State of Implementation Webinar Series

Engineering an Exchange: A Look at State Blueprints and Decisions
Thursday, December 13th 3:00-4:30pm ET

Call-in # 1-800-741-3792
Follow us on Twitter for live updates: @statereforum

Support for this project was provided by a grant from the Robert Wood Johnson Foundation
## Agenda

<table>
<thead>
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<th>Time</th>
<th>Session</th>
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<tbody>
<tr>
<td>3:00 – 3:10pm</td>
<td><strong>Introduction</strong></td>
</tr>
<tr>
<td></td>
<td>Elizabeth Cronen, NASHP</td>
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<td></td>
<td>David Adler, RWJF</td>
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<tr>
<td>3:10 – 3:25pm</td>
<td><strong>Overview of State Progress on Exchanges</strong></td>
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<tr>
<td></td>
<td>Sarabeth Zemel and Rachel Dolan, NASHP</td>
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<td>3:25 – 4:00pm</td>
<td><strong>Panel Discussion with States</strong></td>
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<td>Moderator: Elizabeth Cronen, NASHP</td>
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<td>Panelists:</td>
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<td></td>
<td>• Peter Lee, California</td>
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<td></td>
<td>• Colleen Burns, Illinois</td>
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<td>• Norm Thurston, Utah</td>
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<tr>
<td>4:00 – 4:25pm</td>
<td><strong>Question and Answer</strong></td>
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<td>*Use the chat feature to submit your questions</td>
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<tr>
<td>4:25 – 4:30pm</td>
<td><strong>Wrap-up</strong></td>
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Overview of State Progress on Exchanges

Sarabeth Zemel
Program Manager
National Academy for State Health Policy
statereforum.org/user/sarabethzemel

Rachel Dolan
Policy Analyst
National Academy for State Health Policy
statereforum.org/user/racheldolan
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 14, 2012</td>
<td>Letter of intent and blueprint for state exchange due</td>
</tr>
<tr>
<td>December 26, 2012</td>
<td>Benchmark plan decision or default due</td>
</tr>
<tr>
<td>January 1, 2013</td>
<td>Deadline for conditional approval from HHS to operate state-based exchange</td>
</tr>
<tr>
<td>February 15, 2013</td>
<td>Letter of intent and blueprint for state partnership due</td>
</tr>
<tr>
<td>March 1, 2013</td>
<td>Approval of partnership exchanges on a rolling basis before this date</td>
</tr>
<tr>
<td>April 2013</td>
<td>QHPs begin submitting applications to federal exchange for 2014</td>
</tr>
<tr>
<td>June 2013</td>
<td>Federal navigator grants awarded</td>
</tr>
<tr>
<td>October 1, 2013</td>
<td>Open enrollment on exchange</td>
</tr>
<tr>
<td>January 1, 2014</td>
<td>Coverage begins</td>
</tr>
<tr>
<td>December 31, 2014</td>
<td>Federal funding for exchanges expires</td>
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State Options for Running Exchange

State Run
- Statewide, regional or sub-state?
- Individual and small business exchanges together or separate?

Federal-State Partnership
- State takes on consumer assistance?
- State takes on plan management?
- State takes on both consumer assistance and plan management?

Federally Run
- What is a state’s role here?
- Regulating insurance?
- Educating consumers?
- Referring to Federal exchange?
State Action on Exchanges

State, Partnership, or Federal Health Insurance Exchange? Where States Stand So Far
(as of December 13, 2012)

Key
- 18 states and DC established or declared intent to establish a state exchange
- 6 states considering or declared partnership model
- 22 states rejected a state-run exchange
- 4 states are undecided

Sources:
- State Refor(u)m Exchange Governance Chart http://statereforum.org/exchange-governance-chart
- State Refor(u)m Exchange Blueprint Chart http://statereforum.org/exchange-blueprint-chart
- State Refor(u)m Exchange Policy Decisions Chart http://statereforum.org/exchange-policy-decisions-chart

http://www.statereforum.org/where-states-stand-on-exchanges
Governance Models for State-Run Exchanges

- New or existing state executive branch agency under the governor:
  - Kentucky, New York, Rhode Island, Minnesota, Vermont, West Virginia, Utah*

- Quasi-governmental entity:
  - California, Colorado, Connecticut, District of Columbia, Maryland, Oregon, Washington, Nevada, Massachusetts*

- Non-profit organization:
  - Hawaii

*Utah and Massachusetts set up exchanges prior to the ACA
States Awarded Establishment Grants

Level I & II Exchange Establishment Grants
(as of September 2012)

Key
- 35 states have at least one Level I Exchange Establishment Grant
- 7 states have received a Level II Exchange Establishment grant

Source: Healthcare.gov
See http://www.statereform.org/establishmentgrants for analysis of most states’ establishment grants.
Submit Your State’s Blueprint!

http://www.statereforum.org/exchange-blueprint-chart

Use the “comments” at the bottom of the page to submit a link to your state’s blueprint!
State Exchanges: Key Policy Decisions

