



Date: SEPTEMBER 04, 2015

TO: Senator Ellen Roberts, Chair, Colorado Health Insurance Exchange Oversight Committee

CC: Elizabeth Haskell, Colorado Legislative Council, Research and Committee Staff

From: Kevin Patterson, Interim CEO, Connect for Health Colorado

RE: Responses to Questions for Connect for Health Colorado at September 11, 2015 Meeting

The Colorado Health Benefit Exchange Oversight Committee asked Connect for Health Colorado the following questions in advance of the September 11 meeting. Below are Connect for Health Colorado's responses.

1. Please provide an update on the financial issues that came out of the audit as to what actions have been taken to make sure there are clear protocol, process, and procedure that must be followed and checked so that the payment processes and issues found with vendors, etc. do not occur again in the future (Asked by Senator Martinez Humenik)

Over the last six months a focus has been placed on strengthening and in some cases establishing financial policies to address the State Auditors findings. In addition, much tighter controls over contracting have been implemented.

Within the last two months Connect for Health Colorado has hired a permanent controller, internal control manager and a permanent CFO. The new team is working on a number of fronts to address the deficiencies identified in the audit findings. These activities include:

- *A review of all financial policies for completeness*
- *Drafting of detailed procedures related to the implementation of financial policies*
- *In depth review of the coding of Federal grant expenses for FY 2015*
- *Researching and addressing findings of the prior year A-133/Financial Audit and OSA audit*
- *Itemizing all audit adjustments and documenting resolution including addressing the recoverability of any of the identified expenses*
- *Working further with the Office of the State Auditor in addressing their findings*
- *Improving the accounting system to allow for better tracking of contract expenses against budget*

Please see the attached Connect for Health Audit Recommendation Status Report 2015_08_31_Connect for Health Audit Recommendation Status Report (final) follow-up questions from OSA (AER 8 13 2015)

2. What is the new process (plan A, plan B, plan C) for hiring a CEO and leadership positions moving forward? (Asked by Senator Martinez Humenik)

Board Chair Sharon O'Hara will be in attendance at the next meeting to engage the Committee on the approach to gather feedback.

3. Has Connect for Health Colorado looked at and received information about other state run exchange CEO salaries? (Asked by Senator Martinez Humenik)

CBIZ Human Capital Services conducted Connect for Health Colorado's Executive compensation survey. The results determined a reasonable compensation range for Connect for Health Colorado's Chief Executive Officer is \$229,545 to \$428,587.

According to CBIZ Human Capital Services, organization-specific details are difficult to report because organizations typically participate in compensation surveys on the condition of confidentiality. That said, the organizations reflected in the market data used for the survey were approximately 25% for-profit companies and 75% non-profit companies (which includes quasi-governmental entities). While many non-profit organizations choose to weight for-profit and non-profit data equally, CBIZ Human Capital Services determined that was not appropriate for Connect for Health Colorado, given our organizational operations and services. CBIZ Human Capital Services stated that they "could focus the market data exclusively on non-profit/public data; however, the change in the compensation results would be small."

Specifically, as it relates to getting data from other State Based Exchanges, the scope of the study included an analysis of published survey data rather than the development of a custom peer group from which to collect data. As a result, there is not a separate report of the State Exchanges' top executive compensation. However, the survey did assess the published surveys' participant lists and identified the following State Exchanges as represented within the market compensation results:

- California
- Connecticut
- Hawaii
- Maryland
- Massachusetts
- Minnesota
- New Mexico
- Oregon
- Washington

4. Are all Connect for Health Colorado employees required to get insurance via the exchange? Why or why not? (Asked by Senator Martinez Humenik)

Health and dental coverage options for eligible, Connect for Health Colorado employees is offered through Connect for Health Colorado's Small Business Marketplace. Like all employees offered job based coverage, employees are not required to enroll in the coverage offered by their employer. Employees may waive their employer-sponsored insurance and find coverage elsewhere (for example, through a spouse or Medicare).

