AARP Testimony
S.B. 921—An Act Establishing A State Health Insurance Exchange
February 14, 2011

Good morning. My name is Lance Q. Johnson and as an AARP volunteer I am here representing nearly 600,000 members of AARP in the state, but I also speak as a consumer advocating for a more affordable, quality health care system in Connecticut. The State Health Insurance Exchange proposals being considered today are a centerpiece of the Affordable Care Act.

AARP has a strong interest in the creation and development of State Health Insurance Exchanges that are ***consumer friendly***. We believe that the Exchange should ensure that all policy and operational choices are considered through the lens of the consumer and that decisions are made based on the consumer's best interest. Guided by these principles, we raise the following concerns with S.B. 921. Our comments focus on the Governance, Operations, Possibility of Adverse Selection and Consumer Outreach.

AARP Supporting a Governing Structure that Includes Strong Consumer Representation and Avoids Potential Conflict of Interest

The governing bodies should include strong consumer representation and also provide the opportunity for additional issue-specific working or advisory groups to be created and to give ongoing input into the process. To avoid conflicts of interest, the governing board should not include insurers or health care providers that would be subject to regulation and oversight by the Exchange. AARP believes this can be achieved by adopting language similar to California's law, which states:

> ...A member of the board or of the staff of the Exchange shall not be employed by, a consultant to, a member of the board of directors of, affiliated with, or otherwise a representative of, a carrier or other insurer, an agent or broker, a health care provider, or a health care facility or health clinic while serving on the board or on the staff of the Exchange. A member of the board or of the staff of the Exchange shall not be a member, a board member, or an employee of a trade association of carriers, health facilities, health clinics, or health care providers while serving on the board or on the staff of the Exchange. A member of the board or of the staff of the Exchange shall not be a health care provider unless he or she receives no compensation for rendering services as a health care provider and does not have an ownership interest in a professional health care practice...

While S.B. 921 has provision on abstaining from votes where there are conflicts, the group dynamic of a board can result in the insurance and medical representatives influencing the others on key issues including: which insurance companies to allow into the exchange, premium amounts, medical payment rates, covered services, etc. AARP believes that the interests of insurers and health care providers can be appropriately represented through advisory bodies and we have

included language that AARP is also proposing in West Virginia to establish those boards. The West Virginia proposal requires:

> ...(1) A member of the board or of the staff of the exchange shall not be employed by, a consultant to, a member of the board of directors of, affiliated with, or otherwise a representative of, a carrier or other insurer, an agent or broker, a health care provider, or a health care facility or health clinic while serving on the board or on the staff of the exchange. A member of the board or of the staff of the exchange shall not be a member, a board member, or an employee of a trade association of carriers, health facilities, health clinics, or health care providers while serving on the board or on the staff of the exchange. A member of the board or of the staff of the exchange shall not be a health care provider unless he or she receives no compensation for rendering services as a health care provider and does not have an ownership interest in a professional health care practice.
> (2) Three advisory councils are established to make periodic presentations to the board. The carrier and insurance agent advisory council comprised of the ten carriers with the highest health insurance premium volume in this state in the preceding calendar year, as certified by the commissioner, and two insurance agents selected by the Independent Insurance Agents of West Virginia: Provided, That beginning in 2014, the advisory group shall be comprised of only representatives of those carriers that are offering qualified plans in the exchange regardless of premium volume and the two insurance agents. The medical providers advisory council comprised of a representative of each of the following: West Virginia Hospital Association, West Virginia State Medical Association, West Virginia Primary Care Association, West Virginia Nurses Association, West Virginia Society of Osteopathic Medicine, West Virginia Academy of Family Physicians, West Virginia Pharmacists Association, West Virginia Dental Association, the Association of Free Clinics, and the West Virginia Association of Public Health. The consumer advisory council comprised of AARP West Virginia, American Cancer Society, Healthy Kids and Family Coalition, National Association of Social Workers - West Virginia Chapter, Partnership of African American Churches, West Virginia AFL-CIO, West Virginia Center on Budget and Policy, West Virginia Education Association, West Virginia - Citizen Action Group, and West Virginians for Affordable Health Care.

AARP Supports Exchange Operations that Exceed the Minimum Requirements and Actively Work on Behalf of Consumers

With regard to the duties of the Exchange (S.B. 921 §§ 6-8), the proposal includes only the minimum required by the Affordable Care Act. AARP supports a more active Exchange on behalf of consumers (individuals, employees and employers). Exchanges should careful select and certify the plans sold through the Exchange using the same competitive, market-based strategies successfully used by large employers.

Insurance plans should compete for the privilege of being part of the Exchange as they do for business with large employers. Competition should be based on costs, value, quality, and customer service. Costs and benefits should be established by negotiations or competitive bidding. Moreover, the quality of health care providers included in each plan should be evaluated based on objective quality data.

To encourage competition and to facilitate consumers' ability to select plans, the number of insurance providers should be limited. Limiting the number of insurance providers and products will allow consumers to make direct comparisons.

The Exchange should also establish systems to assist consumers with disputes or problems regarding coverage, access, quality, and customer service. Ongoing active oversight will be needed to ensure that plans' networks of health care providers are constructed and maintained based on objective quality data and that networks provide timely access to health care services.

AARP Supports Safeguards Against Adverse Selection & Unfair Compeititon from Non-Exchange Insurers/Plans

S.B. 921 should establish policies and procedures to prevent adverse selection and ensure the viability and stability of the Exchange. There must be a level playing field between products offered through the Exchange and by non-Exchange insurers. Otherwise, non-Exchange plans and insurers could attract a younger, healthier population, leaving the Exchange with a higher risk pool that will threaten its long-term viability.

AARP Strongly Encourages Broad Outreach Across a Variety of Communication Streams

Establishing an easy-to-use and accessible online presence, along with telephone and in-person opportunities to gather information and enroll in the Exchange will be valuable in reaching out to the targeted populations and ensuring that compliance and enrollment is as simple as possible. This is particularly important for populations that will be eligible for public programs, both state and federally funded, as streamlined enrollments and applications are an aspect of the Affordable Care Act. Also, consumer education and outreach must fully utilize a variety of communication streams: electronic, mail, radio/TV advertisements, and targeted community outreach programs.

Conclusion

With the passage of the Affordable Care Act, Americans have a new opportunity to extend health coverage and access to those who have found obtaining health insurance too difficult, too challenging, or too expensive. We believe that Exchanges are vital in the effort to extend health coverage, while improving access and affordability for those already in the individual and small group markets. We also believe that each state, with insight and feedback from consumers and consumer advocates, is well positioned to develop its own Exchange. AARP looks forward to working with the Administration and members of the legislature to help develop an Exchange that is viable and effective in delivering quality, affordable health care.