

**To: MNsure Board**

**From: Consumer and Small Business Advisory Committee**

**Re: Recommendations related to the MNsure Board's exercise of Active Purchaser Authority**

**Date: December 4, 2013**

The following recommendations related to the MNsure Board's exercise of active purchaser authority all passed by majority vote of the members of the Consumer and Small Business Advisory Committee. A summary of the dissenting opinion is included after the recommendations.

1. **Affordability:** In order to provide real access to care, health plans need to have affordable premiums and affordable cost-sharing for routine care like office visits and prescription drugs. Current plan offerings on MNsure have the lowest average premiums in the country but the highest average deductibles, and nearly all MNsure plans limit the number of office visits available for a co-pay before the deductible is satisfied. Because of this, people who buy plans on MNsure may remain "underinsured," which means they have insurance but can't afford to use it because of high deductibles or other cost-sharing. If premium rates increase significantly in 2015, it will be even more difficult for people to afford higher metal-level plans with lower deductibles, which may result in more people delaying or foregoing the healthcare they need to stay healthy.

**Recommendation:** The Mnsure board should negotiate with insurance carriers for plans with affordable premiums and affordable cost-sharing for office visits and prescription drugs, to ensure that every plan on MNsure offers good value, i.e. good coverage for the price. Additionally, MNsure should negotiate for a broader variety of choices than is currently available, from plans with very affordable premiums to plans with significant coverage for office visits and prescription drugs, to ensure a full range of good-value products.

2. **Meaningful Choice:** Health insurance plans are extremely complex products, with many variables that impact their overall value, including: different individual and family deductibles; different in-network and out-of-network deductibles; embedded and unembedded deductibles; different individual and family out-of-pocket maximums; different co-pay options and co-insurance levels for primary care, specialty care, urgent care, emergency services, mental health care, diagnostic, lab and x-ray services; different coinsurance for in-patient and out-patient care; and different exclusions and services covered. It is extremely difficult for anyone to understand their choices thoroughly and make meaningful comparisons without a benchmark for comparison, regardless of how the information is presented. This undermines market competition on MNsure, because there can't be true competition unless customers understand their choices. In order for people to make apples-to-apples comparisons between health plans and to promote real competition, the products themselves need to be simpler, with fewer variables and coverage differences.

**Recommendations:**

- a.** MNsure should define one high-deductible “Model” plan and one robust co-pay “Model” plan at each metal tier and require all participating carriers to offer “Model” plans. “Model” plans would have standardized cost-sharing structures and covered benefits, to eliminate many of the variables that make it difficult to compare plans. Because the coverage would be standard among “Model” plans of the same metal tier, it would promote competition on price and quality rather than complicated benefit design and tricky loopholes in coverage. “Model” plans offered by different carriers would still differ by premium, quality rating, and network. Carriers should also be encouraged to continue offering non-“Model” plans, so that the “Model” plans wouldn’t reduce choices on MNsure.
  - b.** MNsure should provide education to applicants about choosing a health plan that encourages people to look at factors beyond premiums when comparing the value of plans. This education should be available in the majority of languages spoken by MNsure applicants.
- 3. Reducing Health Disparities:** While Minnesota ranks among the best states in the country for healthcare and overall health outcomes, it also ranks among the highest in racial health disparities, i.e. the difference in healthcare and health outcomes experienced by people of different racial and ethnic groups compared to the white population. The creation of MNsure offers an unprecedented opportunity to address health disparities through innovative strategies and initiatives. Additionally, it is critical to anticipate unintended consequences of large systems changes such as the creation of MNsure, to ensure that they do not increase health disparities by disadvantaging carriers or providers already serving communities affected by health disparities or by reducing the choices available to communities or individuals at risk of health disparities.

**Recommendations:**

- a)** MNsure should promote equitable plan offerings to all communities by creating a Minnesota-specific risk adjustment model that includes metrics related to social determinants of health such as socio-economic status, race, ethnicity, primary language, and sexual orientation and gender identity. This would ensure that carriers that offer services or provider networks that are valuable to populations at risk of health disparities do not experience adverse selection that forces them to raise premiums or cut services. It would also ensure that carriers that offer plans that promote continuity of care for populations that “churn” off of public programs are not disadvantaged by doing so.
- b)** MNsure should require all participating carriers to contract with provider networks that include a racially, ethnically and culturally diverse range of providers to meet the needs of all communities in their service area. This would ensure that all MNsure enrollees have fair and adequate access to providers that meet their needs.

4. **Quality and Value - Mental Health Care:** The extremely personal and individuated nature of mental health care makes it especially important for there to be a choice of providers available to all patients. The scarcity of mental health care providers in some areas of Minnesota makes it difficult for patients to access a choice of providers, even when services are covered by their health plan, or for patients to have the opportunity to change their mental health care provider if they are not receiving effective services. Additionally, high cost-sharing in some plans makes it difficult for patients to maintain compliance with their prescription drug regimen, which puts them at high risk of increased symptoms and instability.

**Recommendations:**

- a) MNsure should require all carriers to include an adequate number of mental health care providers in their network to ensure a choice of appropriate providers to all enrollees and the opportunity to change providers when services with one provider are not effective. Where this is not possible, plans should be required to offer out-of-network mental health services at in-network cost-sharing levels to patients who otherwise would not have an adequate choice of providers.
- b) All health plans on MNsure should be required to offer prescribed psychotropic drugs with no cost-sharing to patients with diagnosed mental health disorders.

**Dissenting Opinion**

While recognizing the importance of the priority issues identified in the majority opinion, we respectfully dissent from the recommendations to institute active purchaser approaches before informative data from first year enrollment in MNsure is available.

We agree that affordability, choice, reducing health disparities, and improving mental health care quality and value are important goals that the MNsure board should pursue. However, we are unconvinced at this point that the active purchaser approach is the best way to do that. The launch of MNsure is a momentous step for Minnesota, and significant progress on the above mentioned goals is visible already. For example, MNsure offers the lowest premium rates in the country and many of the plans offered on the exchange are ranked highly by the National Committee for Quality Assurance. This is not to say that there is not additional work to be done, simply we do not yet have enough information on how consumers will react to the already significant changes presented.

We should wait until there is at least a year's worth of enrollment data before rushing to introduce new market regulations that could have unintended consequences such as narrowing plan options or increasing costs. Any new regulation added to MNsure should be the product of methodical deliberations based on clearly identified gaps in the existing marketplace. Since MNsure has not even completed its first year of enrollment, sufficient data does not exist and our committee has not had sufficient time to weigh the pros and cons of specific active purchaser approaches. This discussion should be revisited after at least one year's worth of enrollment data is available.

In the meantime, MNsure should focus finite resources and attention to developing the website tools to create the best consumer experience possible and to empower consumers with easily accessible information and a wide range of options so that they can find the best plan for their specific needs.

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