

Health Benefits Exchange

Staff Presentation
FY 2014 Revised and
FY 2015 Recommended Budgets
March 19, 2014

Health Benefits Exchange

- Patient Protection and Affordable Care Act of 2010
- Aims at decreasing the number of uninsured individuals
- Requires that all individuals have medical coverage or pay a penalty

Affordable Care Act – *Uninsured*

(in thousands)	Number	% of Population
Connecticut	364	10.3%
Maine	128	9.7%
New Hampshire	140	10.8%
Massachusetts	288	4.4%
Rhode Island	125	12.0%
Vermont	56	9.1%
United States	49,146	16.0%

U.S. Census, Sept. 2012

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Health Benefits Exchange

➤ Affordable Care Act key provisions:

- ❖ Insurers are prohibited from imposing dollar limits on benefits, like hospital stays
- ❖ Dependents can remain on parents' plans until 26th birthday
- ❖ Insurers are prohibited from dropping policyholders when they get sick
- ❖ Insurers are prohibited from excluding pre-existing medical conditions
- ❖ New plans must cover preventive care and medical screening

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Medicaid Expansion

- Allows states to extend Medicaid benefits to non-disabled, adults without dependent children at or below 138% of poverty as of Jan. 1, 2014
 - ❖ 2013 legislation adopted
- 100% federally funded until Dec. 2016
 - ❖ State's share to grow from 5% in 2017 to 10% in 2020

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Medicaid Expansion

Other States:

- 26 states and the District of Columbia support Medicaid expansion
- 21 states opposed
- 3 states - Undecided (Missouri, Pennsylvania and Utah)

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Health Benefits Exchange

- State-Based Exchange
 - ❖ Operate its own health exchange and perform all related activities – 18 states including Washington D.C.
- State-Federal Partnership
 - ❖ Shared responsibilities and states will manage certain aspects – 7 states
- Federally-Facilitated Exchange
 - ❖ HHS will assume primary responsibilities – 27 states

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Health Benefits Exchange

Financing

- Federally-Facilitated Exchange
 - ❖ Federal government determines the sources and methods for financing
 - ❖ 3.5 percent fee on all participating issuers
- State-Federal Partnership
 - ❖ States would be responsible for financing functions that they are managing

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Health Benefits Exchange

- 14 states and the District of Columbia have adopted legislation for operations of their exchanges

Arkansas*	California
Colorado	Connecticut
Hawaii	Idaho
Maryland	Massachusetts*
Minnesota	Nevada
Oregon	Utah
Vermont	Washington*

* States that have not identified financing

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Health Benefits Exchange

- Three states are operating under executive orders:
 - ❖ Kentucky
 - ❖ New York
 - ❖ Rhode Island
- None of the three have identified funding mechanism

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Health Benefits Exchange

- Marketplace for individuals and small businesses can compare policies and premiums, and purchase health insurance
 - ❖ Individual/Families
 - ❖ Small Businesses

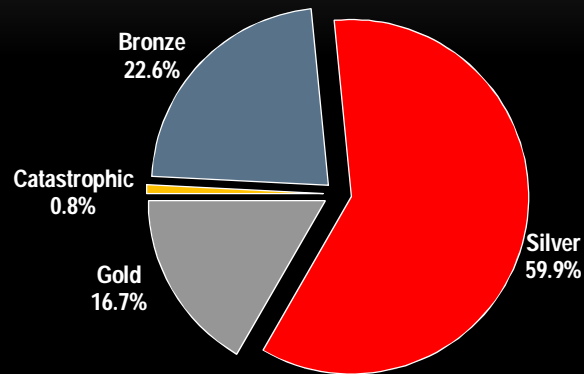
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Offered Plans – *Individual Market*

- 2 Insurers
 - ❖ Blue Cross & Blue Shield
 - ❖ Neighborhood Health Plan
- 12 plans are offered through the individual market
 - ❖ Four gold
 - ❖ Four silver
 - ❖ Three bronze
 - ❖ One catastrophic

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Individual Market - *Enrollment*



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Individual Market - *Premiums*

Monthly Premiums Cost Range:

- Gold
 - ❖ \$166 - \$847
- Silver
 - ❖ \$136 - \$696
- Bronze
 - ❖ \$106 - \$530
- Catastrophic
 - ❖ \$95 - \$450

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Offered Plans – *Small Group Market*

- 3 Insurers
 - ❖ Blue Cross & Blue Shield
 - ❖ UnitedHealth Care
 - ❖ Neighborhood Health
- 16 plans are available on the small group market
 - ❖ Three platinum
 - ❖ Six gold
 - ❖ Five silver
 - ❖ Two bronze

