

IDAHO HEALTH INSURANCE EXCHANGE UPDATE

This is an update to the Joint Finance-Appropriations Committee at its interim spring meeting on the activities of the Idaho Health Insurance Exchange (IHIE) since the Legislature adjourned, Sine Die on April 4, 2013. The Board has implemented a dual-track strategy to create a state-based exchange (SBE). Track 1 will comply with Patient Protection and Affordable Care Act (PPACA) deadlines by utilizing some of the framework created for the federally facilitated exchanges including open enrollment, which begins October 1, 2013, for coverage beginning January 1, 2014. At the same time, on Track 2, the IHIE will create its own platform and IT solution to implement a SBE for Idahoans, and replace the federal system for the second year of open enrollment, which starts October 1, 2014 with coverage for that period beginning January 1, 2015. This morning, June 5, 2013, the Board is reviewing and will possibly approve a budget and organizational structure. In addition to the business of creating a non-corporate body politic from scratch, there are some additional items to note: Work Structure; Staffing; Funding; and Timelines.

WORK STRUCTURE: At the first meeting, the Board divided itself into six sub-committees. The sub-committees file status reports with the entire board during meetings. Currently, the Board is meeting bi-weekly, but will hopefully begin meeting monthly. Most sub-committees are meeting weekly.

1. Information Technology – arguably the most important sub-committee was tasked to figure out eligibility and enrollment, make sure the solution is integrated the Idaho Benefits Information System (IBIS) at Health and Welfare, and create a dynamic system that maintains confidentiality of the user, ensures the eligibility process, and creates a seamless marketplace with qualified health plans (QHP). In order to conform with PPACA, the exchange must be able to determine eligibility for tax credits and Medicaid, which is why it must be able to communicate with IBIS.
 - a. IHIE will delegate authority to the Idaho Department of Insurance for determining QHP eligibility for entrance into the marketplace. DOI's role is to accept, review and approve/reject submissions from carriers including forms, premium rates, and benefit plans
 - b. QHP management means insurance carriers meet criteria outlined in PPACA including benefit design, network adequacy, accreditation, rating requirements, and non-discrimination
2. Finance – tasked with establishing financial systems, choosing a bank, selecting a method for accounting
3. Operations – charged with staffing, selecting office space, selecting a domain name for the web
4. Governance – charged with selecting legal representation, drafting bylaws, procurement of vendors for legal, accounting, technical and IT services

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5. Outreach and Education Services- selecting vendors to help reach public and inform consumers
6. SHOP – (Small business Health Options Program) create a market place for small businesses (companies with 50 employees or less). Federal government to operate the SHOP exchange initially. A point of contention is the disaggregated model will not be available until 2015 and there is possibly only one carrier that may be qualified and interested in providing coverage in SHOP as a result.

STAFFING: The IHIE Board has hired an executive director, Amy Dowd, who started Friday, May 17, 2013. Dowd, formerly a health care consultant with Ernst & Young in Portland, was one of three consultants who helped develop Idaho’s initial blueprint for a state-based exchange in 2010-11, working as a contractor for the state Department of Insurance. As of May 24, 2013, Ms. Dowd has proposed an organizational structure with an Administrative Assistant, a Chief Operations Officer, a Chief Financial Officer, a Chief Information Officer, and a Chief of Outreach and Education. With Ms. Dowd running the day-to-day operations of the IHIE, the board can begin to focus its energies on policies and procedures for the exchange.

FUNDING: During this legislative session, a selling point for the legislation was the \$20.4 million Level 1 grant available for creating an Idaho SBE and additional funds are available from Level 2 grants. IHIE will use the Level 1 grant for planning its Track 2 activities, day-to-day operations and application of Level 2 funding. Level 2 grants will be used to execute the plan. There have been a number of hurdles the IHIE must overcome to be eligible to receive this grant from the US Department of Health and Human Services (HHS). Basically, the Board has to prove that it can do the things it is tasked and have HHS sign-off before it can receive the grant. First, HHS had to create a special designation for IHIE in order for it to receive the funding because PPACA did not specifically define whether a non-governmental entity would run an exchange. Then, the IHIE must meet a number of benchmarks laid out by HHS which include, but not limited to approving a budget and plan for the SBE, hire staff, hire legal representation, hire an outside accounting firm, purchase accounting software and set up the structure and bylaws of the Board. The Board hopes to secure the Level 1 grant sometime in June. The largest initial obstacle to overcome has been to secure sufficient working capital necessary to meet the HHS benchmarks to access the Level 1 grant.

