



Washington Health Benefit Exchange

Joint Select Committee on Health Care Oversight

September 18, 2014

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Today's Agenda

- Invoicing and Payments Update
- Exchange Budget Submission
- Open Enrollment and 2015 Plan Options



Invoice and Payment Update

Resolution is top priority

- Impacts to consumers, carriers, agents/brokers, providers, and consumer assisters
- Review of critical system releases and validation efforts
- Discussion of aggressive action plan

Action Plan Activities – Progress made, challenges remain

- Increased engagement with insurance carriers to identify top priority issues and roadmap for resolution
- Completed account-by-account review of all Healthplanfinder records to check for discrepancies
- Continued outreach to all affected customers and assisters in the field
- Performed system maintenance to address known technical issues and fix individual accounts
- Expected resolution of remaining payment and invoice issues no later than open enrollment, Nov. 15, 2014.



Addressing Customer Issues

Submitted Payment, Cannot Access Coverage

- Number of remaining customers impacted: ~3,600
- Resolution: Cross referencing payment submission with identified accounts to manually generate a data file for the carriers. Implementing additional system fixes to address issues.
- Urgent medical need cases continue to be prioritized and individuals provided immediate coverage
- Outside of open-enrollment customers must submit supporting documentation before enrollment and payment sent to carrier

Incorrect Invoice

- Number of remaining customers impacted: ~ 8,700
- Resolution path: Contact with affected individuals to clarify correct payment required. Implementing additional system fixes to address issues.
- Customers can submit check by mail or make payment directly to carrier

Exchange is contacting all affected QHP customers to provide an update on their situation.

Efforts will resolve current issues and prevent future ones from arising.



Addressing Carrier Issues

Meeting identified top carrier issues:

Payment Transfer

- Completed account-by-account review

Incorrect Grace Period

- Developed a system fix to correct grace period data (implemented 8/29)

Termination Process

- Implemented system fixes in Aug. 30 release
- 4,200 individuals terminated for non-payment
 - Individuals received past due notices, phone call, and email/mail letter notifying them of past payment prior to termination.

Invoicing Adjustments and Balances

- Account-by-account review has led to manual adjustments on invoices (approximately 250 per week)
- Implementing system fixes in Sept. 20 release to correct remaining invoice issues



First Year Exchange Highlights

Washington Healthplanfinder attracted a wide variety of consumers

- One in six residents – 1.3 million people – obtained health coverage through Washington Healthplanfinder
- About 24% of QHP enrollments are not receiving any tax credits (over 400% FPL)
- “Young Invincibles” (ages 18-34) accounted for 25% of enrollments, 29% in March. This number grows to more than 35% when including Medicaid

Broke new ground in providing information, assistance and opportunity to get insured

- Real-time eligibility determination; streamline application process and “no wrong door”; access to federal tax credits and cost sharing
- Unprecedented customer support network through the call center, statewide partner network, client service specialists; Broad scale marketing and advertising
- Regulatory review, compliance, collaboration with state and federal agencies

Early results have shown a huge impact on individuals and the health care landscape

- Customers have received more than \$250 million to help pay for premiums and also received over \$40 million to reduce the cost of hospital and provider visits
- Recent OIC report shows the individual health insurance market has grown by more than 30%, growing to cover more than 370,000 lives
- Hospitals across the state have seen their charity care drop by 30% or nearly \$154 million dollars



Exchange Budget Updates

Three currently available ongoing Exchange funding sources

- Qualified Health and Pediatric Dental Plans Insurance Carrier premium taxes (2%) collected from insurance products sold in the Exchange during 2015
- QHP/QDP Issuer (carrier) assessments
- Medicaid cost allocation

Board discussion of CY 2015 Operating Plan as Baseline Budget

- CY 2015 budget to inform 2015-17 biennial budget request

Federal operational requirements and grant opportunities for 2015



Exchange Board Budget Process

Open Discussion at Exchange Board Meetings

- June 26; July 24; August 14; August 28 (vote)
- Staff prepared materials at Board's request; available on website
- Board recognize risks in budget scenarios
- Board approved budget for submission

