Policy Brief #7: Designing a Consumer-Friendly Exchange

The earlier briefs in this series have laid out the important steps states must take to create a strong, stable exchange. But even if the state ensures that its exchange is fair and effective, if it is not easy to use and trusted by consumers, eligible enrollees won't materialize. And if consumers lack the ability to understand their options and make informed decisions, the power of the exchange to drive competition and quality will be undermined.

The exchange is a store where consumers can buy health insurance products – and anyone who's worked retail knows that the consumer experience is critical. For all the attention that must be paid to getting the behind-the-scenes aspects of the exchange to work, the front-end is just as important. When a consumer goes to the exchange to buy coverage, will it be a simple, easy process, or will they get frustrated by needless red tape? Will they be able to entrust their personal financial information to the exchange? Will the exchange help them pick coverage that's right for their family? The answers to these questions cannot be taken for granted.

About this Series:

The creation of a new health insurance exchange offers states an opportunity to improve health care and lower costs by pooling consumers' bargaining power, creating economies of scale, and pushing insurers to delivering lower costs and higher quality. CALPIRG Education Fund's *Building a Better Health Care Marketplace* project provides recommendations to advocates and policymakers for how to create a strong, pro-consumer exchange. Support for the project is generously provided by the Robert Wood Johnson Foundation. For further information on this project, and other policy briefs in this series, please visit http://www.calpirg.org.

Simple, Streamlined, and Accessible

Many consumers will buy their coverage through the exchange's web portal. States have significant leeway to design that portal, but they must take care to ensure that it is as simple and consumer-friendly as possible. One necessary step will be to clearly label consumers' options, so that they can

easily understand what they need to do to sign up for coverage. Another will be to ensure that the portal can analyze the information provided by the consumer and tailor the options it presents accordingly – for example, catastrophic plans should not be presented to those who are not eligible for them.

To maintain consumers' confidence in the exchange, the web portal should enable consumers to easily access a record of any information they have given the exchange. Indeed, the exchange must be accessible to all potential enrollees, including those who lack broadband-speed internet connections. For some, the web portal will be the best way for them to buy coverage, but others will lack internet access. These consumers will need clear pathways to enrollment, such as the toll-free hotline required by the new federal health reform law, or the navigator program, which will allow the exchange to provide in-person community outreach.

The same amount of care, streamlining and simplification that go into the website should go into the materials and process used by the other access points – hotlines and navigators. To the greatest possible extent, all three access points should use application processes and materials that are identical, so that consumers who sign up for coverage over the phone can then easily renew online, for example.

However consumers access the exchange, the information it provides must be designed with an eye towards the needs of those who will ultimately be using it. This means ensuring that the language used is straightforward and descriptive, avoiding jargon as much as possible. The state should audit the Flesch Reading Ease and Flesch-Kincaid scores of the various materials and web content being used, to ensure that they are comprehensible to ordinary enrollees – this is especially important because many exchange enrollees will be buying coverage for the first time, making them even less familiar with health coverage terms of art than the ordinary layperson. Similarly, the state must assess the diverse language and cultural needs of potential enrollees and lay out a plan to meet them – simply offering a Spanish version of the web portal, for example, is a good start but will likely not be enough to guarantee that all consumers are able to effectively use the exchange.

Getting all of these usability details right won't be easy. In addition to setting a strong plan, the exchange must also engage in testing and run focus groups, to make sure that consumers can easily to navigate its various systems. Engaging a broad range of stakeholders in this testing process – including communities with specific language, cultural, and health needs – will help ensure that the exchange has a smooth start-up process in 2014.