Outreach and Education

Plan Rating System

SHOP

Financing/Sustainability

Eligibility Systems

Premium Aggregation/Billing

Plan Certification

State Details:
statereforum.org/exchange-policy-decisions
Eligibility and Enrollment

Submit single, streamlined application to the Exchange, Medicaid/CHIP

• Online
• Phone
• In-person

Eligibility is verified and determined

• Medicaid/CHIP
• QHP
• APTC

Enroll in affordable coverage

• Medicaid/CHIP
• QHP

Manatt Rules Assessment

IN MAGI Flowchart
Premium Aggregation/Billing

Consumer

Carrier

Exchange

MD Billing Slides
## Consumer Assistance

<table>
<thead>
<tr>
<th>Navigators</th>
<th>In-Person Assisters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required by ACA</td>
<td>Required for consumer assistance partnership exchanges; optional for state exchanges</td>
</tr>
<tr>
<td>No federal funding for operations</td>
<td>Federal funding allowed</td>
</tr>
<tr>
<td>Functions and conflict of interest</td>
<td>Regulations pending</td>
</tr>
<tr>
<td>requirements specified in regulations</td>
<td></td>
</tr>
</tbody>
</table>
Active Purchasing

Explicitly prohibited
- Colorado
- Hawaii

Either not addressed or not prohibited
- Nevada
- West Virginia
- Rhode Island
- Washington

Expressly allowed
- California
- Connecticut
- District of Columbia
- Massachusetts
- Maryland
- Oregon
- Vermont

Unclear:
- Iowa
- New York
- Kentucky
- Mississippi
- Minnesota
Implications: We have to get all three models right!

State Exchange Risks
- Operational risks that it won’t launch well, and residents will be unhappy.
- Financial risk that it won’t be financially self-sustaining by 2015 and cost the state money.
- Better to let other states go first and then design it when the road is easier to travel down.

State Exchange Benefits
- Integrating health insurance exchange into health care system goals and overall state coverage/health strategy.
- State might be held accountable even if the federal government is running it.
- Basic operational concern about federal government running a program with a large impact on the state.

Will the Feds be ready?
- Jan 1 might look more like FFE “beta”, with some delays and data flow issues to improve, but the federal government will have known for nearly 3 years that they need to be ready!
Today’s Panel

Elizabeth Cronen
Community Manager
National Academy for State Health Policy

Peter Lee
Executive Director
California Health Benefit Exchange

Colleen Burns
Special Counsel for Health Policy
Illinois Department of Insurance

Norm Thurston
Health Reform Implementation Coordinator
State of Utah
What exchange model did your state choose and why?
On October 16, the Governor submitted a declaration letter to HHS confirming that Illinois will:

- Be a Partnership Exchange in 2014, as a bridge to a future State-Based Exchange
- Illinois does not currently have legislative authority to pursue a State-Based Exchange
Request certification of our existing vision

Keep all options on the table
How will you ensure the exchange has the right choice or balance of plans? What are some other ways you are working to make your exchange consumer friendly?
Choice of Plans

- Allow private sector to innovate and create variety
- Use technology to assist consumers and enable choice
- Don't overlook the value of professionals
Qualified Health Plan Solicitation: Evaluation Factors

- Affordability
- Quality
- Offers meaningful choice on a regional basis
- Provides statewide coverage
- Promotes effective inclusion of essential community providers
- Fosters delivery system reform
- Fosters long-term partnerships between issuers and Covered California
Qualified Health Plan (QHP) Review

- As a Partnership Exchange:
  - Insurers will submit QHP applications to DOI;
  - DOI regulators will review QHP applications
- DOI is currently developing a QHP application to issue to carriers
- All QHP applications that meet minimum standards will be recommended to HHS for certification and display on the Exchange
DOI is currently developing an In-Person Assistance program

- Research is being conducted on the Illinois marketplace
- DOI is developing an RFP to solicit vendors to conduct training for our IPA program
- Working with CCIIO to provide feedback on development of the Navigator program
How do you plan to work with the federal government to make sure your exchange is successful, whichever model your state has chosen?
Transition to SBE

- We continue to work with the Illinois General Assembly to pass State Exchange legislation with governance and financing authority.
- DOI is currently reviewing 5 bids from IT Vendors to build the Exchange
- Medicaid agency has executed an IT contract to build an Integrated Eligibility System.
Working with HHS

- On-going dialog
- Main questions revolve around cost and control
What factors are top-of-mind as you consider keeping the exchange sustainable and affordable?
Sustainable and Affordable

- Development vs. operating costs
- Net impact on consumers
Covered California’s Target Segments

<table>
<thead>
<tr>
<th>Age Group</th>
<th>139 – 199%</th>
<th>200 – 400%</th>
<th>400%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 24</td>
<td>Just Getting Started 275,241 9%</td>
<td>Independent and Connected 595,049 20%</td>
<td>Calculated Risk Takers 317,914 11%</td>
</tr>
<tr>
<td>25 - 34</td>
<td>Working Families 786,323 26%</td>
<td></td>
<td>Older and Denied 703,409 24%</td>
</tr>
<tr>
<td>35 - 44</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45 - 64</td>
<td>At Risk and Older 313,789 10%</td>
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</tr>
</tbody>
</table>
Ethnic Mix of Covered California Subsidy Eligible Californians

