

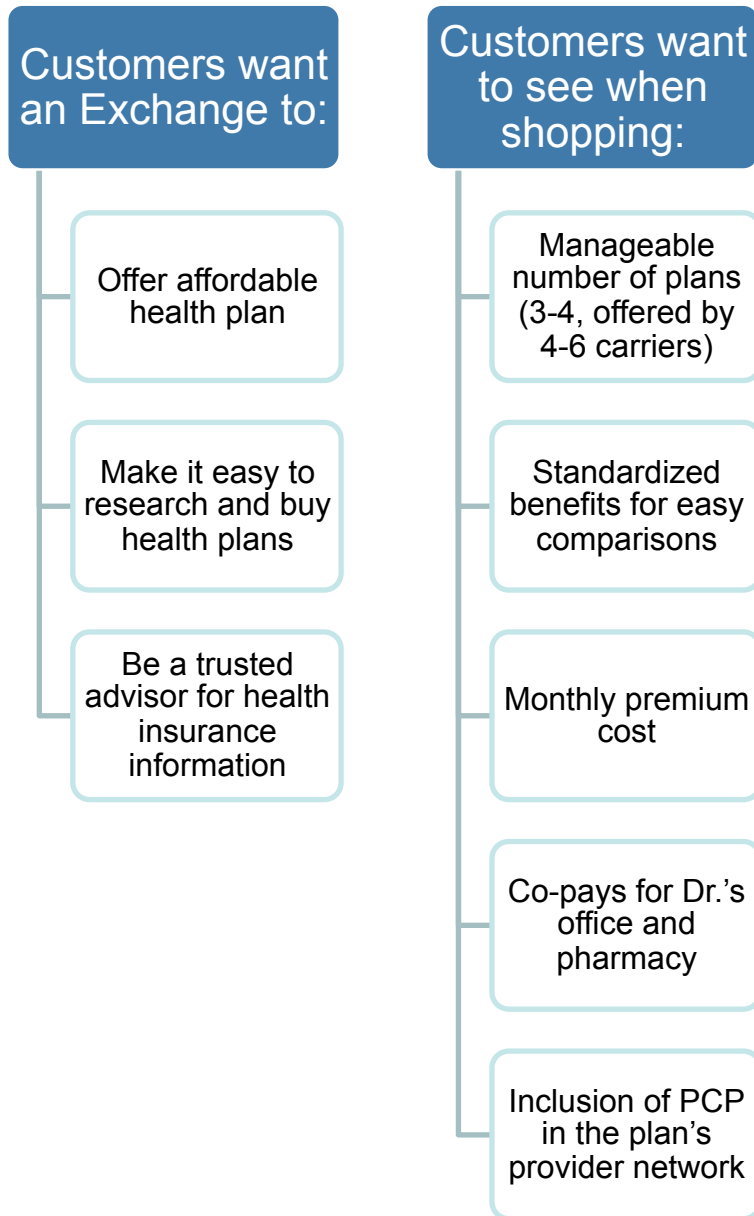
The State Exchange Landscape and Implications for Coverage

NIHCM Webinar: “Health Insurance Marketplaces –
Race to the Deadline”
7 May 2013

Rosemarie Day, President

Day|Health|Strategies

What do Exchange customers want?



Source: MA Health Connector 2009 and 2010 Annual Reports to Legislature

In MA, consumers liked the simplicity...

The screenshot shows the Health Connector website interface. At the top, there is a navigation bar with the Health Connector logo and links for Home, Find Insurance, Health Care Reform, and About Us. A secondary navigation bar contains links for Account Login, En Español, Help, and Contact Us. The main content area features a dark blue header with the text "Choose the type of plans that will meet your needs." and a "close instructions" link. Below this, four plan categories are displayed in separate boxes: Young Adult (blue), Bronze (orange), Silver (grey), and Gold (yellow). Each box includes a list of characteristics, a corresponding medal icon, a link to learn more about who chooses that plan, and a green button to "See [Plan Type] Plans". At the bottom of the plan selection area, there is a white box with a "View all plans" button. The footer contains the "Visit Mass.gov" logo and links for Site Map, Site Policies, and Feedback.

Health Connector

Account Login • En Español • Help • Contact Us

Home Find Insurance Health Care Reform About Us

Choose the type of plans that will meet your needs. close instructions

Young Adult

- * Only for 18-26 year-olds
- * Lowest monthly costs
- * Higher costs when you receive medical services

Who chooses Young Adult plans?

See Young Adult Plans

Bronze

- * Lower monthly cost
- * Higher costs when you receive medical services

Who chooses Bronze plans?

