

Special Video Report Transcript

Headline: Former CHHS Secretary Kim Belshé Discusses Potential of Calif. Health Benefit Exchange

Publication: *California Healthline*

Date Posted: March 1, 2011

Text:

California's health benefit exchange offers significant potential in terms of really driving expansions in coverage, improvements in quality and greater affordability for health coverage. It is an important piece, if not a centerpiece, of health reform and, in my judgment, really offers the most potential there is to drive transformative change in how health care coverage is accessed and how health care is organized and delivered.

Certainly, the availability of federal tax credits will represent a significant means of accessing more affordable coverage for the roughly two to three million people who we estimate will be eligible for subsidized coverage through the exchange. But I think the success of the exchange is going to be much broader than just the fact that it's the venue through which people can use those tax credits to secure more affordable coverage and to comply with the federal mandate to have insurance. I think the real potential with the exchange is how it executes its active purchaser role in the marketplace.

California policymakers gave the exchange board authority to selectively contract with plans, so one of the big decision points for the exchange will be how to define those plan participation standards and how to organize and design the exchange to as much as possible focus competition around value in terms of the price, the quality, the service of health plans, as opposed to market segmentation according to risk. That is a very powerful tool; it's one that's very consistent with California's tradition as a purchaser, and it's very consistent with how large businesses go about purchasing insurance on behalf of their employees.

I think the exchange also has the potential to reduce distribution costs. The exchange can provide a very streamlined, technology-based venue through which consumers -- individuals and small businesses -- can purchase more affordable coverage. And an important question, I think, for the board will be: What tools are available to the board to help facilitate, if not drive, what we might characterize as downstream changes in how hospitals, physicians and other medical providers organize and deliver medical care services to maximize the cost effectiveness and efficiency of the delivery of care?

The newly appointed members of the California Health Benefit Exchange have a number of significant tasks for 2011. First and foremost, of course, is hiring an executive director and initial staff to help stand at the exchange. Secondly is we're going to need to

develop a business plan for the years 2011 to 2014, which will be a very important part of our state submission of an implementation or establishment grant, which I think is the third big task for 2011. Once federal guidance comes up for the next round of funding, California is going to need to be positioned to apply for that implementation or establishment grant. I think a fourth really significant task for the exchange board in concert with the administration and our state Legislature and county partners is determining the scope of the exchange's responsibilities as it relates to eligibility and enrollment systems, which is a very significant and important issue in terms of being prepared to accommodate the enrollment of millions of newly insured Californians come 2014. And finally, I think an important task for 2011 is community outreach and engagement. We need, as a board and with staff, to engage the agent broker community, plans, consumers, business community and others to talk about the exchange -- what it is, what it isn't, how it can benefit different sectors -- and to hear from a variety of communities about their goals and expectations.

We're doing all we can to underscore the value and the availability and the expectation of insurance. I think a social marketing campaign, public outreach and education -- we're going to need to be creative; we're going to need to be innovative. The exchange board, no doubt, will play a very important role in advancing efforts to create that community norm, but it really is going to be a broader social responsibility to do all we can to help build that social consensus around reform and help people understand how they can access affordable coverage as efficiently and effectively as possible.