



Please contact any of the attorneys below if you have any questions regarding this alert.

**Christopher Condeluci**  
[cecondeluci@Venable.com](mailto:cecondeluci@Venable.com)  
202.344.4231

**Congressman Bart Stupak**  
[bstupak@Venable.com](mailto:bstupak@Venable.com)  
202.344.4226

**Robert Burton**  
[rburton@Venable.com](mailto:rburton@Venable.com)  
202.344.4776

**Martha Jo Wagner**  
[mjwagner@Venable.com](mailto:mjwagner@Venable.com)  
202.344.4002

You are also welcome to contact any of our [employee benefits, labor and employment, legislative or government contracts attorneys](#) with questions.

## The New Health Insurance Exchanges: Business Opportunities Abound, Don't Be Short-Changed

### What's happened?

At 11:00 a.m. this morning, at Frager's Hardware store on Capitol Hill, the Secretary of Health and Human Services announced the issuance of the first round of regulations on the new health insurance Exchanges created under the health care reform law. This is the first of multiple rounds of guidance about how the Exchanges will be structured, providing the first opportunity for companies – particularly information technology companies and companies that provide certain specialized support services such as call centers – to assess the business opportunities created by the Exchanges. As you read the newspaper and business news articles about the Exchanges – or delve into the new regulations – understanding what an Exchange is and the functions it must perform will begin to provide the context for assessing these business opportunities.

### What's an Exchange?

The health care reform law requires all 50 states and the District of Columbia to establish Exchanges to serve as marketplaces for the sale of health insurance to health care consumers. Often compared to EXPEDIA.com<sup>®</sup> or TRAVELOCITY.com<sup>®</sup>, Exchanges will offer insurance carriers the opportunity to make their insurance products available through an internet portal, allowing consumers to easily compare, among other things, the prices and various benefits offered by particular products.

### What's required of an Exchange?

In addition to serving as a new marketplace for the sale of health insurance, the Exchanges are required to perform specific functions. For example, an Exchange is required to coordinate with the Department of Health and Human Services to determine whether an individual or family is eligible for a government subsidy to help pay for health insurance purchased through the Exchange. Other functions include:

- Creating and maintaining an internet web site.
- Operating a toll-free telephone hotline to respond to requests for assistance from health care consumers.
- Determining Medicaid eligibility and eligibility for the State Children's Health Insurance Program and enrolling individuals and families in those public programs if eligible.
- Creating a virtual calculator to determine the cost of coverage after factoring in the subsidies for health insurance.

### What business opportunities exist?

Many, if not most, of the Exchanges are expected to contract with outside vendors to perform their required functions. At this point, the greatest need appears to be for information technology services. This means that companies that specialize in such services will have increased opportunities to provide hardware, software and continued support services to the Exchanges in all 50 states and the District of Columbia. This would include companies that support Medicaid management information systems. In addition, companies that provide infrastructure and support for a call center, for example, will have opportunities to contract to provide these specialized services.

### What's next?

To maximize your business opportunities, you will need to:

- [Understand the fairly prescriptive and complex Federal statutory and regulatory requirements that apply to the Exchanges.](#) We can help you by interpreting and explaining these requirements in plain English and assist you in applying the requirements to your business.

- **Be ready to respond to relevant requests for proposals issued by the Exchanges.** We can help you navigate the newly released Exchange regulations, identifying and analyzing any regulatory requirements relating to the procurement policy for an Exchange.
- **Finalize contracts with the Exchanges.** When your RFPs are successful, based on our extensive experience drafting and negotiating vendor contracts, we can help you finalize the terms of your contracts with the Exchanges.

**Stay tuned.**

We will be summarizing the regulations that were issued today, and plan to follow-up with details of what the regulations actually say. In the meantime, [click here](#) to review an outline that highlights the statutory rules for the Exchange, including how Exchanges must be structured and how Exchanges will be funded, and, if you have any questions, please give one of us a call.

---

**If you have friends or colleagues who would find this alert useful, please invite them to subscribe at [www.Venable.com/subscriptioncenter](http://www.Venable.com/subscriptioncenter).**

CALIFORNIA MARYLAND NEW YORK VIRGINIA WASHINGTON, DC

1.888.VENABLE | [www.Venable.com](http://www.Venable.com)

© 2011 Venable LLP. This alert is published by the law firm Venable LLP. It is not intended to provide legal advice or opinion. Such advice may only be given when related to specific fact situations that Venable has accepted an engagement as counsel to address.