

THE ARKANSAS PRIVATE OPTION

CAN COMPETITION IN HEALTH INSURANCE REALLY WORK?

**ANDY ALLISON, ARKANSAS STATE MEDICAID
DIRECTOR**

JOB ADVERTISEMENT

“Following several months of negative press focused on cost overruns and other problems with the Private Option, Arkansas Medicaid Director Andy Allison abruptly resigned in early May.”

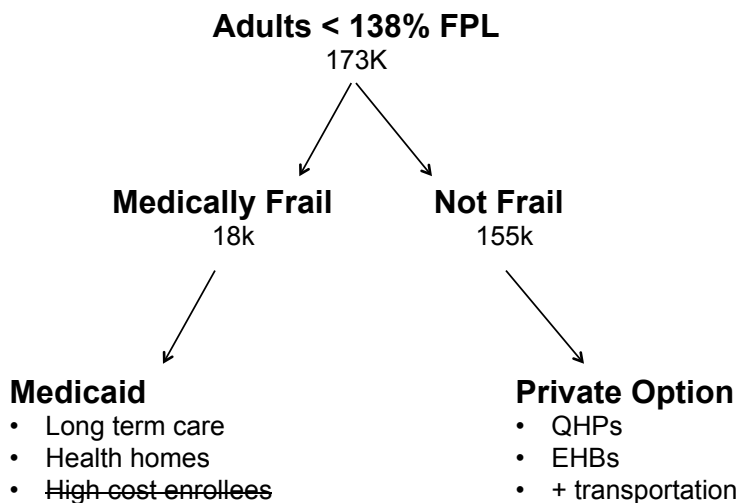
Josh Archambault, Forbes online

5/14/2014

POLITICAL MOTIVATION FOR PRIVATE OPTION EXPANSION

- Shrink Medicaid (or avoid expanding it)
- Go private → Enhance private insurance
- Provide cost assurance, or confidence
 - Private > Public
 - Code word “predictability”
 - Avoid fears of public “entitlement”
- Financial impact on small business, hospitals, State
- [coverage and improved health]

PRIVATE OPTION IN ONE PICTURE



CONCEPTUAL GOALS

- Continuity of coverage through direct integration**
- Attenuated (blended) provider payment rate**
- Leveraged expansion of multi-payer payment reforms**
- Enhanced size, stability, and health of private insurance “pool”**
- Program differentiation: Medicaid as it was intended?**
- Avoid need to coordinate benefits**

“TRANSITION TO MARKET”

- Source: Sen. David Sanders, R-Central AR**
- Acknowledging State’s role as both (dominant) purchaser and market regulator**
- Key policy choices**
 - Definition of insurance “competition”**
 - Number of carriers**
 - Regional coverage**
 - Ease and path of market entry**
 - Clarifying state’s price point**
 - Pace and scope of multi-payer payment reform (Patient Centered Medical Home in 2015)**