

**(Music)**

Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Well, Margaret the countdown to October 1<sup>st</sup> continues.

Margaret Flinter: And that's the day that people can start shopping online for health insurance on the Insurance Exchanges. The online health insurance marketplaces that were created by the Affordable Care Act or Obamacare as it's known.

Mark Masselli: It is. And while a myriad of questions still remain about how they will function nationally and state by state we're seeing a lot more information emerge day by day.

Margaret Flinter: Well Mark, Health and Human Services Secretary Kathleen Sebelius has just delivered a very up-beat update on the exchange, which will be covering Americans in 34 states saying that they were on target to flip the switch on October 1<sup>st</sup> and that's in spite of concerns that had been out there that this was just too much of an undertaking to be able to meet that deadline.

Mark Masselli: Good for her and in fact she said folks seeking to purchase insurance on the Federal Exchanges can start opening up accounts now by going to their website [healthcare.gov](http://healthcare.gov) and setting up personal accounts to prepare for their actual health plans selection after October 1<sup>st</sup>.

Margaret Flinter: The administration sees this as a way to generate early participation in the exchanges which are expected to bring in millions of uninsured Americans in the first year of operation and I think that was one of our ideas they are to start now and get people primed, don't you think Mark?

Mark Masselli: It certainly was, but the small business exchanges have been delayed until 2015. Many businesses were looking for the answers now about what will be expected of them. The administration has released an 800 number for small business owners to call with any questions about their responsibility.

Margaret Flinter: I think that was a good idea. There were a lot of questions out there and that number is 800-706-7893, that's 800-706-7893. Now many small businesses will also be able to take advantage of tax credits once they provide coverage to their employees. Really, in a way some of those who are purchasing plans on the individual market. .

Mark Masselli: You know Margaret we've been focusing much of our discussion on the Affordable Care Act and how it will impact the 50 million uninsured

Americans, but there are another 100 million Americans already who've gained insurance coverage through their employers. And it does beg the question, how is the health care law impacting large corporations and their insured employees.

Margaret Flinter: Well, our guest today is an expert on that topic, Mark. Ken Sperling is the National Exchange Strategy Leader at Aon Hewitt which is the first company in the nation to create a multi-carrier health insurance exchange for corporations and he sees exchanges as a growing trend in the corporate world. That's due to the competitive nature of the pricing on the exchanges and I think also our desire to really drive quality of care.

Mark Masselli: Lori Robertson will check in from FactCheck.org. She is dispelling rumors that are being bandied about on the senate floor about the health care law.

Margaret Flinter: But no matter what the topic you can hear all of our shows by Googling chradio and as always if you have comments email us at chradio.com or find us on Facebook or Twitter because we love hearing from you.

Mark Masselli: We'll get to our interview with Ken Sperling in just a moment but first, here is our producer Marianne O'Hare with this week's Headline News.

### **(Music)**

Marianne O'Hare: I am Marianne O'Hare with these Health Care Headlines. Aetna has pulled out of the running in another state insurance exchange. Connecticut, one of the 17 states setting up its own exchange is the latest state in which Aetna has decided not to try and engage in a competitively priced insurance exchange marketplace, which have transparent pricing that is lower than the current going rate for individual insurance. Aetna has also pulled out of exchanges in California, Maryland and Georgia. As for the federal exchanges HHS Secretary Kathleen Sebelius has announced that folks in the 34 states relying on the federal exchange can open up accounts now in a first step towards preparing to select an insurance plan on the federal exchange once they become available October 1<sup>st</sup>. Sebelius says the plans will be available for perusal online in September. The political dissent continues over the Affordable Care Act and now there was a dissent within the dissenting ranks. Republicans and Congress are split over a last ditch effort to derail the health care law. Some within Republican ranks wanted to hold all government spending hostage when a fiscal year begins October 1<sup>st</sup>, if there was any funding left in the budget to implement the health care law. Conservatives like Texas Republican Ted Cruz are behind the measure which has been blasted by others within their ranks including majority leader John Boehner. Electronic medical records may be your friend in a digital age but you wouldn't know it from consumer responses. A survey conducted by the Wall Street Journal shows while 80% of the nation's hospitals

