



State Based Exchanges: National Overview

Hawaii Legislature – Joint Committee Meeting

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Agenda

- Review Exchange Functions
- Study of State Based Exchanges
 - Operations
 - Market Size
 - Performance
 - Budget
 - Financing
- Findings
- Options for Sustainability



Exchange Functions Set Forth by Federal Government

1. Certify qualified health plans
2. Assign a rating to each qualified health plan

**“Plan Management”
(Making a Market)**

1. Provide a website with easy to understand comparisons of plans
2. Present a standardized format for health plan options
3. Provide online calculator for cost of coverage including tax credits
4. Grant “unaffordable” exemptions from the individual mandate
5. Transfer to Treasury a list of people who:
 - are exempt from the individual mandate
 - Have access to employer-based coverage but qualified for subsidized coverage
6. Provide employers with the names of employees with coverage during a plan year

**Enrollment and
Eligibility System**

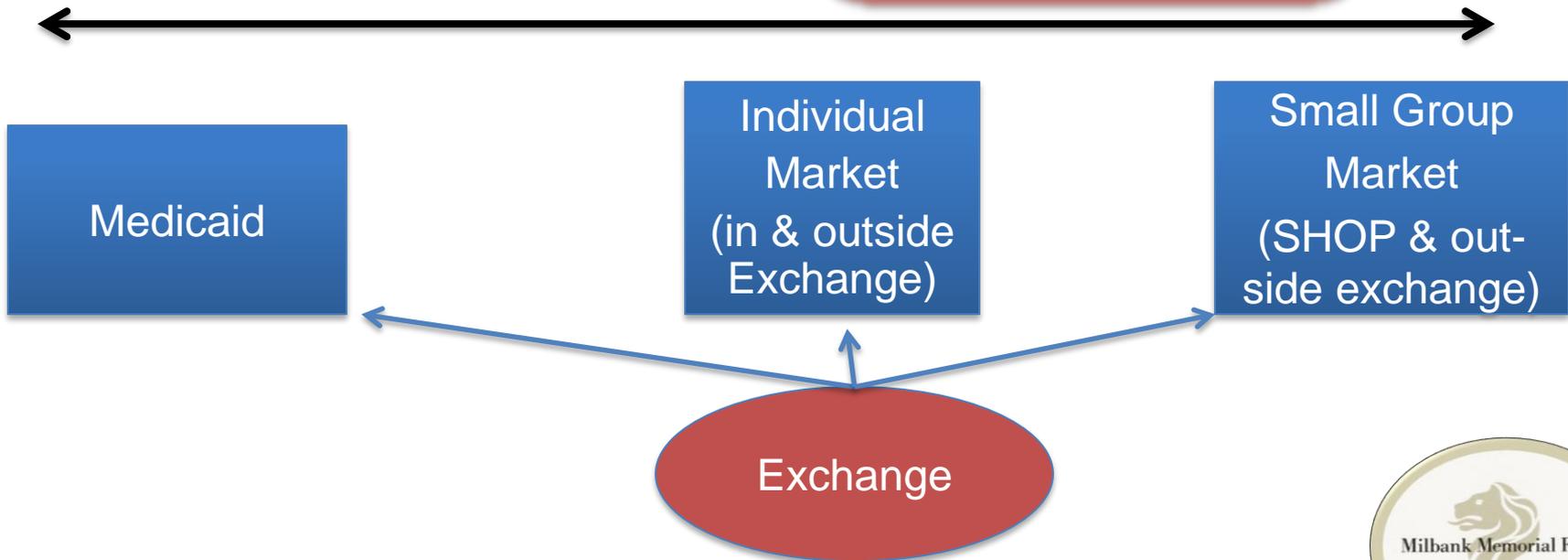
1. Establish the Navigator program
2. Provide a toll-free telephone hotline (and enroll individuals in insurance with/without subsidy)
3. Inform individuals of eligibility requirements for Medicaid and State programs and enroll people who are eligible

