

Statement



Comments Regarding Raised Bill 921

February 11, 2011

FTR

The Pharmaceutical Research and Manufacturers of America (PhRMA) offers the following comments regarding Raised Bill 921, An Act Establishing a State Insurance Exchange. PhRMA believes that well-structured Exchanges offering choice and competition among health plan options can help small businesses and individuals obtain improved coverage. We look forward to participating in the ongoing discussions related to the composition of state insurance Exchange implementation legislation in Connecticut.

Maximizing Choice of Qualified Private Plans within New State-level Exchanges

We recommend that states promote a broad choice of qualified private insurance plans for eligible small businesses, families, and individuals. That is, a state Exchange should facilitate the availability of health insurance plans that meet federal certification requirements of health plans as qualified health plans and not otherwise seek to exclude plans or limit consumer choices within these new marketplaces. The Administration and Congressional architects of The Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act (P.L. 111-152), jointly referred to as the Affordable Care Act (ACA) have stated as a guiding principle that consumers do better when there is choice and competition and advocated for increasing plan choices for individuals and families.¹ We agree. This is also consistent with the design of one of the most successful Exchange-type models – the Federal Employees Health Benefits Program (FEHBP) – which provides high-quality, comprehensive health insurance coverage to over 9 million federal employees, retirees, and dependents while providing a wide array of private plan options (including national and local plans). Policymakers have long pointed to FEHBP as a model for making high-quality, affordable coverage available to individuals and small businesses. Exchanges that do not offer the full set of qualified plans would limit consumer choice and could significantly diminish the benefits of competition over time.

Structure and Governance

The governance structure of the Exchange will play a significant role in the level of competition that is promoted in the Exchange. PhRMA believes that the Exchange should be housed in an independent public entity (akin to the Security and Exchange Commission) to ensure a mode of recourse for participants. It is essential that the Exchange not be housed in agencies where either regulatory or purchasing conflicts of interest may exist.

In order to safeguard the integrity of the Exchange, it is important that in addition to patient and stakeholder input, the legislature and executive branch maintain a degree of oversight. The Board of the Exchange should report annually to the Governor, Commissioner, and appropriate members of the legislature on the operations of the Exchange, including financial integrity, fee assessments, health plan participation and ratings, enrollee participation and satisfaction, and any other relative items. In addition,

¹ Remarks by the President to a Joint Session of Congress on Health Care; The White House: Office of the Press Secretary; September 9, 2009. "The Senate is Ready to Act on Health Care: Our Reform Plan Will Protect the Market for Innovation." Senator Max Baucus (D-MT); Wall Street Journal Op-Ed; October 15, 2009.

an advisory committee should be created comprised of stakeholders appointed by the Exchange Board and approved by the Governor. Committee members should represent a diverse range of expertise and perspectives including consumers, health plan administrators, advocates for enrolling minority and hard to reach populations, health care providers, and pharmaceutical and medical device manufacturers. The Advisory committee should be available to the Board for consultation on proposed policies, procedures, regulations, fees and other matters regarding the development, implementation, and on-going operations of the Exchange.

Facilitate Transparency and Fairness to Consumers

An insurance Exchange should be administered in a way that is responsive to consumer concerns in order to ensure that quality health care is available in plans offered to state residents. An Exchange should create a process for patients and stakeholders to provide input into the decision-making process, ideally in a public forum. Specifically, state open meetings laws should apply to the meetings of the Exchange Board.

The Exchange offers an opportunity for consumers to select a plan best suited to their individual needs. This cannot be done without access to clear and concise information about benefits, cost-sharing and co-payments, formularies, and appeals processes. Patients should also have access to data on prevention and wellness programs, medication management programs, and programs for addressing chronic conditions. The Exchange website is the primary venue for patients seeking coverage through the Exchange and should provide user-friendly and clear access to this information to empower patients to choose the plan best suited for their individual needs.

Enhance and Build upon the Private Insurer Delivery Model

An insurance Exchange is intended to be a market mechanism for making qualified insurance plans available for purchase by consumers. An Exchange should allow health plans that meet certification requirements to provide coverage and services in the way they believe can provide the best care. Because plans will be accountable for organizing and delivering care effectively (including meeting new standards for quality and patient protections), Exchanges should preserve the availability of plans to organize and contract with providers to deliver medical care and not seek to “carve out” items and services. Carving out services from plans would defeat the point of assuring that plans are accountable for meeting these new standards and assuring high-quality care since they would be unable to manage some services that affect their results on other aspects of care.