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Small Group Market - *Enrollment*

- 16 plans are available on the small group market
- 1,132 small employers have initiated application process
 - ❖ 133 Small employers have enrolled
 - ❖ 74 offer full employee choice
 - ❖ 491 covered employees with 795 covered lives
 - ❖ Enrollment
 - ❖ No deadline

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Small Group Market- *Premiums*

Monthly Premiums Cost Range:

- Platinum
 - ❖ \$222 - \$1,133
- Gold
 - ❖ \$177 - \$916
- Silver
 - ❖ \$134 - \$751
- Bronze
 - ❖ \$119 - \$610

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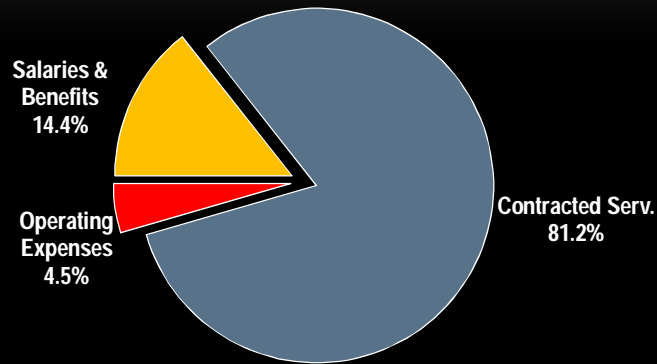
Health Benefits Exchange

	FY 2014 Enacted	FY 2014 Gov. Rev.*	Chng. to Enacted	FY 2015 Gov. Rec.*	Chng. to Enacted
Salaries & Benefits	\$2.3	\$2.2	(\$0.1)	\$3.4	\$1.1
Cont. Services	25.5	49.2	23.7	19.0	(6.5)
Operating	0.6	1.0	0.4	1.0	0.4
Total (in millions)	\$28.3	\$52.4	\$24.1	\$23.4	(\$4.9)
FTEs	15.0	25.0	10.0	25.0	10.0

*6.0 positions are in Office of the Governor

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FY 2015 Recommended by Cat.



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Recommended Staffing

- Recommends \$2.2 million in FY 2014 and \$3.4 million in FY 2015 for salaries and benefits
 - ❖ FY 2014 is \$0.1 million less than enacted
 - ❖ FY 2015 is \$1.1 million more than enacted
- Recommends staffing of 25.0 full-time positions
 - ❖ 10.0 positions more than authorized in both years
 - ❖ 10.0 positions filled as of March 1, 2014

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Recommended Staffing

- Adds \$0.4 million in FY 2014 and \$1.1 million in FY 2015 to fund 10.0 new positions

Insurance rate analyst	Assoc. director of admin.
Supervisor of financial management & reporting	IT project manager
Asst. administrator, financial	Chief information security officer
Community service coord.	Chief data operations
Asst. Director of special projects (2)	

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Operating

- Recommends \$1.0 million in both years for operating costs
 - ❖ FY 2014 is \$0.4 million more than enacted
 - ❖ FY 2015 is \$0.5 million more than enacted
- Includes \$0.7 million in FY 2014 and \$0.5 million in FY 2015 for general office expenses:
 - ❖ Printing, posting, travel, computer equipment and supplies

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Operating – Office Space

- Recommends \$0.2 million in FY 2014 and \$0.6 million in FY 2015 to obtain office space
 - ❖ Nov. 2013, State Properties Committee voted to allow HealthSource to request bid proposals
 - ❖ 15,000 square-foot office space in Providence
 - ❖ Five bids received
 - ❖ Committee in process of reviewing bids

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Contracted Services

- Recommends \$49.2 million in FY 2014 and \$19.0 million in FY 2015 for all contracted services
- FY 2014 is \$23.7 million more than enacted to reflect carry forward funds from FY 2013
- FY 2015 is \$6.4 million less than enacted

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Contracted Services

	FY 2014 Revised	FY 2015 Gov. Rec.
Deloitte	\$17.1	\$7.5
Connexions (Call Center)	6.6	2.2
Wakely Consultant	6.3	2.4
Faulkner Consultant Group	2.2	1.1
Outreach & Enrollment Support Program	1.4	0.4
CSG	1.0	0.4
RDW Group	1.0	-
To be determined	13.5	5.0
Total	\$49.1	\$19.0