See Bronze Plans

Silver

- * Monthly cost can run higher than Bronze
- * Lower costs when you receive medical services compared to Bronze

Who chooses Silver plans?

See Silver Plans

Gold

- * Highest monthly cost
- * Lowest costs when you receive medical services

Who chooses Gold plans?

See Gold Plans

or

View all plans

Visit Mass.gov Site Map • Site Policies • Feedback

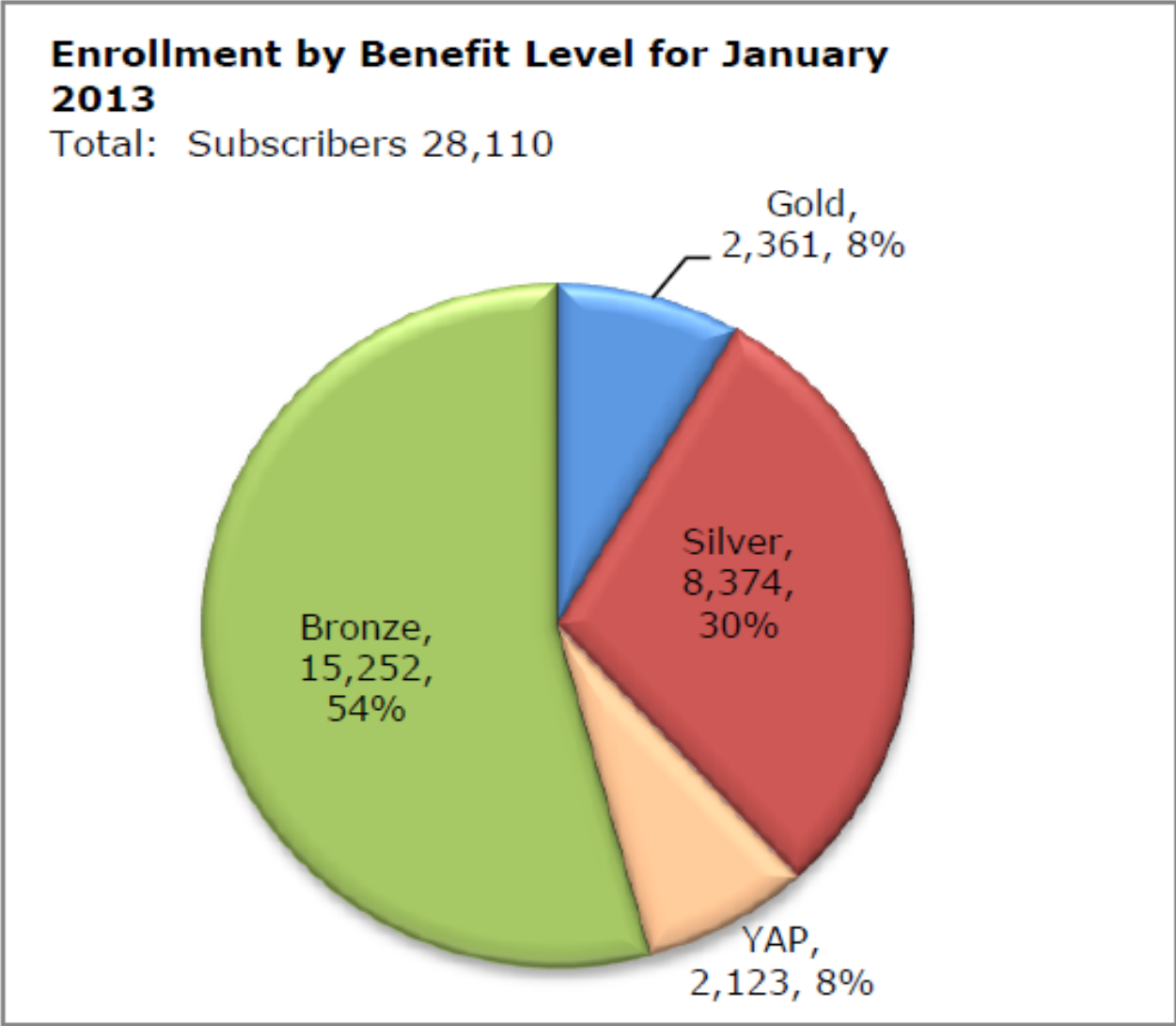
... and outreach was key

- “I got it” advertising campaign
- Grassroots efforts
- Postcards from the Department of Revenue
- Strategic partnerships, including...



