



**GEORGIA HEALTH INSURANCE EXCHANGE
ADVISORY COMMITTEE
REPORT TO THE GOVERNOR**

DECEMBER 15, 2011

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Executive Summary

On June 2, 2011, Governor Nathan Deal established the Georgia Health Insurance Exchange Advisory Committee to evaluate the potential benefits of establishing a Georgia small business marketplace and, if appropriate, to provide foundational recommendations on how such a marketplace should be structured and operated using free-market principles.

While the federal health care reform law requires the establishment of an exchange or multiple exchanges that meet specific federal requirements, the charge of the Advisory Committee was to conduct our analysis and posture recommendations based upon its appropriateness for Georgia, not the Affordable Care Act or any specific exchange requirements therein.

Health Insurance exchanges are a major component of the Patient Protection and Affordable Care Act (PPACA), and as such, they have become the subject of intense statewide and national debate since enactment of the federal health reform law last year.

Over time, state and national attention on exchanges has been dramatically elevated. This is likely attributable to the uncertainty around the survivability of PPACA pending a Supreme Court review expected to occur in Summer 2012, mounting concern over federal rulemaking regarding exchange development that limits or eliminates appealing options for states, slipping expectations for timely release of additional guidance from HHS and fast-approaching federal deadlines and progress checkpoints that are on our immediate horizon.

The Advisory Committee recognizes that, in the absence of PPACA and additional federal requirements being promulgated by regulation, small business marketplaces have the potential to provide greater choice for consumers, enhance free-market competition and provide a conduit through which small business owners can provide health coverage while maintaining a greater degree of budget stability. Therefore, the Committee finds value in a small business marketplace, either established as a limited quasi-governmental authority if pursued by the state or a fully private entity if established by the business community working with the support of the state as needed.

Throughout the course of deliberation of the Advisory Committee, a core driver in decision-making and recommendation development was the critical need to ensure current state authority over the private health insurance market in Georgia remains fully intact and is not ceded to the federal government.

While maintenance of sovereign state authority over insurance markets is a shared objective of the members of the Advisory Committee, differing views of the most effective way to reach that goal emerged due in large part to the aforementioned lack of certainty around options and the uncertainty of the outcome of the upcoming Supreme Court review.

Therefore, the recommendations contained within this report reflect the information which Advisory Committee members have received to date. At the time of delivery of this report to Governor Deal, three distinct options exist: states may run a state-based marketplace, states may defer to the federal government to run a federal exchange, or states may opt into a state-federal partnership which is an option that has not been fully vetted, but at this time, would be structured as a federal exchange with limited state responsibilities included.

Given the degree of uncertainty that remains, it is clear that additional federal design and regulatory requirements must to be reviewed and strategy adjusted as necessary. It is the

intent of this report, culminating from six months of dedicated review and analysis by the Advisory Committee membership, to provide the Governor and Georgia State Legislature with clear and concise considerations, options and recommendations to assist state leaders in crafting a strategy to address this issue in a manner that best serves the citizens of Georgia.

Background

On June 2, 2011, Governor Nathan Deal issued an Executive Order establishing the “Georgia Health Insurance Exchange Advisory Committee.” Appointees to the Health Insurance Exchange Advisory Committee began meeting on June 6, 2011 and accepted the charge to provide recommendations to the Governor with regard to feasibility and design options for the establishment of a Georgia small business health insurance marketplace. Among key considerations, the Committee conducted an analysis to:

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| Charge One: | Determine if a small business marketplace would help Georgia’s small employers offer and finance health coverage. If the answer is yes, then the Committee should develop recommendations for legislation to allow creation of a free-market, self-sustaining, business-led insurance marketplace. |
| Charge Two: | Review the impact of federal control of an American Health Benefits Exchange (AHBE) and/or Small Business Health Options Program (SHOP) in Georgia and develop recommendations for legislation to ensure that maximum control over our state insurance market remains vested with the state, not transferred to the federal government. |

The final report of this Committee is presented in accordance with the over-arching questions we were asked to examine. Appended to this report are the following materials prepared during the course of our review:

- a. Executive Order establishing the Advisory Committee
- b. Advisory Committee member roster
- c. A schedule of Committee meetings, with corresponding meeting notes
- d. History of Exchanges
- e. Presentations and research provided to the Committee
- f. A schedule of small business listening sessions, with corresponding session notes
- g. The interim report of the Advisory Committee delivered on September 15, 2011
- h. Subcommittee reports and presentations
- i. Analysis of Medicaid/CHIP and an Insurance Marketplace
- j. Contingency Planning Options
- k. Minority Views