- Latino: 1,190,000 (46%)
- White: 870,000 (33%)
- Asian: 370,000 (14%)
- African American: 100,000 (4%)
- Other: 70,000 (3%)
Forecasted Application Pathways

- Projections based upon CalSIM v1.7 March 22nd 2012 base scenario
- Multi-Channel Support (Chat, Email, Fax and Correspondence will be included in the projections)

Notes:
- Each area of enrollment may result in contacts to the Service Center
- Ongoing case management workload for Medi-Cal will be performed in the County of residence. Ongoing Covered California work will be performed by Covered California and is estimated separately
Covered California is seeking to enroll as many Californians as possible. Covered California is working to meet and exceed its goals, while at the same time planning for lower enrollment by developing budgets that can be adjusted and constantly adjusting its marketing, outreach and operations as needed based on new information and experience.
Planned Enrollment and Operating Budget

### Key Variables

<table>
<thead>
<tr>
<th>Premium Collected</th>
<th>Members</th>
<th>FTEs - Program Operations (Ex. Service Center)</th>
<th>FTEs - Service Center</th>
</tr>
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<tbody>
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<td></td>
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<table>
<thead>
<tr>
<th>Revenue</th>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHS Establishment Grant 1.1-1.2 Funds</td>
<td>$79,850,010</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HHS Establishment Grant 2.0 Funds</td>
<td>$285,121,369</td>
<td>$384,585,858</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plan Assessment Revenue</td>
<td>-</td>
<td>$137,809,082</td>
<td>$258,186,923</td>
<td>$301,960,074</td>
<td>$307,398,061</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$364,971,379</td>
<td>$522,394,940</td>
<td>$258,186,923</td>
<td>$301,960,074</td>
<td>$307,398,061</td>
<td>-</td>
</tr>
<tr>
<td>Plan Assessment %</td>
<td>-</td>
<td>3.00%</td>
<td>3.00%</td>
<td>2.50%</td>
<td>2.00%</td>
<td>-</td>
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### Total Expenses

| Program Operations                 | $54,146,282 | $57,032,843 | $47,675,385 | $49,585,457 | $50,728,010 |
| Outreach, Education, & Grants      | $88,715,463 | $129,884,207 | $100,217,447 | $98,695,760 | $98,695,760 |
| In-Person Assistance               | $17,522,532 | $36,738,170 | $24,700,929 | $25,346,554 | $25,346,554 |
| Customer Service Center            | $87,812,637 | $102,100,905 | $91,890,815 | $91,890,815 | $91,890,815 |
| CALHEERs System Development & Support | $142,620,714 | $77,924,552 | $71,596,676 | $56,864,035 | $47,036,340 |
| **Subtotal Expenses**              | $390,817,627 | $403,680,677 | $336,081,251 | $322,382,621 | $313,697,479 |
| Allocated Cost Offsets             | $25,846,247  | $14,094,819  | $20,739,715  | $17,121,581  | $14,735,341  |
| **Total Operating Cost**           | $364,971,379 | $389,585,858 | $315,341,536 | $305,261,039 | $298,962,137 |
| Expense PMPM                       | $17.65       | $13.07      | $10.79      | $10.79      | $10.79      |

### Net Income

| Year-end Reserve Balance           | $-          | $132,809,082 | $75,654,469 | $72,353,504 | $80,789,428 |
| Minimum Target Year-End Balance (3 months) | $-          | $77,000,000  | $77,000,000  | $77,000,000  | $77,000,000  |
| Difference - Surplus (Gap from 3 month minimum) | $-          | $55,809,082  | $(1,345,531) | $(4,646,496) | $(3,789,428) |
Question and Answer

Submit your questions in the chat box on the left
Knowledge Network

Experts will be available to answer your questions!
Post them now on State Refor(u)m in our Exchange discussion

Camie Berardi
ACA Implementation Manager
MA Health Connector
statereforum.org/user/camieberardi

Jenny Sullivan
Director, Best Practices Institute
Enroll America
statereforum.org/user/jennysullivan

Patricia MacTaggart
Lead Research Scientist
George Washington University
statereforum.org/user/patriciamactaggart

http://www.statereforum.org/discussions/exchange-policy-decisions
State Refor(u)m Resources

- Our Exchange charts
  - Share information updates!
- Policy decisions
- Governance
- Blueprints

- Exchange Map
  Find the charts and map at:
  http://www.statereforum.org/insight/topic/312

- Exchange Discussion
  http://www.statereforum.org/discussions/exchange-policy-decisions
Find Exchange-Related Documents Easily

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- Regulation
- Report
- Working Materials

Post a document or link:
There are lessons for other states in the implementation work your state or organization is doing.

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statereforum.org/user/register

Need help? Email us at
statereforum@nashp.org