



221 MAIN STREET, SUITE 1500  
SAN FRANCISCO, CA 94105  
PBGH.ORG

OFFICE 415.281.8660  
FACSIMILE 415.520.0927

Submitted electronically

September 7, 2011

The Honorable Diana Dooley  
Chair, California Health Benefits Exchange Board

The Honorable Kim Belshé  
The Honorable Paul Fearer  
The Honorable Susan Kennedy  
The Honorable Robert Ross, M.D.  
Members, California Health Benefits Exchange Board

Pat Powers, Acting Administrative Officer  
California Health Benefit Exchange

**RE: Response to California Health Benefits Exchange Request for Input on its Vision,  
Mission and Guiding Principles**

Dear Chairwoman Dooley, Members of the Board and Ms. Powers:

The Pacific Business Group on Health (PBGH) appreciates the opportunity to provide feedback on the Vision, Mission and Guiding Principles of the California Health Benefits Exchange. We commend the Board's process and collaborative approach to engage stakeholder input. We appreciated the opportunity to support the California HealthCare Foundation in developing its Exchange Vision Papers and presenting these ideas to the Board at its July meeting. Indeed, PBGH's vision and mission include many of the same elements and guiding principles.

PBGH is a coalition of 50 purchasers that seeks to improve the quality and availability of health care while moderating cost. The large purchasers in PBGH represent over 2 million employees, dependents and retirees and \$12 billion in annual health care premium expenditures. Our organization was the last administrator of the small business purchasing pool, PacAdvantage, that began as a government program very much like the exchange envisioned in federal healthcare reform.

To provide some context for this response, we summarize PBGH's mission and vision:

**PBGH Mission**

*To improve the quality and availability of health care while moderating costs.*

**PBGH Vision**

*A health care system transparent about the quality, cost and outcomes of care, where consumers are motivated to seek the right care at the right price and providers are incentivized to offer better quality, more affordable care.*

While PBGH recognizes that the Exchange needs to be “a mechanism for organizing the health insurance marketplace to help consumers and small businesses shop for coverage in a way that permits easy comparison of available plan options based on price, benefits and services, and quality,” we believe that to offer affordable products and operate as a sustainable model, the Exchange must also embrace a broader objective to drive health care transformation that advances payment reform and care delivery re-engineering.

PBGH recommends that the Health Benefit Exchange Board adopt a **Vision Statement** that blends several of the options presented:

***California will improve the affordability, quality and availability of health care through access to a first-class consumer-oriented health insurance marketplace and high-value delivery system.***

PBGH endorses Option #5 as the **Mission Statement** for the Exchange:

***Create a trusted marketplace for affordable, high quality health insurance for Californians, offering education, information and service that allows consumers to make good decisions for their own health.***

PBGH concurs that the values of the California Health Benefits Exchange should place a high priority on consumer accessibility, reliability, and value. To that end, we recommend the following Guiding Principles (with revisions in red) and a modified 6<sup>th</sup> principle that integrates several of the options (#s 5 & 6, and 2, 12 & 13):

1. **Deliver affordable and high quality products that improve access throughout California, recognizing opportunities for innovation in specific markets.**
2. Serve as an innovative model of how to provide high-value coverage and meet the needs of individuals, families and small businesses.
3. Provide appropriate tools, **information** and incentives to empower consumers to make health care decisions that are right for them.
4. Provide culturally and linguistically appropriate and accessible services and products to meet the diverse needs of Californians.
5. Continue to solicit input from consumer, health plan, provider and other partners.
6. **Operate efficiently as an Exchange, supporting a seamless member enrollment process and 1<sup>st</sup> class consumer experience, with timely and accurate exchange of member, health plan and delivery system data.**

We believe the California Health Benefits Exchange Board should also consider the following principles and goals:

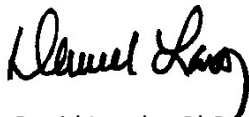
- **Competitive Marketplace:** Affordability is critical to the growth and sustainability of the Exchange. The Exchange should foster a competitive marketplace that includes regional carriers and emerging accountable care organizations that meet the requirements of qualified health plans.

PBGH Comment on California Health Benefits Exchange Board  
Vision, Mission and Guiding Principles  
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- **Quality and Cost Transparency:** Robust performance measurement and public reporting are essential to improving care delivery. We encourage the Exchange to align efforts with private purchaser efforts to support better information to guide contracting, provider tiering, benefit design, and pay-for-performance programs.
- **Quality Reporting and Performance Measurement:** Focus on outcomes rather than process measures, and whenever possible, advance measurement at the provider level where performance varies the most. Use nationally standardized quality measures and reporting systems to support performance comparisons and minimize administrative burden on health plans. Examples include NCQA accreditation and the eValue8 Health Plan Request for Information sponsored by the National Business Coalition on Health. Require participating health plans to engage in collaborative provider quality measurement efforts to develop information for consumer decision support at the level that matters most to consumers. Where appropriate, participating plans should report performance results and operational information specific to the Exchange population to assure that their needs are being optimally met and to inform quality improvement initiatives. It should be noted that high population turnover and intermittent enrollment in Medicaid and Healthy Families may impact measurement and reporting.
- **Consumer Decision Support:** Health plan, treatment and provider choice tools are critical to support member engagement. Beyond the role of navigators and brokers, the Exchange should provide tools and information for consumers that recognize the needs of a diverse, newly insured population. Quality reporting should take into account consumer information needs for provider and treatment choice.
- **Value-Based Benefit Design:** Within the framework of essential benefits, apply coverage rules and incentives that encourage selection of high-value services and providers. For additional information, see PBGH's VBID comment [letter](#). A focus on prevention can help reduce unnecessary care and costs over the long-term.
- **Provider Payment and Differentiation:** Support provider payment strategies that reward quality, not quantity, and which align with federal and private purchaser efforts to reform payments and manage the total cost of care. Payment reform should also focus on strengthening primary care services and expanding capacity.

PBGH appreciates the opportunity to provide comment to the California Health Benefits Exchange Board. If you have any questions or require additional clarification, please feel free to contact me or Emma Hoo at ehoo@pbgh.org.

Sincerely,



David Lansky, PhD  
President & CEO

cc: Peter V. Lee, Center for Medicare & Medicaid Innovation