual and small group markets

Unlike the analysis of CBIA's Health Connections program, the Mercer report approaches this decision with extreme caution. It is hard to know if the needs of consumers and small employers are being properly weighed against the potential risks of merging the markets. We urge the Exchange board to investigate this issue thoroughly and assure they are getting unbiased information to help them with this decision.

Including small groups from 50-100 employees in the SHOP Exchange in 2014

It is unclear, too, whether the caution Mercer shows regarding this decision is in the best interest of small employers. The report shows that the 50-100 market could potentially add 116,002 employees to the market of 820,439 employees that work for employers with under 50 employees (p. 150). The caution in this area could be very misplaced, particularly given the concern of getting adequate numbers into the SHOP Exchange, as well as the fact that there are mechanisms in place to adjust for risk within the Exchange. Again, we urge the Exchange board to investigate this issue more thoroughly and assure they are getting unbiased information to help them with this decision.

Financing the Exchange

If premium assessments are going to fund the Exchange, they should be levied on health insurance offered both within and outside the Exchange, to assure that users of the Exchange do not have to pay to receive insurance coverage. It is important that the funding mechanism not place the Exchange at a competitive disadvantage.

Navigators

The Exchange should insure that a variety of community-based organizations have the opportunity to participate as Navigators. They should look to the experience of Massachusetts, which only achieved a high rate of insurance enrollment by enlisting the help of many community organizations. In addition, the Exchange can learn from the experience of Massachusetts to ensure that brokers have a role to play in being Navigators for the SHOP Exchange. Given their strong relationships with small employers, brokers could clearly be instrumental in facilitating enrollment in the SHOP Exchange. At the same time, careful attention must be paid to avoid the potential for conflict of interest. For example, it would be inappropriate for brokers acting as Navigators to receive a fee from a carrier for enrolling a small employer in their insurance through the Exchange as well as a Navigator fee. If the SHOP Exchange is structured to allow for employee choice of carriers, this conflict could be avoided.

Enrollment and Eligibility Systems

The state faces a huge challenge to have the eligibility and enrollment systems in place to guarantee seamless, "no-wrong door" enrollment of Connecticut residents into Medicaid, the Basic Health Program, subsidized insurance, or non-subsidized insurance. Consumers and consumer advocates must have input and ongoing oversight to assure a process that is consumer-friendly, culturally competent, and easily accessed through a variety of entry points.

Competition

The Exchange must assure a competitive marketplace that is welcoming to alternatives to the current highly consolidated market of for-profit insurers. This will be essential to allow as many Connecticut residents as possible to gain access to quality, affordable health care.