Stakeholder Meetings

- Advocacy organizations, agents & brokers, associations, businesses, carriers and tribal organizations

Continuing meetings with legislative staff, governor's office and state agencies



Board Approved CY 2015 Budget

Function Area	HBE Baseline (Millions)	HCA Impact	HBE Impact	Key Assumptions
IT	\$21	\$6	\$15	<ul style="list-style-type: none"> O&M costs, License fees and related staff System fixes System security
Operations	\$21	\$14	\$7	<ul style="list-style-type: none"> Call center Printing and translation Client specialist team Reconciliation with carriers
Communications	\$8	\$1	\$7	<ul style="list-style-type: none"> Marketing Outreach Navigator support
Finance and Admin	\$4	\$0	\$4	<ul style="list-style-type: none"> Mandated audits
Policy, SHOP, Legal, Exec.	\$5	\$0	\$5	<ul style="list-style-type: none"> Appeals Fed./State requirements (rating system, survey, etc.)
Total	\$59	\$21	\$38	<ul style="list-style-type: none"> Total allocated distribution is 64% HBE and 36% HCA



Exchange Budget Request - Overview

\$59M Budget	\$76M Budget	\$79M Budget
CY 2015	CY 2016	CY 2017

Current Biennium (Jan 1 - June 30, 2015) \$29M Budget	State Biennial Budget (July 1, 2015 - June 30, 2017)	
	\$69M Budget	\$78M Budget
SFY 2015 Supplemental Budget \$29M (a)	SFY 2016	SFY 2017
Biennial Budget \$147M		

(a) HBE appropriation was \$20M for Jan 1 - June 30, 2015 (6 mos) - seek \$9M increase



CY2015 – CY2017 Projected Cash Flow For Operations

CY2015 HBE Operating Budget				Funding Sources		
Calendar Year	Gross Budget	Medicaid Reimbursement	Net Budget	Premium Tax Receipts	Expected Issuer Assessments (a)	Additional Funding Needed (b)
2015	\$59,200,000	\$21,300,000	\$37,900,000	\$22,814,000	\$10,531,000	\$4,555,000
2016	\$75,700,000	\$27,300,000	\$48,400,000	\$27,885,000	NYD	\$20,515,000
2017	\$79,400,000	\$28,600,000	\$50,800,000	\$33,650,000	NYD	\$17,150,000

(a) The 2015 Issuer Assessment was \$4.19 PMPM and \$.33 PMPM for QHP and QDP, respectively. The aforementioned assessment fee is expected to generate approximately \$10.5M in 2015 based on projected enrollment figures.

(b) There may be various funding sources available, including but not limited to Issuer Assessments, etc.

NYD - Not yet determined



Board Approved Exchange Budget – Next Steps

Board requested funding level will:

- Improve existing functionality
- Maintain acceptable level of customer service
- Drive increased enrollment to support self-sustainability

Supplemental and biennial budget request included in HCA Decision Package to OFM

Exchange to leverage federal grant availability by requesting additional funds to complete development, design, and implementation work (supplemental request and no-cost extension)

Detailed budget materials shared with legislators and legislative staff

HHS has identified sustainability as an operational risk



Operational Requirements

Required

- Call center
- Navigator program
- Plan certification
- Pediatric dental
- Consumer survey
- Consumer rating system
- State audit
- Appeals
- SHOP
- Printing for required notices
- Translation/Interpreter services
- Data reporting to federal government
- Reconciliation of enrollment information with carriers (834 files, ongoing, etc.)
- Streamlined application & eligibility determination for QHP & Medicaid

Not Required

- Outreach and marketing
- Specialized broker support
- Post-eligibility referrals to WaConn (classic Medicaid, etc.)
- Consumer decision/shopping tools (plan display features, etc.)
- Provider directory
- Adult dental
- Premium aggregation and invoicing



Premium Aggregation

Why the Exchange chose to aggregate premiums

- Implemented to streamline consumer experience
- Provide benefit to carriers
- Ensure compliance with federal reporting and compliance standards

Financial reconciliation has challenged all Exchanges

Vendor evaluating cost-benefit and value of premium aggregation

- Includes evaluation of system risk, and potential short-term and longer-term savings
- Function is embedded in system design
- Board to make decision related to these options
- Data accuracy must be reconciled under any scenario

