

The Association of Washington Healthcare Plans

THE CHALLENGE OF A POST AFFORDABLE CARE ACT (ACA) WORLD

A Summary of Healthcare Insurer Comments & Perspectives as Shared at the January 9, 2014 State of Reform Conference Panel Discussion

The Affordable Care Act (ACA) offers the potential opportunity to provide quality healthcare coverage to more individual residents of our state --- with many qualifying for subsidies that make it more affordable or at no cost. As of this date, nearly 250,000 Washington residents have been newly enrolled in health coverage through the Washington Health Benefit Exchange (HBE), 177,065 in Medicaid and 71,205 in Qualified Health Plans (QHPs).

We are pleased to see the great progress made so far in enrolling individuals who now qualify for Medicaid coverage and look forward to seeing similar progress on the commercial side.

In addition to providing coverage to more Washington residents, health reform has attracted new players to our state's healthcare insurance market --- increasing the number of carriers doing business in Washington. A number of insurers have also expanded the number of lines of business that they are in, thus creating a more competitive marketplace and more options for consumers.

The ACA is also helping open up dialogue in a new way regarding key issues such as:

- What main factors are driving up healthcare costs?
- How can we create a healthcare system that is sustainable into the future?
- What constitutes meaningful access?
- How can we best serve people's health needs?

Much ACA work remains to be done at this point. Open Enrollment extends until March 31, 2014, however attention is already shifting from getting coverage to using coverage. Health insurers are continuing to receive a high volume of calls from consumers seeking information and assistance.

At the same time, health insurers are focusing on making everything run as smoothly as possible --- enrollment, billing, payment arrangements, etc., as well as preparing for implementation of ACA requirements that are next on the schedule, such as those effecting employers.

As part of the work still to be done, health carriers look forward to working with government agencies to create much needed efficiencies and simplification of processes including QHP approval, product filings, and transfer of data.

Our greatest over-arching concern however, centers on the cost of healthcare (which has more than tripled over the past twenty years), including the major cost shift that is occurring from government programs onto private purchasers of healthcare coverage. We need to better understand and address the key drivers of healthcare cost, if the promise of the ACA is to be sustainable into the future.

Health insurers are active leaders and supporters of innovation, but they also understand that it needs to be done in a wise and thoughtful manner. We are concerned there will be temptation to layer on changes and additions to the ACA before there is even an opportunity to benefit from actual learnings and see how the market will react to the current set of new changes. This is an important caution because what is assumed will happen and what actually happens often differ. (We are reminded of this by the recently reported 40% increase in emergency room visits by Medicaid expansion enrollees in Oregon.)

Also critical to ACA success will be the enrollment of a large enough population of young healthy individuals into the risk pool to help balance the needs of older and less healthy enrollees. Without a sufficient number of these younger healthier enrollees, premium rates will increase to a level where only individuals with high medical needs will be attracted --- creating a downward spiral of adverse selection.

Additionally, we are mindful of the varying impacts the ACA will have on specific individuals. For some Washington residents, it will provide more affordable or no cost healthcare coverage options. While for others, it may mean losing a health care plan they wanted to keep because that plan did not meet the new ACA requirements. Additionally, some are not happy with the ACA age factoring changes and expanded benefit requirements that for them mean higher premiums costs.

And we are all continuing to navigate uncharted waters. Already in a few short months health insurers will need to file premium rates for 2015, with very minimal experience and information about the health status and utilization of newly covered populations. As Exchange CEO Richard Onizuka aptly put it, "we are flying the plane while still building it".

Throughout this process and into the future, Washington's healthcare plans remain committed to working collaboratively with other stakeholders to help provide Washington residents with access to quality, affordable health care coverage options.

AWHP is an alliance of licensed Health Maintenance Organizations (HMO), Health Care Service Contractors (HCSC), & Disability Insurers. Its diverse membership is comprised of local, regional, & national healthcare plans of varying size, serving the needs of consumers, employers, & public purchasers. Together, they provide health care coverage to over 4 million residents of Washington State. AWHP members include Aetna, Amerigroup, Cambia Health Solutions, CIGNA, Columbia United Providers, Community Health Plan of WA, Coordinated Care, Group Health Cooperative, Kaiser Permanente, Molina, HealthNet, Premera Blue Cross, Providence Health Plan, & UnitedHealthcare.