**Consumer
support**

The Exchange must be well-coordinated with other state functions

Health Policy Setting

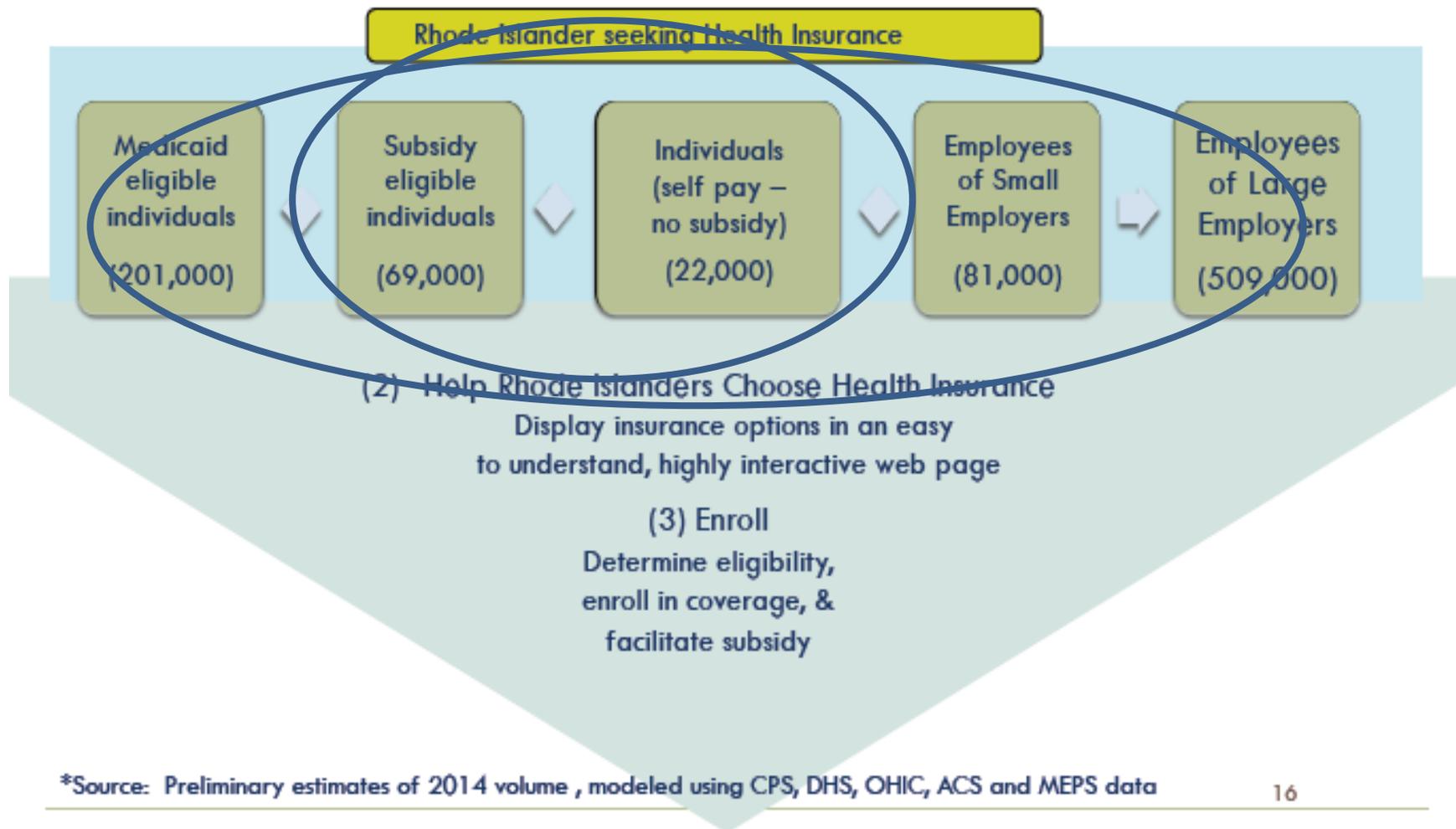
Insurance Regulation



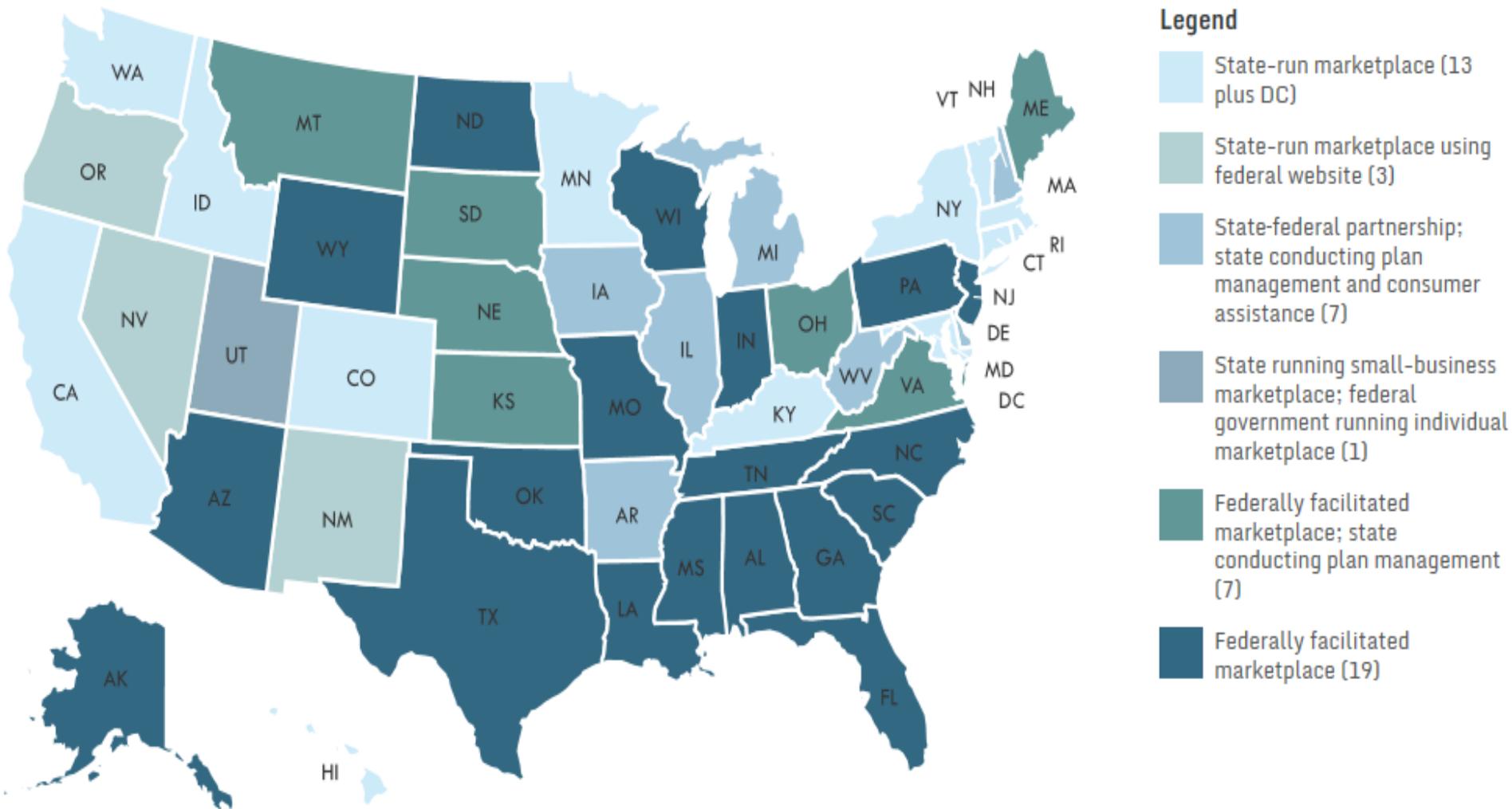
Exchange decisions: based on a bigger vision for how Health Insurance will work in the state



