



# What Everyone Ought to Know About the Healthcare Exchange Process

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The wave of healthcare insurance changes coming across the business world is sure to make the upcoming enrollment season a challenging one. However, with an effective private exchange model, and with the help of qualified brokers as advocates for both employers and employees, the transition to the new era of buying benefits can be a positive development for everyone. Business leaders will be saved from the stressful position of trying to buy a one-size-fits-some benefits package, and employees will gain the satisfaction of knowing they chose the best benefits to cover their loved ones from the diverse risks of life.

Noticeable changes to healthcare begin this year, with major PPACA benchmarks becoming due as early as October. Public exchanges – or online stores in which members purchase health care benefits – must be prepared to start enrollment in October 2013, and must be fully operational by January 2014. In cases where state governments are unprepared or lack the resources to open a public exchange,



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the federal government will step in with a federal exchange. To date, only 18 states and the District of Columbia have declared a state-based exchange.

One state stands out from the rest: Massachusetts' public exchange, a state-run exchange that was in many ways a part of the founding of the Obamacare public exchange model, has been running since before the 2010 legislation mandated healthcare exchanges. For this reason, many look to Massachusetts as a predictor of state-based exchanges' success. The public exchange has received some negative reviews from its users, as collected by researchers at *Health Affairs*, a peer-reviewed journal focused on delivering a high-level, nonpartisan forum on health policy issues. Of the surveyed enrollees in one of the subsidized public exchange plans, 40 percent of the respondents reported the plan information was difficult to understand. **Twenty percent expressed the wish for help in narrowing plan choices, and these participants were more likely to decry their experience in understanding the plan, satisfaction with coverage and affordability, and unexpected costs.**

Private exchanges are the private sector's response to the public exchange's offerings. The private exchange online benefits store answers the call for comprehensive coverage beyond just medical care, a logical process to selecting the best benefits, and tools to educate participants in the choices now available to



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them. The advantages of a private model are gaining attention: According to a recent Booz & Company research study of more than 500 employers and 300 consumers, **70-80% of responding employers stated preference for a private exchange, rather than purchasing insurance from a public exchange. Reasons for the choice included, “greater product choices (including ancillary products), design flexibility, customer service, and a general wariness of government-run entities.”**

Employers immediately benefit from opting in to a private exchange. In the past, employers with fully insured benefits programs have been given double-digit annual premium increases with no explanation as to why their healthcare rates skyrocketed year-over-year. Bosses were left to explain uncontrolled increases to their employees without having received an explanation themselves. Every year employers were reactively trying to juggle buying a benefits package that covered as many employees as possible while also keeping an eye on their bottom line.

With a private exchange, employers are welcomed to a new and passive role: employers work with a broker to determine an appropriate healthcare budget, allocate a fixed amount for employees to buy benefits, and then get back to running the business. While there is flexibility for employers who want to maintain an active role in their employees’ well-being, the private exchange model is designed to shoulder the responsibility of helping employees make the



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best decisions for their insurance needs.

It is that very freedom of choice that gives employees a sense of satisfaction in their healthcare benefits. Employees are empowered to explore the exchange's full inventory of insurance products along with a variety of medical health plans in one convenient location. In using the tools provided by exchanges such as Bright Choices<sup>®</sup>, an employee can build a balanced portfolio of benefits designed to protect against risks important to this individual. **By combining different types of benefits, an employee can reduce overall cost of coverage while improving protection.**

This might include a medical plan with a range of benefit options: vision care, dental policies, accident insurance, critical illness coverage, life insurance, spending and savings accounts, and others. They can buy benefits to protect themselves and their families, to help them get and stay fit, or have access to a doctor regardless of office hours. At the end of the process, the employee has created a specified level of comprehensive coverage that might be at a lower cost than the employer previously paid, and the employee avoids all risk of being under-insured or over-insured.

The value of offering educational tools to guide employees throughout the buying process cannot be understated: in addition to the feedback garnered from the Massachusetts exchange case study, **behavior economics and decision psychology research points to the**



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Seasoned private exchanges, such as Bright Choices, offer "best plan" options for simplicity, but will also let conscientious employees dig deeper to compare benefits until they are satisfied with their selections. Bright Choices bases their process on years of experience, academic research, and consumer feedback. The process begins with a new member logging in for the first time. Bright Choices will prompt the employee to fill out a profile which explores that person's specific needs, and those of the family, based on a health profile, financial status, risk tolerance and preferences. It is at that point Bright Choices conjectures possible risks for this family, and makes recommendations for a personalized benefits portfolio to match their needs and minimize their costs.

Employees can feel confident in their benefits selections as they can use any of the easy, comprehensive resources Bright Choices offers to compare the plans offered in the exchange. **The private exchange provides further information such as specific plan information, the anticipated cost for common medical practices, providers included in the network, and even answers frequently asked questions, such as the difference between an HMO and PPO.**

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employees' hands, allowing them to take an active role in their healthcare and insurance decisions. Even after locking in a healthcare plan, employees use the Bright Choices exchange year round for more information. They can analyze their insurance benefits' performance, make life event changes, find answers to questions, and track bills and claims statuses. This means less work for HR and administrators who previously answered insurance questions.

At the same time, HR and administrative staff are fully supported by the Bright Choices exchange and certified partner, StoudtAdvisors. Bright Choices creates a clear dashboard and reporting system for HR staff to keep tabs on all health insurance activities of the business. This complies with the PPACA stipulation that health plans must adopt and implement uniform standards and operating rules for electronic exchange of health information to reduce paperwork and administrative burdens and costs. The Bright Choices exchange creates a smooth enrollment, termination, claims and change in life circumstance process for the HR team. The private exchange employer portal lets employers view the staff's elections, initiate hires and terminations, and download important reports and forms.

StoudtAdvisors partners with employers and the leadership team throughout the entire process of selecting the private exchange, determining appropriate employer contribution amounts, explaining exchanges to employees, and coaching HR in managing the employer portal.



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StoudtAdvisors' goal is to guarantee access to the products and services necessary to ensure both employers and employees are getting the best coverage, the best wellness strategies, and the best personal care they've come to expect from StoudtAdvisors. To partner with StoudtAdvisors, certified partner of Bright Choices, and to benefit from the tools and services they offer, contact David Stoudt at 717-581-6150 or Scott Labrecque at 717-581-6165 or visit <http://www.stoudtadvisors.com/brightchoices.html>