On or about May 24, 2013, \$385,000 was deposited into the IHIE bank account for “seed money” to meet the benchmarks outlined by HHS. Additionally, the “seed money” will be used as draw down funds for the Level 1 grant. Both Level 1 and Level 2 grants will be

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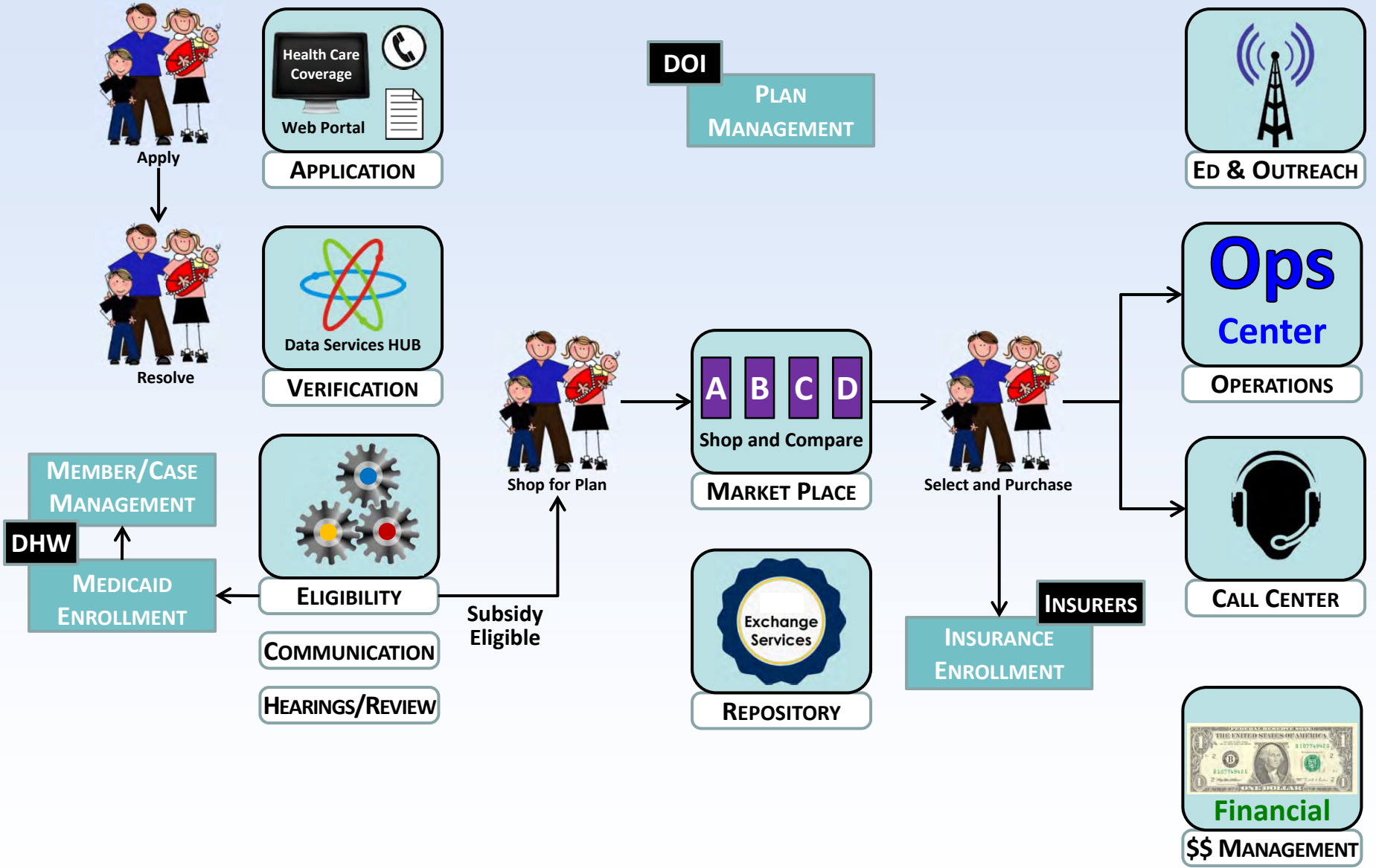
available (assuming the Board wins them) to be spent through 2015, at which point the SBE should be self-sustaining. Initial funding for the IHIE has been provided from a Medicaid performance grant awarded to the Department of Health and Welfare by the Centers for Medicare and Medicaid Services (CMS). This \$458,952 award was for meeting “5 of 8” criteria outlined by the CHIP reauthorization law or CHIPRA. This bonus was a one-time, lump-sum payment to be used for internal or external activities related to increasing and maintaining coverage for Medicaid-eligible children at the discretion of the Department. Additionally, the bonus must be used by September 30, 2013 and is subject to federal claw-back provisions at federal fiscal year-end, according to Director Armstrong at the Idaho Department of Health and Welfare.

