HEALTH CARE for All
MARYLAND CITIZENS' HEALTH INITIATIVE
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HEALTH CARE AFFORDABILITY PROPOSAL

Submitted to the Maryland Health Insurance Exchange Board
by the Maryland Citizens' Health Initiative Education Fund, Inc.
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Vision for Maryland Health Insurance Exchange

Our vision for the Maryland Health Insurance Exchange (HIE) is:

- That it becomes the premier place in Maryland to seek health insurance by providing high quality affordable care, recognizing that there will continue to be a viable private market outside the exchange.
- That the health insurance options within a viable HIE are both a good value for consumers and affordable.
- That consumers find the exchange portal easy to navigate and the information about health insurance options understandable and useful.
- That there is effective, culturally appropriate outreach to the uninsured especially those eligible for subsidies and underserved populations so that everyone purchases health insurance.
- That the exchange is able to drive health care delivery in Maryland to be more responsive to patients' needs, effective, and efficient.

ACTIVE PURCHASING TO MAKE HEALTH CARE MORE AFFORDABLE

We believe that to accomplish the above goals the HIE must have the flexibility to use active purchasing authority. With this authority, the HIE can accomplish key policies set out below which in turn will make health care more affordable for Marylanders. The accompanying paper "Demystifying "Active Purchasing": Tools for state health insurance exchanges," by health care policy experts at the Johns Hopkins Bloomberg School of Public health gives a fuller discussion of the active purchasing approach and the policy options.

Among the policies that the HIE can implement through active purchasing to make health care more affordable are:

- Working with insurance carriers to design and implement innovative provider payment reforms to promote the most effective and efficient care. For example, we recommend

payment changes for physicians designed to promote evidence based quality care and initiatives to eliminate payment to providers for medical mistakes or poor quality care, both of which are being implemented in Medicare. This can build on progress Maryland hospitals and hospital regulators have recently made in reducing readmissions and hospital acquired infections. As hospitals and physicians form accountable care organizations to improve quality and reduce costs, in response to the Medicare program policy, the HIE could look to how to promote these types of shared risk arrangements more broadly among private insurance carriers.

- If market conditions allow, using selective contracting based on price and quality. This approach has been used in Massachusetts to hold down premium increases for subsidized plans.

- As evidence develops, investigating value-based insurance design (VBID) features that can be incorporated into the health benefit plans. VBID is a way to incentivize patients to choose more cost effective care over less cost effective care. See the attached paper "Improving value, investing in prevention: Encouraging value-based insurance designs in state insurance exchanges" by national health care experts including from the Johns Hopkins Bloomberg School of Public Health and the Center for Medical Technology Policy.

HEALTH CARE DELIVERY TRANSFORMATION

Patient-centered, team-based care, exemplified by the patient-centered medical home (PCMH), is vitally important to improving medical outcomes and reducing growth in costs in Maryland. Team-based care enables a family physician or other qualified provider, working in an ongoing relationship with the patient and in concert with a multi-disciplinary team, to coordinate and deliver high quality health care across all settings (i.e. primary care, specialists, hospital, and home). We believe the Maryland HIE can accelerate significantly the rate of team-based care delivery transformation through structuring "smart" competition between insurance plans. This kind of care coordination is important for Maryland, where more than 75% of our overall health spending is associated with treatment for chronic disease.

Large scale PCMH transformation has been successful in Pennsylvania and a similar transformation process is beginning in Maryland. The Johns Hopkins Guided Care PCMH has produced the cost-saving trends that include 15% fewer ER visits and a 24% reduction in total hospital inpatient days. Maryland recently enacted legislation creating a PCMH pilot project which can be a building block for this transformation. CareFirst is implementing a primary care

medical home program. Kaiser-Permanente offers its Maryland patients a PCMH care delivery design. (For a description of different models of team-based medical home, see attached "Seizing the opportunity: How to contain costs in Taft-Hartley and employer health plans by re-engineering delivery of care to your members.") A cost estimate of the potential savings produced from patient-centered medical home transformation in Maryland is forthcoming. To accelerate the health care system delivery transformation, we suggest the board consider the following policies:

- The HIE should work with all participating insurance plans to assure that each one offers its beneficiaries the choice of patient-centered team-based care options, such as the PCMH at each metal level (i.e. bronze, silver, gold, and platinum plans). To meet special challenges to developing team-based care options in some regions of the state, the board may choose to gradually implement these policies to provide all Maryland exchange beneficiaries with a choice by 2018.

- The Maryland exchange should provide consumers with access to transparent, accurate, meaningful, and easily comparable data on medical outcomes and costs. Such information is essential to enabling consumers to make informed choices among available care options on the basis of comparative quality and cost.