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Health Benefits Exchange

Tasks	Contractors
Development and implementation of integrated eligibility system	Deloitte
Technical & financial assistance	Wakely Consultant
Consumer assistance and procurement development	Day Health Strategies
Policy development for system development	Faulkner Consultant Group
Independent verification and validation	CSG Consulting
Call Center	Connexions

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Call Center

- \$24.0 million contract was awarded to Connexions to operate the contact center
 - ❖ \$9.0 million – Healthsource RI
 - ❖ \$15.0 million - OHHS
- Governor recommends \$7.0 million in FY 2015
 - ❖ \$2.2 million HealthSource RI
 - ❖ \$4.9 million OHHS

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Call Center

- FY 2015 is based on estimated number of call center employees
 - ❖ Number of hours employees work
- As of July 1, 2014, OHHS/HealthSource will have the option to convert a portion of the fees to cost-per contact
 - If OHHS/HealthSource wish to do so, must notify the contractor of intention prior to May 1

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Unified Health Infrast. Project

- Unified Health Infrastructure Project (UHIP)
- OHHS project
- In coordination with the HealthSource RI to implement ACA and other assistance programs: RI Works, child care & SNAP applications
- Eventually one system to apply for benefits
 - ❖ Replace existing InRhodes eligibility system

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Unified Health Infrast. Project

- Estimated project cost - \$209.4 million project through CY 2020
 - ❖ \$157.5 million from federal funds
 - ❖ \$51.9 million from general revenues
 - ❖ Mixed Medicaid match – about 70/30
- HealthSource is responsible for \$51.3 million of total project costs
 - ❖ Governor recommends \$17.1 million in FY 2014 and \$7.5 million in FY 2015 from federal funds

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Unified Health Infrast. Project

	Gen. Rev.	Fed. Funds	Total
<i>FY 2014 Enacted</i>	\$3.8	\$18.6	\$22.4
<i>FY 2014 Gov. Rev.</i>	\$8.6	\$27.5	\$36.1
OHHS	\$4.8	\$25.2	\$30.0
DHS	\$3.9	\$2.3	\$6.1
<i>FY 2015 Total</i>	\$10.1	\$29.0	\$39.1
<i>OHHS</i>	\$5.7	\$25.9	\$31.7
<i>DHS</i>	\$4.4	\$3.1	\$7.5

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Health Benefits Exchange

Sustainability

- Federal funds are supporting the planning, establishment and initial operations of the Exchange through December 31, 2014
 - ❖ Covers one year of operations from opening
 - ❖ Extension from CMS would allow use of federal funds for January 1 – June 30, 2015

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Recommended Budgets

- Received a total of \$111.5 million in federal funding to date
- Submitted a new grant request for \$58.3 million in new funding – Feb. 15
- Budget assumes Exchange will receive approval from CMS to extend use of funds through FY 2015
- There may be restrictions that limits use: can not be used for maintenance and certain operating costs
 - ❖ HealthSource RI has not submitted a formal request to CMS

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Health Benefits Exchange

Sustainability

- HealthSource estimates the costs to operate from January 1 – June 30, 2015 is \$9.0 million
- Other States
 - ❖ 11 of 17 states that are state-based have identified funding/financing mechanism

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Per Member Per Month: Scenarios

Enrollment	Annual Operating (\$18.0M)		Annual Operating (\$24.0M)	
	Annual	Month	Annual	Monthly
50,000	\$360.00	\$30.00	\$480.00	\$40.00
60,000	\$300.00	\$25.00	\$400.00	\$33.33
70,000	\$257.14	\$21.43	\$342.86	\$28.57
80,000	\$225.00	\$18.75	\$300.00	\$25.00
90,000	\$200.00	\$16.67	\$266.68	\$22.22
100,000	\$180.00	\$15.00	\$240.00	\$20.00
110,000	\$163.64	\$13.64	\$218.18	\$18.18

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Consideration

- Of states that established a per member per month fee:
 - ❖ Nevada - \$4.95/month
 - ❖ Estimated budget \$19.9 million
 - ❖ Oregon - \$10.31/month
 - ❖ Estimated budget \$40.8 million

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Consideration

- How much of Healthsource's ongoing expenses can be paid through Medicaid?
- Medicaid enrollment 48,602
 - ❖ March 8, 2014 data
- Medicaid pays 50 percent for ongoing administrative costs
 - ❖ What would state match be?

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Consideration

- Can a previously state-based exchange partner with another state
 - ❖ Who pays?
 - ❖ Does it reduce operating costs?

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Consideration

- Can a previously state-based exchange be federally facilitated
 - ❖ What are the costs?
 - ❖ Are there penalties?

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