

Echo Final Take - What type of health care initiatives (i.e. wellness and prevention) should the Exchange encourage and promote the companies to add as enhancements to their plans?

Enhancements should be allowed to be offered, but not required. Allowing carrier flexibility encourages competition, promotes ongoing innovation, and advances plans tailored to consumer preferences. Carriers should be allowed to define their medical benefit core coverage in order to imbed additional products and services, including wellness and prevention, for market differentiation purposes.

Since enhancements, such as wellness and prevention products and services, vary widely between carriers, we do not recommend that a “flag” or “brief description” be displayed on the website since such an indicator or depiction may mislead consumers.

What type of health care initiatives (i.e. wellness and prevention) should the Exchange encourage and promote the companies to add as enhancements to their plans? Yes. The Exchange should encourage and promote the companies to add wellness and prevention to the health plans offered on the Exchange.

What’s in it for me?

It should be noted that there is no direct financial incentive for either participants or carriers to encourage healthier lifestyles in the individual market under the ACA. As well, significant coverage provisions for wellness and preventative care are already set in the Essential and Preventive Services Benefits which are required to be included in the various Metallic Plans. Therefore, unless there is some sort of premium differentiation allowed for the individual market (as is contemplated for the group market), it is likely there will be little real incentive available to encourage individuals to follow a healthier lifestyle.

What’s on the dollar menu?

Given that the coverage will largely be set by regulation – price will be king, post 2014. Product features and benefit design will be less important as the government moves us toward standardized benefits. Medical costs will be less important as a component of market price, because the HHS will largely dictate the range of medical prices. As well, mandated minimal medical loss ratio targets combined with rebates will go a long way in reducing carrier incentives to innovate and tightly manage this element of cost. Finally, the carriers will have risk adjustment and reinsurance mechanisms to offset higher than expected claims, and guarantee that all carriers pay their fair share of claims. So, what’s likely to be the basis for competition in this new era? Price and service. Of these two, which will be more important? Price. New buyers don’t have an objective basis for evaluating service, and they don’t trust carriers’ promises about service. But they can evaluate cost, and consumers are increasingly price-sensitive. But given the above, the only cost carriers can significantly manage is their administrative expense. Therefore, carriers will aggressively look to set price points to pick up market share by driving down their administrative service expenses – this will be the singular focus for health insurance carriers post 2014.

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The Exchange should permit benefit flexibility within the actuarial limits, in order to avoid “one size fits all” plans. Minimizing explicit benefit requirements will promote innovation and provide the flexibility for health plans to develop benefits that consumers both want and can afford. Carriers should be permitted, not required, to offer additional benefits and services to differentiate their plans, including wellness programs.

There are several types of wellness and prevention programs:

- **Broadly-Available Wellness Tools:** These include reminders regarding preventive screenings and immunizations, as well as beta blocker medication reminders sent to members to help prevent future cardiac events.
- **Condition-Specific Programs:** Members with chronic conditions, including diabetes, asthma and coronary artery disease, can participate in specific programs to help manage their conditions.
- **Employer-Sponsored Incentive Programs:** Employees are often offered voluntary benefit programs during open enrollment to encourage positive behavior and lifestyle changes, such as completing a Health Risk Assessment to receive education and coaching on topics most relevant to their health status.
- **Culturally-Specific Programs:** Examples include personalized communication with an ethnically-tailored message on the importance of cancer screenings.

The Exchange should permit the use of consumer incentives (e.g. gift cards) or cost sharing credits to encourage participation, ideally resulting in individuals taking action to manage and improve their health.

What type of health care initiatives (HCIs) (i.e., wellness and prevention) should the Exchange encourage and promote the companies to add as enhancements to their plans?

The reformed health insurance market should encourage wellness and prevention whenever possible. The desire to have a so-called “thin” Exchange (minimizing administrative costs at that level) should not be used to discredit services which can be offered on the Exchange as choice, at little or no additional cost or duplication of service. In the case of (HCIs), the Exchange could and should establish a customer rating system discriminating plans based on three or four general levels of wellness services. If such services are not offered as part of health plans because they are not “essential benefits” and must be funded by the State of Kansas, the Exchange still should provide in the SHOP portion of the Exchange an optional market offering to employers of wellness programs. With the incentives in the ACA (small employers

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receiving federal grants to start wellness programs and the potential for employers to offer employees participating in wellness programs a discount on insurance costs), it is reasonable to expect employers will increasingly move to establish these programs. Not offering these products on the Exchange as part of a one-stop health care shop for employers may be a disadvantage for the Exchange as these programs will certainly be offered in that manner outside the Exchange. One of the initial comments mentioned that a ten state pilot program will allow participating states to test the efficacy of offering wellness incentives in the individual insurance market. The failure to discuss the possibility of utilizing this pilot program to handle the issues of essential benefits makes our recommendation incomplete.

QUESTION: What type of health care initiatives should the Exchange encourage companies to add as enhancements to their plans?

RESPONSE: The KHBE should not initially encourage carriers to add any enhancements to the plans since I believe this is a market issue and carriers will offer plans promoting wellness to give them a competitive edge over plans without these options. If you equate wellness to prevention, the ACA has specific requirements that will be reflected in all QHBs. If wellness is one part of a prevention strategy, research has shown that such programs do help reduce health care costs.

Since HHS is expected to include some wellness options when designing the Essential Health Benefits (EHB), I recommend we wait until this information becomes available before deciding what, if any, enhancements are good for Kansans.

What type of health care initiatives (i.e. wellness and prevention) should the Exchange encourage and promote the companies to add as enhancements to their plans?

As a nation, we currently waste hundreds of billions of dollars treating illness after the fact, rather than preventing costly chronic conditions in the first place. We believe **true reform must include a broader base of healthcare changes** and not simply health insurance alone. To that end, investing in prevention, wellness and chronic disease management programs makes sense.

Although "Preventive and wellness services and chronic disease management," as noted under Sec. 1302 Essential Health Benefits Requirements, will ultimately be defined by HHS, we believe that as long as the plans are compliant with the minimum EHBRs, participating carriers in the Kansas Exchange should be **encouraged to be**

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creative in their plan designs and benefits, especially as it relates to wellness and preventative care.

In terms of specific recommendations:

SHOP

Employee wellness programs have helped businesses cut costs and improve the well-being of their employees. We believe the SHOP Exchange should be structured to allow / include the following types of options and benefits:

- Preservation of the tax benefits of traditional employer-sponsored plans (i.e. ability to pay for insurance premiums with pre-tax dollars)
- Consumer Directed Healthcare (CDH) plans should have a presence in the exchange
 - Health Savings Accounts (HSAs) with qualifying High Deductible Health Plans (HDHPs)
 - Health Reimbursement Arrangements (HRAs)
 - Flexible Spending Accounts (FSAs)
- Stand-alone wellness programs (offered either by carriers or wellness companies) which may incorporate incentives and/or rewards.

Individual

The individual exchange should allow carriers to offer the following:

- CDH plans – specifically, HSAs with qualifying HDHPs
- Wellness programs and incentives – as part of the plan offered by the carrier and not necessarily by a stand-alone wellness provider)

In summary, creativity / innovation in plan designs and benefit offerings should be allowed and encouraged as long as the plans offered are compliant with the Essential Health Benefits Requirements.