In addition to evaluating the feasibility and design options for a Georgia small business marketplace, the Committee determined that contingency planning, given significant uncertainty around federal healthcare reform and the resulting impact on the state of Georgia, was a beneficial component of our comprehensive review. Five distinct scenarios were identified and further explored by the subcommittee on Contingency Planning as follows:

1. The Affordable Care Act is found unconstitutional; or
2. The Affordable Care Act is altered by Congressional defunding of subsidies; or
3. States are provided “blanket waivers” from Affordable Care Act requirements; or
4. Regulatory implementation of the Affordable Care Act is delayed; or,
5. The Affordable Care Act is repealed by Congress

Analysis provided by the subcommittee on Contingency Planning is provided as a supplement to this report in order to provide a better understanding of the potential outcome of ongoing legal challenges to the federal healthcare law, the requisite impacts on the state of Georgia and the possible impact on the implementation of a Georgia small business health insurance marketplace. The Contingency Planning committee has also conducted additional analysis to identify other reforms to stimulate private marketplace development and should be thoroughly considered and vetted by the Governor and Legislature at the appropriate juncture.

Committee Findings:

Charge One: Determine if a small business marketplace would help Georgia's small employers offer and finance health coverage. If the answer is yes, then the Committee should develop recommendations for legislation to allow creation of a free-market, business-led marketplace.

During June and July of 2011, the Committee conducted listening sessions with small businesses throughout Georgia to better understand the challenges they face offering insurance to their employees. In addition, the Committee met with the leadership of existing private, small business marketplaces operating in other states, such as Florida Health Choices and New York HealthPass. Additionally, the Advisory Committee reviewed a comprehensive set of research data on Employer-Sponsored Insurance (ESI) offerings and participation rates provided by Georgia State University's survey of small businesses in Georgia.

Health Insurance Environment for Small Businesses:

- Rising health insurance costs is nearly universally identified as the biggest challenge for small businesses offering employer sponsored coverage.
- Georgia's current non-elderly uninsured percentage of total population is approximately 20%.
- Firms with 100 or fewer employees account for approximately 96% of all businesses operating in the state and employ approximately 36% of the workforce in Georgia.
- Among all firms in Georgia regardless of size, less than half (approximately 47%) offer employer sponsored insurance as an option for employees.
- Among all firms, 28% of firms and approximately 48% of workers are provided a choice of at least two employer sponsored plans.

Review of Small Business Health Insurance Marketplaces:

- Small business marketplaces have been successfully operating in the United States for a number of years, including in New York, Connecticut, Delaware, and California. Most of these marketplaces were initially launched privately either by a business group or through a partnership between business and governmental entities.
 - Florida is in the process of launching a private small business marketplace, known as Florida Health Choices, which was established through legislative action, but will be privately operated.
 - Currently, Utah operates the only government-run small business marketplace. However, by law, the Utah Health Exchange can only facilitate a defined contribution/employee choice market; it is free-market in orientation and is operated through private-sector contracts.

- All of the private small business exchanges, and the Utah Health Exchange, allow businesses to provide a defined contribution to subsidize employee health insurance premiums and allow employees to choose among various plan options, rather than the employer making one product choice for all covered employees. This defined contribution/employee-choice model has been cited by researchers and those operating exchanges as a key factor in the success of attracting small businesses to the exchange.
- None of the currently operating small business marketplaces are compliant with the federal requirements for Small Business Health Options Program (SHOP) exchanges set forth by the Patient Protection and Affordable Care Act (PPACA).
- Small business marketplaces have had varying experiences in regards to the cost of health insurance:
 - New York HealthPass has indicated that the primary cost savings for small businesses are derived from the reduction in administrative costs to small employers. Successful marketplaces perform all Human Resource functions related to providing health insurance coverage, therefore reducing costs for the business owner.
 - In Utah, primary savings to small employers are derived from offering a wide range of plans that allow employees choices that satisfy their specific financial and health care coverage needs and requirements. The Utah Health Exchange enables small employers to provide anywhere from 0 (zero) to 100% of the subsidy for an employees' premium costs.
 - Small business marketplaces appear to have the ability to reduce administrative costs associated with providing a health plan for employees of a small business. The primary benefit of a small business marketplace is the ability to offer greater choices for employees and foster a competitive insurance marketplace.
- PPACA requires a federal or state government to establish the SHOP Exchange, along with its governance structure and financing plan. Many of the current small business exchanges are privately established and governed, operating as private businesses, rather than through government charter.
- The federal government will provide a temporary (two year) tax credit for small employers to purchase health insurance through the SHOP Exchange if the employer has less than 25 Full-Time Employees with average wages of less than \$50,000 per year.
- Only employers with less than 100 employees can purchase through the SHOP Exchange. Large employers can use the Exchange with permission from the federal government after 2017.
 - Some of the states are considering transitioning their current small business exchanges into SHOP Exchanges if PPACA is fully implemented in 2014.

