



Five Key Elements of a Consumer-Friendly Exchange

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The Affordable Care Act requires health insurance marketplaces, or “exchanges,” to provide high-quality, affordable health coverage options to consumers and small businesses in every state by 2014. The law includes standards that each exchange must meet, but it allows for flexibility in the design and implementation of particular functions. Exchanges should consider the following five key elements to ensure consumer-friendly policies and implementation strategies:

1 Governance

The exchange’s governing body should include consumer representatives as official members, and it should not include members who may have conflicts of interest due to affiliations with health care industries, including insurance companies.

2 Meaningful Plan Options

Exchanges should work to ensure that the plans available in the exchange provide quality and value and that consumers can easily identify the plan that best serves their needs. One way to accomplish this is for the exchange to take an active purchaser role by, for example, adopting a competitive bidding process in which plans that can be sold through the exchange are selected based on criteria such as quality indicators, premiums, and health equity standards. Active purchasing can also help to ensure that exchanges provide a reasonable number of meaningful plan choices so that consumers are not overwhelmed by too many options. Even if an exchange does not adopt an active purchasing model, it should still enact plan standards to ensure quality, value, and meaningful choice for consumers.

3 Financing

Exchanges should be financed with broad-based assessments on insurance plans that are offered both inside and outside of the exchange. Exchanges should not charge user fees to consumers, which would increase the cost of coverage.

4 Navigators

Navigators will help consumers and small employers learn about and enroll in coverage options. Exchanges should select navigators based on their ability to put consumer and employer interests first, without conflicts of interest. Under the Affordable Care Act, navigators must demonstrate qualities that make them well-suited to serving uninsured and underinsured consumers. Priority should be given to selecting navigators with existing infrastructure in diverse communities, including consumer-focused nonprofit groups that have expertise in working with underserved populations, people with disabilities, or those with limited English proficiency.

5 One-Stop Shop

The Affordable Care Act requires exchanges to provide consumers with a streamlined, simple process to apply for and enroll in health coverage. Individuals and families should be able to apply for private health plans, premium tax credits, Medicaid, and the Children's Health Insurance Program (CHIP) through the exchange using a single application that is accepted online, by phone, by mail, and in person. Exchanges must have the necessary information technology (IT) to ensure that the online application is user-friendly and that consumers receive accurate and timely eligibility results in coordination with state Medicaid agencies.

As exchanges prepare for open enrollment on October 1, 2013, they should keep these five elements in mind in order to best meet the needs of consumers.

