



COMMUNITY ADVOCATES
Where Meeting Basic Needs Inspires Hope

Public Policy Institute

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TO HOLD DOWN HEALTH CARE COSTS, STATE EXCHANGES MUST ALLOW INSURERS TO COMPETE WHERE THEY WANT TO

Covering Ex-Prisoners Can Also Help Reduce Crime and Lower Taxes

Milwaukee—The health exchanges, health insurance marketplaces established by the federal *Affordable Care Act*, should allow insurers to sell qualified health plans in any county or region of the state that they wish to, according to comments on establishing exchanges provided by the Community Advocates Public Policy Institute to the Centers for Medicare and Medicaid Services.

This approach to increasing competition is a key to driving down health care costs and insurance premiums.

This comment is a result of the Public Policy Institute's analysis of the highly successful operation of the Wisconsin state employee health program in Wisconsin. The program gives employees a choice among HMO and non-HMO plans, and allows insurers to choose to bid on state employees in a single county, all counties or a cluster of counties.

This policy of "double choice" has led to a unique and highly competitive environment that has reduced health insurance costs.

"The tools to create a competitive health insurance marketplace are in our hands. As states design the health insurance exchanges, they must make forward-thinking decisions that help keep costs low for consumers and remove the burden from taxpayers," said David R. Riemer, Director of the Public Policy Institute.

Additionally, the Public Policy Institute commented that requiring all ex-prisoners—prior to their release—to use the health exchanges to enroll in a health insurance plan and then set up an immediate post-release appointment with a primary care doctor will improve public safety by preventing crimes, and will hold down taxes by reducing recidivism.

The Public Policy Institute's full comments to CMS are attached below.

The Community Advocates Public Policy Institute recently launched the Project for Health Insurance Exchange Education (PHIXE). During this project, the Public Policy Institute will work with state-level advocates and policymakers on improving the design of their health exchanges to maximize health insurance coverage, control costs for consumers and employers, and improve quality of care, especially for addiction treatment.



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Project for Health Insurance Exchange Education

September 28, 2011

Centers for Medicare & Medicaid Services
Department of Health and Human Services
P.O. Box 8010
Baltimore, MD 21244-8010

RE: Patient Protection and Affordable Care Act; Establishment of Exchanges and Qualified Health Plans: Proposed Rule CMS-9989-P

Dear Sir or Madam:

Thank you for this opportunity to provide comments regarding the establishment of health insurance exchanges.

The Community Advocates Public Policy Institute recently launched the Project for Health Insurance Exchange Education (PHIXE) to assist states with designing exchanges that effectively use competition to lower insurance premiums. Community Advocates has also signed onto two separate and broader comments about this Proposed Rule.

This comment addresses two specific issues that we raised at the September 26, 2011, Department of Health and Human Services exchange listening session in Chicago, and that we were asked to comment on: 1) Adopting health transition procedures for soon-to-be released prisoners through the exchange into either Medicaid or a qualified health plan offered through the individual exchange, and 2) Allowing insurers to compete in any county or region of their choice.

Adopt Transition Procedures for Released Prisoners

We request that the Proposed Rule require that exchanges work with state Medicaid agencies and state Departments of Corrections to ensure that prisoners approaching release use the exchange portal, choose a health care plan, select a primary care doctor and schedule an immediate post-release appointment with the primary care doctor. This will eliminate gaps in coverage, and ensure ongoing health care—typically involving treatment for addiction, and potentially co-occurring mental illnesses, which often require maintenance of a regimen of prescription drugs.

By coordinating with state corrections agencies to establish efficient transition procedures within prisons to promote this continuity of care, exchanges will prevent crimes, spare innocent people from death and injury, reduce recidivism and avoid taxpayer costs. The cost to states will also typically be nil, because the federal government will pick up most Medicaid costs, and tax credits provided through the exchange are federal. The administrative burden on the states will also be minimal.

Allow Unlimited Competition

In Wisconsin, the Department of Employee Trust Funds (DETF) operates an exchange for state employees to choose from among local health plans. DETF allows insurers to bid on state employees in any of Wisconsin's 72 counties, whether a single county, a cluster of counties (chosen by the insurer), or all counties. This ability of insurers to bid in any county or region of their choice has created a highly competitive environment. In at least one county (Dane), where the DETF exchange covers approximately 25% of the entire non-Medicaid, non-Medicare population, the insurers' competition has greatly slowed the growth of health insurance premiums.

The Proposed Rule should not require exchanges to limit insurers to bidding in pre-defined regions of the state or the state as a whole. Such a limitation will, in Wisconsin and other states, curtail competition and thus raise health insurance premiums.

We urge instead that the Proposed Rule clarify that exchanges may allow insurers to compete in any county or region in which the insurers wish to compete, regardless of whether the state establishes subsidiary exchanges or a statewide exchange.

We appreciate the invitation to comment on these two important features of exchange design. For questions or more information, please contact David Riemer at (414) 270-2943 or DRiemerMil@yahoo.com, or Michael Bare at (414) 270-2976 or mbare@communityadvocates.net.

Thank you,

David R. Riemer, Director

Michael Bare, Research Director