

# Exchanges: Key Issues for the Future

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September 19, 2011



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PACIFIC BUSINESS  
GROUP ON HEALTH



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# Four Key Issues for the Long-run

1. Will **large employers** use the Exchanges?
2. Will Exchanges be a **catalyst** for broader health system reform?
3. Will Exchanges be **financially sustainable**?
4. Will Exchanges change the way **consumers shop** for health care?



# Will large employers use the Exchanges?

- 2014: many are considering use for pre-Medicare retirees and part-time workers
- 2017: some may use for all employees, but . . .
  - Uncertainties:
    - Economy/ labor market
    - Viability of the Exchanges
    - Future of the ACA
  - Internal factors: costs, HR strategy, competition

➤ ***It's much too soon to make predictions***



# Will Exchanges be a catalyst for broader health system reform?

- Potential approaches:
  - Integrated and accountable care systems
  - QHPs with non-overlapping care delivery systems
  - Financial incentives for consumers and providers
- What's Needed:
  - Scale
  - Active purchasing; alignment with private sector
  - Openness to innovation
  - Long-term perspective

(from CA HBEX vision papers)



# Will Exchanges be financially sustainable?

- Concerns:
  - Adverse selection *into* the Exchanges
  - Adverse selection among QHPs *within* the Exchanges
- Need “prevention” as well as “treatment”
  - ACA rules are helpful, but need to go beyond them to protect the Exchange pool and QHPs within the Exchange.

# Will Exchanges Change the Way Consumers Shop for Health Care?

Current paradigm – 2 step process:

1. Select insurance plan
2. Choose doctor

Problems:

- Overlapping provider networks → health plan ratings not very different.
- Choice of doctor is the most important factor for many consumers.

# Will Exchanges Change the Way Consumers Shop for Health Care?

*Alternative approach:*

- 1. Choose doctor*
- 2. Select insurance plan*

**A *health* exchange, not just an insurance exchange**



# Exchanges Have Great Potential

1. Enable **large employers** to use the Exchanges.
2. Be a **catalyst** for broader health system reform.
3. Ensure that Exchanges will be **financially sustainable**.
4. Create alternative ways for **consumers to shop** for health care.