One outstanding question to address with regard to finances is while the federal government is facilitating the exchange in 2014, the 3.5% fee charged on every policy may or may not be available to the IHIE Board. This decision will have a major impact on operating cash for the Board, and may determine whether or not the Idaho SBE can be self-sustaining. The Board is currently in discussions with the Center for Consumer Information and Insurance Oversight (CCIIO) about this a number of other questions.

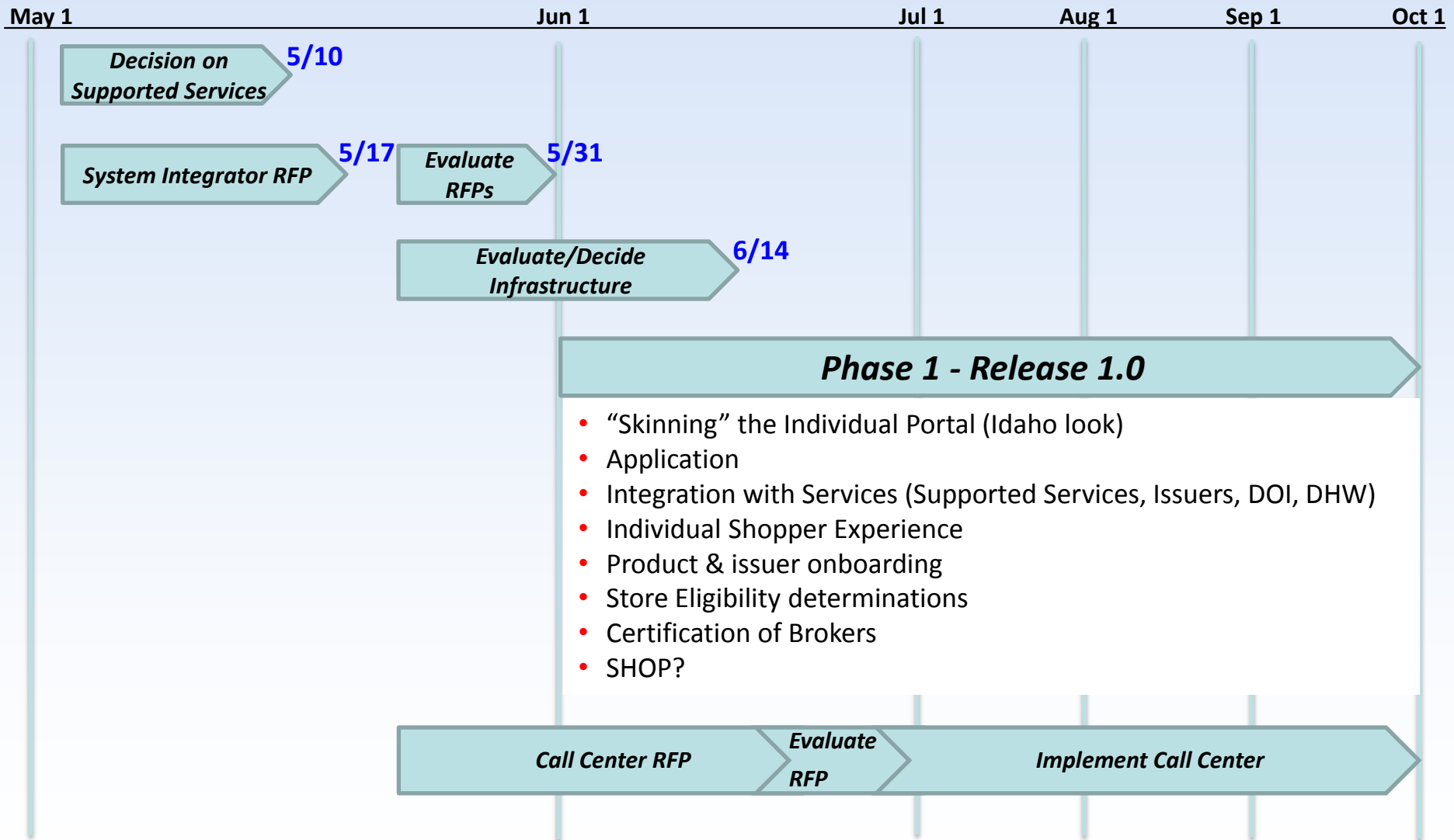
UPCOMING TIMELINES:

1. Department of Insurance:
 - a. 4/1 – 5/31-13 Carriers to file QHPs
 - b. 5/1 – 7/31/13 Review filings, certify QHPs
 - c. 8/1 – 9/30/13 QHP data transfer to exchange, issuers verify plan presentation, testing
 - d. 10/1/13 – 3/31-2014 Open Enrollment
 - e. 1/1/2014 Coverage begins
 - f. 4/1/2014 Submission and review of modifications to QHPs for 2015 plan year
2. Idaho Health Insurance Exchange
 - a. 5/20/2013 provide an updated blueprint for plan to create and implement a qualified health insurance exchange
 - b. 5/31/2013 Provide blueprints for the SHOP exchange and consumer outreach
 - c. 10/1/2013 Accept consumer enrollment
 - d. 10/1/2013 Application for Level 2 grants

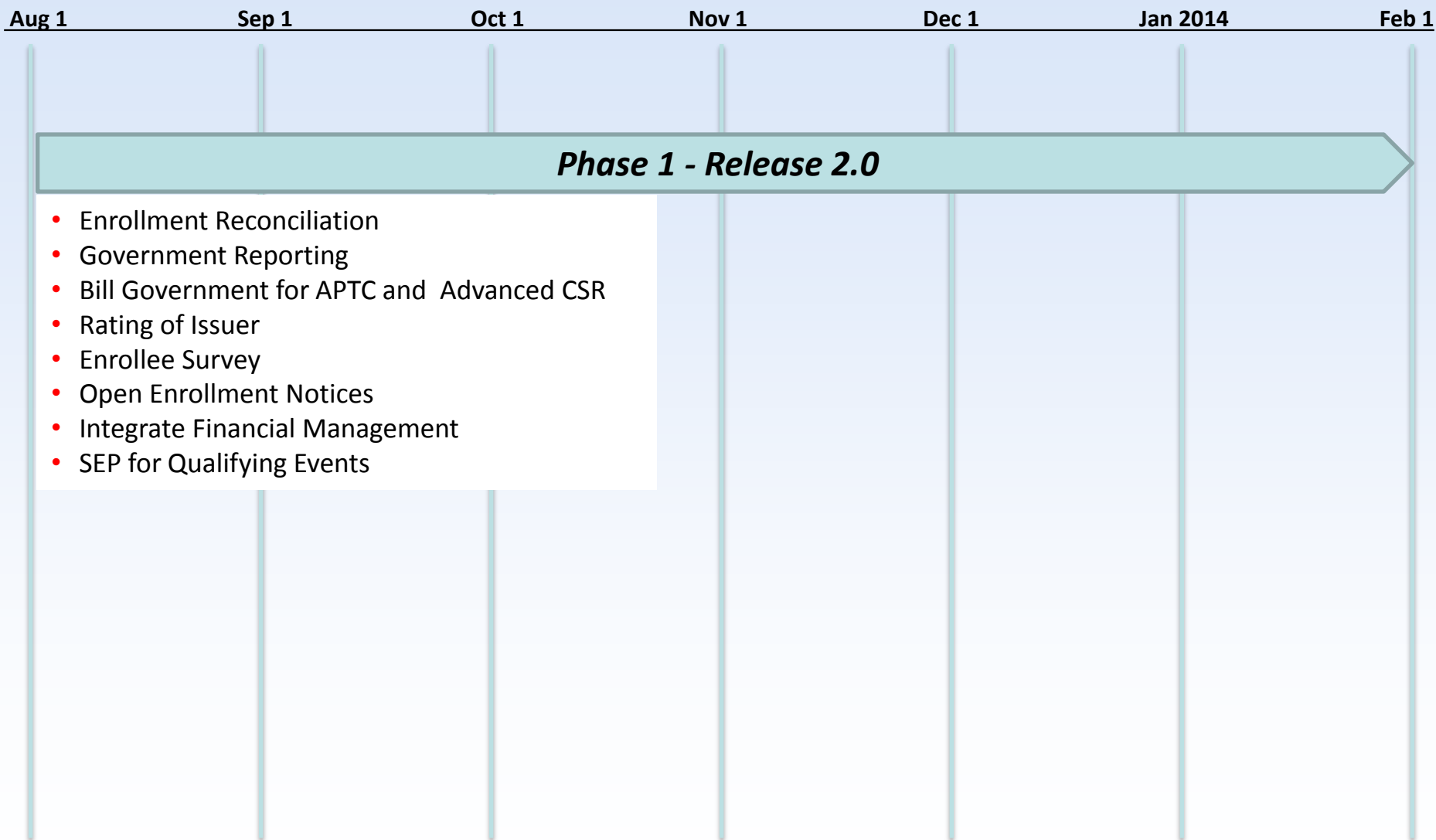
Insurance Exchange (Generic) Components



Idaho Health Insurance Marketplace - Phase 1 -



Idaho Health Insurance Marketplace - Phase 1 -



Idaho Health Insurance Marketplace - Phase 2 -

