

Legislative Commission on Health Care Access: Exchange Work Group
Comparison of Different Exchange Roles

	Facilitator	Selector	Purchaser
Description	<ul style="list-style-type: none"> • Offers all products available in market • Applies certification rules to all products 	<ul style="list-style-type: none"> • Selects limited number of plans/products that voluntarily want to participate • May or may not apply certification rules to all products 	<ul style="list-style-type: none"> • Uses a bidding process/negotiates with health plans that voluntarily want to participate • May or may not apply certification rules to all products
Adverse Selection	<ul style="list-style-type: none"> • Low risk of adverse selection 	<ul style="list-style-type: none"> • Risk of adverse selection • Risk could be mitigated by prohibiting insurers from using assumed risk selection and actual risk experience in product pricing – but unclear if this can be done adequately 	<ul style="list-style-type: none"> • Risk of adverse selection • Risk could be mitigated by prohibiting insurers from using assumed risk selection and actual risk experience in product pricing – but unclear if this can be done adequately
Value and Affordability	<ul style="list-style-type: none"> • Could use ratings or other incentives to direct consumers to high value plans, products, and providers 	<ul style="list-style-type: none"> • Could limit to highest value plans and products and thus direct consumers to those plans and associated providers 	<ul style="list-style-type: none"> • Could get greater discounts/more services through bidding/negotiation and thus direct consumers to those plans and associated providers - but unclear how single risk pool applies
Competition and Innovation	<ul style="list-style-type: none"> • Maximizing participation and transparency may facilitate competition • New entrants could more easily enter • Innovation may come faster outside of an established participation process 	<ul style="list-style-type: none"> • Limiting participation may encourage competition to provide best value • New entrants may find it hard to compete • Selection process may slow innovation 	<ul style="list-style-type: none"> • Bidding/negotiation may encourage plans to compete to participate • New entrants may find it hard to compete • Bidding/negotiation process may slow innovation
Choice	<ul style="list-style-type: none"> • Maximizes choice of products • May make choice of product harder • More IT functionality needed to help consumers make comparisons 	<ul style="list-style-type: none"> • Limits choice of products • May make choice of product easier • Less IT functionality needed to help consumers make comparisons 	<ul style="list-style-type: none"> • Limits choice of products • May make choice of product easier • Less IT functionality needed to help consumers make comparisons
Portability and Mobility	<ul style="list-style-type: none"> • Allows consumers to keep plan from year to year if they like it • Promotes longer-term consumer/plan relationships and care management 	<ul style="list-style-type: none"> • Consumers may not be able to keep plan if they want to keep the subsidy • May not encourage long-term consumer/ plan relationships and care management 	<ul style="list-style-type: none"> • Consumers may not be able to keep plan if they want to keep the subsidy • May not encourage long-term consumer/ plan relationships and care management
Functions and Costs	<ul style="list-style-type: none"> • No plan selection, negotiation, or contracting functions/administrative costs • Potential for higher IT cost 	<ul style="list-style-type: none"> • Plan selection, but no/limited contracting functions/administrative costs • May have lower IT cost 	<ul style="list-style-type: none"> • Negotiation and contracting functions/administrative costs • May have lower IT cost

Sources: Minnesota Departments of Health and Commerce; Minnesota Department of Health, “Health Insurance Exchange Study,” February 2008; Bob Carey, “Preparing for Health Reform: The Role of the Health Insurance Exchange,” State Coverage Initiatives, January 2010; Jon Kingsdale and John Bertko, “Insurance Exchanges Under Health Reform: Six Design Issues for the States,” Health Affairs, June 2010; Jon Kingsdale, “Health Insurance Exchanges – Key Link in a Better-Value Chain,” New England Journal of Medicine, June 10, 2010; Stan Dorn, “State Implementation of National Health Reform: Harnessing Federal Resources to Meet State Policy Goals,” State Coverage Initiatives, July 2010; Timothy Jost, “Health Insurance Exchanges and the Affordable Care Act: Key Policy Issues,” The Commonwealth Fund, July 2010.