Concern of introducing new risk before 2014-2015 Open Enrollment



2015 Exchange Plan Offerings

Increased carrier participation

- First statewide plan for small business marketplace

More plan choices

- Health literacy efforts to help consumers make informed decisions

Affordable plan options

- Record low 1.9 percent rate change

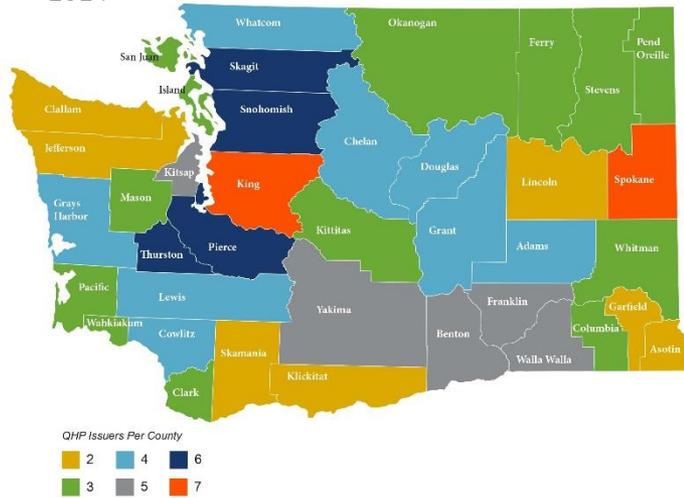
First year of QHP renewal process



Breakdown of 2015 Exchange Plan Offerings

Individual QHP Market – Issuers per County

2014



Individual Market

2014: 8 issuers, 46 plans

2015: at least 10 issuers, 90 plans (8 MSP)

New: More choice

Healthplanfinder Business/SHOP

2014: 1 Issuer, 5 plans

2015: 2 Issuers, 23 plans

New: Statewide market

2015



Individual Pediatric Dental Market

2014: 5 Issuers, 5 Plans

2015: at least 5 issuers, 6 plans

New: High-level plans (85% AV)



Breakdown of 2015 Participating Issuers

Individual Market:	Healthplanfinder Business/SHOP:	Individual Pediatric Dental Market:
BridgeSpan Health Company	Kaiser Permanente	Delta Dental of Washington
Columbia United Providers*	Moda Health Plan*	Dental Health Services
Community Health Plan of Washington		Kaiser Permanente
Coordinated Care Corporation		LifeWise of Washington
Group Health Cooperative		Premera Blue Cross
LifeWise of Washington		
Moda Health Plan*		
Molina Healthcare of Washington		
Premera Blue Cross		

**New issuers in 2015*

All 2014 issuers are continuing in 2015



Renewal Timeline

Issuers send letter on non-renewed QHPs in October

Exchange sends QHP renewal letter late October

- Informs consumer about renewal plan for 2015
- Tax credit amount (based upon second lowest cost silver plan) for 2015
- Enrollee's premium contribution for renewal plan in 2015

Open Enrollment begins November 15



Resources

www.wahealthplanfinder.org

www.wahbexchange.org

1-855-WAFINDER (1-855-923-4633)