Vision from RI - Another Small State



2. Exchange – State or Federal. What Did Other States Decide?



*Iowa is responsible for plan management only.

Source: Center on Health Insurance Reforms, Georgetown University Health Policy Institute; Commonwealth Fund analysis.

SBE Operations

- Of the seventeen current SBE's:
 - None share operational staff for plan management, consumer support or administration.
 - Four adopted somebody else's Enrollment/Eligibility Platform
 - OR (after internal failure), NM and NV use Federal System
 - MD adopted CT IT services (after internal failure)
 - ID moved from Federal to State-based exchange



1. Exchange Functions



State programs and enroll people who are eligible

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support

State IT Strategies for Exchange Systems Development

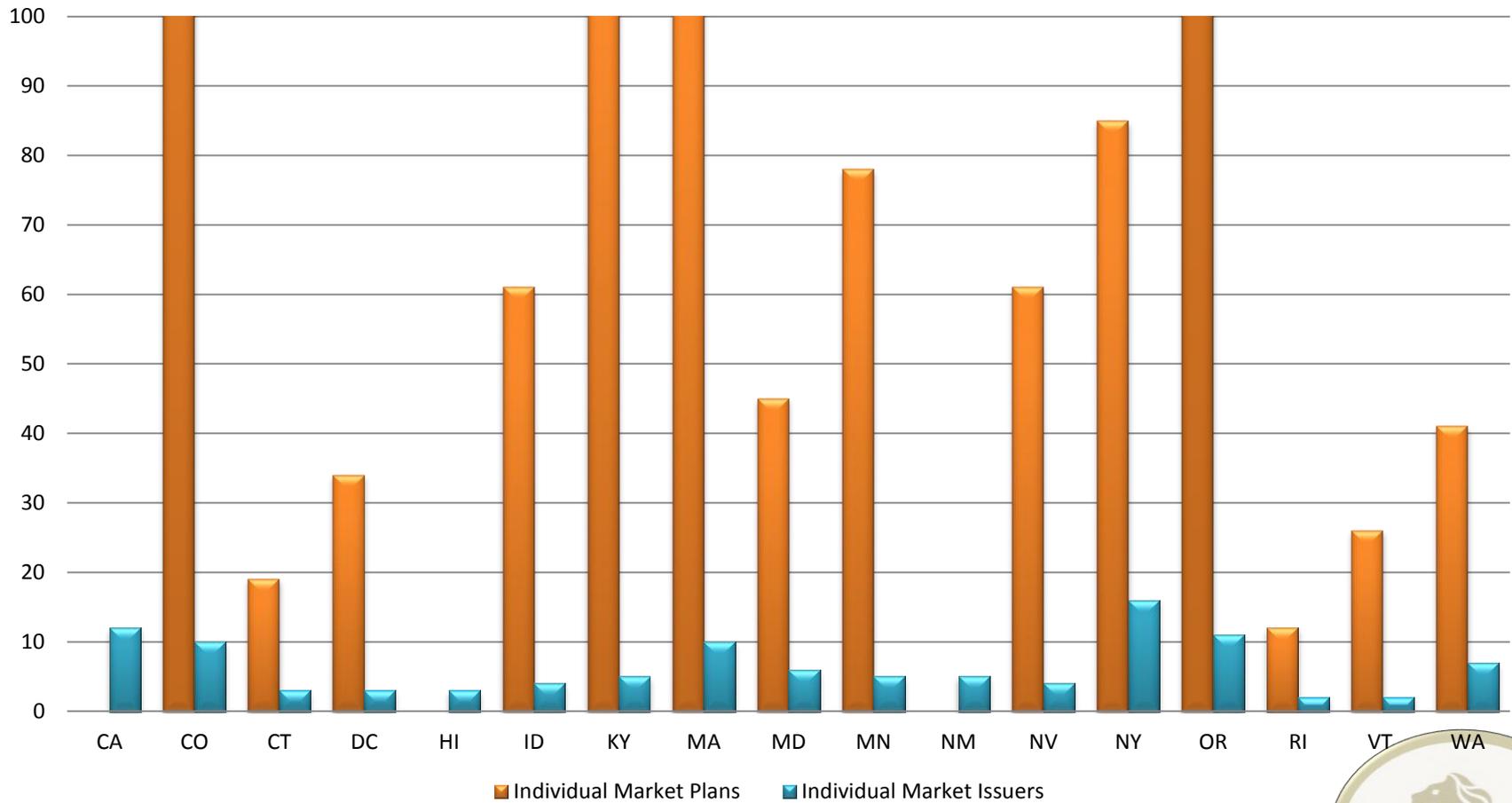
CA	Accenture (System Integrator); CGI (Developer); First Data Government Solutions (Project Management); Visionary Integration Professionals (VIP) (IV&V)
CO	CGI (System Integrator); Deloitte (Developer); First Data (IV&V); State Staff (Program Management)
CT	CGI (Developer); Deloitte (System Integrator and Developer); KPMG (Project Management)
DC	First Data Government Solutions (Project Management); Infosys (System Integrator); In House (Program Management)
HI	CGI (System Integrator and Developer); KPMG (Integrated Eligibility System); Public Consulting Group (Project Management Office)
ID	Went from Fed exchange to State in second year. State Staff (Developer, QA, IV&V, and Program Management); GetInsured (Technology Platform); Acenture (Project Management)
KY	Visionary Integration Professionals (VIP) (IV&V); Deloitte (System Integrator and Developer); In House (Program Management)
MA	CGI (System Integrator and Developer); Deloitte (Sub Contractor); BerryDunn (IV&V); UMass Medical School (Project Management)
MD	IT bought from CT
MN	Maximus (System Integrator); State Staff (Program Management)
NM	IT leveraged from Feds
NV	IT leveraged from Feds
NY	CSC (System Integrator and Program Management); Maximus (Interfaces); Cognosante (IV&V and QA)
OR	IT leveraged from Feds;
RI	Deloitte (Systems Integrator, Developer, and QA); Public Consulting Group (PMO for Medicaid and Human Services); Wakely/KPMG (PMO/TA for Exchange)
VT	CGI (System Integrator and Developer); Gartner (IV&V); Desai Consulting (Program Management)
WA	Deloitte (System Integrator); IBM (Developer); Bluecrain (QA); Eclipse Solutions, Inc. (IV&V); Treinen (Program Management); Cambria, TSG (Sub Contractors)



