

Health Insurance Exchanges Impact Patient Enrollment

As of April 19, 2014, over 8 million individuals have purchased health insurance through the federal and state-level Health Insurance Marketplace (Marketplace).¹ While the 2014 enrollment period closed three months ago, and the 2015 enrollment period is five months away (November 15, 2014)², a comprehensive outlook on the implementation of the Marketplace has not yet been reported.

Throughout the 2014 enrollment period, academics, journalists, and government agencies have reported on the experiences of the various stakeholders of the Marketplace individually, but not in aggregate. These stakeholders include employers; health service providers; insurance carriers; and, state and federal government offices. These stakeholders contribute to the overall success of the Marketplace or are impacted by how the Marketplace operates. The most publicly discussed stakeholder experiences are the state and federal government offices, which are involved with the online insurance purchasing interface. The implementation of the Marketplace by the federal and state government offices throughout the 2014 enrollment period sheds light on the operational challenges faced by the government, and provides perspective on the modifications made in advance of the upcoming 2015 enrollment period.

Online platforms initiated by state and federal governments share common challenge-technical difficulties. The *Patient Protection and Affordable Care Act* (ACA), signed into law on March 23, 2010, provided funds to states that choose to operate their own marketplace for their citizens.³ Nineteen states, including Utah, which chose to provide a state-run Marketplace for only small businesses and their employees, elected this route for the initial 2014 enrollment period.⁴ Numerous states experienced technical glitches and other operational difficulties with the health exchange sites, including Washington and Oregon.⁵ Consumers in Washington believed they had secured an insurance plan, but the premiums they paid through the Marketplace did not reach their insurance companies, causing the companies to reject insurance claims.⁶ The Oregon state government hired a software corporation, Oracle, to operate CoverOregon (the state's Marketplace). On October 1, 2013, the opening day of the 2014 enrollment period, CoverOregon failed to launch.⁷ Governor John Kitzhaber has requested Attorney General Ellen Rosenblum take legal action against Oracle.⁸ Oracle claims it provided repeated warnings the CoverOregon website was not ready for an October 2013 launch.⁹

Similar to the state-run Marketplace, the Marketplace run by the federal government also experienced technical difficulties. For example, some consumers in Wisconsin purchased insurance plans with misrepresented deductibles, while others purchased insurance plans not available in their county of residence.¹⁰ For individuals who qualified for Medicaid during the 2014 enrollment period, applications are still processing.¹¹ States are currently unable to process information retrieved from the

federal Marketplace, and are consequently turning to traditional processing procedures such as entering the information by hand.¹²

The various experiences noted by the federal and state government agencies regarding the initial launch of the interactive consumer insurance Marketplace may serve to improve the functionality of the Marketplace in advance of the 2015 enrollment period. The forthcoming installments of this four-part series will explore the Marketplace from the perspective of insurance carriers, health service providers, and employers.

- 1 "Health Insurance Marketplace: Summary Enrollment Report for the Initial Annual Open Enrollment Period" Office of the Assistant Secretary for Planning and Evaluation of Department of Health and Human Services, ASPE Issue Brief (May 1, 2014), p.1, Accessed at http://aspe.hhs.gov/health/reports/2014/MarketPlaceEnrollment/Apr2014/ib_2014apr_enrollment.pdf (Accessed 6/6/14).
- 2 "Important Health Insurance dates," By U.S. Centers for Medicare and Medicaid Services, Accessed at <https://www.healthcare.gov/what-key-dates-do-i-need-to-know/> (Accessed June 11, 2014).
- 3 "The Patient Protection and Affordable Care Act" Vol 42 USC 18031 (March 10, 2010).
- 4 "State Health Insurance Exchange: State Run Exchanges," ObamaCare Facts, Accessed at <http://obamacarefacts.com/state-health-insurance-exchange.php> (Accessed 6/6/14).
- 5 "Some paid up but aren't insured: 'glitches' in state health exchange," By Carol M. Ostrom, The Seattle News, (May 10, 2014), Accessed at http://seattletimes.com/html/localnews/2023580514_insurancesystemdefectxml.html (Accessed 6/6/14); "Oregon governor seeks lawsuit over health exchange," By Associated Press, Modern Healthcare, (May 29, 2014), Accessed at <http://www.modernhealthcare.com/article/20140529/INFO/305299976/oregon-governor--seeks-lawsuit-over-health-exchange> (Accessed 6/5/14).
- 6 *Ibid*, Press, May 29, 2014.
- 7 "Anatomy of a fiasco: How Cover Oregon went awry," By Associated Press, KOMO News, (December 21, 2013), Accessed at <http://www.komonews.com/news/local/Anatomy-of-a-fiasco-How-Cover-Oregon-went-awry-236877091.html> (Accessed 6/9/14)
- 8 Notification of Legal Action Request, By John A. Kitzhaber, To The Honorable Daniel R. Levinson Inspector General U.S. Department of Health and Human Services, May 29, 2014.
- 9 *Ibid*, Press, May 29, 2014.
- 10 "Problems still plague online federal health insurance marketplace," By Guy Boulton and Jason Stein, Journal Sentinel, (March 15, 2014), Accessed at <http://www.jsonline.com/news/health/problems-still-plague-online-federal-health-insurance-marketplace-b99225553z1-250420481.html> (Accessed 6/6/14).
- 11 "State Medicaid Programs Struggle to Process Applications from Federal Marketplace," By Steve Teske, Health Care Policy Blog of Bloomberg BNA, (May 28, 2014), Accessed at <http://www.bna.com/state-medicaid-programs-b17179890825/> (Accessed 6/6/14).
- 12 *Ibid*.



