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## Health insurance exchanges: Information for safety net providers

The health care marketplace is undergoing massive change and at its heart is the Patient Protection and Affordable Care Act (PPACA). The new law fundamentally changes the operational and policy landscape for federally qualified health centers and other safety net providers, which serve the uninsured and low-income patients most likely to benefit from reform. Reform dramatically expands access to Medicaid and health insurance and mandates the creation of health insurance exchanges, a marketplace that will transform how the health care system operates.

### Consider this:

- Medicaid will be extended to 16 million new enrollees, growing the proportion of Medicaid patients served by health centers from 36 percent in 2009 to 44 percent by 2019.<sup>1</sup>
- 38 million people will gain health insurance coverage through the Exchanges, many of whom are currently uninsured or under-insured. 20 million Exchange members nationwide will be eligible for subsidies.
- Safety net providers have an opportunity to strengthen their revenue stream while serving their core clients with a proven model of care. Providers should start planning now to compete in this new commercial marketplace.

### How to maximize the new opportunities with Exchanges

The PPACA requires all participating health plans offering insurance products through the Exchange to contract with community-based safety net providers. While this appears to be a boon for safety net providers, here are some important considerations:

- There are new opportunities, but the details are being finalized. Since the regulations are still being developed, it is unclear whether plans must contract with all safety net providers.

{ **Health plans have concerns about contracting with safety net providers.** }

- Many of us fear the unknown, and commercial payers have little experience working with the safety net. Health plans may pay safety net providers more because the federal government is mandating cost-based reimbursement for the safety net. Developing a value statement and effectively communicating outcomes and value-based purchasing opportunities will be essential in maximizing contracts.
- The safety net's traditional customer base will now have more options. Commercial insurance companies considering participating in the Exchange are also considering entering Medicaid markets to provide continuity of care to new members. Some states may require that insurers in the Exchange also participate in Medicaid. This means safety net providers who have never had to consider competition for their membership may be faced with a potentially shrinking market. A strategy that addresses access to care, customer service and relationships with other systems will help safety net providers compete in this new environment.

{ **Maximizing opportunities with commercial insurers may mean operating differently.** }

- The new marketplace will require safety net providers to be more business-minded in their approach and communicate the value they provide. Safety net providers have long been required to do a lot with very little and focus on the essentials—providing quality care. This will mean different things for different providers, but may include: developing a well-thought-out strategy for negotiating with private insurers, developing internal systems to maximize billing and prior authorization systems, creating interoperable medical record systems that meet commercial standards and/or participating in commercial HEDIS measurements.

“ Daunting challenges require transformative solutions. We look forward to helping you achieve excellence.”

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## How ArpeggioHealth can help

Now is the time to begin thinking about where and how you will grow. ArpeggioHealth has the skills and experience to support your management team in creating a business model that will be competitive in this new environment. Our proven team understands both the safety net and commercial health insurance and can:

- Work with the Board of Directors and executive leadership to align goals and execution strategy.
- Streamline the health center's internal operations, infrastructure and organizational practices.
- Conduct pricing analytics to determine ROI of new opportunities, including health insurance contracting opportunities.
- Build relationships among hospitals, health systems and safety net providers to maximize efficiencies and develop systems of care that focus on prevention and serving under-served and vulnerable populations.
- Identify and support the development of new companies.
- Develop a market strategy, including translating pricing and value-based purchasing metrics into compelling information for commercial insurers.

Daunting challenges require transformative solutions. We look forward to helping you achieve excellence.

For more information please contact Carol J. Geffner, Ph.D., CEO  
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or visit us at: [ArpeggioHealth.com](http://ArpeggioHealth.com)

## Key background information

### What are Exchanges?

The Exchange is the regulated marketplace through which insurers will offer defined health plans. They will facilitate the purchase of insurance by individuals and small businesses with up to 100 employees, but the Exchange itself will not be an insurer.

Exchanges are meant to be one-stop shops for purchasing insurance where consumers can receive information to better understand their options and easily compare a range of plans.

There will only be a small number of approved health insurance options that have a mandated set of benefits, copayment and deductible structures. While other benefit plans will be allowed, it is assumed that there will be a major shift to one of these approved benefit programs.

### Several other key components of the federal law are:

- Low-income individuals will have to purchase coverage through the Exchange to get tax credits.
- Each Exchange will have to offer at least two multi-state plans: a plan offered by a nonprofit health plan and a plan that does not provide abortion coverage.

To purchase insurance in an Exchange, members must be U.S. citizens and legal immigrants who are not incarcerated. Businesses purchasing insurance through Small Business Health Option Programs (SHOPs) must have 100 employees or less. States will have the option of allowing larger businesses to purchase coverage via SHOP Exchanges starting in 2017.

### References:

1 According to The Kaiser Commission on Medicaid and the Uninsured.