have switched to electronic medical records or EMRs, only 24% of the consumers are making use of them. Consumers are still reluctant to engage digitally with their health information. And breastfeeding is allotted as a hedge against obesity, allergies and other diseases after the baby has grown and one more protective effect. Stuttering, a study out of the University of Illinois shows that stutterers who are breastfed had a much better chance of returning to normal speech than those who weren't. The study found that for those who are breastfed for more than nine months there was a consistent showing of improved language development. Researchers believe the magic is in the long chain fatty acids in human breast milk, which promote healthy brain development. An infant's brain triples in size in the first year of life. I am Marianne O'Hare with these Health Care Headlines.

### **(Music)**

Mark Masselli: We're speaking with Ken Sperling, National Exchange Strategy Leader at Aon Hewitt which is the first company in the nation to create a multi-carrier health insurance exchange for corporations. Mr. Sperling co-authored the textbook 'The Fundamentals of Flexible Compensation' and he has advised members of Congress in the administration on the development and the implementation of health care reform legislation. He serves on the advisory boards of the University of Connecticut's Health Management Program and the American Benefits Council. Mr. Sperling, welcome to Conversations on Health Care.

Ken Sperling: Thank you, Mark.

Mark Masselli: Ken, we've talked a lot about the Affordable Care on this show and much of the discussion both here and across the media landscape is really focusing on the 50 million uninsured Americans and bringing them into the health care system. You've spent a good part of your lifetime analyzing the health care industry through the lens of the corporate world. So let's take a look at what's happening at the corporate world and Aon Hewitt advises 70% of the nation's Fortune 500 companies in this country and health care represents a substantial part of their bottom line. So, how do you see the nation's major employers changing or evolving health care compensation in the context of the Affordable Care Act?

Ken Sperling: Well Mark, employers currently spend over \$10,000 per employee on health care and that's about 2012 number. And that number has been increasing over nine percent annually over the last five years and it's really hindering American Corporation's ability to compete in that global landscape. That said, health care has been an important part of total rewards and the HR deal with employees and employers are not planning on dropping coverage or sending employees over to the State or Federal Health Care Exchanges. They are going to stay in the game but they are trying to find different paths to find a

sustainable growth rate on health care cost. The absolute number is troubling but what is even more troubling is the rate of increase. So, trying to find a way to keep health care cost increase is closer to the rate of general inflation or CPI has been a real challenge and what corporations are trying to do now is looking for those different paths either through improving the overall health of their population or looking at private exchanges as a way to control the overall rate of the increase.

Margaret Flinter: Well, Ken, I know we're going to zero in more on costs in a little bit but let me focus right now on the insurance exchanges. There is still a lot unknown about how the state and federal exchanges will function in practical terms and the Affordable Care Act created this framework for setting up the exchanges to build the online marketplaces but the corporate insurance market can't happen to the state and federal and small business exchanges for a couple of years now till 2017. You've established a corporate exchange which has been up and running since last year I understand. So, share with us, how does your exchange look like and differ from the government run exchanges. What have you learned from those exchanges that are being set up and maybe what in turn could the government exchanges learn from what you've done?

