Enabling Exchange Legislation

- SSB 5445 passed creating a “public-private partnership”
- Governed by independent board – 8 of 9 members nominated by caucuses in each chamber
- Board members and Chair appointed by Governor on December 15, 2011
- Board takes over governing authority on March 15, 2012
Exchange Establishment Grant

HCA received a one-year $22.9 million grant in May 2011 to design and develop the Exchange, including:

• Developing options and recommendations on policy decisions

• Holding JSC/stakeholder meetings statewide

• Building a detailed and comprehensive operational plan to create a structured entity capable of meeting business functions of the Exchange

• Developing IT systems that build new features and leverage existing state systems
Major Policy Questions

• Federal Basic Health option
• Criteria for Qualified Health Plans
• Market rules inside vs. outside the Exchange
• Future of WSHIP and risk leveling
• Small business Exchange functions (SHOP)
• Role of Navigators
• Exchange financing
• Medicaid/Exchange integration
Next Steps

• Transition to independent entity and governance in March

• 2012 exchange legislation, key issues:
  • Market rules
  • Qualified health plan criteria
  • High risk pool

• Level 2 grant application March 30, 2012

• Exchange certification application

• Public outreach and education
HCA Health Benefit Exchange Web Page

www.hca.wa.gov/hcr/exchange

Includes information about:
• Exchange Board
• Legislation and grants
• Policy discussion
• TAC and stakeholder involvement
• IT systems development
• HHS guidance
• Listserv registration
Washington State Health Benefit Exchange Update

State of Reform
Washington Healthcare Policy Conference
January 4, 2012

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Washington State Exchange

Governor signed SB 5445 establishing Exchange on May 11, 2011

- Establishes Exchange as public-private partnership, separate from state government
- 11-member Governor-appointed Board must be in place by December 15, 2011
  - 8 members appointed from lists submitted by legislative caucuses (4 Republican, 4 Democratic)
  - Governor-appointed Chair is non-voting, except in case of tie
  - HCA and OIC are non-voting ex-officio members
- Policy Options Report from HCA in collaboration with Joint Select Legislative Committee and Exchange Board due January 1, 2012 to Legislature and Governor
- Exchange Board oversight due to start March 1, 2012
Policy Decision Ramifications

Key Decisions will Drive a Successful Exchange

• **Mandated benefits**: Four benchmark plans identified by HHS for 2014 & 2015. States are allowed to select a single benchmark plan to serve as the standard for QHPs, both inside and outside of exchanges.

• **Administrative complexity**: The Exchange should be focused on successfully carrying out the extensive requirements mandated by the federal law before attempting to expand its operations and functions further. Changes and additions can be made later if warranted.

• **Stability in the individual market**: Washington should seriously consider retaining its high risk pool (WSHIP) – for individuals with significant medical needs – in 2014 and beyond for current enrollees in the program.
Technical Advisory Committee (TAC)

A Source of Knowledge & Understanding of Health Insurance

• Responsibilities
  – Provide technical expertise in health insurance and market interactions
  – Contribute advice and knowledge on relevant exchange issues that offer context to issues being discussed
  – Represent respective stakeholder groups during discussions
  – Debrief with the Exchange board on key policy considerations and discussions that have taken place

• Stakeholder groups represented
  – Agents and brokers
  – Consumers/advocacy groups
  – Insurance carriers
  – Providers
  – Small businesses
  – Tribal representative

• Policy options papers written by consultants to HCA for TAC consideration and discussion
Washington State Exchange RFP

Issued 10/28/2011 for Systems Integrator Services

Timeline

– Mandatory Pre-Proposal Conference: November 8, 2011
– Bidder Responses Due: December 8, 2011

Purpose of RFP

– Solicit proposals from qualified vendors to provide development, implementation & hosting services to implement the WA Health Benefits Exchange by December 2013
– Solution must be web-based hosted in a secure location in U.S.

Contract Provisions

– Include design, development & implementation at fixed costs
– 6 Month Warranty period following December 2013
– 1 Year of Operation & Maintenance support
– Option to extend contract 6 years
Washington State Exchange RFP

High Level Business Process Concept
# Washington State Exchange RFP

## Primary Business Processes & Functional Requirements

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirements</th>
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| Eligibility                   | • Application intake and screening  
• Eligibility determination and renewal  
• Appeals                        |
| Enrollment                    | • Enrolling and renewing participants                                      |
| Plan Management               | • Acquiring, certifying, monitoring, renewing, and managing the withdrawal of qualified health plans and issuers of those plans |
| SHOP Eligibility and Enrollment | • Enrolling and renewing SHOP employers & employees                        |
| Financial Management          | • Payments of Premium Tax Credits & Cost Sharing Reductions for Individual members  
• Premium processing for both SHOP and Individual members  
• Data collection & reporting  
• Issuer payment transfers – including flow of funds for payments and charges for the risk-spreading programs |
| Exchange Portal / User Experience | • Customer internet experience similar to top commercial service and retail companies  
• Will include some mobile functionality |
| Administrative Functions      | • Audit and program integrity  
• Business intelligence capabilities and notices |
## Primary Technical Requirements