TTY/TTD for Deaf : 1-855-627-9604

info@wahbexchange.org



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Appendix

\$59M Baseline CY 2015 Budget

Activity	2015	2016	2017	Notes
Main Required Functions				
Customer Service Center *	15,131,000	15,585,000	16,053,000	Assumes 250 CRS's with an average wait time of 20 minutes; \$40M would reduce to 80 CRS's with an average wait time of 80 minutes per call.
IT System Licensing & Operations *	15,009,000	13,772,000	14,185,000	Assumes gradual phasing out of IT contractors during 2015 to mitigate risk
Navigator *	3,000,000	3,090,000	3,183,000	\$59M sustains current funding levels; \$40M would require elimination of lead organizations
Printing-Translation-Interpretation	1,309,000	4,944,000	5,092,000	
SHOP	933,000	961,000	990,000	Program amount minus Broker support
Appeals Process	726,097	748,000	770,000	
Mandated Financial Audits	300,000	1,035,000	300,000	Increase in 2016 due to SAO Performance Audit
Consumer Survey-Grant Funded				One-time cost paid by grants
Consumer Rating System-Grant Funded				One-time cost paid by grants
Not Required				
Marketing & Outreach	3,000,000	3,090,000	3,183,000	
Specialized Broker Support	218,000	225,000	232,000	
Enhanced Provider Directory	900,000	618,000	637,000	Not included in \$59M budget request
Prescription Search Tool	2,400,000	927,000	955,000	Not included in \$59M budget request
Adult Dental-Grant Funded	30,000			One-time cost paid by grants
Premium Aggregation and Invoicing	TBD	TBD	TBD	



2016 - 2017 Budget Assumptions

The following assumptions went into the development of the CY2016 & CY2017 Budget:

Employee count is held constant at 146 FTE, i.e. no FTE growth during period

- 3% annual salary merit pool is contemplated annually

IT spending for HPF version release enhancements and related hardware upgrades are expected to be \$10M annually

- HPF O&M costs will increase approximately 3% annually

General & Administrative costs will be earmarked with a 3% general price level increase, as applicable

2015 budget under both options anticipated the Federal Supplemental Grant to cover the following costs, thereby in 2016 & 2017 these costs will need to be added back:

- Credit card fees totaling \$4M each year
- Printing and Postage for enrollee correspondence totaling \$4.6M



CY 2016-2017 Budget Request

	000's Omitted	Explanation
CY2015 Budget - Base Year	\$59,200	
1) HPF New Version Release/Upgrades	\$10,000	Grant funds will no longer be available after 2015
2) Enrollee Correspondences	\$3,600	Printing and postage for enrollee correspondences are no longer grant funded (Total impact is \$4.6M with \$1M in the 2015 Base Budget)
3) Credit Card Bank Fees	\$3,200	Base year budget anticipated the Federal Supplemental Grant to provide funding for credit card usage (Total impact is \$4M with \$800,000 in the 2015 Base Budget)
5) General Price Level Increases	\$1,300	Includes general & administrative price level increase of 3%, including salary merit pool
6) Less: One-time 2015 baseline costs	(\$1,600)	IT Contractors is a one-time cost in 2015 that will not carry forward to 2016 and 2017
CY2016 Proposed HBE Budget	<u>\$75,700</u>	
1) General Price Level Increases	\$3,700	Assumes a general price level/other increase of 5% to operate HBE over the prior year which takes into consideration 17% increase in member months
CY2017 Proposed HBE Budget	<u>\$79,400</u>	

