



COMMUNITY ADVOCATES
Where Meeting Basic Needs Inspires Hope

Public Policy Institute

The Project for Health Insurance Exchange Education (PHIXE), launched in 2011, seeks to harness the potential of state health insurance exchanges established under the *Affordable Care Act (ACA)*.

Health care exchanges are a key provision within the *ACA* which use properly structured competition—the one mechanism identified by independent analysts to lower health insurance premiums across the board—to maximize health insurance coverage, reduce costs and improve quality of care. The Congressional Budget Office concluded that an exchange’s pooling of a large number of insurance buyers, combined with subsidies for low-income buyers, could exert competitive pressure on health plans to constrain their prices. In an analysis of a Wisconsin exchange, MIT Professor Jonathan Gruber estimated that this competition effect would lower premiums by 7.5%.

A central goal of the project is to educate state policymakers about how creating an exchange whose pool of buyers is (1) average in risk, (2) very large in size, and (3) incentivized to choose low-cost health plans can be a powerful vehicle for enabling market forces to put strong and enduring pressure on health care insurers and providers to lower costs and enhance quality. Another project goal is to help policymakers understand how exchanges can improve addiction treatment. These strategies include adopting smart enrollment procedures for state parolees, creating a sound relationship between Medicaid and the exchange, and rethinking the interaction between insurance and stand-alone treatment programs.

During the project, Community Advocates Public Policy Institute staff will:

- Hold educational meetings and in-depth seminars with advocates and policymakers about the *ACA*, exchanges in particular, and how exchanges can lower costs and improve addiction treatment; and
- Assist state policymakers who are seeking to design exchanges—in particular, Small Business Health Options Program (SHOP) exchanges—that effectively use competition to lower insurance costs, potentially by even more than 7.5%.

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