Review of Georgia's Small Business Insurance Market:

- Georgia's small businesses expressed a strong interest in a free-market-driven insurance marketplace that would facilitate employer defined contribution arrangements and employee choice.
- Small businesses recognized value in providing consumer choice, promoting employee involvement in their own health care planning, and facilitating a marketplace designed to foster competition among high-quality private health insurance products.
- Small businesses have a significant footprint in Georgia:
 - 36% of Georgia workers are employed by firms with less than 100 employees; 58% are employed at firms of less than 500 employees.

- Less than half (47%) of small firms (2 to 500 employees) in Georgia offer ESI.
- Smaller firms with fewer than 25 employees are much less likely to offer ESI (42%) than small businesses with 25 or more employees.
- Small employers in rural south GA are less likely to offer health insurance, with only 39% offering coverage compared to all other regions of the state (47%).
- On average, 13% of employees at firms that offer coverage are ineligible to participate in the plan, and research indicates that about 25% of eligible workers fail to enroll or elect to opt out of employer sponsored health insurance coverage.
- Therefore, approximately 50% of small business workers are enrolled in a plan offered by their own employer. Among the smallest firms (those with fewer than 25 employees) this falls to 38%.
- Between November 2004 and January 2011, the cost of individual health insurance coverage for workers at small firms in Georgia grew by more than 60% and the cost for family coverage by more than 40%.
 - On average, single coverage costs approximately \$6,684 per year; small employers bear approximately 80% of that cost.
 - Family coverage costs in excess of \$13,000 per year, with employers contributing 60% of the total cost.
- The majority of plans offered by small firms in Georgia have high deductibles (more than \$1,000 per person), but many do not offer employees an opportunity to fund the deductible with pre-tax dollars (e.g., Flexible Spending Account [FSA], Health Savings Account [HSA], or Health Reimbursement Account [HRA]).
- Very few small employers provide a choice of more than one plan to their employees.

Committee Determined to Proceed with Analysis of Options:

On August 16, 2011, the Committee completed its review of free-market small business marketplace opportunities in comparison with PPACA-required SHOP Exchanges. The Committee remained cognizant of requirements outlined in federal PPACA law, but proceeded with its analysis independent of PPACA to determine what is best for the state of Georgia. The following lists the significant points of discussion from this meeting, which determined the direction of the Committee's work:

The specific question was asked at the August 16, 2011 Full Committee Meeting:

Should this advisory committee develop recommendations for Georgia to establish a health insurance exchange?

A point of clarification was asked as to whether the exchange should be PPACA compliant or unique to Georgia's health care needs regardless of the federal law.

It was clarified that the vote was to develop recommendations for a Georgia exchange.

In a voice vote in which both affirmative and then dissenting votes were cast, it was determined that the ayes had it, and the committee determined it would move forward with working on recommendations.

Consistent with the charge from the Governor to determine whether a free-market small business marketplace could help Georgia's small businesses, the Committee concluded that a small business marketplace, designed specifically to address Georgia's small business health insurance issues, regardless of PPACA requirements, could help Georgia's small businesses offer coverage and choice to their employees.

Upon making this initial determination, the Committee created four subcommittees to develop recommendations for the Governor's consideration in establishing a competitive small business marketplace.

Subcommittees Established

Governance – Evaluated organizational and governing arrangements to ensure a Georgia marketplace is nimble, responsive and competitive in the private sector.

Operations and Finance – Investigated alternatives to make a Georgia insurance marketplace a self-sustaining, competitive and attractive avenue through which to select affordable coverage.

Insurance Markets – Focused on the effects of establishment of a health insurance market both inside and outside of a small business marketplace; Evaluated potential risks and benefits of market changes.