**KEEP
CALM
AND
WAIT FOR
THE RESULTS**



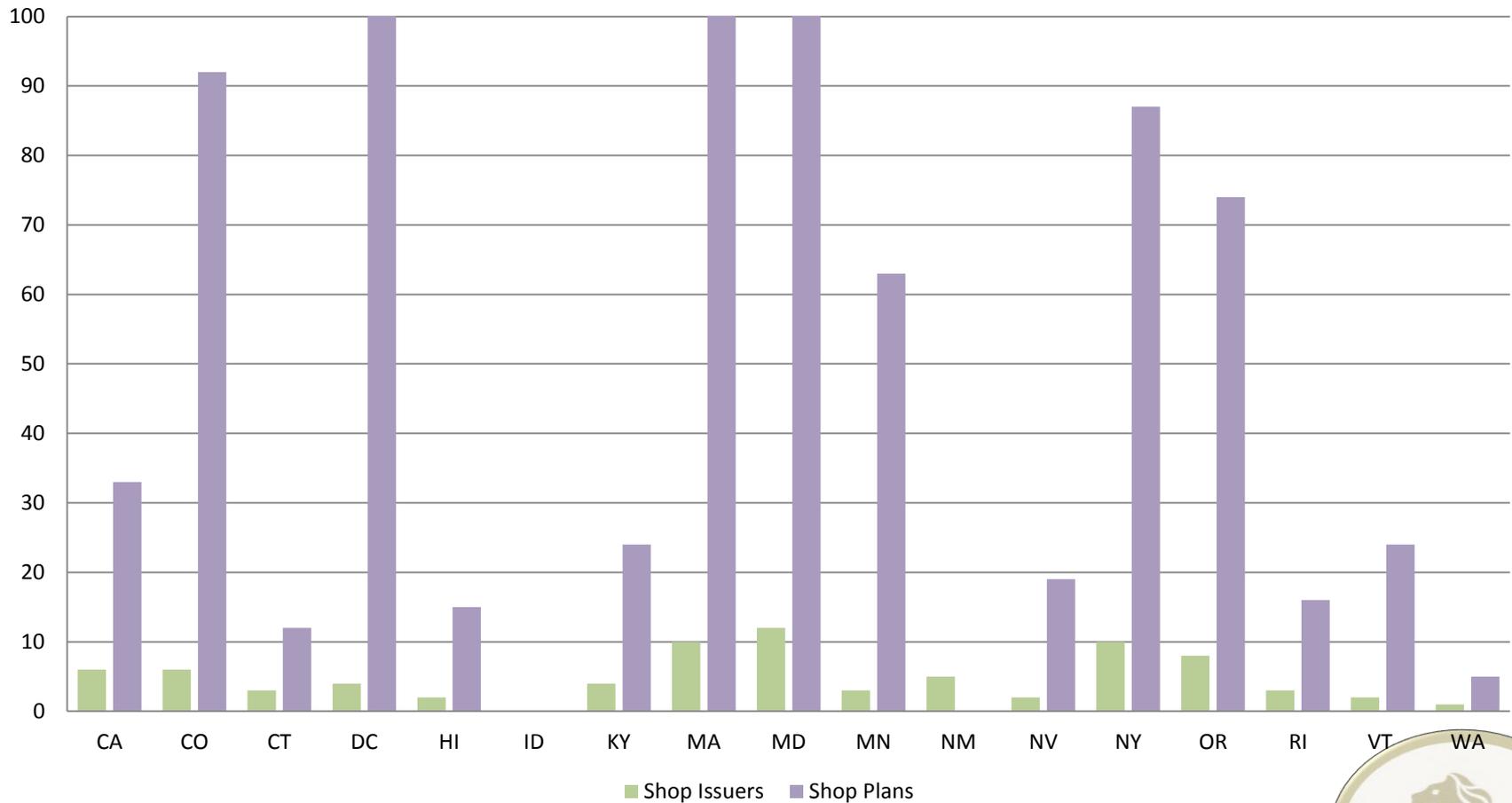
Exchange Markets: Vary Greatly in Number of Insurers and Plans