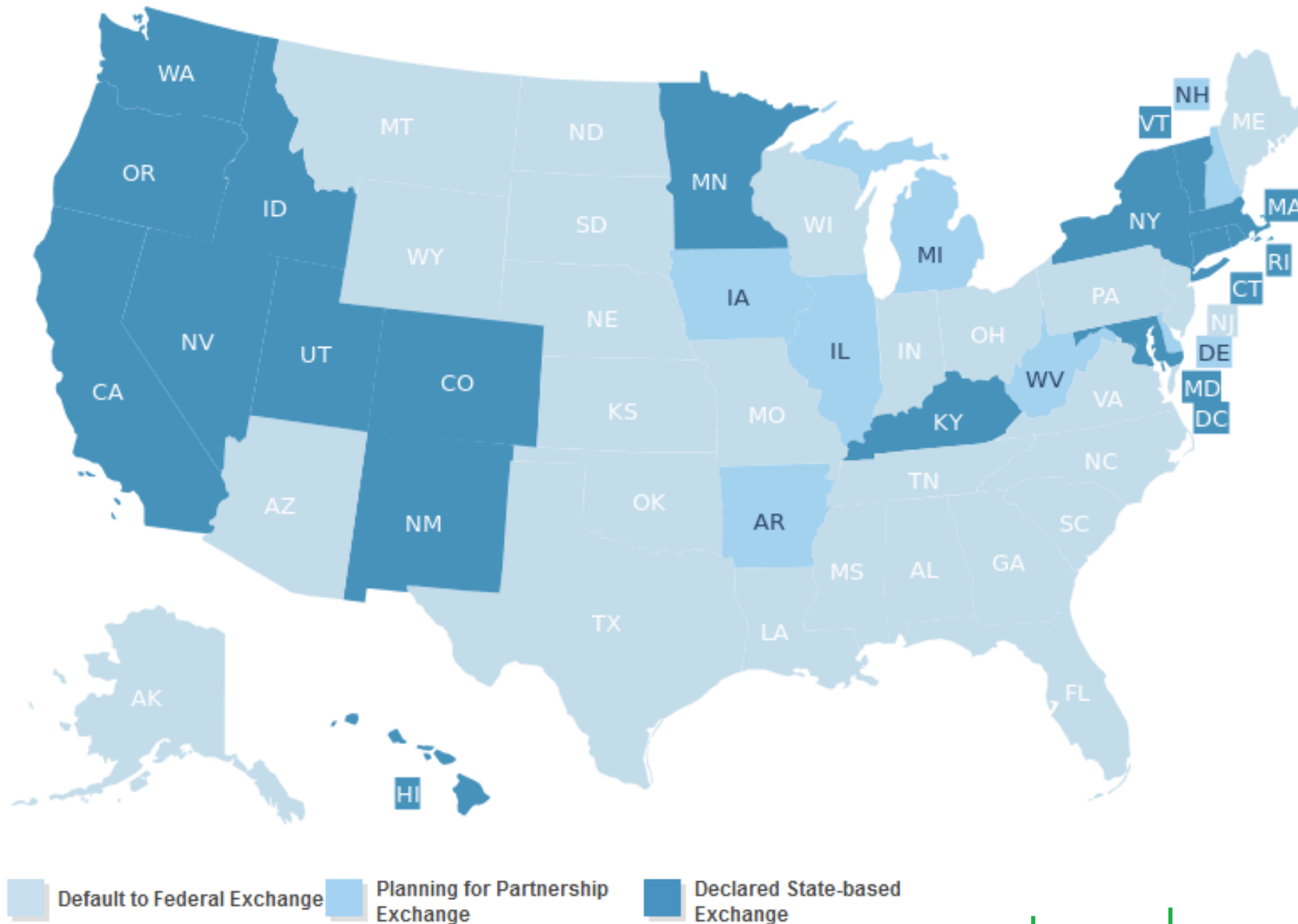
...the ultimate corporate sponsorship in Massachusetts!