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<tr>
<th>Name</th>
<th>Technical Impact to Premera</th>
<th>Technical Preparedness</th>
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| Exchange Technical Architecture   | • Service Oriented Architecture – common functionality will be accessed via service interfaces that are enforced by service contracts to include 24/7 availability  
• Enhanced security needs       | • Continue improvements on availability of member-centric critical systems  
• Continue definition of advanced integration techniques  
• Continue security enhancements  
• Prioritize eligibility and enrollment for initial public service offerings |
| Federal Data Service Hub          | • Potential for new data sources for Federal information                                                                                           | • Monitor for more published guidance on this service.                                    |
Guiding Principles

Some Guiding Principles as We Approach this Work Together

• **Consumer Access**: the Exchange should promote a broad choice of health plans for consumers.

• **Competition**: Washington State should create an even playing field rather than barriers to health plans participating in the Exchange equitably. The minimum requirements established by the federal law already provide a substantial framework leading up to 2014.

• **Regulatory Efficiency**: the Exchange should rely on the current oversight of the Office of the Insurance Commissioner to oversee premium rates, rather than add duplicative oversight.
WASHINGTON STATE
HEALTH BENEFIT EXCHANGE:
A CONSUMER PERSPECTIVE

SUE SHARPE

EXECUTIVE DIRECTOR, ST. LUKE’S FOUNDATION
FORMER BOARD MEMBER OF HEALTH INSURANCE PARTNERSHIP

Washington Healthcare Policy Conference
January 4, 2012
THE GOALS: PPACA & SSB5445

- Increase access to quality affordable health care coverage
  - Reduce number of uninsured persons in Washington state
  - Increase availability of coverage through private market to qualified individuals & small employers;
  - Provide consumer choice and portability of health insurance
  - Create organized, transparent, and accountable health insurance marketplace
  - Promote consumer literacy & empower consumers to compare plans and make informed decisions about their health care and coverage;
  - Effectively and efficiently administer health care subsidies
WHO IS THE CUSTOMER FOR THE EXCHANGE?
Uninsured, lower income working people buying in individual & small group market

2008 OIC Uninsured Washingtonians: 766,122 (11.6%)
2010 OIC Estimate: 945,589 (14.1%)
2011 OIC Estimate: 1,000,000 (14.5%)

- Half of uninsured are employed
- Many are young adults 18-34 (47%)
- Greatest challenge is for small business where annual increase in premiums is greater than increase in wages or gross business income by a factor of five.
Building on common themes
Health Insurance Partnership (HIP)

**Vision Statement:** Adding value and increasing access to health insurance for low-income employees of small businesses.

**Goals:**
- Develop a program that covers low-income, uninsured employees of small employers.
- Create a sustainable safety net for the target population to improve coverage.
Building on common themes
Health Insurance Partnership (HIP)

HIP Guiding Principles
- Do no harm.
- Keep it simple.
- Build on the existing infrastructure
- Build in sustainability.
- Focus on what’s achievable.
- Focus on access, and include cost and quality.
- Increase education and incentives to self-care.
- Don’t let the Perfect be the enemy of the Good.
Building on common themes:
OIC Health Care Reform Realization Committee

Goals for a Washington Exchange:

- Increase access to quality affordable health care coverage.
- Encourage carrier competition based on price and quality, not on risk selection.
- Promote consumer literacy, empowering consumers to compare plans and make informed decisions about their care and coverage.
- Provide greater transparency and accountability in the marketplace.
- Drive quality improvement, cost containment, and innovation in payment systems.
- Promote & encourage efforts to reduce health care costs & ensure sustainability.
- Effectively and efficiently administer health care subsidies.
- Seamlessly direct consumers to information about and enrollment in programs.
- Develop a program that covers low-income, uninsured employees of small employers.
- Create a sustainable safety net for the target population to improve coverage.
Lessons learned / Factors for success

- It is a tool that facilitates access to coverage, not an end in itself
- Understanding real needs of this customer a priority
- Find out what matters most to customer: cost, complexity, administrative burden.
- Promote meaningful choice. Understand impact on access, affordability and portability.
- User friendly, ease of access, simple and flexible
- Encourage competition on factors that matter to the consumer
- Don’t confuse premiums with the ultimate cost to the consumer.
- Promote sustainability starting now. The exchange needs to influence delivery system improvements and address costs or coverage expansion is not sustainable.
- Policies should be tested against goal of increasing access to affordable quality coverage.
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