Source: KFF and CBPP; Axis truncated at 100



Shop Markets: Same Pattern

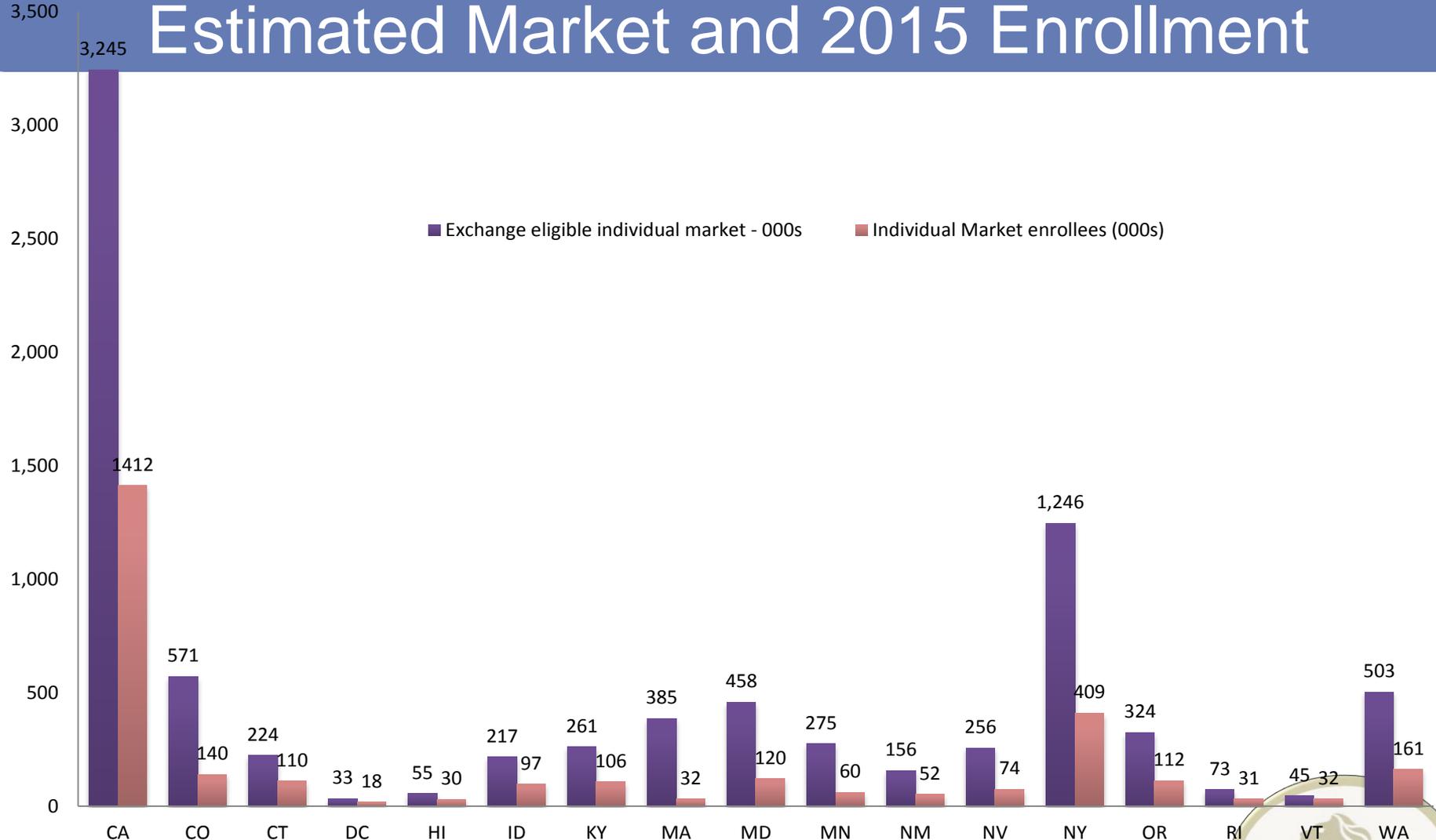


Source: KFF and CBPP; Axis truncated at 100



Exchange Enrollment: Size Matters

Estimated Market and 2015 Enrollment



Source: KFF, <http://acasignups.net/spreadsheet>

<http://www.gao.gov/assets/670/666873.pdf>