Price matters: 60% buy lowest cost plans



Source: MA Health Connector Monthly Report, CommChoice, January, 2013

Status of State Exchange Decisions: May 2, 2013



Key design choices will have important implications for the competitive landscape on exchanges

Decision	Implications / examples
Active Purchaser versus Open Market models	<ul style="list-style-type: none">• Big decision impacting competitive environment• States could add further requirements on metal tiers and in off-exchange markets
Individual versus SHOP exchanges	<ul style="list-style-type: none">• Some states may require insurers to offer plans in both (address concern that plans will only participate in Individual)
Consumer experience on exchanges	<ul style="list-style-type: none">• States design own websites, with significant implications for how information is displayed
Medicaid plans	<ul style="list-style-type: none">• Some states (e.g., NV) requiring Medicaid MCOs to offer plans on the exchange

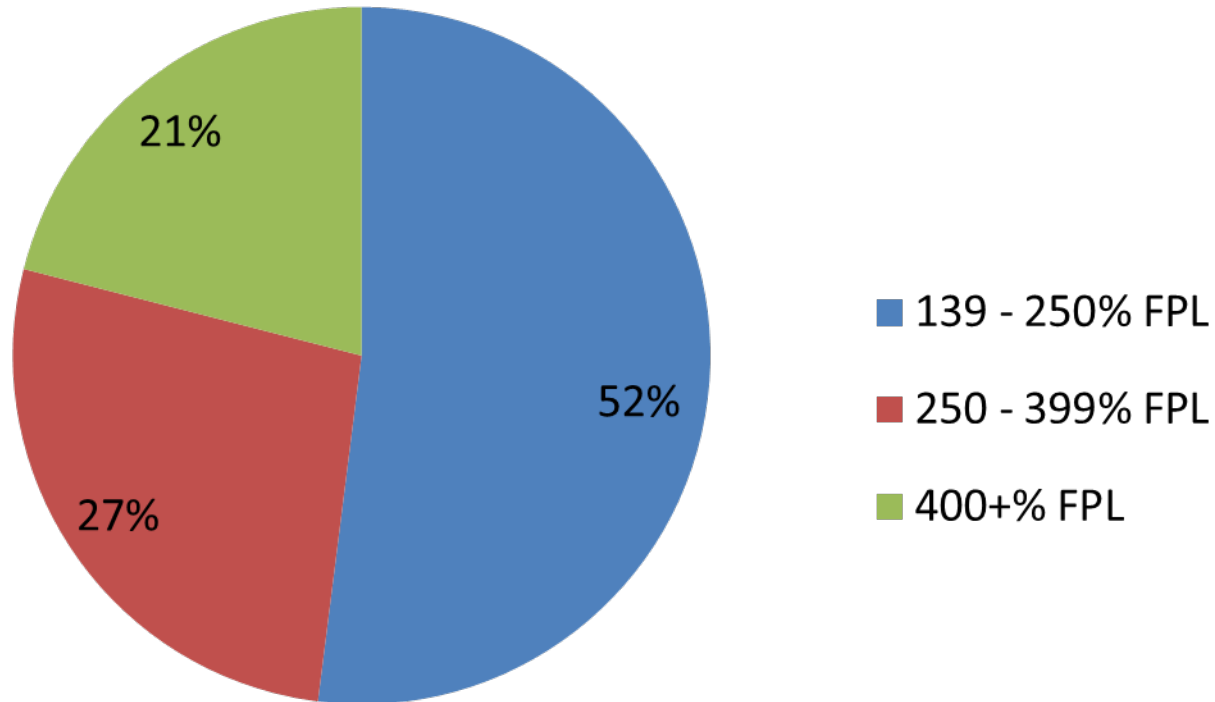
SOURCE: McKinsey's NIHCM presentation, 11-28-12

Majority of State-based exchanges will be an “open market” model

Contracting Approach	States
Active Purchaser/ Selective Contractor	<ul style="list-style-type: none">• 6 States: CA, MA, NY, OR, RI, VT
Open Market	<ul style="list-style-type: none">• 10 States: CO, CT, DC, HI, ID, MD, MN, NV, UT, WA
Not Yet Determined	<ul style="list-style-type: none">• 2 States: KY, NM

Most public exchange members will be individuals; 80% will be subsidized

Exchange Membership: Income Level Estimates



Source: Analysis of Kaiser Family Foundation data on the uninsured (Jan, 2012)

Potential customers are currently uninformed



- ✓ **42%** of the general public is unaware that the ACA is still the law of the land
 - ✓ 12% believe the law has been **repealed** by Congress
 - ✓ 7% believe it has been **overturned** by the Supreme Court
- ✓ **49%** say they **do not have enough information** about the health reform law to understand how it will impact their own family
- ✓ Uninsured and low-income individuals are the groups likely to benefit the most, but are the groups lacking proper information

