Exchanges force closer look at performance, outcomes

By MICHAEL McBRIDE, Technology Editor

Health insurance exchanges are an integral part of health reform. Beginning in January 2014, as part of the Affordable Care Act (ACA), people who cannot purchase health insurance individually or through an employer will have a choice of plans available through state insurance exchanges.

We’ve been assured that these insurance exchanges will lower health plan costs and improve the quality of care through a rather unique blend of government oversight and fostered competition. There’s even a nifty term for this type of government-ruled private industry model: regulated competitive markets.

On the surface, they seem like a wonderful thing. Insurance exchanges will help all Americans—even those with pre-existing conditions or extended unemployment—receive healthcare. No longer can anyone be denied coverage, and insurance exchanges even promise to lower healthcare costs. What’s not to like?

But can the insurance exchanges actually accomplish all that? And how will they affect primary care practices?

QUESTIONABLE IMPACT

A recent report published in the New England Journal of Medicine (NEJM), “Implementing insurance exchanges—Lessons from Europe” by Ewout van Ginneken, PhD, and Katherine Swartz, PhD, found that insurance exchanges don’t work. Not, at least, to accomplish the promised cost containments, and not without additional healthcare industry reforms that affect how physicians practice medicine and how they get paid.

The report’s authors studied existing insurance exchanges in Switzerland and the Netherlands. They compared the results of the government-regulated insurance exchanges against those two governments’ original goals, which included successfully containing costs.

The researchers concluded that little or no ground had been gained by the insurance exchanges in those countries. They also concluded that part of the problem lay in a lack of attention being paid to healthcare purchasing activities, and that without reforming the healthcare purchasing market as well, simply creating regulated competitive markets does little or nothing to contain healthcare costs.

They went on to note that the ACA will require U.S. healthcare providers to annually publish their standard charges for goods and services. This, presumably, will enable healthcare purchasers in the United States to negotiate the best prices, quality, and volume of healthcare for their plan members, which, the ACA creators believe, will lead to lower healthcare costs.

The NEJM study authors note, however, that those measures are already in operation in Switzerland and the Netherlands as well, and they have had a “negligible” effect on costs.

CRITICAL POINTS

The authors make two points they believe are critical to the ultimate success of regulated competitive insurance markets. Although directed at the Swiss and Dutch healthcare systems, they can be applied to the U.S. healthcare industry with equal precision:

- “Insurers still lack the tools, expertise, and leverage to be competitive [healthcare] purchasers and thereby achieve efficiency in the delivery of healthcare services.”

- “Good data on performance and quality are urgently needed to permit better assessment of value for money.”

Both are important observations, but the latter one should be of particular interest to primary care physicians because it offers a window into what can be expected when U.S.-based state health insurance exchanges begin operating.

QUALITY REPORTING

U.S. officials anticipate that managed healthcare (through accountable care organizations and Patient-Centered Medical Homes) will result in increased access to higher-quality healthcare at lower costs.

That’s pretty much what the Swiss and Dutch healthcare reformists expected to achieve with their insurance exchanges as well.

The NEJM report, however, clearly shows that those regulated competitive markets have not achieved cost containment. Further, the additional reform measures that are needed there will be required in the United States as well.

The third rail of a regulated competitive health insurance market is the healthcare purchasing market, and for that market to be effectively reformed, according to the researchers, more attention to physician performance is needed.

In other words, the quality and volume of the healthcare you provide needs to be strenuously examined in exacting detail and recorded, so healthcare purchasers will have an effective means for identifying the best “bang-for-their-buck” healthcare providers.

To prepare for this inevitability, embrace your practice’s electronic health record system and become a “power user,” because your income soon may depend on the quality metrics it can provide.

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