

Health System Reform INSIGHT



Oct. 7, 2010

Given the new direction for the nation's health system, the AMA has developed *Health System Reform Insight* to help you understand the health system reform legislation and what it means to you and your patients.

Health insurance exchanges to boost millions of Americans' access to care

As implementation of the Affordable Care Act (ACA) moves forward, one of the most important tasks for both federal and state officials will be the establishment of health insurance exchanges.

If implemented properly, health insurance exchanges will help provide coverage to millions of Americans who now lack access to affordable health care—especially those with pre-existing conditions. They are intended to be patient-friendly marketplaces for patients to purchase health insurance coverage, increasing competition among plans based on quality and price. Exchanges will facilitate eligibility determinations and tax subsidies and credits for patients. They also will help streamline the health insurance purchasing process and reduce administrative burdens and costs.

Exchange types and duties

The ACA creates two types of exchanges: States may establish an American Health Benefit Exchange to facilitate the purchase and sale of qualified health plans in the individual market and they may establish a separate Small Business Health Options Program (SHOP) Exchange to assist qualified small employers in enrolling their employees in qualified health plans offered in the small group market. States may combine the two types of exchanges, and if they fail to establish an




Dec. 1
Medicare payments for physician services are scheduled to be cut by more than 23 percent.


Dec. 31
From mid-November through Dec. 31, physicians will have their annual opportunity to review and perhaps change their participation status with the Medicare program.




[AMA comments on ACA implementation regulations](#)

[Investments in disease prevention and wellness initiatives under the Affordable Care Act](#) 

[New HHS Web portal to help consumers buy health insurance](#)

[AMA summary and analysis: 2011 Medicare Physician Payment Proposed Rule](#) 

[Pathways for physician success under health care payment and delivery reforms](#) 

exchange, then the U.S. Department of Health and Human Services (HHS) will intervene and provide patients with an exchange option.


Based on the ACA, exchanges will have numerous duties. They will be required to: (1) certify the qualified health plans (QHPs) that will be permitted to sell policies through the exchanges; (2) examine the rate increases of insurers seeking to have their products certified as QHPs; (3) require QHPs to release product and consumer information; (4) operate a toll-free assistance line for consumers; and (5) rate products based on quality and price.

In addition, they will offer a single point of entry for individuals seeking information regarding Medicaid, the Children's Health Insurance Program (CHIP) and exchange plan eligibility. Exchanges are also charged with establishing navigator programs to assist consumers with enrollment, and they are expected to grant waivers from the individual mandate for individuals without an affordable health insurance option.

HHS grants

The exchanges must be operational by 2014, and HHS will review state preparation efforts by the beginning of 2013 to ensure that states are making adequate progress. Toward this end, HHS recently awarded grants to 48 states (excluding Alaska and Minnesota) and the District of Columbia to assist them with:

- Assessing current information technology systems and infrastructure and determining new requirements
- Developing partnerships with community organizations to gain public input into the exchange planning process
- Planning for consumer call centers to answer questions from their residents
- Determining the statutory and administrative changes needed to build the exchanges
- Hiring key staff and determining ongoing staffing needs
- Planning the coordination of eligibility and enrollment systems across Medicaid, CHIP and the exchanges
- Developing performance metrics, milestones and ongoing evaluation

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HHS request for comments and AMA response

While states will have a great deal of autonomy in establishing their exchanges, HHS will retain some key responsibilities, including how to define a QHP. This summer, HHS issued a list of questions that it hopes will provide information to guide its efforts on exchanges. On October 4, the AMA filed its [response](#) to offer recommendations on how to best implement exchanges from a physician and patient perspective. Those recommendations include:

- QHPs within the exchanges should be transparent in their operations and provide the necessary information to patients
- All QHPs should be allowed to participate in the exchanges in order to increase competition in a state's health insurance market
- QHPs should be required to follow the AMA Health Insurer Code of Conduct Principles
- Exchanges should include practicing physicians and patients in their governance structure
- Quality measures included in QHPs should be true quality measures and not cost control measures that bear a quality label
- Exchange plans should include payment rates established through meaningful negotiations and contracts and result in adequate physician payment levels
- QHPs should follow administrative simplification procedures
- Exchanges should not mandate physician participation
- QHPs should be required to maintain adequate physician networks

NAIC model bill

The National Association of Insurance Commissioners (NAIC) is playing a significant role in ACA implementation, including close work with HHS to provide guidance and regulatory language on the exchanges. The NAIC recently released a draft model bill on exchanges and is accepting comments on it.

The model bill tracks provisions in the ACA, and the NAIC hopes to have it approved before the state legislative sessions open in 2011. The AMA is reviewing the model bill and will provide comments to the NAIC.

For those who would like more information on the NAIC model bill or who would like to comment, it is available on the [NAIC website](#) for review.

Massachusetts, Utah and California

[Massachusetts](#) and [Utah](#) are the only states operating health insurance exchanges. However, several states have already considered legislation that would establish an exchange, provide the state with the authority to do so or establish a commission to start the process. Most states are expected to introduce relevant legislation in 2011.

California enacted two bills last week that will establish the California Health Benefit Exchange. Under California [Assembly Bill 1602](#) and [Senate Bill 900](#), a five-member board appointed by the governor and the Legislature will govern the exchange. Between now and the end of 2013, the exchange board and staff will develop procedures and criteria to enroll Californians and select QHPs to participate, among other duties. Summaries of the California bills will be available soon on the [AMA's state Advocacy Resource Center website](#).

AMA ACA implementation efforts at the state level

The AMA Advocacy Resource Center is actively tracking and participating in the implementation of the ACA at the state level. Particularly, the AMA has been working closely with the NAIC to ensure that the ACA is implemented in the way that it was intended—for the benefit of patients and physicians. For more information on the Advocacy Resource Center's state implementation campaign, visit the [state Advocacy Resource Center website](#).

Feedback

If you have specific comments on this edition of *Health System Reform Insight* simply reply to this message. For more general feedback on *Health System Reform Insight*, send an e-mail to hsr@ama-assn.org to alert the editor of your comments and concerns.

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