



Accessible, Affordable, Guaranteed Health Care for ALL

Consumer Principles for the Illinois Health Insurance Exchange

GOVERNANCE

- Meaningful *consumer involvement is necessary* in design and governance of the Exchange. Consumer, business organizations and individuals should have robust input into the Exchange's operations through direct appointments to oversight boards and other decision-making and advisory bodies, where they should comprise a majority.
- The Exchange should be located at a quasi-governmental entity. The Exchange should maintain its independence from all state agencies such as the Department of Insurance and the Department of Healthcare and Family Service while also maintaining good working relationships with them.
- The Exchange should be operated for the *benefit of patients, small businesses and their employees*, not insurance companies. This charge should be included in the Exchange's legislative mandate and mission. The Exchange board will comprise of would multiple consumer, small businesses, or employee representatives who encompass a variety of competencies. Demographic representation will also need to occur, such as: Lower-income and minority communities (particularly those with limited English competency), rural and individuals with chronic diseases and disabilities have a special stake in the Exchange, and should be represented on the Exchange Governing board.
- Rules should include a *strong conflict of interest* provision that generally bars anyone working for insurers, agents or brokers, health care facilities and health care providers from having a seat on the Exchange Governing board. A separate advisory board could represent insurer, producer, and provider interests. Exchange board members should be free from conflicts of interest and instead should represent policyholders as primary stakeholders, supplemented with technical experts (including an actuary, health economist, etc). Conflicts of interest should also be avoided by enacting legislation or incorporating by reference existing state legislative provisions that would prohibit Exchange managers or board members from moving directly to or from the insurance industry.
- *Transparency*: The Exchange should require all board meetings to comply with open meeting laws and to allow groups to gather information and hear about the decisions made by the board. Information used or discussed at board meetings, including agendas and meeting minutes and other supporting documents, should be made available to the public. The Exchange board proceedings should promote and facilitate transparency, accountability, and public participation to avoid corruption and patronage.
- The Exchange should be staffed with or have immediate access to *experienced experts* who could resolve marketplace issues quickly and make recommendations to the Exchange board. The Exchange must have access to economic, legal, and health care expertise on the insurance industry, state and federal laws governing the insurance industry, purchasing, the individual and small group health insurance markets, potential interactions with public programs (medical, SNAP, etc.), benefit design, consumer outreach, and the overall consumer experience of buying coverage. This expertise could either come directly from board members of the Exchange, or through technical and advisory committees.
- *Terms* of board members should be staggered

(Consumer Principles for the Illinois Health Insurance Exchange, cont'd)

- The *renewal* of federal Exchange grants to states should be conditional on demonstrating formal participation by consumer advocates in Exchange governance as well as benchmarks on transparency, accountability, and public participation. The federal government should condition its renewal of federal grants to the states for their Exchanges on the states demonstrating formal participation by consumer advocate representatives in Exchange governance and meeting federally set benchmarks on transparency, accountability, and public participation.

Other Key Requirements:

- The Exchange should be an *active purchaser of health care*, using its leverage to limit administrative costs, improve health care outcomes, maximize enrollment, and cost transparency.
- The Exchange should *minimize adverse selection* to ensure stability both in within and outside of the Exchange. Health plans should meet minimum standards for participation in the exchange and the exchange should have the authority to levy sanctions on plans not compliant with the Exchange's rules of operation.
- The Exchange should ensure *adequate choices of health plans*, providers, and coverage options for all populations and for various geographic regions of the state. The Exchange should ensure that the Exchange and health plans offered thru it are accessible and available to individuals from diverse cultural origins and financial backgrounds, and those with low-literacy, disabilities and limited English proficiency.
- The Exchange should *coordinate outreach with existing public programs* to ensure that Exchange enrollees eligible for federal tax credits and cost-sharing reductions enroll and maintain their coverage, and also to ensure seamless coverage and continuity of care as people move between public programs and Exchange coverage.
- The Exchange should be *the entity that collects premium payments* and premium credits from the federal subsidies and contributions from employers. Premium / payment collection should not be the responsibility of health plans within the Exchange. The Exchange should process applications for coverage and subsidies, bill enrollees, develop and maintain the website, perform marketing and outreach, and train navigators and enrollment workers. This will cut administrative costs, and improve plan ratio of spending on medical coverage vs. non-medical expenses.

SUSTAINABILITY

- *Multiply sources of revenue:* Illinois' Insurance Exchange should develop a variety of revenue sources to fund the Exchange. The state should carefully consider all options and choose the option that encourages or at least does not discourage participation in the Exchange, and that promotes transparency and cost-effectiveness to consumers. The funding option must not shrink, but should grow and be an ongoing stable source of revenue.
- *Main revenue source:* Most of the operational funding for the Exchange should come from an assessment on all insurers in the health insurance market, including administrators of self-funded plans. This assessment would be justified by the fact that the current shifting of the cost of covering the uninsured from providers to insurers would be reduced by the presence of the exchange, as the exchange will cover many of the uninsured. The Exchange will also expand insurance markets, benefiting all insurers. The more enrollees in the Exchange, the less the assessment will need to be.
- *Protection of Consumers:* The state should consider whichever financing option has the least likelihood of adding to consumers' cost for coverage.