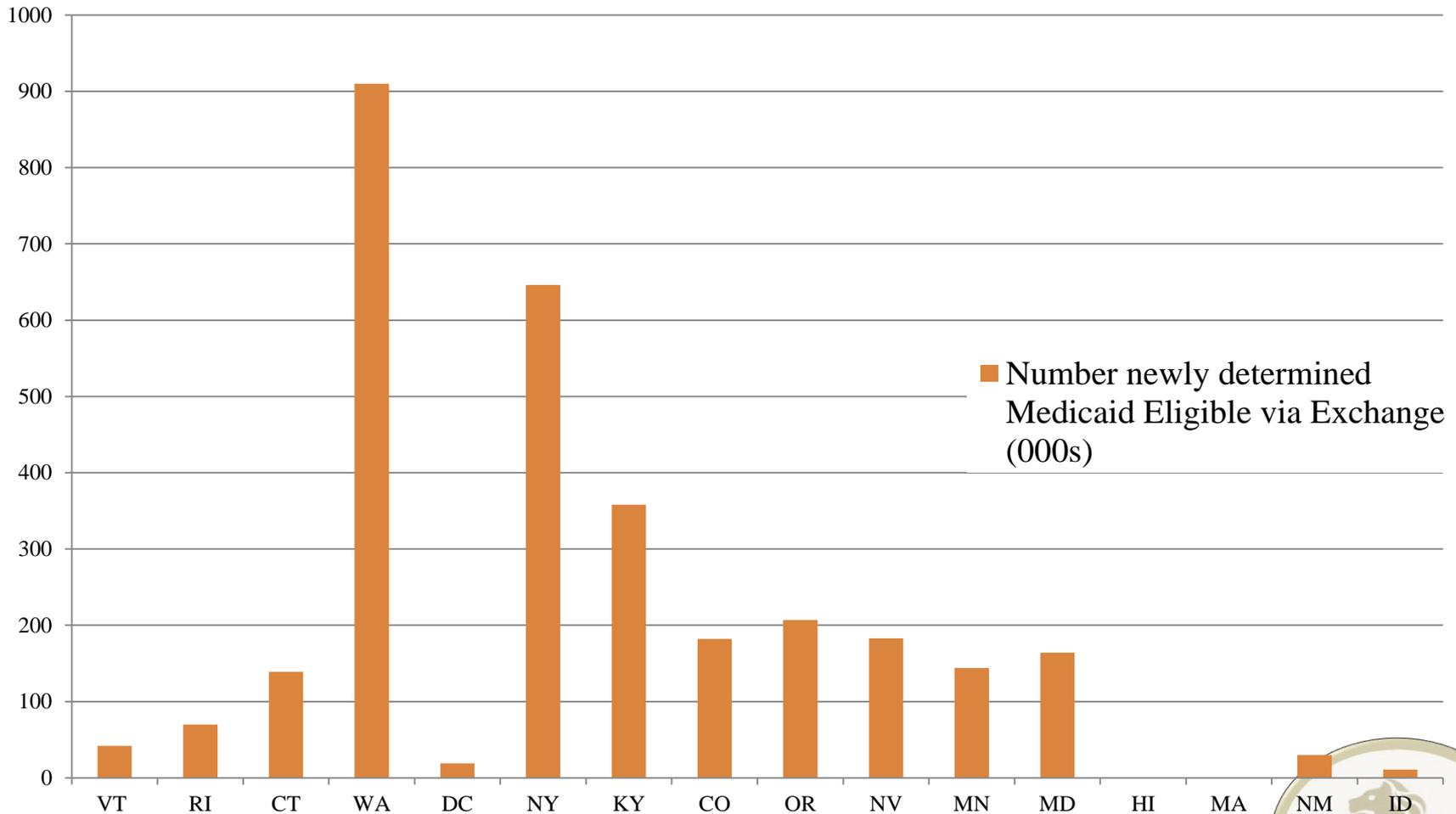
Shop Enrollment: Not Much Success Anywhere



Source: KFF, <http://acesignups.net/spreadsheet>; <http://www.gao.gov/assets/670/666873.pdf>. Enrollment = contracts*2.1; HI, KY, NM, NV, NY, OR, and VT SHOP enrollment current as of June 1, 2014, all else as of March 1, 2015

