

## 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).

- The Level Two Establishment grant request, including the additional enhancements, is \$125M. Information pertaining to all aspects of the grant budget are highlighted below and found in their detailed form in the complete Grant Request found at the following link:  
<http://www.connectforhealthco.com/wpfb-file/cohbe-level-2-grant-draft-20130503-pdf/>.

### Sustainability Plan

- SB 11-200 prohibits COHBE from using Colorado General Funds to implement or operate the Exchange.
- The sustainability plan focuses on the on-going operations of the Exchange in 2015 and beyond, not the implementation that would be funded by the Level 2 Establishment Grant in 2013 and 2014. COHBE is required to be self-financing in 2015. Guiding principles of the revenue plan are to bring about long-term financial sustainability balance the following elements:
  - Focus on providing value to consumers and communities
  - Derive revenue from a range of sources
  - Set the Exchange up for success
  - Focus on maintaining affordability
- COHBE has developed an ongoing annual operating budget of less than \$26 million that can be sustained over time with conservative enrollment targets: 136,300 in 2014, 220,000 in 2015, 250,000 in 2016 and over 300,000 in 2017 and beyond.
- As the primary long-term operational support, COHBE will charge administrative fees to carriers for plans and products sold through the Exchange. COHBE's Board voted to set the fees at 1.4% per policy for 2014 for the initial health and dental insurance products sold in the marketplace. Those states that have a Federally Facilitated Exchange will see a 3.5% fee during this same period.
- In future years, COHBE will evaluate what other products should be offered to individuals and small businesses. Revenue generated from those other products, advertising and other revenue sources, along with reuse of our system in conjunction with other states, will allow the Exchange to drive down administrative fees.
- HB 13-1245 has been introduced to provide transitional funding to keep fees charged to customers low in the initial years while enrollment builds and allows the organization to build operational reserves and a technology obsolescence fund that can be used once the federal funding is no longer available.

### Progress Made to Date:

- Board completed 42 policy decisions to shape direction of COHBE planning, with input from four broad-based Advisory Groups and significant feedback from key stakeholders.
- Staff and business partners completed the identification of hundreds of requirements for the technology systems.
- Staff and business partners completed the development of use cases, process flows, storyboards and wireframes to illustrate the implementation of the requirements.
- COHBE was among the first six states to receive conditional approval from the federal government in December 2012 for our plan to open state-based Exchange in October 2013.

- 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.

- Evaluate the organization's performance and adjust operations to best meet the needs of Coloradans.
- Ensure sustainability so that the organization can continue to serve Coloradans for years to come.

## Major Grant Cost Categories

### Technology:

- CGI will provide all services required to implement the Individual and SHOP Exchanges, to deliver fully operational Exchanges, and to transition them from implementation to steady state operation after completion of the post Go-Live implementation support. CGI will structure the system with a modular design comprised of configurable commercial-off-the-shelf (COTS) products plus modifications integrated around a Service Oriented Architecture (SOA)-based Enterprise Service Bus (ESB). CGI will also provide technical interoperability with multiple federal and state systems required to operate Individual and SHOP Exchanges. CGI will deliver an Individual Exchange that meets COHBE's functionality requirements as outlined in SB11-200 and the business areas of such an Exchange including Eligibility, Enrollment, Plan Management, and Financial Management. CGI will provide functionality for premium aggregation and payment processing for the SHOP Exchange, and provide the capability to provide premium aggregation and payment processing for the Individual Exchange. The SHOP Exchange will have its own web pages that will have the same features and meet the same capability, performance and other requirements of the Individual Exchange website. (\$17.9M requested)
- Oracle is providing software to support Exchange implementation and operations. Products include the SOA Suite and the RightNow CRM application to support the customer service center. Oracle products were proposed as part of the CGI Exchange architecture. COHBE elected to license these products directly from Oracle (rather than including these in the CGI contract) in order to reduce federal funding requirements and COHBE's on-going operational costs. (\$6.7M requested)
- hCentive is providing the Exchange software application to enable eligibility determination, plan selection and enrollment capabilities. The application includes software to operate the Individual and SHOP Exchanges. COHBE elected to license this product directly from hCentive (rather than including these in the CGI contract) in order to reduce federal funding requirements and COHBE's on-going operational costs. (\$983,680 requested for licensing, maintenance and support)
- Healthation is providing the Exchange software application to enable billing/accounts receivables. COHBE elected to license this product directly from hCentive (rather than including these in the CGI contract) in order to reduce federal funding requirements and COHBE's on-going operational costs. (\$435,364 requested for license, maintenance and support)
- Intacct is providing a SaaS Financial Management Software solution for the organization's operational accounting system. This system will be implemented in summer 2013 and will integrate with Healthation after the Exchange's first open enrollment period. (\$32,000 requested)

- 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)