Member turnover (“churn”) will be a challenge

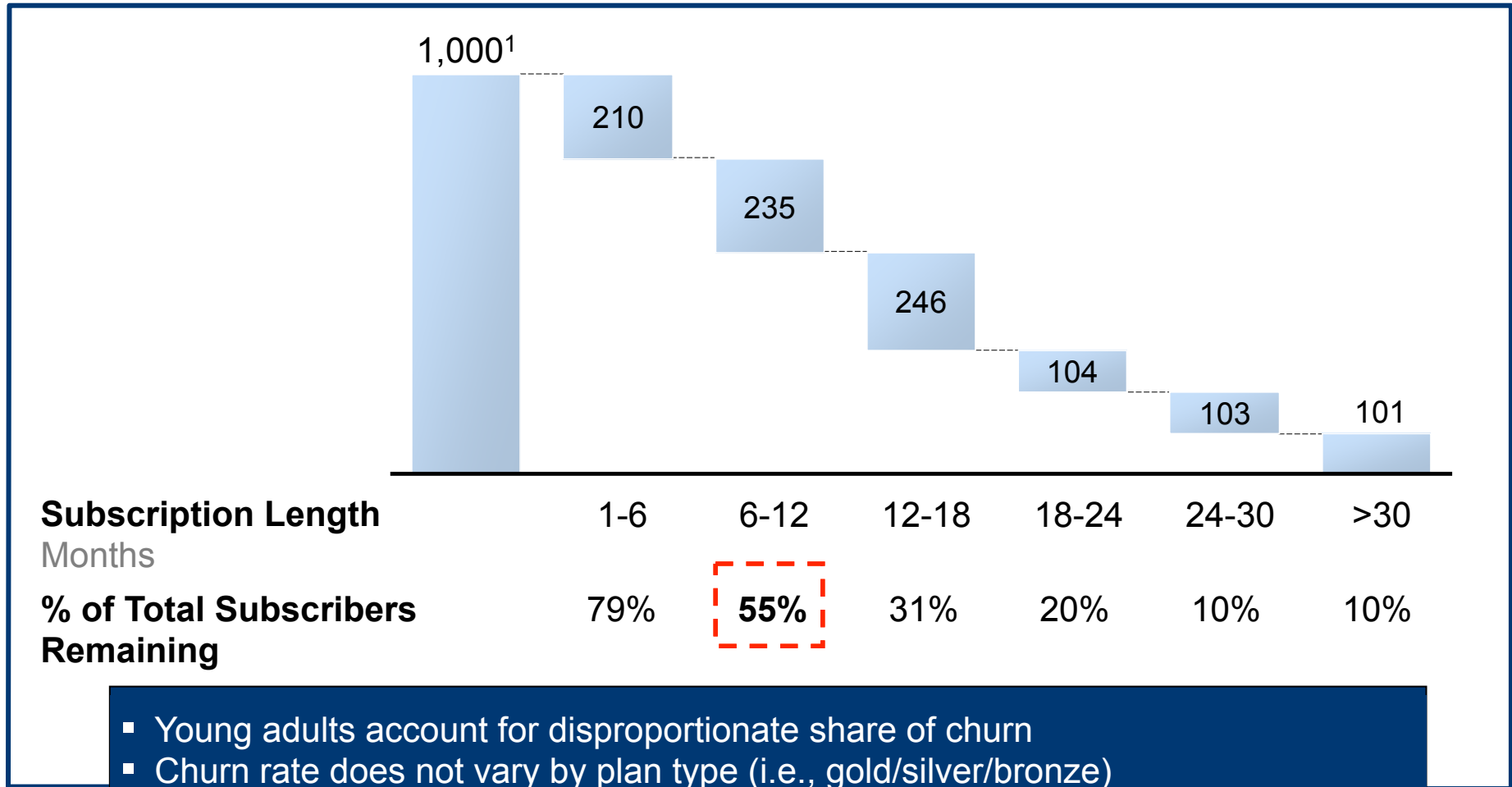
- 30% of people eligible for Medicaid or an Exchange subsidy in a given year will churn (Urban Institute, June 2012)
- 50% of all adults with family incomes below 200% FPL will have a change in income within one year that will move them between Medicaid and the Exchange (Health Affairs, Feb 2011)

Additional challenges experienced in MA

- Enrollee churn
- Online conversion is a challenge – less than 1 in 18 active MA exchange shoppers (who don't need a subsidy) completes enrollment
- Shopping for insurance online is a multi-visit process
- Even among those “very likely to buy,” most plan to use the phone or buy elsewhere

In MA, churn in the unsubsidized population is high – only 55% of subscribers remain after 12 months

Subscribers



- Young adults account for disproportionate share of churn
- Churn rate does not vary by plan type (i.e., gold/silver/bronze)
- 60% cancel after obtaining insurance from employer, family member, or public plan (e.g., MassHealth) – 16% become uninsured due to inability to pay

