

EXCHANGE 101

What the New Health Care Exchanges Mean for Wisconsin Women

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About the Wisconsin Alliance for Women's Health (WAWH) WAWH is an independent, statewide network of organizations and individuals dedicated to advancing comprehensive women's health in Wisconsin by engaging, educating, empowering and mobilizing individuals and organizations. WAWH envisions an environment in which all Wisconsin women at every state of their life can realize their optimal health, safety, well-being and economic security. www.supportwomenshealth.org

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For more information on the Affordable Care Act and Health Insurance Exchanges, please visit:
www.supportwomenshealth.org.

Introduction

The Affordable Care Act, passed in March of 2010, has particular significance for women in Wisconsin. As noted in recent Commonwealth Fund reports, women, on average have far more contact with the health care system over their lifetimes than men. The health care needs of women are greater, especially during their reproductive years, and historically women have played a central role in coordinating health care for family members, from spouses and children to aging parents.

Because insurance carriers consider women, particularly young women of reproductive age, a higher risk than men, women have experienced more difficulty obtaining coverage from the individual market and are charged much higher premiums for the same benefits than men of the same age. **In other words, women are charged more than men for the same health care.** Women's higher health care costs mean that they are more likely than men to experience problems paying medical bills. And women, both insured and uninsured, have been more likely than men to delay seeking health care to avoid the associated costs.

Herein lies the promise of the Health Insurance Exchange for women. Starting in 2014, women will have an Exchange, or an online marketplace, similar to Travelocity or Expedia, where they can purchase high quality, affordable health insurance – **without being discriminated against by health insurers for being a woman.** This online marketplace will also screen applicants and their families for tax credit and premium subsidy eligibility, as well as eligibility for other public programs. As outlined in the Affordable Care Act, the Exchanges will have a direct and positive impact on the lives and health of women across Wisconsin and the Nation.

The Affordable Care Act (ACA)

March of 2010 marked the beginning of a new phase for women's health in America with the passage of the Affordable Care Act (ACA). Women and families in Wisconsin have already started to see a positive impact in their lives with the life-changing benefits and protections of the ACA, and need meaningful implementation of health care reform to continue.

The ACA **eliminates many of the challenges** women specifically have had finding and keeping affordable insurance. It also ends discriminatory practices used by the insurance industry. Thanks to the ACA, by 2014 insurers in Wisconsin will not be allowed to charge more to individual women and small employers with a predominantly female workforce for coverage. This will be especially beneficial to small businesses run by females and female minorities which are becoming more prevalent but which have, in the past, struggled to provide health insurance for their employees. Additionally, women who have had a C-section or were victims of domestic violence will no longer be branded with a pre-existing condition. And damaging annual and lifetime limits on coverage will be banned, giving women the security of knowing their plan and health care coverage won't run out when they need it most. Wisconsin has already received **\$65.6 million** in federal grant funding to help residents and employers manage and take more control of their health care and associated costs. We simply can't afford to pass on the opportunities the ACA provides.

Because of the ACA, women have more freedom and control over their own health care choices. The law guarantees women the **right to choose their primary care physician** from their health network, and it eliminates barriers women have faced to be seen by an OB-GYN physician. With the ACA, **all new health plans are required to cover benefits such as maternity care and newborn care. Women will also have access to mammograms and preventive care for their children without facing financial barriers like co-payments.**

Recently, in August 2011, the U.S. Department of Health and Human Services (HHS) issued guidance on the ACA covered preventive services for women. Based on recommendation from the Institute of Medicine, starting

in August 2012, all new health plans, including those in the Exchange, will have to comply with these additional eight regulations of preventive services to be covered with no co-pay:

- * Well women visits;
- * Screening for gestational diabetes;
- * Human papillomavirus (HPV) DNA testing for women 30 years and older;
- * Human immunodeficiency virus (HIV) screening and counseling;
- * FDA-approved contraception methods and contraceptive counseling;
- * Breastfeeding support, supplies, counseling; and
- * Domestic violence screening and counseling.

