



**Consumers for
AFFORDABLE
Health Care**

*Advocating the right to quality, affordable
health care for every man, woman and child*

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**Statement of Mitchell Stein, Policy Director,
Consumers for Affordable Health Care and Health Care
To the Joint Standing Committee on
Insurance and Financial Services
Public Comment on Exchange Advisory Committee's Report**

Tuesday, November 1, 2011

Senator Whittamore, Representative Richardson, and Members of the Joint Standing Committee on Insurance & Financial Services, my name is Mitchell Stein, and I serve as the Policy Director for Consumers for Affordable Health Care. Our mission is to advocate for the right to quality, affordable health care for every man, woman and child.

I'm here this afternoon to comment on the Exchange Advisory Committee's report. My comments will focus on four areas where we disagree with the report's recommendations. They pertain to the structure, governance, duties and funding of the Exchange. That said there is much in the report that we agree with and would like to compliment the Committee on their hard work and thorough deliberations.

The common thread that will run through these comments is the recognition that at its heart, the Exchange is being created to benefit those who obtain health coverage through it. The Maine people who use the Exchange will have wide-ranging needs. These users will include patients with chronic and life-threatening illnesses, low- and moderate-income individuals, people with mental and physical disabilities and people of all ages and from various racial and ethnic groups.

To see the successful operation of an Exchange for all of these disparate groups it will be necessary for Maine to create a transparent, aggressive Exchange accountable to the people of this state and dedicated to providing them the best health coverage available at a cost they can afford.

With respect to the structure of the Exchange, while the Exchange Advisory Committee recommended the Exchange be housed within the Department of Professional and Financial Regulation, we think the Exchange should be created as an independent public agency. Doing so would ensure that the operations of the Exchange were transparent and removed from the administrative needs of an already large Department.

Furthermore, having the Exchange as an independent agency would allow for the governance of the Exchange to be through an independent Board. Having a Board run the Exchange would remove day-to-day political considerations from factoring in to the Exchange's decisions and ensure that the Exchange was directly accountable to the people of Maine through the Board.

The Exchange should have a governing board that includes consumers, small businesses and insurance experts who don't work for the health care industry. This will ensure that the board will make smart decisions reflecting the interests of those who will be utilizing the exchange and improves both quality and efficiency of the Exchange while avoiding conflicts of interest.

Those who would profit from enrollment should not govern the Exchange. Exchange governance should exclude those with conflicts of interest due to a direct financial stake in the health system. This includes organizations and individuals representing hospitals, physicians, insurers, and brokers. While the input of these constituencies will be important and may be obtained through advisory groups they should not have decision making power as members of the board.

With respect to the duties of the Exchange, while the Advisory Committee recommended that the Exchange accept and make available all qualified health plans we believe the Exchange should be more active in selecting health plans. One of the great benefits of creating an Insurance Exchange is that if properly structured it can give small businesses and individuals the power to bargain in the market similar to the way large employers currently operate. By banding together to purchase health insurance through an Exchange it will be possible to leverage their combined buying power in the market.

Allowing the Exchange to negotiate on price, benefits, and quality, and thus to selectively contract with the most appropriate health plans, will further the goal of providing Exchange participants with high quality affordable health plan options.

The Exchange should not be required to accept all eligible insurers without any negotiation or competitive process. Furthermore, the Exchange should have the ability to determine which health plans should be accepted into the Exchange and which fail to meet the standards necessary, so that there is a variety of benefit options and pricing available.

Maine's Exchange board should also work to provide consumers with the best options available by rewarding plans with payment incentives for providing strong benefits (such as coordinated, high quality care), reductions of hospital readmissions and reductions in health care disparities.

With respect to how the Exchange is funded it should be spread among all purchasers of health coverage in the state. If a fee is added on plans sold through the Exchange only, then the same plan sold outside the Exchange would cost less. This would inevitably lead to adverse selection, limiting who utilizes the Exchange to only those who had no other option. A robust healthy Exchange is in all of our interest – in order to accomplish this it will be necessary to avoid adverse selection.

In conclusion we would like to make one more suggestion that might be more acceptable to all the members of this committee than some of our more controversial comments. As mentioned in our comments regarding funding, it will be important to avoid adverse selection with respect to those utilizing the Exchange and those purchasing coverage outside the Exchange. We would respectfully suggest that any legislation furthering the creation of an Exchange include a provision for studying this issue and how it could best be avoided. At least three Exchange bills (MD, CT and DC) include such a provision.

A strong Maine based Exchange is good for Maine businesses, good for Maine consumers and therefore good for Maine overall. We hope the committee will bear these comments in mind as you continue to work on creating Maine's Exchange. Thank you for the opportunity to speak to you today. I'm happy to try and answer any questions the committee might have.