Empowering Consumer Choice

A well-designed exchange holds the promise of harnessing consumer choice to make the insurance marketplace more competitive. However, if consumers don't understand their options and aren't easily able to determine what coverage is right for them, this promise will be substantially weakened – and unfortunately, this is exactly what consumers currently face on the insurance market. To get past this confusing status quo and provide a consumer-friendly shopping experience, the exchange must do five things:

First, it must help consumers make apples to apples comparisons of plans. The five standardized tiers set out by the ACA will help with this, as consumers will be able to compare products that have roughly similar levels of coverage, but that will not be the extent of a state's power to improve the consumer experience. The exchange should also consider further standardizing its offerings, to reduce unnecessary variation and allow for better comparison-shopping. Finally, the exchange should make it easy for a consumer to compare the important aspects of two different coverage options at a glance, so they can focus in on important differences as they narrow down the list of options.

Second, the exchange should make it easy to find products that meet a consumer's needs. The consumer should be able to prioritize different criteria, such as whether they care more about price, specific categories of benefits, location and breadth of provider networks, customer service, quality of care, history of premium increases, and so on – and then run a customized search to find plans that meet those particular needs.

Third, the exchange should develop ratings and rankings to allow consumers to understand the strengths and weaknesses of their coverage options. These could include one to five star ratings for particular aspects of coverage, such as those discussed above, as well as a "seal of approval" for high-performing plans. These ratings should be incorporated into the comparison and search tools discussed above.

Fourth, one of the most important pieces of information a consumer must have when choosing their coverage is whether their current doctor or other provider is included in the insurer's network. There should be easy-to-use search tools integrated into the exchange web portal to allow consumers to know whether changing their coverage will also mean changing their doctor.

Fifth, the exchange must clearly explain the cost of each product, beyond just the monthly premium. Products with

high deductibles and coinsurance may lead to consumers paying significant amounts through cost-sharing, and those impacts could be less visible. As a result, the exchange should list, in addition to the monthly premium, the expected yearly cost-sharing under the product for a patient with low, average, and high health needs, to allow for a more informed evaluation of consumer options. Similarly, because some exchange enrollees will receive tax credits to offset the cost of their premiums, a calculator including these savings should be incorporated into the buying process, so that consumers will know what they will actually have to pay. Only by detailing all these aspects of the plan can consumers get an accurate picture of their costs, and choose the plan that is right for their budget and health needs.

Privacy Protections

The exchange will have access to sensitive consumer information, including financial and medical information. If consumers are not confident that the exchange will keep their personal data safe, they will be hesitant to enter the exchange or give it the information needed to make accurate eligibility and enrollment decisions. Building consumer confidence in the privacy and security of personal information therefore must be a priority for the exchange.

The exchange must develop and implement a plan to ensure that identifiable personal information is not shared, internally or externally, with those who do not have an immediate, legitimate need for it, for example in order to make eligibility determinations or process payments. Under no circumstances should the exchange sell personal data, or share it with others for commercial use. Consumers should be able to easily access all of the data the exchange has about them, and make corrections to erroneous information. Protections must be adopted to prevent data breaches or unauthorized access. And in the event that such breaches do occur, the exchange must speedily inform consumers and take strong action to minimize the harm.

The exchange should clearly disclose these protections, so that consumers know that the exchange takes its responsibility to their personal data seriously. Similarly, in order to build trust, whenever the exchange asks for personal information, it should make clear exactly why that information is needed.

Consumer Assistance

Even the best designed exchange will not function perfectly in all cases. Individual consumers will need help in determining their eligibility and picking coverage. They also should have a place to register complaints and

suggestions. Consumer assistance programs should be developed in tandem with outreach and navigator programs, with coordination to ensure that they are all consumer-friendly and give the same information. Language access and cultural competency will be a critical component of successful programs.

Some states already have a state insurance ombudsperson or insurance consumer protection section within an agency, or may partner with separate nonprofit groups to serve this function. The ACA provides funding and technical assistance to such programs, and states may want to use these funds to integrate these existing programs into the exchange as it is developed.

Feedback from these avenues of consumer assistance should be gathered, analyzed, and fed back to the exchange's policymakers, so operations can be analyzed and improved to eliminate common problems. Consumer satisfaction is the ultimate test of the exchange's success; their experiences will be the best barometer for determining what needs to be done to meet the goal of providing affordable, quality, accessible coverage.