Prior regulations for covered preventative care included services such as mammograms, colorectal screenings, etc.

Challenges to the Affordable Care Act (ACA)

While women win with the ACA, legal challenges, ballot initiatives, congressional, and state legislation are being pursued to thwart the progress of the ACA. To date, more than two dozen court cases have been filed in 15 district courts to challenge the constitutionality of the ACA. Most revolve around the provision of the bill mandating the purchase of health insurance, or the individual mandate. Wisconsin's own Attorney General, Governor and Secretary of the Department of Health Services have endorsed efforts to repeal the ACA.

The National Women's Law Center has filed an **amicus brief** on behalf of 31 organizations, to support the ACA. The brief, based on civil rights reasoning, argues that a major purpose of the ACA is improving women's access to health care and health insurance, and eliminating practices that discriminate against and disadvantage women. As a reasonable component of a comprehensive plan responding to women's coverage needs, the individual responsibility provision falls well within the commerce clause authority.

Despite legal and legislative challenges to the ACA, the law is already being implemented and has already started to make a difference in people's lives. For more information on the status of the legal challenges, see [Kaiser Health News' Scoreboard: Tracking Health Law Court Challenges](#).

These unfortunate efforts to repeal this historic legislation make it even more important to ensure that women understand and appreciate the benefits of the ACA in their everyday lives.

What is a Health Insurance Exchange?

As outlined in the ACA, by January 2014, all states are responsible for having a mechanism to organize the individual and small-group insurance marketplace in a way that permits **easy comparison of all available plans** based on price, benefits, services, and quality; a mechanism known as a Health Insurance Exchange or simply, an Exchange. In essence, **this gives individuals and small businesses the same health insurance coverage as members of Congress**, who will also be purchasing insurance through the Exchanges. By pooling people together, reducing transaction costs, and increasing transparency, Exchanges will create more efficient and competitive marketplaces to purchase health care coverage. If states do not set up an Exchange that meets federal standards by January 1, 2013, the Federal government will step in to ensure that a federal or state-federal collaborative Exchange is in place.

Health Insurance Exchanges will operate as 1/3 of a three-part market that also includes government health care programs such as Medicaid, Medicare, and in Wisconsin, BadgerCare, as well as the private insurance market. These three different markets exist in essentially parallel universes, like so:

If Your Employer Offers You Affordable Health Care Coverage...

Door #1:

Employer Sponsored Health Insurance (ESI)



Thanks to new provisions in the ACA, ESI will also be subject to new provisions including the end of gender rating, end of annual limits and lifetime limits and premium rate reviews

All plans may also include an essential health benefits package

If You Need to Purchase Health Care Coverage On Your Own or for/with your small business...

Door #2:

State Health Insurance Exchange



All plans to include essential health benefits package

Tiered plans make for easy comparison of costs, benefits, and coverage

May be eligible for tax credits and subsidies to purchase coverage through the Exchange

If You Need Health Care Coverage But Can't Afford to Purchase a private Plan in the State Exchange...

Door #3:

State Health Care Programs



Covers individuals and families with low enough incomes to make participating in the Exchange or buying private insurance cost prohibitive – includes, Medicaid, BadgerCare, & Family Care

Much like an online travel search engine version of health plan shopping, consumers in the individual and small-group market will be able to easily compare qualified plans* from different insurers. Plans will be tiered on four levels**, Platinum, Silver, Gold, and Bronze to provide for a more organized and user-friendly interface. These three levels provide standardizations for consumers to compare health plans in a straightforward, side-by-side manner. In addition to a tiered structure for easy comparison, quality and consumer satisfaction ratings are to be posted online for people to see and access. The key to accessibility is a “no wrong door policy” in the Exchanges. People looking for health care coverage through the Exchange will be directed to the most affordable and appropriate options for them, whether they are within the Exchange, or through a health program like Medicaid. This interactivity will also allow people to determine eligibility for other public assistance programs, like FoodShare.