DEALING WITH ADVERSE SELECTION

To accomplish the goals set out in our Vision above, it is also critical that the HIE address the issue of adverse selection. For the HIE to use its clout to keep prices down there needs to be a large pool of consumers in the HIE who are attractive to insurers. If the HIE is to be a supplement to the existing individual and small group health insurance markets in Maryland, there is very real potential for less healthy persons to gravitate toward the exchange and more healthy persons to purchase insurance outside the exchange. There is also a risk that small businesses with relatively healthier populations will seek to self-insure rather than to purchase health insurance through the exchange. This would be counter-productive to the goal of affordable health insurance because it would raise the costs and premiums inside the exchange due to the less healthy risk pool.

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To address adverse selection we suggest the board consider the following policies:

- Require standard benefit packages inside and outside the exchange – This would help consumers understand and compare health insurance plans. This has been widely discussed at the advisory committees.

- Set a relatively high stop-loss attachment point requirement for reinsurance plans sold in Maryland. Reinsurance is a type of insurance that employers who self-insure can purchase to protect against the possibility of unacceptably expensive health claims. The attachment point is the dollar amount at which the reinsurance kicks-in. In recent years, more and smaller employers have started self-insurance plans using reinsurance plans with low attachment points to control their risk. This has become a way to circumvent the small group market insurance rules. Relatively high reinsurance stop-loss products would prevent small businesses from coming in and out of the exchange as their employee risk characteristics change. This reduces or eliminates the potential for adverse selection into the exchange from employers in the 50 to 100 employee size. This was a policy option described by Mercer at the Operating Model and Insurance Rules advisory committee meeting, see "Market rules and risk selection" presentation November 7, 2011.

- Require that health insurers that participate outside the exchange also participate inside the exchange, at least until the market stabilizes.

BASIC HEALTH PLAN

The Basic Health Plan option under the ACA allows states the option to provide coverage to people who are ineligible for Medicaid and who have incomes at or below 200 percent of poverty. This is an alternative to receiving premium credits to purchase coverage through the exchange. The plans that the state could contract with under the Basic Health option could be the same plans that currently serve the Medicaid population, which in Maryland are typically not commercial health plans but specialized plans that have programs and provider networks designed to serve a low income population. By using these plans and 95% of the federal subsidies that would otherwise go to these individuals, the state could create more affordable, stable options for people whose income may fluctuate from Medicaid levels to Exchange levels and who would otherwise have to repeatedly change providers. This would also help ensure that families are covered by the same health plan, if their children qualify for Medicaid or MCHP.

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We recommend the following policy:

- That Maryland selects the Basic Health Plan option and coordinates this with the Maryland Medicaid program.

MAXIMIZING ENROLLMENT

Enrolling an estimated 400,000 currently uninsured Marylanders in health insurance when the Affordable Care Act is fully implemented, some for the first time, is a daunting educational and outreach challenge. To make sure as many Marylanders benefit from the federal subsidies as possible and receive the health insurance they deserve, there must be a broad effort to publicize the availability of subsidized insurance and to use trusted messengers to help people sign up. The Navigator program should be a central part of this effort. The Navigator program will work best if it coordinates with Medicaid and engages community-based organizations who serve the uninsured. Individuals with incomes between 133% and 400% of the Federal Poverty Level (FPL) often cross eligibility thresholds and therefore the new exchange should be seamlessly integrated with Medicaid/MCHP enrollment processes.

In order to implement a highly effective Navigator Program, we recommend that:

- Navigators receive effective comprehensive training that will allow them to facilitate enrollment in public programs and in subsidized and non-subsidized QHPs in the Exchange.

- Community organizations are particularly effective in reaching the uninsured and hard to reach populations and should be encouraged to participate in the navigator program. Their creative outreach methods should be promoted. While training standards and consistent messages are essential for all groups doing outreach and education, certification/licensure should be carefully developed in order to enhance the Navigator Program rather than serve as a limiting factor.

CO-OPS

Health Insurance Cooperatives are a potentially consumer friendly health benefit plan option and should be encouraged, because they have the potential to add competition to the market and offer lower premiums. The Evergreen Project is studying the feasibility of launching a CO-OP plan in Maryland targeted at people between 133% and 400% FPL who may find the

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premiums in the exchange difficult to pay for even with the federal subsidy. The project hopes to be able to offer premiums 20% to 30% below alternative plans by using a number of innovations and care management strategies including PCMH.

PUBLIC HEALTH

We urge the HIE to do everything it can to foster public health and prevention policies that will reduce chronic problems such as smoking, childhood obesity and health disparities which greatly increase bad health outcomes and increase health care costs. Among the most effective of these policies would be an additional one dollar per pack increase in the state cigarette tax which we are proposing as the Healthy Maryland Initiative. We also propose that the money raised by this tobacco tax increase be used for health care and public health needs such as tobacco prevention and health care coverage for low income Marylanders.