

MERCER GOVERNMENT HUMAN SERVICES CONSULTING

HEALTH INSURANCE EXCHANGE STRATEGY

Since 1985, Mercer has consulted to more than 30 states and the federal government on a wide variety of health care and human service issues, including actuarial, data/systems analysis, clinical, policy, operations, and procurement.

PLANNING AN EXCHANGE

There is much to be done between now and 2014 to ensure that state Health Insurance Exchanges are constructed to be compliant with the Patient Protection and Affordable Care Act (PPACA) and meet state goals and objectives.

Important considerations for states in planning an Exchange include:

- *Coordination with Medicaid* — adhering to PPACA requirements that Exchanges screen applicants for Medicaid/CHIP eligibility and enroll them, if appropriate. This poses technological challenges, with additional coordination needed to leverage purchasing opportunities and facilitate coordination of care, as consumers shift between Medicaid/CHIP and subsidy eligibility.
- *Consumer choices* — striking the optimal balance in providing meaningful choices with valuable, quality information, while not overwhelming consumers with too much information.
- *Long-term viability* — designing for sufficient volume and a balance of risk between the Exchange market and the non-Exchange market.
- *Risk adjustment* — implementing to ensure that plans enrolling risks that are higher or lower than average are identified and appropriately compensated.
- *State cost and quality goals* — incorporating elements that reinforce state goals for the health care marketplace, such as encouraging emerging provider payment reforms, eliminating “never events” or reducing readmissions.

Mercer is uniquely positioned through our intense Medicaid/government focus, strong actuarial and clinical/pharmacy teams, and extensive experience working with many of the world’s largest employers to assist states in designing Health Insurance Exchanges.

- ✓ We understand the *Medicaid integration/coordination complexity*. Mercer has worked with more than 30 states on many operational and financial aspects of their Medicaid programs.
- ✓ We understand the *drivers of adverse selection* that could derail the long-term viability of the Exchange market. Mercer employs more than 25 credentialed actuaries, who have experience in the commercial, Medicaid, and Medicare market spaces.

- ✓ We understand the clinical issues that underlie the *new quality reporting requirements*. Mercer clinicians have worked with several states in designing performance-based contracts and in defining and measuring clinical-quality metrics.
- ✓ We understand the *factors influencing employer decisions* about sponsoring health insurance. Mercer's Health & Benefits business, of which Mercer Government Human Services belongs, has offices in more than 150 locations and is one of the world's largest employer benefits consulting groups. Our annual employer benefits survey is an industry gold standard.

IMPLEMENTING HEALTH COVERAGE PLANS

Furthermore, Mercer's experience goes beyond strategy and theory — we have experience assisting clients with implementing health coverage plans. This means our team brings practical suggestions to the planning process, based on lessons learned from relevant experiences.

Mercer can assist state clients in seizing the *opportunities presented* by health care reform, while considering the challenges that must be met. Analyses may include:

- Determining the number of potential enrollees and the likely health risk of core Exchange populations.
 - Evaluating the enrollment and purchasing leverage that could be generated by inclusion of state-sponsored health coverage, such as Medicaid, CHIP, and state employees.
 - Modeling and evaluating the state option to establish a basic health program for individuals under 200% Federal Poverty Level (FPL) as an alternative to Exchange coverage.
- Advising on the potential risk and enrollment implications of state policy choices, such as merging the individual and small group markets, defining small employers at 100 employees, and strengthening regulation of the non-Exchange market.
 - Modeling the impact of the PPACA reinsurance and risk corridor programs.
 - Evaluating various risk adjustment models and designs, including potential data sources, for use in ensuring that premiums both on and off the Exchange are appropriate for the enrolled risk.
 - Developing recommendations on benefit design issues and the advantages and disadvantages of using standardized benefit packages.
 - Recommending methodologies for operationalizing the actuarial valuation of the various "precious metals" benefit levels.
 - Identifying and assessing the potential for incorporating provider payment reforms.

The decision points are many and the implications for a smooth transition to the new health insurance delivery system are enormous. Expert advice and modeling of various policy options can help states understand the potential consequences of decisions made during this critical planning period. Contact a Mercer consultant to learn more about how we can provide the right information and insights to assist you with your planning.

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