A pilot of the online interface for the Wisconsin Exchange can be accessed at <https://exchange.wisconsin.gov/>. The intent is for consumers to also be able to apply and access coverage through the Exchange in-person or at a call center.

* A qualified health plan is one that provides essential benefits package and is offered by a health insurance issuer that: 1) is licensed and in good standing; 2) agrees to offer at least one silver and gold level plan; 3) agrees to charge same premium regardless of whether plan is offered inside or outside the Exchange; and 4) complies with regulations and other requirements.

** Bronze level =60% (based on “actuarial value”, that is, what the plan will cover for the standard population. If the actuarial value is 60% the enrollee pays out-of-pocket, on average, 40% through co-pays, deductibles, etc.) ; Silver level =70% ; Gold level =80% ; Platinum level =90%.

Navigators

The ACA set a priority for Exchanges to help consumers “navigate” their health insurance options and find the right coverage for themselves and their families. Recent draft regulations from Department of Health and Human Services specify that each state Exchange must have at least two types of navigators available to assist consumers.

The Kaiser Family Foundation projects the demographics and characteristics of those likely to enroll through the Exchanges as follows:

- * A majority of people (65%) having been previously uninsured
- * More than one third of enrollees will not have had a check-up in over two years and will have had difficulty accessing care
- * The population will be lower income than those currently covered by private insurance (median income of 235% of the federal poverty level - \$43,545 per year for a family of three in Wisconsin)
- * The population will be more racially diverse than those currently covered by private insurance
- * About one in four enrollees will speak a language other than English at home
- * About 77% will have a high school diploma or less

Therefore, the role of navigator is extremely important in the Exchange. Exchange navigators must be equipped to serve vulnerable populations, and should build on existing relationships in the community. For this reason, in each state Exchange there should be at least one community based, consumer focused non-profit group acting as navigators.

Essential Health Benefits

To ensure the quality of health benefits in the Exchange, the ACA provides a list of ten categories of services that must be included in a health benefits package and deemed “essential”. These plans must also be comparable to those benefits provided in the typical employer sponsored plan. This provision is of particular importance to women because coverage for **services like maternity care and mental health can’t be denied** as easily as before the law. The Secretary of Health and Human Services (HHS), with recommendations from the Institute of Medicine, has been charged with determining the details of the essential health benefits. The ACA language gives examples of essential benefits, such as maternity care, mental and behavioral health care, preventive care, and more. Though these benefits have yet to be determined, it is important to remember that they are a floor, not a ceiling. While the essential health benefits must cover the 10 categories of services, the extent and comprehensiveness of the services have yet to be determined. Plans in the Exchange are intended to compete with each other by offering supplemental benefits to the minimum essential health benefits package.

States also have the option to regulate their entire private insurance market, by ensuring that these essential benefits are mandatory in all plans, inside and outside of the Exchange. Many advocates are encouraging this sort of regulation, to ensure that plans in the Exchange do not experience adverse selection – meaning the sickest people are attracted to the coverage in the Exchange and those who are healthy choose to purchase catastrophic coverage plans outside of the Exchange.

10 Categories of Essential Health Services

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care

Affordability

To help make health care coverage affordable, individuals buying coverage within the Exchange will most likely be eligible for tax credits and/or cost subsidies. The Congressional Budget Office estimates that **81% of individuals purchasing their own coverage through the Exchanges in 2019 will receive tax credits.** Individuals receiving tax credits can choose annual or monthly credits to use towards premium payments. This not only makes buying health insurance more affordable for more people, but will invite in people who may otherwise have bought insurance outside of the Exchange, increasing the buying power. Though the Exchanges are intended to be a marketplace for those without the option of Employer-Sponsored Insurance (ESI), some ESI is not affordable and therefore not a feasible option for some women and their families. The ACA acknowledges the financial challenges many families face affording health insurance, and ensures that families with an insurance option from their employer that would cost more than 9.5% of their family income are able to purchase more affordable coverage through the Exchange. More details on eligibility for credits and subsidies are provided by draft regulations from HHS and the U.S. Department of the Treasury (<http://www.treasury.gov/press-center/Documents/36BFactSheet.PDF>).