Ken Sperling: So Margaret, we love the exchange concept not just as it applies to insurance but it applies to the general marketplace. And if you think about it Amazon, Orbitz, Zappos, those were all exchanges. Those are all online retail marketplaces and probably the most famous exchange is New York Stock Exchange. So this is a marketplace where buyers and sellers come together and it's a very efficient marketplace and we love that concept. But we didn't want to wait until 2017 when large companies had the ability to take advantages of these marketplaces. So, we decided to go with ourselves. And the concept of a marketplace where consumers can work with their feet is probably the best way that employers can hope to control health care costs going forward because in every retail marketplace when you have competition prices go down every time. So what we borrowed with the concept so we're calling the plan that people can enroll in bronze and silver and gold and platinum because we want to get away from insurance jargon that really nobody understands. So those are the things that we borrowed. What is different is our exchange has group coverage just to sell employers-sponsored plan. It's not a big pool where everybody kind of gets the same rate. Every company gets their own separate rate when they participate in our exchange because if a company really does well in managing the health of their population, their employee should benefit from lower rates. We have standardized the design to make shopping easier because one of the things that it really frustrates consumers is you know I have to spend you know 30 minutes to see what my physical therapy might be between one choice that I have and another that doesn't make any sense. So, down to a 180 different plan design provisions it's all the same to make that shopping experience easier for the consumer.

Mark Masselli: And you recently did a survey of the nation's largest employers trying to engage in what they would like to see in health insurance funding moving forward. Your survey showed that most are committed to offering their employees continued compensation for health insurance coverage but the model is changing. Is it possible that some corporations will look to just totally get out of this HR world, it's being commoditized on the exchanges, but there are others on the other side who are saying, we have a vested interest in our employees, we want to make them healthy, but we also want to control our cost. Tell us what's going on?

Ken Sperling: Employers as you say have a vested interest in the health of their population. They care whether or not people come to work everyday and when they show up for work then they're productive. And it's not just the health insurance issue, it's absenteeism and productivity and disability and when you add all those things together the cost of a sick worker is an asset. It's more than just the cost of the health insurance. It's an overall productivity issue and that's what will keep employers in the game. From a financial standpoint, if an employer doesn't provide health insurance the Affordable Care Act assesses a penalty. That penalty is designed so that an employer has to really think twice about abandoning health insurance coverage for their employees. And the way the Affordable Care Act was designed is to try to firewall the employer-sponsored system and keep it intact. The Affordable Care Act was designed to provide access to insurance coverage and subsidized insurance coverage for the 50 million people who currently do not have it today. It was not designed to replace the employers sponsored system and the penalties that are in place ensure that that's not going to happen.

Margaret Flinter: Ken, you've talked about the market forces driving down the costs and I'd like to focus in on the transparency part of the equation and ask you how transparency in the insurance marketplace is really changing the game?

Ken Sperling: Sure. When you think about the premiums and what is driving down premiums, it's not, it only a transparency issue, it's around competition. And as we said, whenever you have competition in retail marketplace, prices go down. You also have another parallel movement going on in the employee benefits landscape and that is the movement away from five and ten dollar co-pays to higher deductibles and have more cost sharing on the employee side and that's just a reality of the fact that you know, we as consumers and we as employers and we as a nation just can't afford to provide a 100% coverage for health care for every service. As we move to additional cost sharing and people are exposed to funding the cost of a doctor visit or a prescription drug and what those things costs become really important. And, you know, there is a big difference between the prices of MRIs even within the same city. You can get an MRI for \$700 and you can get the same MRI at a different place for \$2,500. Does a consumer have a right to know those differences? Absolutely. But as you say that's been kind of shrouded in secrecy and the market is demanding a

greater cost transparency and information on quality so they can make informed purchasing decisions. So, we're seeing a shift to empowering the consumer but you can't just annoy somebody of health care consumer and not give him the information that they need to make a good decision.

Margaret Flinter: Right.

Ken Sperling: So, the marketplace is moving rather quickly to providing more information to consumers to help them make informed decisions.

Mark Masselli: We're speaking today with Ken Sperling, National Exchange Strategy Leader at Aon Hewitt which is the first company in the national to create a multi-carrier health insurance exchange for large corporations. Mr. Sperling is a sought after health analyst on Wall Street and is co-author of a textbook 'The Fundamentals of Flexible Compensation'. Ken, you said a lot there and I was just trying to think about the role that the corporations have had in trying to control cost. I think going back to Lee Iacocca where you try to get into the health care and where the corporations for years have been trying to sort to throttle down the cost, it seems like they've abandoned that strategy in some ways and said, you know, really it's bigger than we are. The health care empire 18% of the GDP, we really can't control it. So, now what we've decided to do is just shift the cost over to the employee hoping that maybe we will get them engaged in this conversation and control cost. But cost seemed to be the big driver. How are employees being helped to better understand their health care options and enroll in plans that are best suited to them?