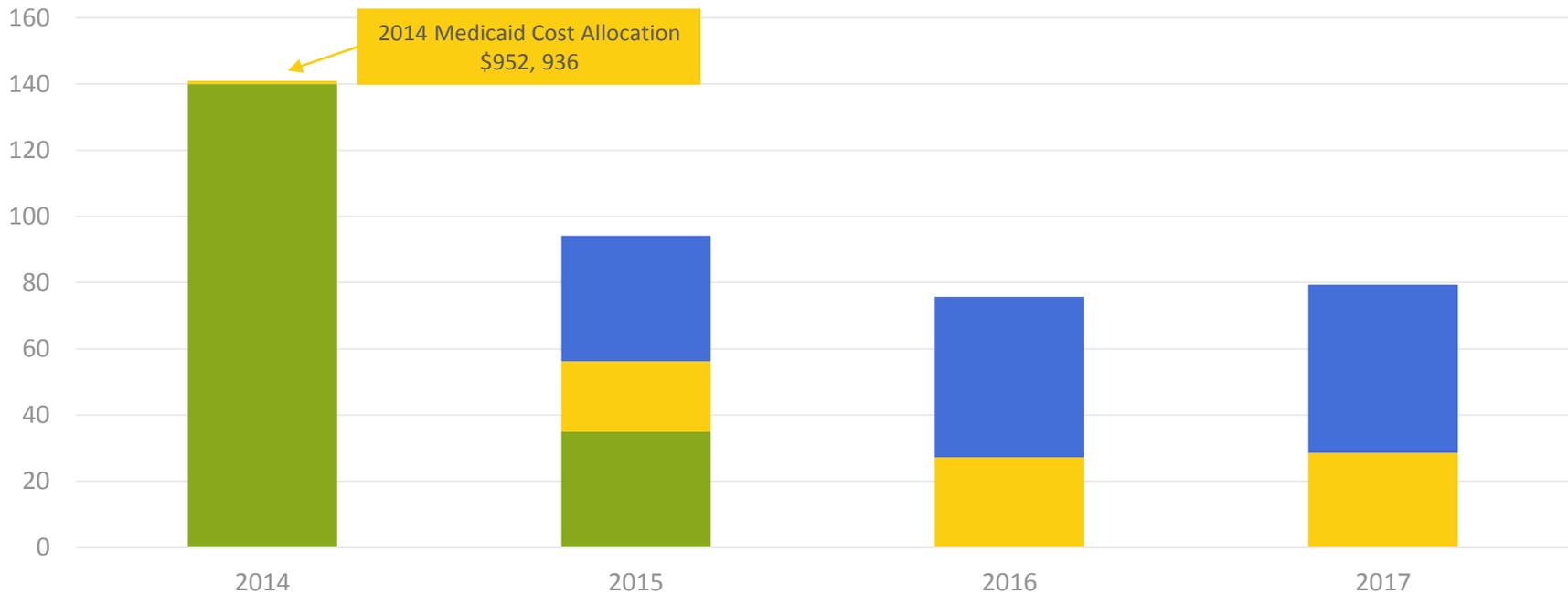


Proposed Level 1B Supplemental Request

Function Area	Description	\$
Addressing Backlogs	Addressing consumer issue tickets, payments to carriers, processing payments, and calling consumers about tickets	\$2.5M
Operations	Call center staffing for OE; training for call center; software licenses; other training	\$8.2M
IT	Content management enhancements; mobile development and enhancements; data fixes; user acceptance testing	\$4.5M
Finance	Credit card fees; internal auditor	\$3.6M
Communications	IPA lead org enhanced funding; additional training funds; continued tribal assistor funding	\$3.2M
TOTAL		\$22M



Projected Federal Offset - as of 9/1/2014



■ Federal Grant Funding ■ Medicaid Cost Allocation ■ State Appropriated Funding

Projected Funding	2014	2015	2016	2017
Federal Grants	\$140M <i>(assumes 13M – no-cost extension)</i>	\$35M	\$0	\$0
Medicaid Cost Allocation	\$952,936 <i>(potentially receive additional \$950,000)</i>	\$21.3M	\$27.3M	\$28.6M
State Appropriated Funding	\$0	\$37.9M	\$48.4 <i>(\$27.9M premium tax, \$20.5M assessment)</i>	\$50.8M <i>(\$33.7M premium tax, \$17.1M assessment)</i>
Projected Total	\$140.9M	\$94.2M	\$75.7M	\$79.4M



CY2015 HBE \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
System Enhancements			<u>\$14,989</u>
- Healthplanfinder	\$9,078	Deloitte	
- Eligibility Services	1,300	DSHS/ESA	
- Other O&M License Fees	4,611	Various	
Call Center and Other Operational Services			<u>\$17,440</u>
- Customer Service Center	\$15,131	Faneuil	
- Print Services	1,009	KP Corp	
- Other Operational & Consulting Services	1,300	Various	
Marketing, Outreach and IPAs		Various	<u>\$6,000</u>
SHOP Services		Various	<u>\$218</u>
Financial, Policy, Exec and Legal Consulting			<u>\$2,658</u>
- Auditing/Accounting Services/Other	\$1,435	Various	
- Bank Fees	\$800	KeyBank	
- Executive and Policy Services	223	Various	
- Legal Services	200		
Other Costs			<u>\$17,943</u>
- Salaries and Benefits (145 FTE)	\$15,191		
- Rent, Utilities, etc.	1,083		
- Equipment, Travel, etc.	1,670		
Total Request			<u>\$59,248</u>