SBE's – Operational Results

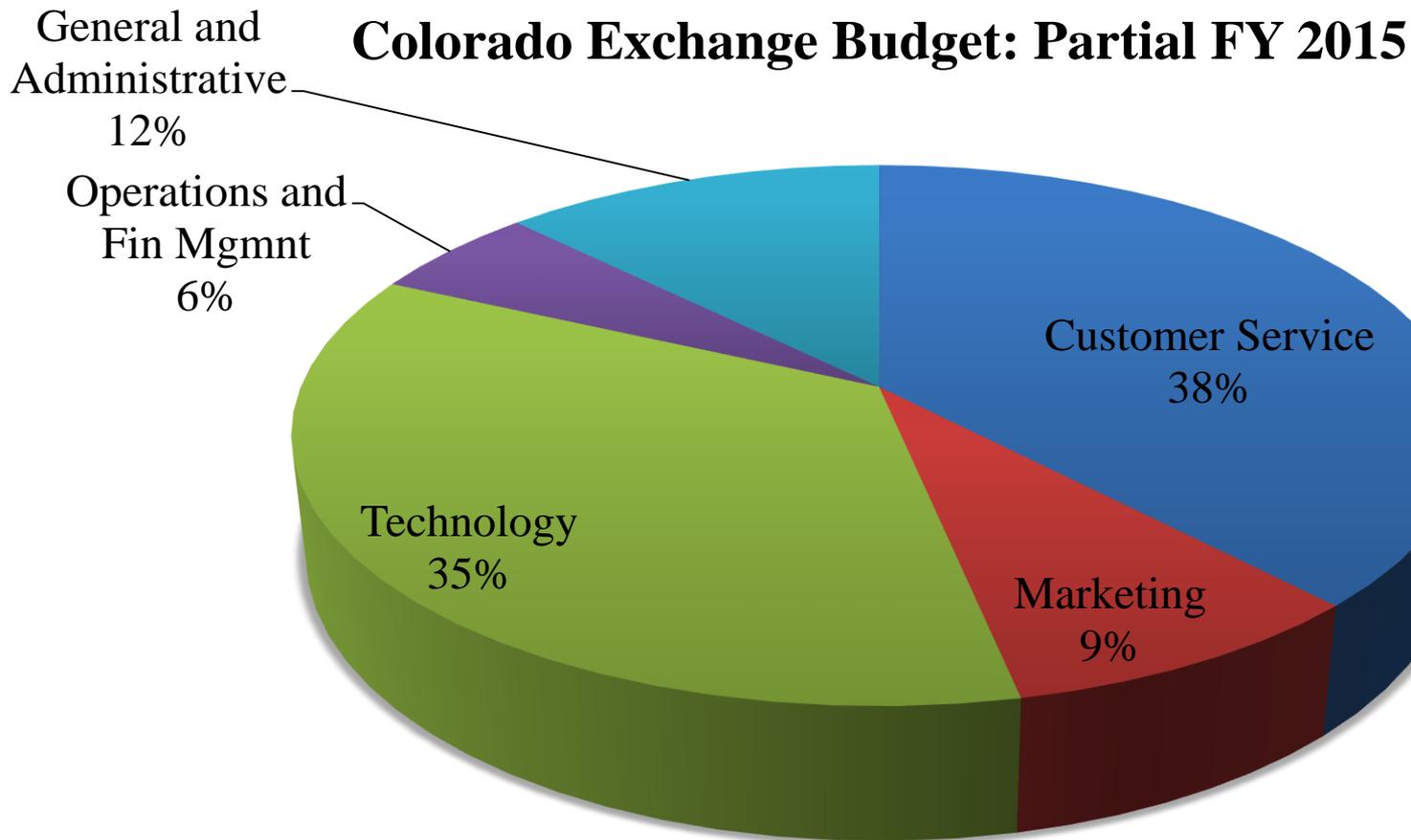
New Medicaid Enrollment



Source: Kaiser Family Foundation

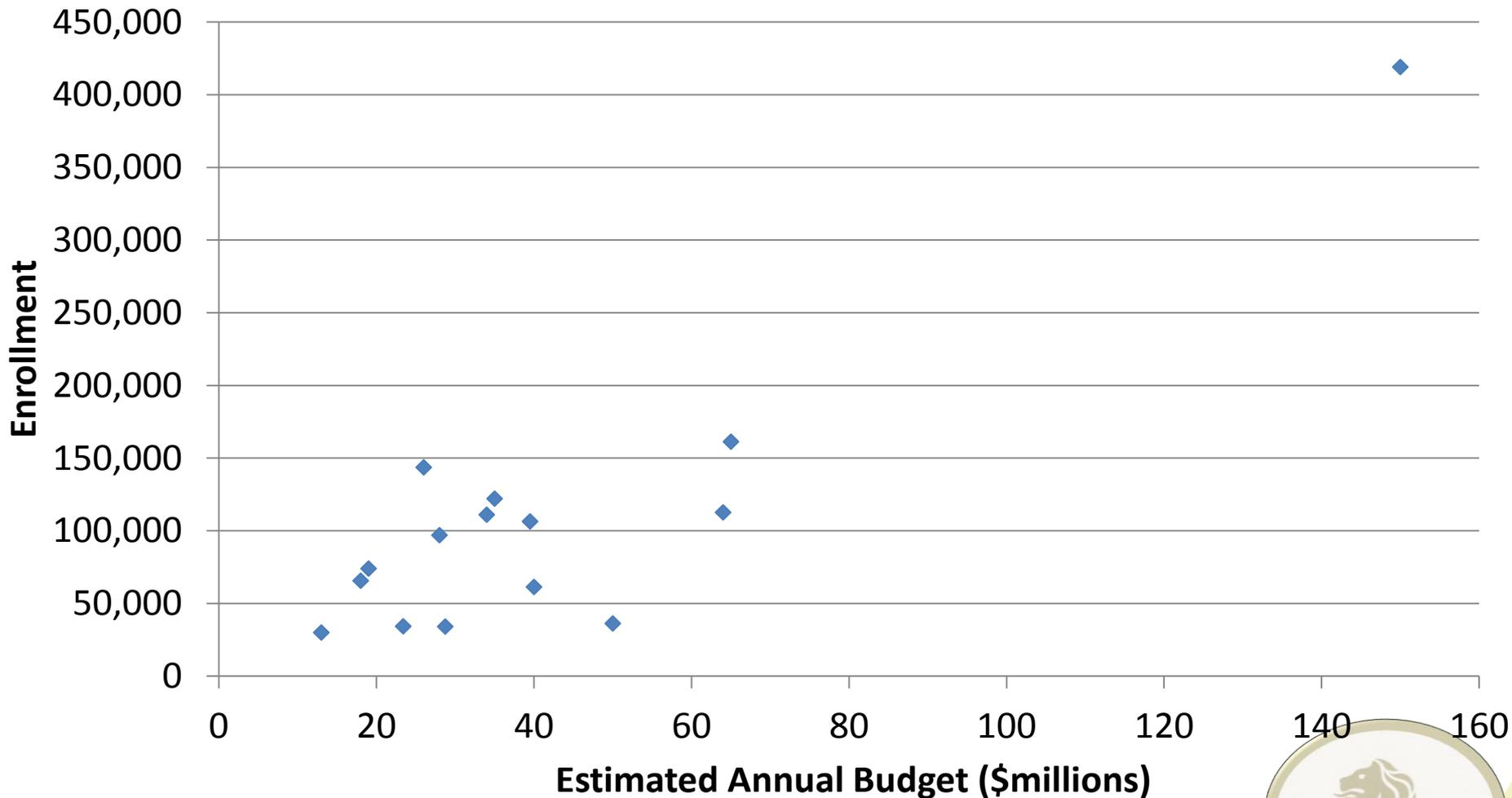


Where does the money go?



SBE's: Limited Economies of Scale

Total Enrollment vs. Estimated Annual Budget (\$ millions)



Source: KFF, <http://acassignups.net/spreadsheet>; <http://www.gao.gov/assets/670/666873.pdf>

* CA excluded; HI, KY, NM, NV, NY, OR, and VT SHOP enrollment current as of June 1, 2014, all else as of March 1, 2015



Raising the Money:

Key Decision – assess inside or outside?

CA	Leveraging funds from the State Healthcare Resources Fund through summer 2015, long-term assessment only on plans offered through the marketplace
CO	Broad-based assessment on plans inside and outside of the marketplace
CT	Broad-based assessment on plans inside and outside of the marketplace
DC	Broad-based assessment on plans inside and outside of the marketplace
HI	Assessment only on plans offered through the marketplace
ID	Assessment only on plans offered through the marketplace
KY	Broad-based assessment on plans inside and outside of the marketplace
MA	Assessment only on plans offered through the marketplace, able to draw on un-used funds from former high risk pool and unclaimed property tax funding pools
MD	Broad-based assessment on plans inside and outside of the marketplace
MN	Assessment only on plans offered through the marketplace
NM	Long-term financing mechanism not finalized
NV	Assessment only on plans offered through the marketplace
NY	State appropriations only
OR	Assessment only on plans offered through the marketplace
RI	Long-term financing mechanism not finalized. Budget proposal to assess small and individual market inside and outside of exchange.
VT	Long-term financing mechanism not finalized
WA	Assessment only on plans offered through the marketplace

Findings from Other SBE's

1. Operations

- Year two – still showers but no storms: no SBE has reverted to Feds – those with IT problems looked to Feds (OR, NM, NV) or elsewhere (MD).
- Nobody is sharing services
- As percentage – HI growth from year one is among strongest.