1 Normalized to 1000 subscribers; actual # of subscribers as of July 2007 is 2,071

SOURCE: MA Health Connector

Health Reform Outcomes: MA vs. US

Also, expect significant variations by state

	MA	United States
% Insured After Reform	97+%	93+% (assumed full Medicaid expansion)
Individual Premiums	Prices went down initially	Prices may go up
Employer Sponsored Insurance	Increase in % offering	Likely decrease in % offering
Medicaid Expansion	Done	Will vary by state

States involved in running their exchanges are more likely to support Medicaid expansion

Type of Exchange	Number of States	% of States supporting Medicaid expansion
State-Based Exchange	18	83%
State-Partnership Exchange	7	86%
Federally-Facilitated Exchange	26	27%

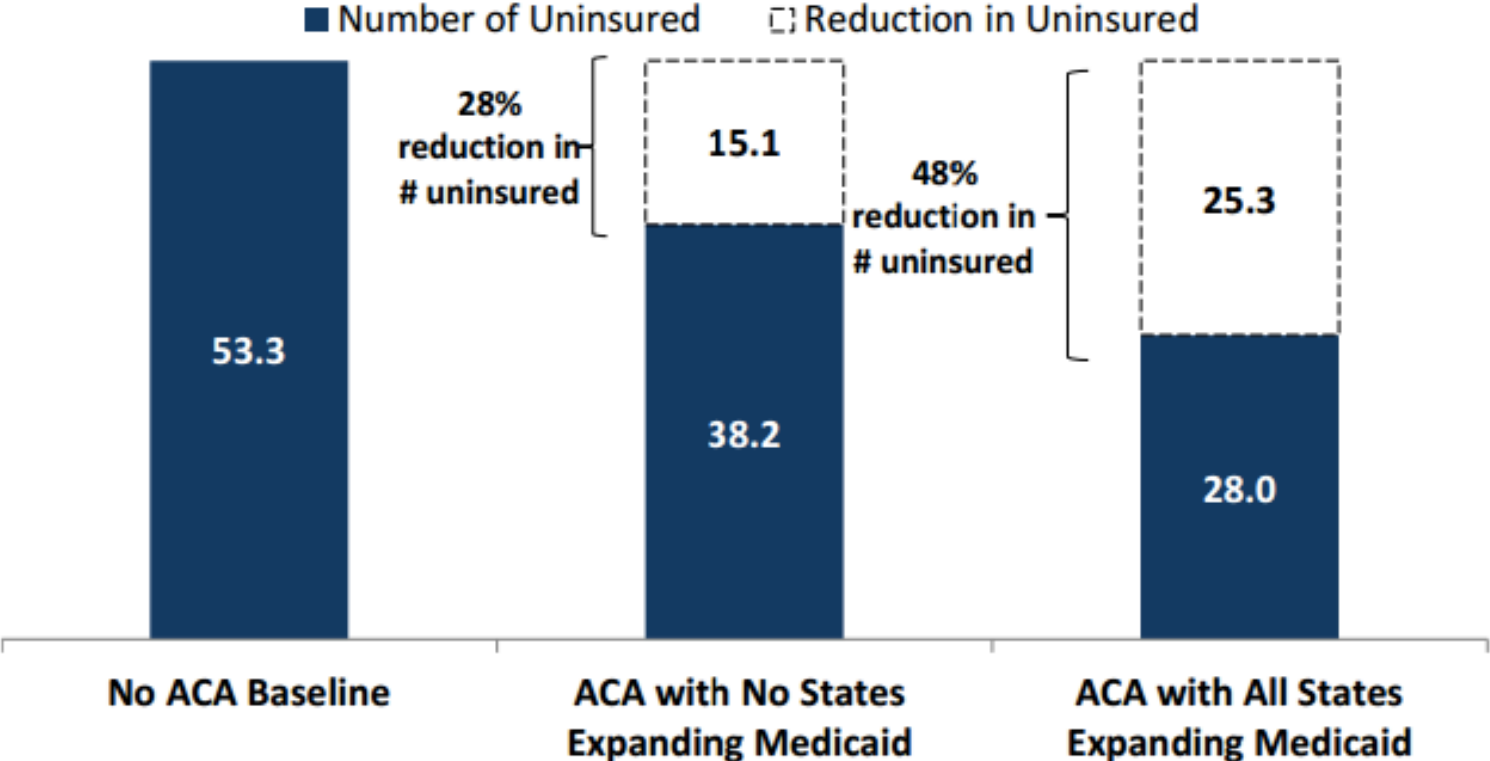
- State-Based Exchange: 2 states oppose, 1 weighing options
- State-Partnership Exchange: 1 state opposes
- Federally-Facilitated Exchange: 17 states oppose, 2 weighing options