5. Have the computer glitches between Medicaid and the other insurance offers on the website been mitigated so this enrollment period won't have the same problems? What was been done and what will continue to be done in this area. Has Connect for Health Colorado thought any more about separating the two completely and what would it take to do that? (Asked by Senator Martinez Humenik)

In the fall of 2013, the Centers for Medicare and Medicaid Services (CMS) mandated Connect for Health Colorado (The Marketplace) and the Department of Healthcare Policy and Financing (HCPF) implemented a single eligibility application and rules engine for determinations of Medicaid, CHP+, Advance Premium Tax Credits, and Cost Sharing Reductions. The Marketplace and HCPF jointly built a Shared Application and Shared Eligibility System that was made available to applicants on November 10, 2014. CMS requires State Based Marketplaces to have a shared system that determines eligibility for Medicaid, CHP+, and Advanced Premium Tax Credits and Cost Sharing Reductions offered through the Marketplace. The federal goal of having one application and one system to make an eligibility determination is to reduce the burden on the applicant so that they do not have to fill out multiple applications. Connect for Health Colorado's and HCPF's goal is to streamline the application experience for the customer and get them in the right program in a timely manner.

In our first year of interoperability with HCPF, the Marketplace identified areas where the Shared System negatively impacted our customers. These include:

- *The Shared System doesn't work well where Medicaid and APTC / CSR federal policies do not align (for example, Medicaid counts income on a current monthly basis and the Marketplace counts income on a projected annual basis),*
- *The Shared System does not work well for populations of returning customers or people with complex income or family situations.*
- *The Shared System does not work for APTC/CSR customers who wish to report a change*
- *The Shared System is resulting in a large number of Medicaid calls to the Marketplace customer sales and support channels; and unanticipated numbers of Marketplace calls to Medicaid – potentially reflecting confusion among Coloradans over roles of the two organizations.*
- *Marketplace customer service representatives, Brokers and Health Coverage Guides were unable to review the eligibility portion of the application and could not assist customers with questions about how their eligibility was determined, why their application may have been "stuck", and they were unable modify data in CBMS to correct eligibility determination errors caused by incorrect income entries, technical glitches or incomplete relationship definitions*

After gathering feedback from customers, our sales-channels and key stakeholders, the Marketplace and HCPF have been working together on system improvements and system changes that will be implemented this Fall. This coordination and dedication to the customer does present financial challenges to Connect for Health Colorado. We have been working closely with CMS and HCPF to address these financial concerns.

6. What is Connect for Health Colorado doing to minimize the risks of the exchange not succeeding once the federal dollars run out? (Asked by Senator Martinez Humenik)

Connect for Health Colorado's plan for sustainability is outlined in our FY15-16 budget, which can be found here: <http://connectforhealthco.wpengine.netdna-cdn.com/wp-content/uploads/2013/04/2016-Plan-and-Budget-FINAL.pdf>. This Plan was approved by our Board and reviewed by the Legislative Oversight Committee in June of 2015.

7. Please provide an update on the Connect for Health Colorado budget proposal and whether Connect for Health Colorado has the resources needed to meet their budget. (Asked by Senator Aguilar)

Since we reviewed our budget with the Committee, we have been able to make substantial progress on recovering expenses related to Medicaid.

Connect for Health Colorado staff, Health Care Policy and Financing staff and a nationally recognized expert in cost allocation methodology are actively involved in a project to request approval from the Centers for Medicaid and Medicare Services (CMS) of a methodology to share costs.

Connect for Health Colorado and Health Care Policy and Financing have analyzed cost data, investigated methodologies that have been approved for other State based exchanges, and put together a proposal for review by CMS. On Thursday, September 3, Connect for Health Colorado and Health Care Policy and Financing had an initial meeting to discuss the draft proposal. While there is more research and documentation necessary, we believe significant progress is being made.