Ken Sperling: So, the decision support is very important especially when you give people multiple options which is essentially what happens in an exchange environment. You are giving an employee a fixed amount of money and you're giving them options to choose from in terms of coverage and in terms of which insurance company they might want to buy it from. So, you have to support that consumer with a valid and relevant decision support tool so they can make an informed decision. You have to allow them to look to see if their doctors are in the network. If they need help deciding which plan is right for them, how much of a deductible could you afford and different people are going to come out in different ways. And in our exchange what we saw last year was when you give people all of these options, we saw 42% of people bought a lesser amount of coverage than they had and put the difference in their pocket in terms of lower payroll contributions. About 33% of people stayed approximately where they were, but the remaining 26% of people bought up, they bought more coverage than they had before and that's fine. People got what they wanted and that's the important thing.

Margaret Flinter: So, Ken, when I think about the corporate exchange that you're setting up in the tens of millions of people who may get their insurance through it, but I can have the image of either a giant business corporation or a giant public

health organization in my mind simultaneously. And the reason the public health idea comes to my mind is because you potentially have the ability to really drive some changes in work culture, employment culture around wellness and around improving the health of workers. There has been so much research in this area in recent years so much more that needs to be done. Don't you like to give us your insights on what you see are some of the most promising strategies?

Ken Sperling: So, what we're finding is the wellness and health improving landscape is evolving. What well-placed wellness programs have been in the past is really scattershot that employers have kind of put out to employees, they have had a menu of things that they made available. So, what we found was lots of programs, limited use and kind of sketchy return on investment. Where we are now and where we're going is a zeroing in on those programs that have the most impact on improving health and managing chronic disease. So, specifically nutrition and exercise because obesity is probably the center of all evil when it comes to what generates chronic disease and health care costs. What employers are finding out is that if they can increase the level of exercise of their population and people can eat better just focusing on those two things, get the 80% of the way there. So, rather than have a whole bunch of programs that nobody uses they're focusing on putting incentives in place and putting focus on just those programs that have the most impact for their population.

Mark Masselli: Ken, just take me back a little on the sort of formation in your mind of the exchanges you alluded a little to their lots of exchanges going on but who was this sort of the original thinker on bringing this over the corporate world and what does it look like if you're an employee in a corporation and talk a little bit about where it's headed?

Ken Sperling: So, our exchange launched in fall and Roman of 2012 with coverage effective January 1<sup>st</sup>, 2013 serving over a hundred-thousand employees representing over 200,000 covered lives. We are expanding that in Roman Count for 2014 substantially and there are other exchanges that are coming into the marketplace that will also serve, you know, other companies. What does it feel like to an employee, well it kind of feels like Amazon, or Zappos or Expedia. So, you know, you come out to the exchange website and the company says here is how much you get to spend and then you see Aetna and UnitedHealth Care and Cigna and Blue Cross and Kaiser and the health plans that are available to you, and you see bronze and silver and gold and platinum plan. And then, you have the decision support tools that are available to you to say, show me just the Aetna plans, show me just the bronze plans or help me decide based on how many times I think I'm going to go to the doctor and what drugs I take and help me narrow my choices to a three or four relevant few that I am going to use to make my ultimate decision. So, it feels like a retail shopping experience but just for health care.

Margaret Flinter: We've been speaking today with Ken Sperling, National Exchange Strategy Leader at Aon Hewitt the first company in the nation to create a multi-carrier health insurance exchange for corporations. You can learn more about his work by going to [www.aonhewitt.com](http://www.aonhewitt.com). Ken, thank you so much for joining us in Conversations on Health Care today.

