

Ensuring Affordable, Quality Coverage through Health Benefit Exchanges

An Essential Step in Health Care Modernization



UnitedHealth Group®

The 78,000 men and women of UnitedHealth Group believe that modernization of the health care system doesn't begin or end with the new health care law. Working with nearly 720,000 physicians and other care providers, almost 5,300 hospitals, and more than 64,000 pharmacies in all 50 States, UnitedHealth Group is developing, and already delivering, innovative new ways to improve affordability, quality, and access for the more than 75 million Americans we serve. And we are committed to working with policymakers to develop sustainable health care solutions that enable more consumers to live healthier lives.

Our perspective

As one of the nation's leading health care companies, providing consumer-oriented health benefits plans and services to individuals, public sector employers and businesses of all sizes—including more than half of the *FORTUNE 100* companies—UnitedHealth Group is a committed partner in improving choice and affordability. Our footprint extends to markets in all 50 States. We also are the nation's largest provider of Medicaid coverage, serving Medicaid and CHIP enrollees in 25 States and the District of Columbia. Our technology offerings include consumer portals, enrollment facilitators, quality and care coordination programs, and models for risk adjustment that will enhance consumer choices and promote the operational stability of Exchanges.

Our approach to ensuring affordable, quality coverage through Health Benefit Exchanges

- **Advance Consumer Choice and Innovation.** Exchanges should be State-based and designed to supplement, not replace, the existing individual and small group markets. State-based Exchanges can achieve the goals of being responsive to local market and consumer dynamics ensuring consumers have a broad array of coverage options. To this end, so long as the plan meets Federal rules for participation, all qualified health plans should be permitted to participate in an Exchange, thereby fostering consumer choice. Flexibility in benefit design should be encouraged by modifying essential benefits packages into categories of major medical services and catastrophic expenses.
- **Create Multi-Stakeholder Exchange Governing Boards.** Exchanges should be independent, transparent, and non-political. Governing boards benefit from broad constituent representation from a wide range of stakeholders, including health plans, consumer representatives, employers and providers. Each of these stakeholders brings a unique perspective and expertise to the oversight of the Exchange to ensure that it accomplishes its goals by taking into account the input of all affected interests. As the Exchange governing boards will directly influence the operation of the Exchanges, it will be important that the Boards include members with non-politicized expertise in health insurance delivery.
- **Develop Fair and Efficient Markets.** Policymakers should explicitly prohibit duplication of existing State regulatory functions and rely, to the extent possible, on standards established by national accreditation agencies for use in the health plan certification process. Preserving a competitive marketplace outside the Exchange will ensure consumers have multiple options in selecting coverage. Regulations requiring the same rules be applied to insurers inside and outside the Exchange, or requiring that the same plans be sold inside and outside the Exchange without exception, will reduce consumer choice and competition.

- **Promote Stability in the Small Group and Individual Markets.** States should focus Exchange coverage on individuals and employers with 50 or fewer employees until 2016. The 51+ employer group market is very competitive and enjoys significant market leverage, resulting in high health insurance offer rates for the purposes of the Exchange. Limiting the small group market to groups of 50 or fewer employees will not only minimize market disruption, but will also avoid overtaxing States' administrative capacities in operating the small business Exchange, particularly during the early years. Second, limiting the market to groups inside the Exchange with fewer than 50 employees also decreases the risk of adverse selection, in part because groups with over 50 employees typically have the option to self-insure their benefits. It is reasonable to expect that the lowest cost groups would opt to self-insure and the highest cost groups would find the community rates within the Exchange to be most attractive. This will make products within the Exchange increasingly more expensive for those small groups electing coverage.
- **Reinforce Responsible Consumer and Employer Behavior.** HHS and States should define a structured open enrollment period promoting market stability. Open enrollment period rules should encourage consumers not to delay coverage until the point they incur high health care costs and then cease coverage soon thereafter, but instead to obtain and maintain continuous coverage. Specific techniques HHS and States can use to mitigate the possibility of adverse selection include:
 - Limiting the open enrollment to a single 30- to 45-day timeframe each year;
 - Prohibiting plan changes between open enrollment periods and limiting increases in coverage at open enrollment to one step (e.g. bronze to silver) per year;
 - Providing clear rules about the limited exceptions that should be allowed for individuals to enroll outside the open enrollment period;
 - Establishing staggered open enrollment periods tied to a policyholder's date of birth to distribute the administrative process evenly throughout the year; and
 - Promoting continuity of coverage and reducing shifts between types of coverage and subsidy levels during the open enrollment periods and eligibility determination process, for programs with income eligibility criteria.

Generally, we believe that some form of participation requirement makes sense for employer groups within the Exchange to assure a balanced risk pool. Requiring all employees of an employer within the SHOP Exchange to purchase from within one actuarial level also helps to keep costs down by mitigating adverse selection.

- **Promote Transparency and Continuity.** Exchanges will be an entry point and vehicle to determine both Medicaid eligibility and subsidies for consumers. They should make it easier for consumers to navigate the broad array of coverage options, make informed decisions, and obtain coverage. Exchanges should help facilitate eligibility determination through effective coordination with State-based Medicaid and CHIP programs, and continuity of coverage rules should be developed to minimize the disruptions in coverage that could occur due to minor or temporary shifts in income or circumstance. Finally, long-term goals should aim to create a "single-door-entry" for both Federal and State income qualified assistance programs with a link to the Exchange. For immediate consideration, States and the Federal government can take important steps to streamline eligibility, including:
 - Ensuring access to an individual or household Modified Adjusted Gross Income in order to direct individuals to the program and subsidy for which they qualify;
 - Creating pre-populated forms with known information to ease consumer navigation and administrative burdens;
 - Sharing data across platforms, including linkages with Federal and State data resources, and using commonly defined elements such as an individual's Social Security Number or unique ID number;
 - Using creative solutions and multiple venues for enrollment, eligibility verification and redetermination;
 - Easing the transition between State programs and the Exchange by establishing periods of guaranteed eligibility;
 - Linking existing enrollment tools to State Medicaid and CHIP enrollment portals from the individual and SHOP web portals; and
 - Creating comparative summary tools highlighting benefits, costs, quality, and provider accessibility developed with language, health literacy and reading comprehension levels in mind.