Coverage Projections: Landscape in 2017

- In 2017, the ACA will *decrease* the number of uninsured by 27 million
 - ✓ 26 million people will be enrolled in exchanges
 - ✓ 7 million *fewer* people will have health insurance through their employer
- In 2017, the ACA will *increase* the number of people enrolled in Medicaid by 11 million
 - ✓ This number will vary, depending on the number of states that choose to expand Medicaid

Medicaid expansion decision is key to reducing the uninsured population

Number of Uninsured with and without ACA and Medicaid Expansion, 2022



SOURCE: Urban Institute estimates prepared for the Kaiser Commission on Medicaid and the Uninsured, Oct. 2012

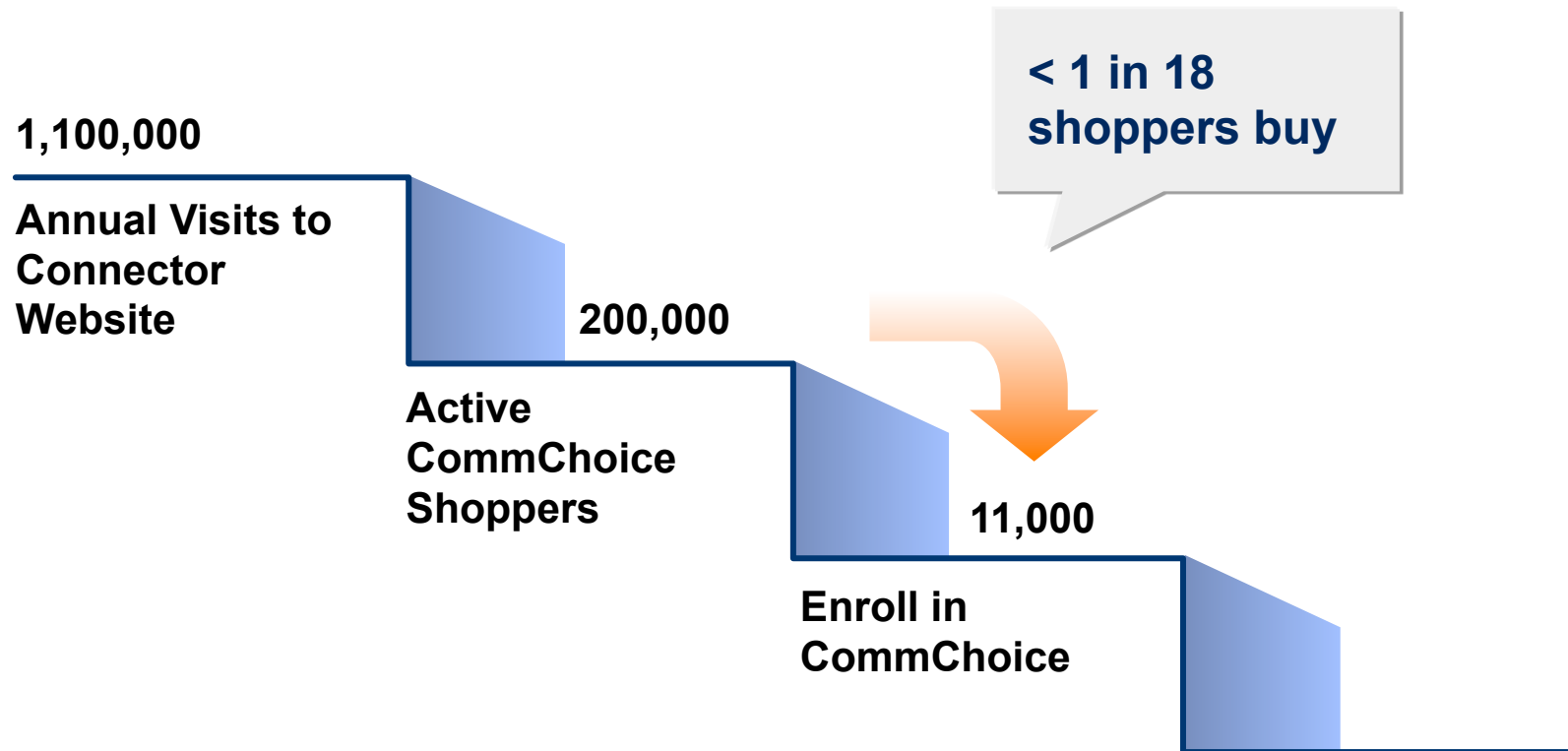
Questions & Discussion

Rosemarie Day, President
rosemarie@dayhealthstrategies.com

Day | Health | Strategies

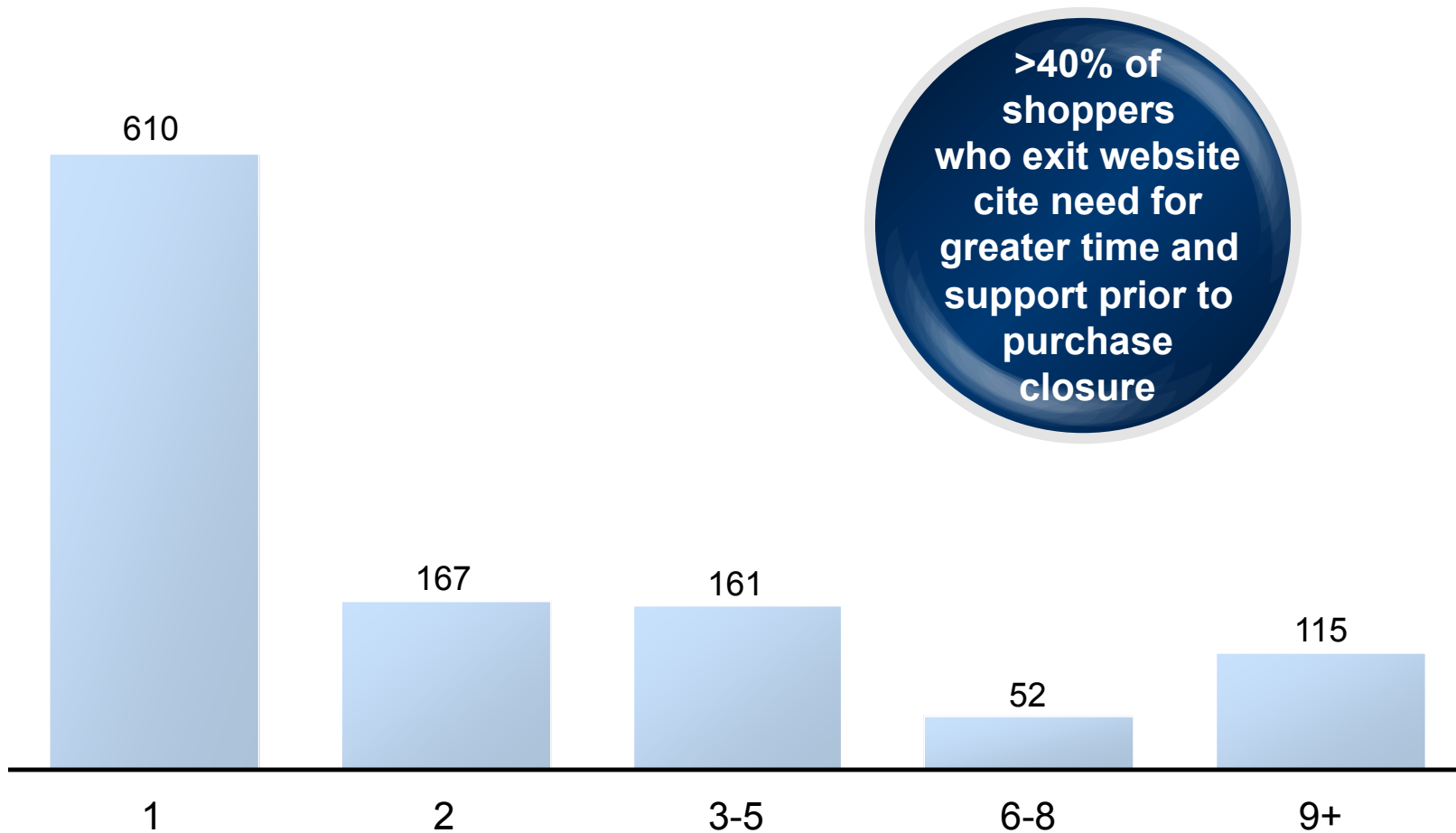
APPENDIX

Online conversion is a challenge – less than 1 in 18 active CommChoice shoppers completes enrollment



Shopping for insurance online is a multi-visit process

Thousands of Visits (2009)



Even among those “very likely to buy” most plan to use the phone or buy elsewhere