2. Finances

- Size helps: there are some economies of scale, driven by IT build and maintenance.
 - Except for DC, smaller markets (VT, NM, HI, RI) are the last to decide on budget and financing



Options for HI Exchange Sustainability

1. Handing all operations back to Feds

- No SBE has done

2. (Value)

-

Important to

- Analyze options
- Make decision
- Move to implement

Assess

-
-
-

Entails risks (e.g. negotiations, King v Burwell, Prepaid Health Care Act)

3. Build a Credible Sustainable, Exchange Operation

- Risks: bad operations and cost overruns



If Staying with SBE:

Structure and Governance Matter

	Board	Management
Inside State Government (4 SBE's)	Advisory only – under direction of Governor	State employees State salaries State contracting process
Outside State Government (not for profit (2 SBE's) or quasi public (11))	Duties? Powers? Who appoints?	More flexibility Less direct accountability

Failure to establish consensus on these issues has resulted in Executive Orders in some states



Exchange Sustainability - I

1. Reduce the numerator: Expenses

- Benchmarks are emerging
- Reduce to core: IT and consumer support
 - Marketing, analytics, planning, communications etc.
- Shared services can achieve cost reductions if
 - Enrollment and eligibility policies and operations for Exchange and Medicaid are standardized with partners
 - Staff savings are identified



Exchange Sustainability II

3. Expand your denominator (People in Exchange)
Choice of channels is not costless.
 - Purpose of an Outside Exchange individual market and Outside Exchange small group market?
 - This policy adopted in DC and VT
 - Run Public Employees through Exchange
4. Financing: Expand your assessment base and lower the rate
 - Argument to be made that all employers (large, small and self insured) benefit significantly from Exchange operations
 - part time employees who enroll in Exchange with federal subsidies or in Medicaid
 - Adopted in DC
 - Other market wide assessments for public goods exist



Thank You

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