Challenges in State-Based Exchange Implementation

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State Challenges - Budget

- State general fund spending and revenue continues to be below FY 2008 levels\(^1\)
- Reduced funding and competing demands for restoration of budget cuts may continue to hamper or slow efforts at health reform implementation
  - “Cognitive Dissonance”

\(^1\) National Association of State Budget Officers – Summaries of Fiscal Year 2013 Proposed Executive Budgets
State Challenges - Politics

- Gridlock is contagious
- Legal uncertainty + negative public perception of ACA = no political traction
- The tale of two health exchanges: individual exchange versus SHOP exchange
- Status quo is safer when there will be others (and federal options) to take the blame
State Challenges – IT Systems

• States, whether actively implementing or merely “studying” the options, are faced with aggressive IT deadlines
  - Procurements are complex, lengthy and extremely expensive
  - Existing state IT systems have their supporters
  - Build, buy or borrow?
  - Beware of the “sales pitch”
  - Pursuing an IT solution means a transfer of political risk
State Challenges – Managing Expectations

• Consumer/Advocate demands will eventually meet up with health plan reality
  – Cost of coverage remains a concern
  – Provider access and network adequacy will be strained
  – What if you build it and no one comes? Or worse
    – no one healthy comes?
  – Exchanges must balance between consumers, agent/brokers, health plans, government, health care providers
State Challenges – Market Forces

- Exchanges have to adapt to their given identity within the market
  - Are they designed to be “friendly” and to whom?
  - Have they been given the tools to succeed?
  - Private exchanges continue to gather steam.
  - Does a level-playing field exist within the state?
  - The danger of being “loved to death.”
  - Defining the Medicaid relationship: acquaintance, dating or married?
Questions?

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