

A NEW WAY TO BUY HEALTH INSURANCE: "EXCHANGES"

On November 18 the US Department of Health and Human Services unveiled – according to their press release – an “unprecedented tool developed for small businesses to find and compare health insurance plans.”

I was stunned. I had no idea after all these years flying under the radar, the unique abilities of health insurance agents and brokers were finally being recognized! I had to pinch myself and, in so doing, woke up to the reality I was in fact seeing what surely is the precursor to a federal health insurance “Exchange.” Check it out for yourself: www.healthcare.gov. In particular, *CRW* readers will want to click on and view the three minute video located on the Home Page called the “Small Business Health Plan Finder.”

Let’s back up for a moment. A cornerstone of The Patient Protection and Affordable Care Act of 2010 (PPACA) is the creation of new purchasing pools – “Exchanges” – where individuals and small businesses can buy health insurance, beginning in 2014, with the federal government providing income based premium subsidies. States have the option of setting up and administering their own Exchanges and must demonstrate a readiness to do so by January 1, 2013.


How might health insurance sold through a Wisconsin Exchange differ from the small business plans being marketed today? (See “A Pool is a Pool is a Pool” from the July 2011 issue of *CRW*.) Of the many good ideas being circulated, if I was appointed Insurance Czar, here are just a few features I’d require:

- The discounted fee-for-service payment schemes of today would be replaced with bundled, transparent pricing that rewards prevention and quality of care. Note the emphasis on transparent pricing.
- In contrast to the one-size-fits-all approach disguised as “essential benefits,” I’d allow plan design flexibility. Consumerism works!

- Financial incentives change behavior, which in turn, reduces utilization. Dental coverage might be a good option, as the link between good oral health and overall health is irrefutable. How about Accountable Care Organizations?
- Community rating dramatically raises premiums for the young and healthy. Long-term rate stability would be better achieved by allowing insurers to make annual risk sharing adjustments between their small business pools. The Wisconsin Exchange should provide a mechanism for that to occur.
- Licensed intermediaries should facilitate navigation through our Exchange, including access to Medicare, Badgercare and other public programs. While I’m not bashful about protecting our role in this business, it should happen only in conjunction with the same cost transparency I’d require of others.

Wisconsin already has a robust and competitive insurance market, so would these ideas make things better? I’d answer that with another question: would anyone argue today’s premiums are stable or too low?

So, as Insurance Czar, let me also dictate that we uncouple the process of building a Wisconsin-based Exchange from Obamacare. Whether or not PPACA survives a Supreme Court decision or the election of a new Congress and President, we need a better functioning health insurance marketplace. Exchanges existed in Massachusetts (public) and Utah (private) well before the passage of PPACA. Both are imperfect and thus provide lessons on how Wisconsin might proceed.

Representatives from consumer groups, providers, insurers, payers (businesses) and the agent community should be working on this now. The clock is ticking. January 1, 2013 is an artificial deadline. For many, affordable health care is already a thing of the past! 



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