CY2015 IT \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
IT Operations and Enhancements			<u>\$14,989</u>
- Operations and Maintenance	\$7,550	Deloitte	
- HPF Support License Fee	1,528	Deloitte	
- Eligibility License Fee	1,300	DSHS/ESA	
- Firewall for HPF	96	Akaimi Tech	
- Plan Management License Fee	1,644	eHealth	
- HPF Platform License Fee	1,100	Oracle	
- Professional Services/Support License Fee	152	Microsoft	
- Extend Contractors for 6 months	1,619	Various	
Other Costs			<u>\$5,792</u>
- Salaries and Benefits (43 FTE)	\$5,129		
- Rent, Utilities, etc.	319		
- Equipment, Travel, etc.	345		
		Total	<u><u>\$20,781</u></u>



CY2015 Operations \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
Call Center and Other Operational Services			<u>\$17,440</u>
- Customer Service Center	\$15,131	Faneuil	
- Print Services	1,009	KP Corp	
- Document Management System	820	HCA	
- Translation	300	LinguaLinx, Inc	
- Other Call Center costs	180	Firefly	
Other Costs			<u>\$3,525</u>
- Salaries and Benefits (34 FTE)	\$3,000		
- Rent, Utilities, etc.	252		
- Equipment, Travel, etc.	272		
		Total	<u>\$20,965</u>



CY2015 Communications \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
Marketing and Outreach			
- Media Buy - Exchange Marketing		GMMB	<u><u>\$3,000</u></u>
Contracts			
- IPA/Navigators		Various	<u><u>\$3,000</u></u>
Other Costs			<u><u>\$1,843</u></u>
- Salaries and Benefits (17 FTE)	\$1,581		
- Rent, Utilities, etc.	126		
- Equipment, Travel, etc.	136		
		Total	<u><u>\$7,843</u></u>



CY2015 Finance & Administration \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
Financial and Audit Services			<u>\$1,435</u>
- External Audit - A-133	\$300	Moss Adams	
- Carrier Assessment Invoicing	100	BMI	
- Legislative Mandated Performance Audit	735	State Auditor's Office	
- Financial System O&M	200	TBD	
- Other	100		
Bank Fees		Key Bank	<u>\$800</u>
Other Costs			<u>\$2,853</u>
- Salaries and Benefits (22 FTE)	\$2,014		
- Rent, Utilities, etc.	163		
- Equipment, Travel, etc.	676		
		Total	<u>\$5,088</u>



CY2015 Policy \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
Consulting			<u>\$157</u>
- Actuarial	\$50	Milliman	
- Consumer Rating System	50	TBD	
- Quality Assurance	7	NCQA	
- Consumer Survey	50	TBD	
Other Costs			<u>\$1,244</u>
- Salaries and Benefits (10 FTE)	\$1,090		
- Rent, Utilities, etc.	74		
- Equipment, Travel, etc.	80		
		Total	<u><u>\$1,401</u></u>



CY2015 SHOP \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
Consulting			<u>\$218</u>
- Agent/Broker CSR	\$145	Ciber	
- Agent/Broker CSR	73	Teksystems	
Other Costs			<u>\$1,151</u>
- Salaries and Benefits (9 FTE)	\$1,012		
- Rent, Utilities, etc.	67		
- Equipment, Travel, etc.	72		
		Total	<u>\$1,369</u>



CY2015 Legal \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
Legal Services			<u>\$200</u>
- Presiding Officers (4)	\$100	Various	
- Attorney General's Office	50	AGO	
- Outside Legal Counsel	50	TBD	
Other Costs			<u>\$776</u>
- Salaries and Benefits (7 FTE)	\$668		
- Rent, Utilities, etc.	52		
- Equipment, Travel, etc.	56		
		Total	<u>\$976</u>



CY2015 Executive \$59M Detail (\$000's)

Deliverable Types	Breakout	Contractor	2015 Total
Consulting			
- Executive Consulting		TBD	<u>\$66</u>
Other Costs			<u>\$759</u>
- Salaries and Benefits (4 FTE)	\$698		
- Rent, Utilities, etc.	30		
- Equipment, Travel, etc.	32		
		Total	<u>\$825</u>