Contingency Plans – Completed an analysis of the legal and regulatory environment of health care and provided immediate state response plans in the event of Supreme Court action, repeal or defunding of PPACA.

The recommendations of the three foundational subcommittees are as follows:

1. Georgia should establish the Georgia Health Insurance Marketplace Authority (GHIMA) to oversee a Georgia Health Insurance Marketplace (GHIM), which will provide for a free-market exchange for small employers but is clearly delineated from the PPACA-required SHOP Exchange.
2. Small Business access to the GHIM should be limited to businesses with at least 2 but less than 51 employees.
3. The GHIMA and GHIM should not duplicate or assume responsibility for any service provided by state agencies, but should have the authority to contract with the state for any services it may require in order to perform its duties.
4. The GHIMA and GHIM should have no regulatory authority over state insurance markets.
 - a. The Committee stresses that the GHIMA and GHIM should have no authority to merge Georgia's non-group and small group markets. We recommend that any legislation or Executive Order brought forward by the Governor specifically restrict action in this area by the GHIMA or GHIM.
5. The GHIMA and GHIM should not have the authority to negotiate rates or prohibit carriers qualified by the Commissioner of the Georgia Department of Insurance to transact insurance policies in the state from offering plans through the marketplace.
6. There should be a level playing field for plans offered inside and outside the GHIM.
7. Mandated benefits should be the same inside and outside the GHIM. The Committee notes that the federal government is in the process of establishing Minimum Essential

Health Benefits (MEHB) for all individual and small group insurance plans sold in the United States. Should PPACA be fully implemented, then these MEHB requirements will impact all small and non-group insurance in Georgia.

8. The Committee provides a related recommendation to the Governor that if the federal government does establish MEHB requirements below the state's current mandate structure, then Georgia's mandated benefits for all insurance coverage (non-group, small and large) should be amended to reflect the federal MEHB requirements.
9. Carriers should be allowed to offer regional or state-wide plans through the GHIM, to encourage maximum participation by carriers and maximum choice for employees. The goals of the GHIM should be to provide the following benefits to consumers:
 - a. Reduce administrative burdens on employees, employers and insurance carriers by providing client support, outreach, financial management and other services.
 - b. Provide a web-enabled "front door" portal to the insurance market that allows for a transparent "apples to apples" comparison of insurance products so employees can make informed purchasing decisions. The committee recognized the importance that such a portal should be designed in the most user-friendly approach to achieve maximum value and transparency for consumers.
 - c. Customer service is a key service that should be provided by the GHIM, but the Committee stresses the need to not duplicate services potentially available through private sector sources such as insurance brokers or carriers offering plans through the GHIM.
 - d. The GHIM may, in order to assist consumers in making a more informed decision, provide ratings or other information on plans to allow for easier comparison shopping. Such information should include easy to understand plan comparison information, price and quality metrics.
 - e. The GHIM should be prepared to provide financial management services to reduce the administrative load on small businesses. These services should include:
 1. Aggregation of premiums from multiple sources
 2. Payroll deduction and other Third Party Administrator activities
 3. Consideration of Life Events in plan selection and requisite coverage changes
 - f. Provide employees and employers a wide range of coverage options, and the tools to make choices according to their priorities.
 - g. Complement the role of brokers and agents in bringing consumers and employers to the insurance marketplace. The Committee stresses that the GHIM should utilize the essential role of brokers in shopping and purchasing health insurance coverage, not supplant the critical broker role.
10. The GHIM should, as indicated above, defer to the Georgia DOI for determination as to whether a carrier or specific plan is qualified to be sold through the GHIM.
11. The Committee recommends that upon establishment, the GHIMA should conduct an in-depth analysis of the Georgia small group market in order to determine whether any specific risk adjustment mechanisms are needed to prevent adverse selection. The GHIMA should have the authority to implement those mechanisms as long as they are allowed under current state and federal law. Any actions not legally allowed at the time will require legislative approval before enactment by GHIMA.
12. The Committee recommends the following structure for the marketplace:
 - a. A private entity or a quasi-governmental, non-profit or public corporation.
 - b. Overseen by a board comprised of seven voting Directors, with the Governor appointing the Chairman of the Board and two Directors; the Speaker of the

Georgia House of Representatives appointing one Director, the President of the Senate appointing one Director, and the Commissioners of the DOI and the Department of Community Health (DCH) serving as ex officio voting Directors.

