

## Summary of the Colorado Health Benefit Exchange Level Two Establishment Grant Application

(5/6/13)

### Background

- The objective is to create a Colorado Exchange that will increase access, affordability and choice for individuals and small employers purchasing health insurance in Colorado as envisioned in Senate Bill 11-200.
- Senate Bill 11-200, passed in May 2011, established the Colorado Health Benefit Exchange (COHBE) as a public, non-profit entity governed by a Board of Directors and the Legislative Implementation Review Committee.
- COHBE was awarded a \$17.9 million Level One Establishment Grant in February 2012 and a \$43 million Level One Establishment Grant in September 2012, which will provide funding through July 15, 2013.
- COHBE will serve the individual and small group markets, with potential enrollment of one million Coloradans/year, including almost 500,000 who will be eligible for new premium tax credits that will drive down their monthly costs.

### Level Two Establishment Grant

- COHBE is preparing a Level Two Establishment Grant application to submit to the federal government by May 15, 2013 to obtain funds to support implementation, the first 18 months of operations, and implementation costs into 2016. Ongoing operations of the Exchange starting in 2015 will not be covered by this grant. They will be financed through the sustainability plan outlined below.
- COHBE is being provided the opportunity to request implementation costs through July 2016. Those additional enhancements, totaling \$22.8 million dollars of the total grant request, will allow the Exchange to pre-fund enhancements or purchase capital that would have been paid for over the course of the first five years of the life of the marketplace. Those enhancements will otherwise be funded through reserves or administrative fees on insurance carriers. Those enhancements are detailed in the major cost categories (technology) narrative found below.
- Assuming conservative enrollment figures, the Exchange anticipates a total of 1.2 million enrollments in the first five years. The total implementation budget of all grants either received or requested from the federal government would be approximately \$155/person enrolled over that five year period.
- All federal grant funding combined also represents an investment of \$259 per uninsured individual in Colorado.
- This grant request is just under the average for Level 2 grant request for states building their own State Based Exchanges. It is the comparable as states with similar populations and healthcare needs, such as Maryland's Level 2 request (\$123 M) and Washington's (\$127 M).

- Designed program that combines Navigator and In-Person Assistor program (Assistance Network).
- Identified site and vendors for new Customer Service Center in Colorado Springs.
- Completed plan for certifying licensed brokers to serve businesses and individuals through COHBE.
- Identified new name and launched new name and statewide public education campaign.
- Continued communication and consultation process with Ute Mountain Ute and Southern Ute Indian Tribes.
- Developed interoperability plan with HCPF and OIT to share customer data and allow for determination of eligibility for insurance affordability programs.
- Established regular meetings with insurance carriers and partnership with DOI to certify health plans and provide health plan information and billing processes to allow customers to choose plans and enroll.
- Began testing of IT systems. Four of six system releases have been delivered and are being successfully tested. Complete system test begins in June.
- Established successful technology links to data sources including those that transport carrier data and the federal data sources.
- Developed process for handling complaints and eligibility appeals related to the Exchange.
- Developed plans to ensure privacy and security of customer data and IT systems, and to prevent fraud, waste and abuse.

#### **Goals for Level 2 Establishment Grant Application**

- Complete implementation of Colorado's new health insurance exchange in October 2013.
- Provide individuals, families and small employers with a high-quality shopping experience through the website, with online decision support tools such as the ability to sort and filter health plan options by medical provider, health insurance carrier, premium, and metal tier.
- Open a new Customer Service Center with best-practice technology, training and staffing to assist hundreds of thousands of Coloradans during the first open enrollment period and ongoing.
- Launch the new Assistance Network through grants given to existing organizations statewide that will conduct outreach to their communities and deploy trained Health Coverage Guides to assist customers with using the Exchange.
- Establish a robust network of licensed brokers and agents statewide and train them to provide advice and service to customers of the Exchange.
- Sustain an aggressive public education campaign, including broadcast media advertising, to ensure that Coloradans know about the new marketplace and its benefits.
- Train and deploy back-office representatives who will process paper applications, handle incoming mail, assist with financial reconciliations and changes to enrollments and other functions that cannot be automated, at least initially.
- Enhance functionality of technology systems after the initial launch to improve the customer shopping experience, including by providing additional support tools, such as a way to look up prescriptions and coordinate with web-based brokers.

- During implementation, there is a heavy reliance on technology consultants to support design, release testing, user interface testing, integration testing, implementation, project management, defect correction, vendor management, process orientation, grant compliance, site compliance, security and privacy, etc. There will be dramatic reduction in the use of technology consultants in the ongoing operational budget. (\$5.3M requested)
- Enhancements after first open enrollment period, including advanced decision support tools for customers, ability to partner with web-based brokers, ability to shop on mobile phones, improved accommodations to customers with disabilities, ability to process complex family situations in automated fashion, automation of certain billing and financial management functions for SHOP, enhanced capabilities for brokers and Health Coverage Guides to support consumers, enhanced interoperability with outside systems, ability to utilize alternate data sources to verify eligibility information of customers, creating additional data collection methods. The enhancements include the technology and consultant support to develop, implement and test (\$19.8M requested)

#### **Customer Support**

- **Customer Service Center Infrastructure and Telephone System Hardware and Software:** A new Customer Service Center will be built in Colorado Springs including all office requirements, automated call distribution technology, customer relationship management software and tools. This number also includes the build out of the office space, desks, technology, and design and operating expenses for the grant period (security, lease, data services, janitorial etc.) (\$10.1 M requested)
- **Customer Service Center Staffing:** The Service Center is expected to have an initial maximum staffing of about 100 Customer Service Representatives, including representatives with specialized training, to assist customers over the phone, as well as walk-in customers. This number includes the Customer Service Representatives, including management, and monitoring for quality and accuracy. The Customer Service Center costs are expected to reduce after the first 18 months of operation as service levels stabilize. (\$12.7M requested)
- **Back-office:** COHBE anticipates the need to have up to 70 representatives working in the back office to process paper applications, assist customers with specialized enrollment situations that can't be handled in an automated fashion through the shopping portal, perform financial reconciliations, assist with SHOP services and handle incoming and outgoing mail and correspondence. Back office staffing costs can reduce after the first 18 months if enhanced automation is funded. (\$7.7M requested)
- **Customer Service Center Building Purchase:** The federal grant will allow purchase of the building that houses the Customer Service Center, allowing a reduction of the ongoing rent expenses over the life of the building. (\$3.0 M requested)
- **Customer Support Consultants:** Consultant support to handle assistance network evaluation, appeals through a third party or state service and customer support to answer public questions prior to call center launch. (\$719,353 requested)

- **General Administrative Expense:** This includes rent and occupancy, insurance, legal support, office equipment, copiers, repairs, travel, computers, office supplies, telephone, and technology support, internet, desks, and software and licenses, among other general expenses. (\$1.9M requested)
- **Other Consultants:** Specific legal support, auditors, business process design, actuarial, market analysis, data analytics and some temporary support. (\$845,084 requested)
- **Division of Insurance:** The Division of Insurance is requesting support for establishing new rate review, forms review, actuarial services and complaint analysis. (\$1.74 M requested)

