

Health care exchanges - How will they work in New York?

By Maggie Moree

A little over a year ago, as Congress was debating how to reform health care delivery in this country, an idea that seemed simple enough was to create new marketplaces, called “exchanges,” where consumers can comparison shop for health insurance. As with many other aspects of implementing the health overhaul law, state-based insurance “exchanges” offer both opportunity and challenge to states, as they grapple first with the decision on whether they want a state-based exchange, or whether they wish to cede this process and market to a federal exchange.



Some states like California have already passed legislation to establish the structure for their state-based exchange. At least one state- Louisiana – has decided not to establish a state-based exchange. Most states, including New York, are now just focusing on how best to implement an exchange and what changes in state law are needed to make that happen. These changes need to occur this legislative session to enable New York to access federal grants made available to help offset the cost of implementation, and The Business Council will be advocating for an exchange model that puts small business as its primary customer.

If done well, proponents say, exchanges could make it easier to compare, buy and enroll in health insurance. But, if designed poorly, experts warn, healthy people could avoid the exchanges, leaving them to sicker people with rising premiums.

Some key issues The Business Council will be asking the legislature to consider as they proceed with setting up the model for NY’s Exchange:

- The State should not be both regulator and exchange operator. The Insurance Department should continue in its role of regulating health insurance plans and monitoring premiums and should be promoting competition through a broad choice of plans within the exchange. There are private industry models that provide exchange-like functions currently and these models should be more closely examined to see how they could be leveraged to meet the state’s objectives.
- Do not use a “Field of Dreams” approach and build a one-size fits all model. The State has a checkered history in getting large, complex systems designed and functioning on time and on-budget. In this instance, The Business Council believes the federal intent was to provide a marketplace for individuals and small businesses to compare and purchase health insurance. With experience and data, a case might be made for integrating systems, which perform eligibility for entitlement and subsidized programs such as Medicaid, but we support as a starting point establishing a Small Business Health Options Program – a SHOP Exchange – as permitted by federal law. Once functioning and operational, how integrating administrative functions and other populations can be achieved across systems can be more thoroughly evaluated.
- Guided customer choice is key. No one would argue that purchasing health insurance is akin to purchasing a hotel room or airline ticket. There is a role in this process for agents and brokers and others such as chambers of commerce who help small businesses navigate the complicated world of employee benefits. While an exchange can serve as a portal for comparing products, helping to understand which product may best meet your needs is far more specialized.
- Flexibility on plan design is important. Once the federal regulations establish the essential benefit package, the role of the Exchange should be to approve all those plans, which meet those standards to be made available through the Exchange. The Exchange operator should not limit plan design as long as it meets those minimum standards. Without that flexibility, small businesses may find that the plans within the Exchange do not offer what they need and the value for employers and their employees will be greatly diminished.



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