- c. Directors (other than the two serving due to their state positions as Commissioners of DOI and DCH) should be residents of the state with appropriate knowledge, experience and skills related to the small business insurance market. Nominees should not have been convicted of any felony offense.
13. The GHIMA must be self-sustaining and any state funds provided to the GHIMA should require specific legislative action. The GHIMA should not have independent tax authority. The GHIMA should also not be given authority to draw federal grants or make commitments to federal or other governments without approval of the Governor.
14. Upon establishment of the GHIMA, the Board should prepare an operations and financing plan for a long-term sustainable small business marketplace and provide the opportunity for public comment on this plan before enactment. Financing mechanisms utilized to fund the GHIMA should be:
 - As low as possible to cover the cost of providing these benefits
 - Targeted, as much as possible, at the entity deriving the benefits
 - Transparent
15. The GHIMA, by way of by-laws and Board approval, should ensure appropriate policies and procedures are in place to address conflicts of interests among Board members.

The Committee has made numerous recommendations regarding the utilization of private and/or existing state resources when possible to limit the infrastructure of the GHIMA. We strongly recommend that the GHIMA be established with the long term priority of using and leveraging private resources.

Committee Charge: Review the impact of federal control of an AHBE and/or SHOP Exchange in Georgia and develop legislation to ensure Georgia and our citizens remain in control of our insurance market and state subsidy programs.

The Committee reviewed the PPACA required exchanges: The American Health Benefits Exchange (AHBE) and the Small Health Options Program (SHOP).

The Committee's review of the AHBE and SHOP exchanges, as prescribed, found:

1. PPACA requires a SHOP Exchange to be established in every state, either by the state or by the federal government.
 - The SHOP Exchange is not the same as the small business marketplaces currently operating in various markets (see above). The following are some of the major provisions that are unique to SHOP Exchanges:
 - The federal government will limit the types of products that can be sold on the SHOP Exchange; only qualified health plans may be offered.
 - The federal government will oversee and approve the financing and operating plans for the SHOP Exchanges.
2. If PPACA is fully implemented, the AHBE will be established in Georgia either by the state or by the federal government. Retaining the greatest amount of control in Georgia was a significant factor in the committee's decision to move forward with evaluating design and operation of a Georgia marketplace.
3. An AHBE established by the state must operate through a State Plan Amendment (SPA) approval process, similar to the one currently in place for Medicaid, in order to comply with Center for Medicaid and Medicare Services (CMS) oversight.
 - a. Thus, under PPACA, both the Medicaid expansion and the AHBE Exchange would be subject to CMS oversight, requiring CMS approvals, reports and reviews.
4. The federal government has the primary decision-making authority for the AHBE. Federal decision points include:
 - a. Minimum exchange functions
 - b. Criteria for plans to be certified as "Qualified Health Plans" and thus able to offer on the Exchange
 - c. Requirements for eligibility for Exchange subsidies, enrollment and disenrollment processes & timetables
 - d. Reinsurance and risk adjustment programs
 - e. Initial open enrollment period for exchanges
 - f. Minimum Essential Health Benefits
 - g. Model template for state exchange web portal
 - h. Limitations on Governance structures and Board requirements
 - i. Subsidies and tax credits available through the Exchange. These are currently established in federal law and can be modified through federal legislative action.
5. States that establish AHBEs retain some decision-making powers. These include:
 - a. Whether to allow the Exchange to negotiate rates and/or selectively contract with carriers that meet federal qualifications to offer plans on the Exchange. *Note: Our earlier recommendation that the DOI be the sole entity qualifying plans offered through the Exchange would be void, since the federal government would provide the overall criteria.*

