Don’t Know Much About Health Insurance Exchanges
The Next Critical Step: Educating Consumers and Small Businesses

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The Patient Protection and Affordable Care Act (PPACA) may have survived Supreme Court scrutiny, but some tough challenges still lie ahead. One of these will be educating an uninformed public on the provisions of the new law, including one of its cornerstones, the health benefit exchange.

While most Americans consider health care an important issue to them personally, many do not seem to have much of a grasp of health care reform and how it might affect them or their families. In fact, in a recent survey by CVS Caremark, a startling 78% of individual consumers who would be eligible to enroll for subsidized coverage through the new state-run insurance exchanges have never even heard of them. And although the exchanges are being touted as transparent and user-friendly, 60% of respondents said that they would probably need help navigating the system.

Business owners, too, seem to be in the dark about health care reform. Another survey found that only 22% of small employers, who may also qualify for subsidies to purchase coverage under PPACA, considered themselves to be well informed about health benefit exchanges.

The exchanges, intended to serve as online marketplaces where consumers can compare health plans based on price and quality of care, are scheduled to go into effect on January 1, 2014. This gives the states little time to bring a lot of people up to speed on the forthcoming changes. It is estimated that up to 20 million uninsured or underinsured Americans will apply for and will receive private, subsidized coverage through the exchanges. Another 16 million will enroll in a government-sponsored plan, such as Medicaid or the Children’s Health Insurance Program (CHIP), as a result of the exchange.

It is likely that most of these individuals have never bought health insurance before and will need to become familiar with health care terminology and differences among the plans, which can be confusing. Adding a new level of complexity will be the requirement of essential health benefits (EHBs).

Starting in 2014, all health plans that are sold through the exchanges must cover 10 categories of benefits, ranging from ambulatory care to hospitalization to prescription drugs. The federal government will define the minimum level of benefits that must be covered, but it will allow states to choose from among four different benchmark plans, or tiers of coverage, with member cost sharing and the level of benefits increasing with each tier. Insurers will also have flexibility in how they cover benefits. As an example, for drug coverage, plans can design their own formularies as long as they provide at least one drug per class contained in the benchmark plan.

States have until the end of 2012 to decide on their benchmark plan, and given the variability in prescription drug coverage among the health plans, the decision could have a significant impact on drug access for individuals who purchase their insurance through health benefit exchanges. A study of health insurers that might serve as EHB benchmark plans found that small group plans, or lower-tier plans, cover approximately 70% of the branded and generic drugs available in the chosen classes, whereas the Federal Employees Health Benefits plan, a higher-tier option, has an “open” formulary, covering all commercially available drugs. As consumers comparison-shop, it will be important for them to understand the differences in covered services among plans, including access to prescription drugs.

With an increasing number of Americans using Facebook, Twitter, and other online networks to access health-related information, it should not be surprising that social media will be an important component of outreach and education strategies by the states. The health exchanges offer states a huge opportunity to leverage social networking tools, especially in targeting young adults, who are least likely to have insurance and who are more prone than any other age group to rely on social networks for health care information.

The growing popularity of smartphones only expands this opportunity to engage consumers, particularly those from low-income backgrounds, who tend to use these mobile devices as their primary source of Internet access.

Of course, despite the universality of technology, there are many potential information barriers, including those related to culture and language. Of the approximately 30 million uninsured Americans eligible to receive health insurance subsidies through the exchanges, 43% are from multicultural backgrounds; this creates a critical need for culturally sensitive educational materials to help these individuals effectively navigate and use the online marketplace.

As the 2014 deadline approaches for the start of the exchange, states are at varying stages of implementing their marketplaces. As of July 1, 2012, 13 states had already established exchanges, with most other states still in the planning phase. A few states have said they will wait until after the November presidential election to decide whether to create an exchange, and still a few others have chosen not to act at all.

For those states that do not comply with the requirements by the deadline, the government will step in and create a federally regulated exchange for them. But regardless of who is at the helm of these exchanges, education, outreach, and public engagement will be critical in helping consumers determine which health insurance option best fits their needs and in

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achieving PPACA’s overall goal of improving and expanding health care services to the underserved.

References


