



SHOP ADVISORY COMMITTEE: COMMENTS & RECOMMENDATIONS

The Maryland Women's Coalition for Health Care Reform appreciates the work of the Advisory Committee and the complex task now faced by the Exchange Board in compiling its report to the Governor and General Assembly. In light of those factors, the Coalition has limited its comments and recommendations to a few key issues. In compiling its report in its totality, we hope that the Board will take into consideration the "A" rating Maryland's Exchange recently received in US PIRG's "Making the Grade: A Scorecard for State Health Insurance Exchanges" (October 2011). This grade, as the report noted, is a qualified one and is contingent on the very decisions the Board will be making in the next six weeks. Therefore, the Coalition urges the Board to make its decisions within the context of keeping Maryland as a national model deserving of its "A" ranking.

RECOMMENDATION 1: The Board should establish a robust and consumer-centric SHOP at the outset with the policies and programs in place that will support its short-term success and long-term sustainability.

- In a number of areas, members of the SHOP suggested that putting off decisions would be to the advantage of the market, employers, etc. However, there are cost and other efficiencies that can be gained by building, at the outset, a robust and competitive marketplace for employers and employees.
- In pursuing this goal, the Board should consider putting in place incentives to distinguish the SHOP from the outside market and to encourage participation in it. For employers this would be services such as premium aggregation and for employees it could be coverage for wellness programs, including gym memberships.

Recommendation 2: Provide employees with health and financial security by ensuring that they have the maximum choice in their health care coverage.

- The diversity in the size and types of small employers and the diversity in all aspects among their employees argues for the maximum choice to meet these needs.
- Employee choice has been demonstrated to be an effective model that can serve the needs of both the employer and the employee. A few examples of this are the Federal Employees Health Benefit Plan, New York City's HealthPass and Connecticut's CBIA. Employee choice will also support the goals of portability and continuity of care that should be central to all decisions for the SHOP. (See attached for further explanation)
- Employee choice would offer the SHOP Exchange a competitive advantage that would attract small business to it rather than to the outside market thus strengthening its prospects for success.

RECOMMENDATION 3: The Exchange Board should support an IT system that fully integrates the totality of the Health Benefit Exchange (individual and small business). Among the issues to be considered are the: (1) seamless application process for consumers as called for by the ACA; (2) ease of a transfer of coverage and care necessitated by a change in job status; (3) collection of all required data; and (4) efficiencies and economies of scale derived from such an approach.

- A full explanation of the issues above is contained in the attached report. This lays out the rationale for such a system and responds to concerns that the Coalition has raised with the IT RFP that was released last month. In addition, there have been suggestions that existing technology in use by agents and TPAs might be considered.

RECOMMENDATION 4: In its considerations of the question of merging the individual and small group markets the Coalition recommends that the Board consider the following.

- The ACA establishes tools including guaranteed issue and lower-age rate bands to mitigate the potential for adverse selection and the three "R's" (risk adjustment, reinsurance and risk corridors) to mitigate risk as the Exchange gets up and running. These factors should be considered as the Board makes a decision on the merging of the markets. That said, the Coalition understands that there are good reasons to undertake an actuarial study prior to such a decision. If that is the path it chooses, the Coalition recommends that this be

undertaken as soon as adequate information is available rather than waiting several years as suggested in the IHPS report.

The Coalition very much appreciates the Exchange Board's attention to these recommendations and will be happy to discuss them further. As always, the Coalition looks forward to working with all those engaged in ensuring that Maryland continues to be a leader on health care reform and on the establishment of an effective Health Benefit Exchange.

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