- **Assistance Network:** COHBE will provide grants to organizations across Colorado to serve as Assistance Sites as part of the Assistance Network (combination of navigator and in-person assistor programs). Assistance Sites will employ Health Coverage Guides who will be trained by COHBE and deployed to conduct outreach in their communities and to provide in-person assistance to customers of the Exchange. The Assistance Network is expected to provide support to more than 130,000 Coloradans. Segments of the Assistance Network cannot be funded through the Federal grant, so COHBE expects to receive other sources of funding for this program in addition to the amount requested in this grant. (\$10.5M requested)
- **Training Consultants:** Training will be provided to CSRs, Assistance Network Sites, Health Coverage Guides, Application Counselors, brokers and other interested parties, via the web and in classroom training. 5 Training and Quality Control Specialists and 21 trainers will be hired and deployed throughout the state for the 18 month period to train the thousands of individuals that will be providing assistance to individuals and businesses. Training will vary on the group – from four days of training for Assistance Sites to more web-based training for partner organizations. (\$2.5 M requested)
- **Training:** The technology, space, design, development and travel related to the training for Customer Service Center representatives, Back-office staff, Assistance Sites, certified brokers, staff, and partners in preparation for opening. Training will vary on the group – from four days of training for Assistance Sites to more web-based training for partner organizations. (\$232,000 requested)

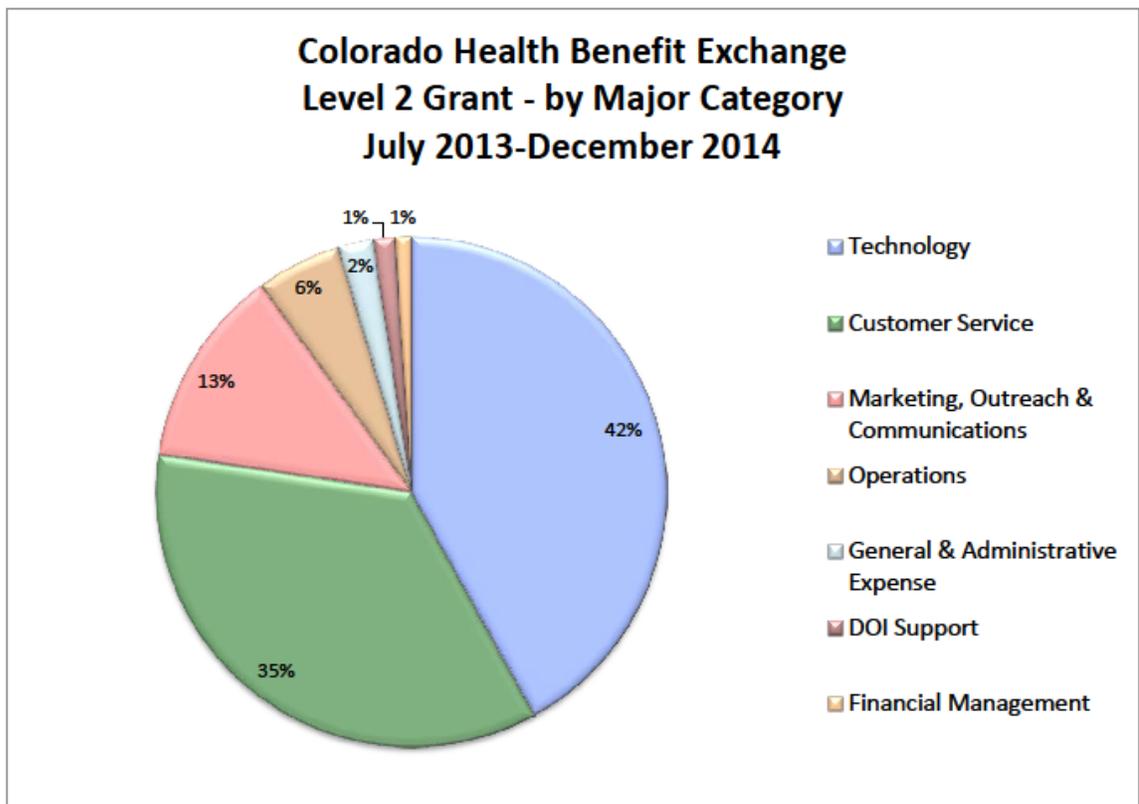
#### **Public education and outreach**

- **Statewide public education and marketing campaign:** Research of potential Colorado customers indicate that only one in ten who were interviewed knew who COHBE is and what we do. There is widespread lack of knowledge that the Exchange exists and what this marketplace will offer. The public education and marketing campaign includes mass media advertising on television, radio and newspapers and magazines statewide, advertising on transit and buses in the Denver metropolitan area, and online and social media. (\$14.4M requested)
- **Outreach and related travel:** COHBE staff and partners will meet with individuals and businesses across the state for outreach meetings and to assist with coordinating with Assistance Sites, certified brokers and other partners to educate Coloradans about the Exchange. (\$44,442 requested)
- **Outreach Consultants:** The use of outreach consultants to supplement staff efforts during this initial outreach period will allow the organization to have heightened presence in the rural areas of Colorado. Communication writing, graphic design and business development are also included. Consultant support in this area is not expected to continue past implementation. (\$520,000 requested)

#### **Staffing and Administration**

- **Staffing and benefits:** Current staffing is at 24 and COHBE expects to transition away from consultants and to increase staff to a maximum of 39 FTE for ongoing operations. (\$6.7M 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)



# COHBE Release Schedule to Go-Live

