Population Health Matters

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Health Reform Update: The Road to Implementing State-Run, Partnered, and Federally Facilitated Exchanges

The Patient Protection and Affordable Care Act (ACA) was signed into federal law on March 23, 2010 with the intent of overhauling the health care system and expanding health insurance coverage. One of the major provisions under the ACA is the establishment of state health insurance exchanges that will function as centralized marketplaces to assist individuals and small businesses in obtaining appropriate health insurance coverage. Navigator programs created through grants will raise awareness about the exchanges, provide impartial information about insurance options, and assist consumers with enrollment.[1] The structure aims to increase enrollment in health insurance and ensure compliance with regulated health plan standards set by the federal and state governments. These health insurance exchanges will be implemented in each state on October 1, 2013, with coverage to begin on January 1, 2014.

Under the ACA, each state has chosen whether its health insurance exchange will be run by the state, the federal government, or a partnership between the two. As a partner, the state may assume responsibility for plan management functions, consumer assistance functions, or both, with the remainder of functions being federally run. States that did not opt to participate defaulted to the federally-facilitated option to be established and operated by the Department of Health and Human Services. These states will have the option of developing into a state-run exchange in the future.[2]

States that have chosen to run their own health insurance exchange or partner with the federal government have the advantage of being able to tailor the program to their population by determining how the exchange will be structured and governed, what standardized plans will be offered within it and what premiums are appropriate. They will also create insurance rating rules and compliance standards by which plans within the exchange will have to abide.[3] While state-run and partnered health insurance exchanges provide states with increased flexibility and autonomy, they also come with increased administrative and financial responsibility. Currently, federal funding for state-run exchanges expires at the end of 2015; after that, states must figure out how to manage and fund their exchanges.[4]

According to the National Conference of State Legislatures, 17 states and the District of Columbia have been approved for state-run health insurance exchanges, seven states are partnering with the federal government to run their health insurance exchanges, and 26 states will default to federally facilitated exchange (Table 1).[5] The majority of states that have either opted or defaulted into federally facilitated exchanges have Republican administrations, a contrast to the traditional Republican stance of limited federal government. Many of these states delayed administrative discussion and preparations regarding health insurance exchanges with the hope that the ACA would be overturned by either the Supreme Court or the 2012 Presidential election.[6] Other states have cited ideological opposition to the ACA as a reason for their hands-off approach.[3]

In Pennsylvania, Governor Tom Corbett announced in December 2012 that our state's exchange will be run by the federal government. In a press release, he stated that his administration became discouraged with a state-run option after seeking guidance from the Department of Health and Human Services and receiving "little acknowledgement."[7] As a federally-facilitated exchange, Pennsylvania's exchange will operate according to the guidelines

Table 1. Health Insurance Exchange Decision by State

State Run	Partnership	Federally Facilitated
CA, CO, CT, DC, HI, ID, KY, MD, MA, MN, NV, NM, NY, OR, RI, UT, VT, WA	AR, DE, IL, IO, MI, NH, WV	AL, AK, AZ, FL, GA, IN, KS, LA, ME, MS, MO, MT, NE, NJ, NC, ND, OH, OK, PA, SC, SD, TN, TX, VA, WI, WY

released in April 2013 by the Centers for Medicare & Medicaid Services in a "Letter to Issuers on Federally Facilitated and State Partnership Exchanges." It states that roles that would otherwise be undertaken by state officials, such as designating health plans as Qualified Health Plans in the exchange and operating call centers for customer support will instead be executed by the federal government.[8] It remains to be seen whether this will affect the ease of enrollment, quality of health plans, or consumer satisfaction.

With the creation of health insurance exchanges comes an influx of previously uninsured or underinsured patients into the healthcare system. The expected expansion of the patient population is likely to make the shortage of primary care physicians more severe, as already experienced by Massachusetts, which developed its own exchange prior to ACA. It is important, therefore, that states evaluate the availability of primary and preventative care and with the goal of developing and restructuring services to meet these demands.

As medical students in a community with a large underinsured population, we have seen

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firsthand both the struggle of patients without access to health care and the financial burden that the healthcare system suffers when medical problems are not addressed promptly. As future internal medicine physicians, we look forward to working in a system in which more patients can go to the doctor rather than the emergency department and can follow up in the office rather than returning to the hospital. As health care providers we must continue to monitor the progress of health insurance exchanges and ensure that the system meets its goal of providing health care for more Americans. ■

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