

**Insurance Benefit Exchange
Workgroup Reporting Format to the Insurance Benefit Exchange Steering Team**

Workgroup Name:

Focus / Business Operations

Date presenting to Steering Team:

Undetermined – Due 8/1/2011

Topic or Decision Point Being Addressed:

Should there be restrictions on the number of plans in the exchange?

1. Recommendations or perspectives considered

This section should highlight the various perspectives on the topic that were discussed or considered by the workgroup.

The workgroup considered a variety of issues, including the following:

- Whether having an unlimited (and, presumably large) number of plans would be confusing to consumers.
- Whether limiting the number of plans would stifle innovation and competition.

Through its members, the workgroup heard perspectives from carriers, producers, business owners, and consumer advocates.

2. Consensus Recommendation from the Workgroup to the Steering Team

The workgroup did not reach full consensus on this issue.

3. If a Consensus Recommendation was not reached, please list here the Majority and Minority Recommendations as well as pros/cons for each

A substantial portion of the workgroup recommended limiting the number of plans per carrier per metallic level (i.e., bronze, silver, gold, and platinum). These workgroup members were concerned that having too many plans per level would confuse consumers and, paradoxically, reduce their ability to make a meaningful choice. These workgroup members did not agree on a particular number of plans.

<u>Strengths of the recommendation</u>	<u>Weaknesses of the recommendation</u>
<ul style="list-style-type: none">• Limiting the number of plans might reduce consumer confusion.• If carriers could still offer a reasonable	<ul style="list-style-type: none">• Limiting the number of plans might stifle innovation and make the market less competitive.

<p>number of plans at each level, they could still innovate and provide choices to consumers.</p> <ul style="list-style-type: none"> • Limiting the number of plans might reduce adverse selection because it might make it more difficult for consumers to match a plan to their expected health conditions. • Limiting the number of plans might reduce administrative costs for plans and the exchange. 	
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A substantial portion of the workgroup recommended allowing carriers to offer an unlimited number of plans at each metallic level. These workgroup members believed this would maximize consumer choice and promote innovation and competition.

<p><u>Strengths of the recommendation</u></p> <ul style="list-style-type: none"> • This would maximize the opportunity for carriers to innovate and offer consumers a wide array of choices. • If the exchange had a well conceived, effective filter, consumers could reduce the greater number of choices to a lesser number that met their preferences. 	<p><u>Weaknesses of the recommendation</u></p> <ul style="list-style-type: none"> • If consumers were unable to effectively filter their options, it could present an overwhelming and confusing array of plans. • It could raise administrative costs for plans and the exchange. • It could promote adverse selection because it would allow consumers to match a plan to their expected health conditions. (This assumes that a greater number of plans would include a variety of benefit options, some of which would be better for certain conditions, and that consumers would be able to discern those differences and make decisions accordingly.)
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4. Rationale behind the recommendation(s)

Please include how the recommendation supports the Guiding Principles that frame this effort

5. Impact or Consequences

Please address all of the following that apply

- a) Adverse selection
- b) Fiscal impact (Cost of care, Cost of the exchange)
- c) Quality of care
- d) Other, please list
- e) Topic requires support from or may impact another workgroup:
 - i. Focus/Business Operations Issues

- ii. Governance/Legal/Legislative
- iii. Background Research
- iv. Customer Outreach/Education/Information
- v. Insurance Market Issues
- vi. Funding/Financial
- vii. Agents/Brokers/Navigators
- viii. Medicaid Integration and Interagency Communications
- ix. Insurance Company IT Interface