



**Testimony to North Dakota Interim Committee on Health Reform
Presented by Janis S. Cheney, AARP ND State Director
July 7, 2011**

Chairman Keiser and members of the Interim Committee: I appreciate this opportunity to offer AARP's priorities with respect to the establishment of a health insurance exchange for North Dakota.

AARP strongly believes that establishing a strong health insurance exchange is one of the most crucial aspects of implementing the Patient Protection and Affordable Care Act (ACA). AARP also believes that it is important for North Dakota to pass appropriate legislation to build a consumer friendly exchange so that it is operating by January 2014.

AARP believes the mission of the exchange is to create a well-functioning health insurance marketplace, offering an array of affordable, high-quality health insurance plans to individuals and small businesses, and providing the opportunity to access Medicaid and federal subsidies as appropriate for each individual consumer. As you know, states have a great deal of flexibility in designing their exchanges, and there are many important governance and oversight issues for them to consider. As North Dakota designs and implements its exchange, we stand ready to assist you in these efforts.

AARP is a strong advocate for an exchange that is accessible and consumer friendly for individuals between the ages of 50-64. We estimate that nearly half of the AARP members in North Dakota are under the age of 65. The 50-64 year old population is at greater risk for being uninsured or underinsured than their younger or older counterparts for a number of reasons. Individuals age 50-64 are not yet eligible for Medicare and typically do not qualify for retiree health benefits. Yet, this population can also be at increased risk for changes in their personal health status, such as the onset of chronic health conditions or disabilities and therefore may need more medical care. In addition, people in this age group are sometimes impacted by organizational downsizing which often results in the loss of employer-based health care coverage.

The following sets out some key principles we believe should guide the design and implementation of North Dakota's exchange.

Governance

Regardless of where the exchange is placed, it is critical that the entity be accountable, its actions transparent, and its governing board act in the best interests of consumers.

As the ultimate beneficiaries of the exchange, consumers should be well represented in its governance and management. While other stakeholders have a role, the governing structure should assure that the consumer voice is central and not secondary to others. The governing body's deliberations and decisions should be transparent, and should provide ample opportunity for public input.

The exchange governance structure will need the authority to ensure the full collaboration of all players, as well as appropriate oversight and enforcement authority. AARP urges that the

exchange have the authority needed to ensure the unprecedented level of state and federal collaboration and the active cooperation of the state agencies (Medicaid, Public Health, Insurance, etc.) that will be required for successful implementation. The exchange must have the power to connect with other state and national entities to provide a "one stop" and seamless process for determining eligibility and effectuating enrollment for federal subsidies, Medicaid, and other public health programs.

We would also encourage the creation of issue-specific working or advisory groups, which would provide to the governing board ongoing input from experts and individuals directly involved in the various aspects of providing insurance. The creation of such working groups would also help to avoid conflicts of interest, as the governing board should not include insurers or health care providers who would be subject to regulation and oversight by the exchange.

Structure

As North Dakota considers how to structure the exchange, we believe that in general, consumers will be best served by the creation of an exchange that is large enough to allow strong and active negotiation with the plans that want to be included on the basis of cost, value and quality. This is the same approach large employers use to obtain good coverage at affordable rates. A larger pool will also be more effective as a means to spread the risks and costs.

Purchasing Role

AARP believes an exchange that serves as an active purchaser is more likely to benefit the consumer. The exchange should be able to judiciously limit the number of plans to ensure that consumers and employers receive value for premium dollars spent and to use negotiations and competitive bidding to achieve this result. The ability to limit participation can help reinforce several policy imperatives – assuring that high standards are set rather than a "least common denominator" approach that all can meet; providing a strong basis for negotiation; rewarding with greater market share those plans that meet the highest standards; and providing real choice for consumers rather than a confusing array of options where "apples-to-apples" comparisons are difficult, if not impossible, to make. Consumers, when asked in focus groups, indicate a strong preference for a small, "manageable" number of plans.

We believe that the process of determining whether a health plan may participate in the exchange should involve robust competition with competitive bidding and negotiation. The exchange's selection standards should include several factors: affordability; the quality and adequacy of the provider network, including inclusion of nurse-managed health clinics; collection of data on race and ethnicity to determine disparities and systems to reduce these disparities; quality improvement systems; data collection and reporting requirements to assess quality and efficiency; access to emergency care; and marketing practices.

Exchanges are required to develop a plan rating system with a focus on safe, patient-centered, high quality care. In addition to providing over-all ratings for each plan, consumers should have access to objective quality data on the providers within each plan's network and the quality measures and standards used by the plan in establishing their network. Measures that compare participating health plans on a range of condition-specific and cross-cutting issues should be also included so that, for example, an individual with COPD can compare objective outcome data on how competing plans treat and manage that condition.

In addition, consumer satisfaction data on quality of care, consumer services, disenrollment, grievances and appeals, and access to care and providers should be collected, independently and

uniformly, and made publicly available. Information on medical loss ratios should also be provided.

Education and Outreach

To make the exchange more accessible to individuals buying coverage, an emphasis must be placed on ongoing education and outreach. This outreach should focus on understandable consumer information about coverage options, plan benefits and costs. People need to be made aware of the exchange and what it is offering, which will require a major communications and marketing campaign. In our view, states that have undertaken reform efforts experience a much more successful result when planning includes the allocation of resources for marketing and outreach initiatives.

Consumers need tools to make meaningful comparisons presented in a uniform manner. At a minimum, the exchange should make information available that facilitates easy comparisons based on cost, quality (including patient experience), and service. Information should be available in sufficient detail to allow consumers to drill down into particular scenarios that allow them to obtain coverage facts relevant to their own or their families' health care needs and preferences. AARP would suggest that information about health plan performance and about physicians or groups (aggregated to the plan) be included as those are issues about which consumers are most interested.

As many of those enrolling through the exchange may not have had insurance before and may be unfamiliar with the process of choosing a plan and applying for coverage, the Navigator program will be a critical part of this effort. The Navigator program will play an important role in reaching out to hard to reach groups including those who may have a lack of familiarity with health insurance. The outreach efforts need to be sustained through reenrollment as well.

Whether through the Navigator program, consumer assistance programs, or other health insurance counseling programs, it will be important to have places where people can call and/or meet face-to-face with someone who can guide them through the process.

Adverse Selection

Of significant concern to North Dakota as it develops its exchange is the issue of adverse selection. If adverse selection is allowed to undermine the exchange and raise the cost of insurance for participants, it will harm those who buy in the exchange as well as those who underwrite the cost of coverage for those in the exchange through our tax dollars. In order to avoid the potential for "cherry picking," AARP believes that all insurance providers, regardless of their participation inside or outside of the exchange, should be held to the same State-established standards, rules, and regulations.

Establishing an exchange that will meet the needs of North Dakotans, while balancing the need for fiscal prudence and encouraging robust competition amongst plan providers is a challenging task. Recognizing the value and encouraging the active participation of all stakeholders, particularly the consumer, reflects the belief that building the best possible exchange is in the best interest of us all. AARP appreciates the opportunity to share our thoughts and insights as we work together to develop an exchange that reflects the values and meets the needs of North Dakotans.