In addition to seeking approval for future costs, the plan would include a request for approval of retrospective federal reimbursement for FY 2014-15 and FY 2015-16 expenses, as well as to establish an ongoing and prospective methodology for offsetting marketplace expenses that are eligible to be allocated to Medicaid.

We have received guidance from CMS that the fee revenue collected by Connect for Health Colorado could be used to pay the state share to draw down the federal match.

Once we receive approval from CMS, a budget request would be submitted to the Legislature to allow for the flow of federal Medicaid money. If approved, Connect for Health Colorado's operational costs would be fairly allocated according to the work and populations served, without commercial fees supporting Medicaid eligibility operations.

This would not entail an expenditure from the state general fund.

8. What are the plans for sustainability? (Asked by Representative McCann)

Connect for Health Colorado's plan for sustainability is outlined in our FY15-16 budget, which can be found here: <http://connectforhealthco.wpengine.netdna-cdn.com/wp-content/uploads/2013/04/2016-Plan-and-Budget-FINAL.pdf>. This Plan was approved by our Board and reviewed by the Legislative Oversight Committee in June of 2015.

9. Please provide an update on how the customer experience has been improved. (Asked by Representative Ryden and Senator Kefalas)

Relying on feedback from customers, our sales-channels and key stakeholders, the Marketplace and HCPF have committed to improving the user experience. The Marketplace and HCPF have been working on system improvements and system changes will be implemented this Fall. Improvements include:

- *Creating a shorter process for customers to report income in the eligibility application,*
- *Functionality to report changes to eligibility,*
- *Enhanced functions for brokers,*
- *Integrated customer service tools between the Marketplace and HCPF,*
- *Improved customer self-service capabilities.*

We understand that many of you have heard from your constituents about issues they have experienced with the Marketplace. One of those issues has been around changing information that could affect eligibility or plan coverage (i.e. adding or removing dependents). At the beginning of 2015, Connect for Health Colorado and the Department of Healthcare Policy and Financing had planned to implement changes that would improve the change reporting experience for customers. These system changes are now planned for this Fall, replacing a manual system.

10. Please provide any policy recommendations that may require statutory changes to address financing, eligibility, and other issues to streamline and improve customer service, operations, and interface with carriers, brokers, and businesses. (Asked by Senator Kefalas)
We appreciate the opportunity to share our input on legislative proposals, however the new board member orientation and the changes in committee structure and membership did not allow enough time to thoughtfully prepare for this meeting. We are hoping that you will allow us some opportunity to discuss these at our next policy committee meeting on September 28.

11. Please address how Connect for Health Colorado is addressing the "churning" issue. (Asked by Senator Kefalas)

Churn is a topic that needs further research to quantify and to understand the impact on individual households in Colorado. Generally, churn is considered as moving from public health insurance to private health insurance coverage and then back to public insurance. This is an area where the Department of Health Care Policy and Financing (HCPF) may seek

additional research funding in order to quantify and understand impacts on coverage and care. Nationwide churn is an ongoing policy discussion for state Medicaid agencies, Marketplaces and private insurers.

Anecdotally, we know there is churn. As such, HCPF and the Marketplace have implemented policies to mitigate its impact. One example is HCPF's implementation of continuous eligibility for kid¹s. HCPF has had this policy in place for just over a year, and is in the process of analyzing what impact this policy has had on Medicaid and CHP+ kids.

HCPF can track changes in Medicaid and CHP+ caseload on a monthly basis and the Marketplace can track enrollees who become newly eligible for public insurance. Unfortunately, there is not an automated way to identify churn between programs. Measuring churn is further complicated by the fact that an individual can have private coverage and Medicaid, where Medicaid becomes the payer of last resort.

ATT:

Connect for Health Audit Recommendation status report (final) 8.13.2015

¹ HCPF does not have this policy in place for adults.