



## ILLINOIS MATERNAL & CHILD HEALTH COALITION

1256 West Chicago Avenue ♦ Chicago, Illinois 60642  
Tel: (312) 491-8161 ♦ Fax: (312) 491-8171 ♦ Email: [ilmaternal@ilmaternal.org](mailto:ilmaternal@ilmaternal.org)  
Website: [www.ilmaternal.org](http://www.ilmaternal.org)

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### Written Testimony to Health Benefits Exchange Legislative Study Committee August 30, 2011

On behalf of the Illinois Maternal and Child Health Coalition (IMCHC), thank you to members of this legislative study committee for undertaking the important task of reviewing and providing recommendations on how Illinois can best implement a Health Benefits Exchange (Exchange). Given the limited amount of time that this study committee has to provide recommendations, IMCHC has focused our testimony on governance, financing, and stakeholder engagement.

Since 1988, IMCHC has been fighting to improve the health of all women, babies, young people and families in Illinois. As an organization, we bridge the gap between policy makers and those affected by their decisions. Through education, we empower people to make healthy choices that strengthen families and communities.

IMCHC's statewide membership includes health care providers, social service organizations, and community residents, primary women and children under 200% of the Federal Poverty Level, who will be directly impacted by the decisions of this study committee and by the enacting legislation to be considered by the General Assembly during the Fall 2011 veto session. Our written comments reflect the concerns of our constituents; if you have any questions, please feel free to contact Kathy Chan, Director of Policy and Advocacy at 312-491-8161x24 or at [kchan@ilmaternal.org](mailto:kchan@ilmaternal.org).

The intent of the Exchange is to create a competitive health insurance marketplace that provides information to consumers and small businesses, so they can make informed decisions about choosing a health insurance plan that is affordable and meets their specific needs. Given that individuals and small businesses are at the greatest disadvantage when it comes to accessing affordable health insurance, they have the most to gain from an Exchange AND their needs **must** be prioritized when designing an Illinois Exchange.

The Exchange will also help facilitate enrollment into Medicaid for those who are eligible and streamline the process for those whose income causes them to move between public and private coverage throughout the year. Early estimates of those who will be newly eligible for Medicaid in 2014 have been as high as 700,000 Illinois residents, so establishing an Exchange that is responsive to the needs of this vulnerable population is critical.

Determining the governance structure of the Exchange is the legislative study committee's *most important task*. In addition to meeting requirements to draw down the second round of Exchange planning grants from HHS, establishing a governance structure that responds first and foremost to individuals and small businesses will help ensure the success of the Exchange. IMCHC considers transparency, strong conflict-of-interest provisions, and representation by individuals and small businesses on the Exchange governing board as high priorities.

In order to assure Illinois taxpayers that the Exchange operates in a process free from patronage or political favoritism, IMCHC recommends that the Exchange operate as a quasi-state agency, but still be subject to FOIA and open meeting rules. The Exchange should be not be required to follow state procurement rules, which can be cumbersome and time-consuming, but instead issue contracts and other business via a competitive request for proposals (RFP) process that is part of an annual independent audit process.

Exchange governing board members should be unpaid and required to adhere to strong conflict-of-interest provisions. Board members should represent those who will benefit from the Exchange, namely individuals and small businesses, and not represent the interests of anyone who would directly profit from the Exchange, such as insurance companies or brokers. Additionally, it will be necessary to implement strong revolving door policies to prevent members from moving directly into or from the insurance industry for at least one year.

Governing board members should serve staggered terms and represent a wide range of experiences. IMCHC recommends that board members have one or more areas of expertise as suggested by the National Academy of Social Insurance<sup>1</sup>, which speaks to specialties such as health benefits plan administration, purchasing health plan coverage, or individual or small group health insurance markets. In addition to these areas, there should be at least one board member who has direct experience with Medicaid and/or providing health care to the uninsured. Exchange staff should also be able to provide support in the form of research and timely responses to board members on these and related issues.

In an effort to encourage greater public participation, as well as allow for other stakeholders to provide guidance and input to the Exchange while avoiding conflicts of interest, IMCHC recommends the establishment of advisory boards that could include insurers, brokers, and providers.

Governing board and advisory board meetings should take place in rotating locations throughout Illinois to allow for maximum participation by Illinois residents. Meetings should be posted at least 60 days in advance.

Regarding financing of the Exchange, IMCHC supports an option that would be unlikely to add to consumers' cost for coverage, such as levying assessments or user fees to health insurance companies operating within the entire Illinois market. Illinois should also consider drawing down Medicaid administrative match at the 90/10 rate to help support Medicaid enrollment and coordination with those who may move between public and private coverage throughout the year.

Thank you for considering our comments. IMCHC intends to submit more comprehensive comments on additional issues concerning the Exchange in the next several weeks.

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<sup>1</sup> <http://www.nasi.org/research/2011/designing-exchange-toolkit-state-policymakers>