

Colorado Health Insurance Exchange Oversight Committee

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Committee Charge

In March 2010, federal health care legislation, also known as the Patient Protection and Affordable Care Act (PPACA), was adopted by the U.S. Congress and signed by the President. PPACA is intended to expand health care coverage by increasing access to private health insurance and public health programs through the use of the federal health insurance exchange and state-based health insurance exchanges. Health insurance exchanges are regulated marketplaces in which individuals and small businesses can shop for health insurance, or be referred to public health programs.

In 2011, Colorado passed Senate Bill 11-200, which established the Colorado Health Benefit Exchange (exchange) and its governance structure. The bill created the exchange as a nonprofit public entity with a board of directors responsible for its operation. The exchange currently does business under the name Connect for Health Colorado.

Senate Bill 11-200 also established the Legislative Health Benefit Exchange Implementation Review Committee. Senate Bill 15-256 changed the name of the committee to the Colorado Health Insurance Exchange Oversight Committee (committee). State law authorizes the committee to:

- meet at least two times a year; however, the committee can meet an unlimited number of times during the legislative session and up to seven times during the interim;
- approve the appointment of the executive director of the exchange by the Colorado Health Benefit Exchange board of directors (board);
- review and approve the board's initial financial and operational plans;
- review annual financial and operational plans of the exchange;
- review and approve any implementation grants for which the board wishes to apply; and
- recommend up to eight bills for consideration by the General Assembly each year.

Committee Activities

The Colorado Health Insurance Exchange Oversight Committee has met nine times thus far in 2015, and is scheduled to have one meeting in December 2015. The committee received briefings from the exchange board and staff at most of the meetings, and per its statutory charge, covered a range of topics pertaining to the operations and finances of the exchange. Additionally, the committee received briefings from the Colorado Association of Health Plans, Colorado Consumer Health Initiative, Colorado Health Institute, Colorado State Association of Health Underwriters, Department of Health Care Policy and Financing (HCPF), Division of Insurance in the Department of Regulatory Agencies, Independence Institute, National Conference of State Legislatures, Office of Legislative Legal Services, and Office of the State Auditor.

Financial and operational plans, sustainability, budget, and fees. In accordance with Section 10-22-107, C.R.S., the committee is required to review the financial and operational plans of the exchange. At the June 5, 2015, meeting, Connect for Health Colorado staff presented the FY 2015-16 budget and information on the sustainability of the exchange to the committee for review and comment. Exchange staff explained that federal grant funding is no longer available and that the exchange is funded primarily by earned revenue. Several sources of revenue for operational expenses were identified by exchange staff, including:

- the Marketplace Health Insurance Administrative Fee (MHIA);
- the Broad Market Assessment (BMA);
- carrier donations;
- grants;
- interest income;
- Small Business Health Options Program (SHOP); and
- potential Medicaid reimbursement.

The MHIA and the BMA will generate the bulk of revenue for the exchange. The MHIA is a carrier assessment based on the total premiums collected by a carrier from plans sold on the exchange. In 2015, the MHIA is set at 1.4 percent of premiums and will increase in 2016 to 3.5 percent of premiums. The BMA is a general monthly assessment on all health insurance plans sold in Colorado. This fee is set at \$1.25 per policy per month for 2015 and is set to increase to \$1.80 per policy per month in 2016. The BMA is a short-term funding mechanism that will expire at the end of 2016.

1332 State Innovation Waivers. Section 1332 of the PPACA allows a state to apply for a state innovation waiver to pursue innovative strategies for providing its residents with access to high-quality, affordable health insurance while still retaining certain elements of the PPACA. There is a specific application process, and if approved, the waiver can begin on or after January 1, 2017. The 1332 state innovation waivers are approved for five-year periods, and can be renewed. There are federally required components of a 1332 state innovation waiver, elements of federal law that can be waived, and a monitoring and review process for an approved waiver.

At the July 15, 2015, meeting, the committee discussed 1332 state innovation waivers with representatives from Connect for Health Colorado, the Colorado Health Institute, and the National Conference of State Legislatures. Prior to that meeting, there was discussion of creating a subcommittee to explore the possibility of applying for a 1332 state innovation waiver, but it was decided that a subcommittee would not be convened for this purpose.

Shared Eligibility System. The committee discussed the Shared Eligibility System utilized by the exchange and HCPF at several meetings over the course of the year. Both staff of the exchange and HCPF discussed the challenges of the system and identified technology improvements that are being evaluated for implementation. Some areas of improvement brought to the attention of the committee were:

- creation of a fast-track path for applicants that reduces the number of questions for those who do not qualify for Medicaid;
- creation of a wrap-up summary screen that allows customers to edit their application;
- providing enhanced customer service by allowing exchange customer service center representatives to access customer information in the Colorado Benefits Management System;

- development of an educational avatar within the online system to assist customers in answering questions;
- modification and clarification of Medicaid and Advance Premium Tax Credit (APTC) eligibility notices; and
- development of strategies to better identify exchange customers who move between financial eligibility categories.

Customer service and broker interactions. The committee had several discussions about the customer service provided by the exchange and the role of insurance brokers in relation to the exchange. At the April 15, 2015, committee meeting, the committee heard presentations from the Colorado State Association of Health Underwriters and the Colorado Consumer Health Initiative about the experience of insurance brokers and consumers with the exchange. Additionally, opportunities were provided at each committee meeting conducted during the interim for members of the public to provide testimony to the committee about their experience with the exchange or other topics. Finally, the committee created an online survey that allowed members of the public to submit feedback about their experience purchasing health insurance both through the exchange and with the assistance of insurance brokers. This feedback mechanism resulted in 72 completed surveys.

Appointment of new chief executive officer. In 2014, Patty Fontneau resigned as the exchange's chief executive officer (CEO). At that time Gary Drews was appointed as the interim CEO and served through June 2015. For several months, a CEO search was conducted by the exchange's board of directors and in April 2015, the committee formed a subcommittee to discuss the CEO appointment with the board. The board was not able to identify a successful candidate during this initial search and the appointment of a permanent CEO was postponed. Kevin Patterson was named to follow Mr. Drews as interim CEO. After several exchange board member appointments were made in July, the board resumed its search and named Mr. Patterson as the permanent CEO of the exchange. The committee approved Mr. Patterson's appointment at the October 27, 2015, meeting.

Committee Recommendations

As a result of committee discussions and deliberation, the Colorado Health Insurance Exchange Oversight Committee recommends the following bill for consideration in the 2016 legislative session.

Bill A – Exchange Use of Qualified Insurance Brokers. Bill A requires the Colorado Health Benefit Exchange (Connect for Health Colorado) to establish a system for referring consumers to qualified insurance brokers to enroll consumers in health plans. To participate in the system, a broker must be licensed by the Colorado Division of Insurance and certified by Connect for Health Colorado.