- b. Connection to the State's Medicaid program
 - c. Relationship between the SHOP and AHBE
 - d. Governance structure (within federal parameters)
 - e. Additional Qualified Health Plan (QHP) and/or Minimum Essential Health Benefits (MEHB) criteria (above federal minimums)
 - f. Premium rating areas (with HHS approval)
 - g. Role of brokers
 - h. Role of "Navigators"
 - i. Additional exchange functions (above federal minimums)
 - j. Source of revenue for Exchange operations
6. The federal government has not yet clarified the extent of powers a state will retain regarding eligibility determination for state health subsidy programs, such as Medicaid and CHIP, if the state establishes an AHBE and/or SHOP Exchange. Under either scenario, all consumers seeking insurance through an AHBE or SHOP Exchange will have their data sent by the Exchange to a federal data hub, managed by HHS, but there is uncertainty as to whether the federal government will act only in a data confirmation role or if their review of data will constitute a decision of determination of eligibility.
7. The AHBE facilitates:
- Individual access to federal subsidies & tax credits for the purchase of insurance. PPACA provides HHS subsidies and IRS refundable tax credits to individuals meeting federal eligibility requirements and an income between 100-400% of Federal Poverty Level. Georgians will be eligible for these subsidies whether the AHBE in Georgia is established by the state or federal government.
 - Individual and employer mandates through the transfer of information to a federal data hub as well as the certification of individuals as qualifying for a "hardship exemption" from the individual mandate.
 - Currently, subsidy-eligible AHBE household income ranges from approximately \$25,000 to \$75,000 per year for a family of three.
8. PPACA shifts control of the individual and small group insurance markets from a state-only power to a shared federal/state regime. This shift occurs regardless of the state's decision to establish the AHBE. Through PPACA, the federal government is given direct control of:
- a. Establishing the Minimum Essential Coverage (actuarial value) for all policies
 - b. Establishing the minimum mandated benefits for small group/non-group policies in Georgia
 - c. Establishing Medical Loss Ratios (MLR)
 - d. Reviewing, approving or disallowing rate increases for plans

Summary

The Georgia Health Insurance Exchange Advisory Committee affirmatively supports development of a small business health insurance marketplace outside of the context of PPACA-prescribed AHBE and SHOP Exchange requirements through private or limited quasi-governmental means that focuses on private-sector free-market principles.

The Committee believes recognizable benefits could be achieved through deployment of a Georgia-specific small business marketplace:

- Easing the administrative burdens associated with offering health care coverage
- Improving the range of employer-sponsored choices available to small business employees
- Making defined contribution arrangements more practical for small businesses
- Enhancing choice while providing small business proprietors with year-to-year budget predictability. Choice improves employee satisfaction by providing individuals the option to personally select a plan best suited for them.

The above benefits yield positive results in other areas. For example, budget predictability allows small businesses to effectively plan for their financial future and stability. Improved employee choice and business planning predictability are indeed factors that spur economic development, job creation and small business growth.

Therefore, the potential benefits of a well-designed free-market insurance marketplace cannot be isolated to the healthcare delivery and insurance industries alone. A health insurance marketplace in Georgia that functions effectively, bringing willing consumers and insurance providers together in a competitive environment, should serve to catalyze greater competition, lower cost, higher quality and greater choice for consumers.

While members of Georgia's Health Insurance Exchange Advisory Committee recognize the potential benefits of having a small business exchange, such an exchange must be able to develop and adapt rapidly to changing conditions.

Whether established as a wholly private or a limited quasi-governmental entity, the insurance marketplace must remain nimble and responsive in order to remain competitive in Georgia's dynamic health insurance market.

In the event a private exchange option is selected, the Contingency Planning subcommittee has developed additional suggestions designed to create an environment to stimulate their development and growth which merit further review at the appropriate time. Alternatively, should a quasi-governmental marketplace be selected, the Governor and Legislature should consider options to transition such an exchange to a fully private exchange once operations are kick-started and stabilized in order to maximize the benefit of free-market operation.

Conversely, Small business-focused SHOP exchanges, as prescribed by the Affordable Care Act, are statutorily restricted. Further regulatory restrictions are forthcoming which will likely hinder the SHOP exchange's ability to adapt in a dynamic and rapidly changing marketplace.

AHBE exchanges, which will offer coverage to individuals, are even further limited by statute and regulation, making a state-based AHBE even less appealing than the former.

Growing federal control over traditionally-managed state health insurance markets only adds additional layers of cost, complexity and rigidity to needed change over time. Private sector competitors not bound by onerous federal restrictions will respond to market forces over time, adapting to change, while federally-restricted competitors will likely fail to do so due to lack of flexibility.

The committee further acknowledges the political divisiveness surrounding reforms contained within the Affordable Care Act, exchanges notwithstanding. In 2012, intensity around debate over exchanges will likely increase due to a nearing “readiness assessment” deadline, additional regulations flowing out of Washington, an expected, earnestly-awaited ruling by the U.S. Supreme Court in the summer and the 2012 Presidential election soon to follow in November. Most of the expected events soon to come have the potential to dramatically alter the landscape of health reform as we view it today.

Continued review, planning and evaluation by the Governor and the Georgia State Legislature will be necessary.