Interaction with Medicaid

Along with private insurance, public insurance programs, such as Medicaid, Medicare, and BadgerCare will continue to operate. As mentioned previously, a “no wrong door policy” will help people to determine their eligibility for Medicaid, Exchange subsidies, and tax credits simultaneously. People living on lower-incomes often have fluctuating incomes and jobs. As there are income limits to apply for and determine Medicaid packages, advocates urge easy connectivity and integration between Medicaid and the Exchanges so people are able to transition between the appropriate coverage as easily as possible. This will be especially important for families where children are covered by Medicaid’s Children’s Health Insurance Program (CHIP) and parents are insured through the Exchange. Making it easy for family members to be in the same provider network, renew coverage, and transition between coverage in an Exchange plan and Medicaid will be critical for the viability and practicality of the Exchanges for lower income families.

Governance

Most Exchange authorizing laws or proposals, to date, leave critical decisions to be made by an Exchange governing board. Therefore critical decisions regarding priorities, direction, and policies during the formative years of the Exchange will be made by governing board members. For this reason, **governing board members must be strong consumer advocates without conflicts of interest.**

As noted in the next section, the Doyle and Walker Administrations have differing views of the Wisconsin Exchange structure, particularly around governance board structure.

Doyle Governance Structure – Independent Public Authority	Walker Governance Structure – Advisory Council
2 insurers	2 insurers
2 health care providers	3 providers (non-voting)
2 small business representatives	2 business representatives
1 professional consumer advocate	1 consumer advocate
2 individual Exchange customers	1 broker/agent
Secretary of DHS	Secretary of DHS
Commissioner of Insurance	Commissioner of Insurance
	1 independent actuary (non-voting)

Progress Towards a Wisconsin Specific Exchange

In 2010, the Doyle Administration supported full implementation of health care reform. They created the Wisconsin Office of Health Care Reform and brought in early innovator and Exchange establishment grant funding (discussed in our timeline section). In fact, days before leaving office, Department of Health Services Secretary Karen Timberlake and Insurance Commissioner Sean Dilweg released a detailed blueprint (<https://www.box.net/shared/4gph8fgdft>) on implementing health reform in Wisconsin.

Under the current Walker Administration, there has been less transparency concerning the Exchange development and general ACA implementation. By Executive Order, Governor Walker created the Office of Free Market Health Care (<http://freemarkethealthcare.wi.gov/>) in January 2011 replacing Doyle's Office of Health Reform. Recently the administration released a PowerPoint presentation (http://wccf.org/pdf/healthcare_OFMHC_ppt.pdf) which overviews their principles and structure for the Exchange. Unfortunately, the draft principles and governance **do little to improve consumer protections and oversight in a Wisconsin Exchange**. The timeline outlined in their Powerpoint expects a bill related to implementation and Exchange set up in the legislature this fall. At that point, advocates will need to take a close look at the Exchange structure proposed to ensure that the strongest possible option is created for Wisconsinites.