Ken Sperling: Thank you Margaret.

**(Music)**

Mark Masselli: At Conversations on Health Care, we want our audience to be truly in the know when it comes to the facts about health care reform and policy. Lori Robertson is an award-winning journalist and managing editor of FactCheck.org, a non-partisan, non-profit consumer advocate for voters that aim to reduce the level of deception in US politics. Lori, what have you got for us this week?

Lori Robertson: Well, we're continuing to see this information about the Affordable Care Act. This time Senator Roy Blunt wrongly said that there was a ply for federal subsidies to buy insurance could lie about their income with "no way to verify that". Blunt made the claim in July shortly after the Obama Administration announced that it was delaying for one year, the requirement that employers with fifty or more full time workers provide insurance or pay a penalty. The Missouri Republican claimed that the administration had also "waived the income verification requirement" but that's not true. All income claims on subsidy applications will be checked against available federal information such as, previous tax filings those who don't have previous filings will be asked for more details. The rules to which Blunt referred pertains the applicants who claim household income more than ten percent below what government data show and who had given insufficient explanation for the change and for whom current information is unavailable. So, the old rules said the exchanges would have to seek further verification for all such applications. Now, they only have to check a statistically significant sample of the suspect applications for 2014. So, folks who want to lie couldn't take the gamble that they'd flip through the cracks and get away with it. But the IRS will still double check what they say with 2014 tax returns filed later. The IRS can recoup subsidy payments and there are hefty fines for committing fraud. And that's my fact check for this week. I am Lori Robertson, managing editor of FactCheck.org.

Margaret Flinter: FactCheck.org is committed to factual accuracy from the country's major political players and is a project of the Annenberg Public Policy Center at the University of Pennsylvania. If you have a fact, that you'd like checked, e-mail us at [chcradio.com](mailto:chcradio.com). We will have FactCheck.org's Lori Robertson check it out for you here on Conversations on Health Care.

**(Music)**

Margaret Flinter: Each week Conversations highlights a bright idea about how to make wellness part of our communities in everyday lives. Smoking bans across the country have yielded a countless health benefits in myriad ways reducing smoking related illness and death. And while smoking in most buildings and public establishments has been banned across the country for years, it's still ubiquitous practice in most of the nation's casinos subjecting employees and patrons of these establishments to secondhand smoke exposure. The State of Colorado recently passed a ban on smoking in the states casinos and the results have been dramatic. Once smoking was banned the number of emergency ambulance calls dropped by 20%. Dr. Stanton Glantz, Director of the Center for Tobacco Control Research and Education at the University of California, San Francisco says it's really a pretty simple equation. Long-term exposure to secondhand smoke increases the risk of the development of blood clots that can block arteries causing an attack.

Dr. Stanton Glantz: There is the long-term effect of increasing atherosclerosis but there is also less acute triggering effect. And even a few minutes of secondhand smoke exposure is enough to make your blood platelets get stickier. And when that happens they are more likely to form a blood clot and if that blood clot lodges in an artery in your heart it causes a heart attack. So, you can have people who never smoked in their lives who walked into a smoky casino and a short-term exposure in that casino can actually trigger a heart attack.

Margaret Flinter: The American Heart Association has applauded the first of its kind study supporting the smoking ban in casinos and hopes that operators of casinos around the country take note.

Dr. Stanton Glantz: The clear implication of this work is continuing to permit smoking in casinos sending people to the hospital and it's not doing it next month or next year, it's doing it right now. And a 20% change in the number of ambulance calls, you know, I mean that's very substantial.

Margaret Flinter: A smoking ban in casinos populated by thousands of people eliminating secondhand smoke exposure to those people and significantly reducing smoking related medical emergencies, now that's a bright idea.

### **(Music)**

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli. Peace and health.

Conversations on Health Care, broadcast from the campus of WESU at Wesleyan University, streaming live at [www.wesufm.org](http://www.wesufm.org), and brought to you by the Community Health Center.