(800) FYI - VALU

*Providing Solutions
in the Era of
Healthcare Reform*

Founded in 1993, HCC is a
nationally recognized healthcare
economic financial consulting firm

- [HCC Home](#)
- [Firm Profile](#)
- [HCC Services](#)
- [HCC Experts](#)
- [Clients & Projects](#)
- [HCC News](#)
- [Upcoming Events](#)
- [Contact Us](#)
- [Email Us](#)

HEALTH CAPITAL

CONSULTANTS (HCC) is an established, nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, Missouri, with regional personnel nationwide. Founded in 1993, HCC has served clients in over 45 states, in providing services including: valuation in all healthcare sectors; financial analysis, including the development of forecasts, budgets and income distribution plans; healthcare provider related intermediary services, including integration, affiliation, acquisition and divestiture; Certificate of Need (CON) and regulatory consulting; litigation support and expert witness services; and, industry research services for healthcare providers and their advisors. HCC's accredited professionals are supported by an experienced research and library support staff to maintain a thorough and extensive knowledge of the healthcare reimbursement, regulatory, technological and competitive environment.



Robert James Cimasi, MHA, ASA, FRICS, MCBA, CVA, CM&AA, serves as Chief Executive Officer of **HEALTH CAPITAL CONSULTANTS (HCC)**, a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Institution of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: “*Accountable Care Organizations: Value Metrics and Capital Formation*” [2013 - Taylor & Francis, a division of CRC Press], “*The Adviser’s Guide to Healthcare*” – Vols. I, II & III [2010 – AICPA], and “*The U.S. Healthcare Certificate of Need Sourcebook*” [2005 - Beard Books]. His most recent book, entitled “*Healthcare Valuation: The Financial Appraisal of Enterprises, Assets, and Services*” was published by John Wiley & Sons in March 2014.

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious “*Shannon Pratt Award in Business Valuation*” conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows. In 2011, he was named a Fellow of the Royal Institution of Chartered Surveyors (RICS).



Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing.

Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives, and serves as President of the St. Louis Chapter of the American Society of Appraisers (ASA). He has co-authored “*Research and Financial Benchmarking in the Healthcare Industry*” (STP Financial Management) and “*Healthcare Industry Research and its Application in Financial Consulting*” (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser’s Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.



Matthew J. Wagner, MBA, is Senior Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas of valuation and financial analysis. Mr. Wagner has provided valuation services regarding various healthcare related enterprises, assets and services, including but not limited to, physician practices, diagnostic imaging service lines, ambulatory surgery centers, physician-owned insurance plans, equity purchase options, physician clinical compensation, and healthcare equipment leases.



John R. Chwarzinski, MSF, MAE, is a Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**. Mr. Chwarzinski holds a Master’s Degree in Economics from the University of Missouri – St. Louis, as well as, a Master’s Degree in Finance from the John M. Olin School of Business at Washington University in St. Louis. Mr. Chwarzinski’s areas of expertise include advanced statistical analysis, econometric modeling, and economic and financial analysis.



Jessica L. Bailey, Esq., is the Director of Research of **HEALTH CAPITAL CONSULTANTS (HCC)**, where she conducts project management and consulting services related to the impact of both federal and state regulations on healthcare exempt organization transactions and provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services. Ms. Bailey is a member of the Missouri and Illinois Bars and holds a J.D. and Health Law Certificate from Saint Louis University School of Law, where she served as Fall Managing Editor for the Journal of Health Law and Policy.