Exchange Timeline

September 30, 2010	State Planning Grants Awarded - \$999,873 to DHS to design Exchange that influences how health care is delivered in Wisconsin.
December 2010	WI DHS applied for "Early Innovator" Grant to lead the way in designing and implementing Health IT infrastructure for Exchanges.
January 20, 2011	<ul style="list-style-type: none"> - HHS announced Exchange Establishment Gants - Governor Walker takes office; appoints Dennis Smith as Secretary of Department of Health & Human Services - Governor Walker & Attorney General J.B. Van Hollen add Wisconsin to the list of state's joining the lawsuit to repeal ACA
February 2011	Early Innovator Grants Awarded – \$37,757,266 awarded to WI
July 2011	HHS releases draft Exchange regulations
October 2011	IOM releases Essential Benefit Package report and recommendations to HHS
December 31, 2011	WI DHS goal for passing Exchange establishment legislation for WI
June 30, 2012	HHS Exchange Establishment Deadline: states must have enacted establishment legislation and governance structure for the state-specific Exchange
January 1, 2013	HHS approves state Exchanges by certifying their willingness and ability to implement an Exchange by 2014
October 1, 2013 - February 28, 2014	Initial open enrollment period for Exchange
January 1, 2014	Health Insurance Exchange up and running in every state
January 1, 2015	Exchanges must be financially self-sustainable

For a more inclusive timeline of all provisions of the ACA see:

- * WAWH Affordable Care Act 101
- * [Implementation Timeline Reflecting the Affordable Care Act](#), White House, May 2010
- * [Timeline: What's Changing When](#), healthcare.gov

What's Next?

In the coming months, Wisconsin will be moving forward with Exchange establishment legislation, and structuring an Exchange Board. These acts will create a foundation for and give direction to the Wisconsin Health Insurance Exchange, to be up and running by January 1, 2014. HHS will also be taking guidance on their draft regulations for the Exchange and issuing further guidance. With your support and participation, the Wisconsin Alliance for Women's Health will continue to advocate and ensure that the unique health care needs of women and their families in Wisconsin are addressed and enhanced by the state Health Insurance Exchange. Stay tuned!

Conclusion

Wisconsin women win with the Affordable Care Act. Furthermore, Health Insurance Exchanges will be critical to women's ability to afford and access high-quality health insurance. Mothers, Moms-to-be, female business owners and female employees, and **women across the board** will benefit. We have much at stake in the design and implementation of a Wisconsin Exchange. A regulated market with strong consumer protections, easy access and affordability, and true coordination with public health programs will ensure that **women in Wisconsin get the health care they need and deserve.**

Resources

National Women's Law Center (www.nwlc.org)

- * Monthly Reform Matters Conference Call Series
- * **"Nowhere to Turn: How the Individual Health Insurance Market Fails Women"**
- * Specific resources on fighting Exchange Abortion Bans

Kaiser Family Foundation (www.kff.org)

- * Overviews, including animated videos
- * Includes public opinion
- * State-by-State data

Raising Women's Voices (www.raisingwomensvoices.net) Women's Preventive Health Coverage Information Central

Commonwealth Fund (www.commonwealthfund.org) Health Reform Resource Center

Community Catalyst (www.communitycatalyst.org) ACA Implementation Page

Families USA (www.familiesusa.org) Health Reform Central

Wisconsin Office of Free Market Health Care (freemarkethealthcare.wi.gov)

References

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4. "Women at Risk: Why Increasing Numbers of Women are Failing to Get the Health Care They Need and How the Affordable Care Act Will Help," The Commonwealth Fund, May 11, 2011, <http://www.commonwealthfund.org/Content/Publications/Issue-Briefs/2011/May/Women-at-Risk.aspx?omnicid=20>

Appendix: WI Specific Exchange Principles

Wisconsin Alliance for Women's Health Exchange Principles

The Wisconsin Alliance for Women's Health believes that every person deserves access to quality, affordable health insurance coverage. Under the ACA Wisconsin has been charged with creating a Health Insurance Exchange. This presents an opportunity for all Wisconsinites, and is of particular importance to Wisconsin women.

As the primary care coordinators for themselves and their families, Exchanges provide a gateway for women and families to purchase subsidized health insurance, a tool women now need more than ever. According to a recent Commonwealth Fund analysis, nearly half of the working age women in this country skipped needed health care last year because they could not afford it. Among women who did not have health insurance, the problem was even worse. An alarming 76 percent of uninsured women went without health care last year because they couldn't afford it.

