

## The Power Of Private Health Insurance Exchanges

(NAPSA)—With our nation in the midst of a health care revolution, government-driven health insurance exchanges are grabbing headlines, often for the wrong reasons. From political haggling to technical gaffes, it's been a bumpy road for federal- and state-run public exchanges.

For private insurance exchanges, however, the story couldn't be more different. In fact, it is these private exchange programs that will likely be the bigger—and better—option for many small businesses and workers in America.

While the Affordable Care Act (ACA) put a spotlight on government-run exchanges, private versions have been operating for nearly 20 years in numerous states. Thanks to health care reform momentum, private exchanges are poised to transform health care for the estimated 60 million U.S. workers employed by small businesses.

According to a 2013 report by Booz & Company, “Health insurance in the U.S. is at the cusp of a major transition from an employer-driven payor model to a model directly involving many more employees and consumers. Private health insurance exchanges with a defined contribution approach represent a significant step toward catalyzing this change.”

So what is a private exchange? It is a marketplace of health insurance and related benefits offering access to a single or multiple health plans in one, unified program. Working directly with insurance brokers, employers purchase insurance through the exchange. Employees then choose from reputable carriers such as Aetna, Kaiser Permanente, Anthem Blue Cross or others, depending on the specific exchange.

Through a private exchange, employers allocate a set amount of dollars toward the program through what's called “defined contribution.” This provides cost controls while supporting an employee's health care.

For workers, an exchange offers choice and flexibility. They select and purchase their coverage from available options. If they want to upgrade their plan or add other benefits like life insurance beyond what's covered by the employer contribution, they have the option to pay to do so.

With more than 55 percent of all U.S. workers employed by businesses with one to 50 people, private exchanges are proving to be an especially powerful, viable and valuable option.



### Shopping for health care can be easier than many people think.

In California, the nation's most populous state and where approximately 12 percent of the country's residents live, more and more of its 3.4 million-plus small businesses are turning to private exchange solutions.

Take *CaliforniaChoice*, for example. The nation's first-ever private exchange established over 18 years ago works with brokers and small businesses as the state's only private exchange. It offers multiple health plans and other business-related products and services in one, easy-to-use program. Today, *CaliforniaChoice* serves more than 10,000 employers and 150,000 members statewide.

“If you are a small-business owner, private exchanges help drive down health care costs and reduce administrative burdens in an increasingly complex regulatory environment, all while expanding the benefit choices for your employees,” said Ron Goldstein, president and CEO of *CaliforniaChoice*.

He added, “Well-run private exchanges are very effective because they are held to the highest free-market standards. They must deliver value—the best service, choices and prices—in order to stay competitive.”

While media attention around federal- and state-operated exchanges will likely persist in the near term, established private exchanges such as *CaliforniaChoice* will continue to quietly build steam. In fact, private exchange participation nationally is projected to exceed public exchange enrollment by 2018, says a 2013 report by Accenture.

Given this trend, employers may be wise to take advantage of private exchange programs when seeking solutions to cost-effectively address the changing landscape of traditional employee benefits programs.

For more information about private health insurance exchanges, visit [www.calchoice.com](http://www.calchoice.com).