The Wisconsin Exchange will best meet the needs of women and families, realizing the promise of quality, affordable health care for all, if it meets the following standards:

1

An Exchange Structured to Support the Best Interests of Women and Families in Wisconsin.

- Exchange planning, implementation, and governance should all function transparently and be receptive to multiple forms of public input. Women and families need to be able participate in their own communities, and/or electronically from home.
- The governing body of the Exchange should include, as official members, strong and diverse consumer and public health representation. To ensure its long-term legitimacy, the governing body should not include members who have conflicts of interest due to affiliations with health care industries.
- The Exchange operating entity should be subject to state laws regarding transparency and public input for decision-making bodies, along with other measures that seek to ensure the accountability and integrity of the entity.

2

One Statewide Exchange For All. Only through a strong single statewide Exchange can we provide affordable comprehensive coverage and access to care for all.

- We should maximize the purchasing power of millions of Wisconsinites by establishing the largest group possible (with the ability to adjust for regional cost differences). In order to achieve this, the current small group and individual markets should be merged.
- The Exchange should be a unified and simplified pathway to coverage, regardless of whether an individual is eligible for public or private coverage. All individuals, including individuals who are ineligible or exempt, should be able to access coverage through the Exchange, using charity care and other existing state funding sources.
- The Exchange should be designed to meet the particular needs of individuals who, due to fluctuations in income, "transition" between public coverage programs like Medicaid and private coverage through the Exchange. To help minimize changes in coverage, people should be eligible for BadgerCare Plus for 12 months at a time. There should also be a guaranteed eligibility period for the Exchange (similar to some Medicaid and CHIP programs) to address gaps in coverage due to life circumstances.
- Wisconsin should require that at least one plan that contracts with BadgerCare should be offered in

the Exchange, so consumers experience less severe transitions. Another option is to require that all insurance companies offer the same plans in BadgerCare and other Medicaid programs as they offer in the Exchange.

3

An Exchange That Offers Quality and Affordable Benefit Packages.

- The Exchange should ensure quality plans at affordable prices by setting high minimum standards, ensuring comprehensive benefits, and aggressively leveraging its market share to negotiate the best prices for consumers.
- To maintain the Exchange's competitiveness, health plans must not be able to sell lower quality products outside the Exchange or use other means to divert healthy consumers to plans outside the Exchange. The same essential benefits package and consumer regulations that apply to plans in the Exchange should apply to plans sold in WI outside of the Exchange. These measures will help avoid adverse selection, which would raise costs while lowering quality for those in the Exchange.

4

An Exchange that is Easy to Navigate. Good consumer information and representation will ensure maximum enrollment and improve everyone's health care outcomes.

- The Exchange should make sure consumers have access to strong, independent, consumer assistance programs and "navigators" who speak their language in the communities where they live and work to help them select coverage that best meet their needs. In accordance with the law, navigators must specifically exhibit qualities and expertise that would allow them to serve uninsured and underinsured customers well.
- All enrollment and coverage information should be simple, easy to understand and available in multiple languages and accessible to people with disabilities.
- Enrollment in public or private coverage should use the same uniform and simplified application for all individuals applying.
- Information and fine print on all health plans should be readily available for those who need it, in a form and language that is accessible for them.
- Consumer protections should be strongly enforced, with adequate staff to help consumers pursue their rights.

5

An Exchange that Builds on the Success of Wisconsin's Public Programs. Building on existing public programs and providing a new public option will give consumers a real alternative to private insurance plans.

- The Exchange should strengthen and build upon Wisconsin's existing public programs, like BadgerCare Plus.
- A pathway to a public option – a state health insurance plan – should be included in the Exchange.
- Wisconsin should explore funding opportunities to build out the Basic Health Plan.

6

An Exchange that Supports Principles of Health Equity. Health coverage should promote equity based on race, ethnicity, gender, disability, language, sexual orientation and gender identity, and immigration status. Access to reproductive health coverage, including abortions, should be protected.