

Health Exchange Planning Grant

Presentation to the
Legislative Health and Human Services Committee

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New Mexico Human Services Department

State Planning and Establishment Grants for the Affordable Care Act's Exchanges

- ◆ New Mexico was awarded \$1 million in grant funding to plan and establish an Exchange(s)
- ◆ Funding is available in October 2010 and continues through September 2011
- ◆ Activities of the Planning Grant
 1. Financial Modeling Tool and Report
 2. Study and begin to carry out the details of implementing the Exchange(s)
 3. Explore the IT needs to implement health care reform
 4. Provide follow-up research and analyses, as suggested by the direction and inquiries made by the Legislature and the Governor.



Goals of the Exchange

- ◆ Promoting competition;
- ◆ Simplifying shopping for insurance;
- ◆ Enforcing consumer protections;
- ◆ Standardizing consumer information;
- ◆ Centralizing enrollment;
- ◆ Market Reform Policy—shift the market from **competition based on avoiding risk into competition based on price and quality**;
- ◆ The Exchange can be an important tool to improve quality and contain costs
 - How do we assure that products on the Exchange are affordable?
 - How do we assure that individuals moving between the Exchange's commercial plans and Medicaid are able to do so in a seamless manner between enrollment and health plans and providers?
 - How do we assure that health plans sold on the Exchange are protected against adverse selection?



Grant will Provide Information for Planning and Decision-Making

- ◆ Need to understand where we are today and how that will change with Health Care Reform
- ◆ What opportunities will the Exchange bring to New Mexico?
- ◆ What are New Mexico's best options for the Exchange(s)?
- ◆ What will it cost to implement Health Care Reform in New Mexico?
- ◆ Grant funding will be used to analyze and study these issues and others needed to inform planning and decision-making



Stakeholder Involvement in the Application

- ◆ HJM57
- ◆ SJM1 Task Force and its Exchange Working Group
- ◆ Previous Exchange bills
- ◆ NM PPACA Strategic Plan, *Implementing Federal Health Care Reform—A Roadmap for NM*
- ◆ Written feedback in August
- ◆ Stakeholder forum
- ◆ Multiple other sources



Individual Health Exchange

Business Health Exchange

1. Does NM Want One or Two Exchanges?
2. What Type of Exchange do we want?
3. Which Model below should we choose?

Exchange Operated by the Feds

Exchange operated by a non-profit agency

Exchange operated within a state agency

Join in a Regional Exchange with other States

Create regional exchanges within NM

4. What legislation is needed to create the Exchange?
5. Determine functions within the Exchange (see # 2) and relationship to HSD

HSD



Exchange

6. Who will determine Medicaid eligibility?
7. Who will determine eligibility for the tax subsidies?
8. How will consumer education and protection be coordinated?
9. How will individuals move between the Exchange and HSD without loss of health care coverage?
10. Will individuals maintain some consistency in health care benefits when they move back and forth from the Exchange to Medicaid?



Financial Modeling Tool

- ◆ Develop a financial modeling tool to estimate the impact of health care reform on the state budget
- ◆ Analysis will look at
 1. Who will be eligible for Medicaid? For subsidies in the Exchange? Who will remain uninsured? What will be the demand for the individual market? For the group market?
 2. What will be the new costs, savings, and revenues that are related to health care reform and how do those compare to what the costs, savings and revenues would have been without health care reform?
 3. What are the costs and benefits of a state run basic health plan?



Study and begin to carry out the details of implementing the Exchange(s)

- ◆ Determine whether it is advisable to have a single Exchange, regional Exchanges within the State, join an interstate Exchange or allow a federally-run Exchange
- ◆ Analyze pros/cons of quasi-governmental, non-profit or state-run governance structure
- ◆ Examine issues that will determine best governance to achieve goals of the Exchange
- ◆ Analyze options for promoting competition based on quality and cost amongst health plans sold on the Exchange



Explore the IT needs to implement health care reform

- ◆ Examine the IT requirements and costs of the Exchange
- ◆ Issue RFI to begin working on estimating IT costs under various scenarios
 - Interface ability with Medicaid eligibility systems
 - Identify interfaces needed for Native American enrollment
 - Connections with customer service center and other data systems
 - Convenient and easy access for the public
 - Estimates to develop the IT capabilities to meet the health care reform's accounting and auditing standards
 - Procedures to facilitate reporting to the Secretary of DHHS



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Business Operations of the Exchange

- ◆ Plan of Operations will need to include:
 - How eligibility determinations will be made
 - Plans' qualifications
 - Application of quality rating systems and rate justification
 - Administration of premium credits and cost-sharing assistance
 - Risk adjustment
 - Planning for a web portal and call center



Provide follow-up research and analyses

- ◆ Determine the most effective ways of involving community outreach workers, brokers and others to enroll individuals, businesses and hard-to-reach residents?
- ◆ Offer data and other assistance to Tribes to assist in their planning for health care reform
- ◆ Determine impact on state human resources
- ◆ Identify needed legislation for health care reform in NM



Budget

◆ \$275,000 -Financial Modeling Tool and Report

- Program-by-program and year-by-year effects including projected financial results and the projected newly insured and enrolled individuals
- Analyze the state's current population and the effects of the health care reform measures, including establishment and running of an Exchange on the state budget and its populations

◆ \$225,000 –Oversight by Technical Experts

- Technical experts familiar with the state's insurance market and with actuarial and risk adjustment issues
- Assist with development, selection and oversight of the financial modeling tool and report
- Legal assistance with expertise in the RFP process and in drafting proposed legislation, to assist in contract formation, selection, oversight; and drafting legislation that will be needed to move forward with an Exchange.
- Expertise to analyze the costs and benefits of New Mexico's potential participation in a regional Exchange; aspects of a regional Exchange; multiple state Exchanges; and/or a potential cooperative.



Budget

◆ \$200,000 –Information Technology Assessment

- Project Manager/Analyst contractor to begin work on the information technology (IT) request for information (RFI). It is anticipated that this early work will provide the basis for decision-making for issuance of an RFP later in the contract year, with the possible subsequent selection process and oversight by the key IT contractor.

◆ \$300,000 –Stakeholder Involvement and Input

- Work with nonprofits/community-based organizations/individuals to conduct outreach and education in assessing the parameters of what an Exchange or Exchanges should look like and how they will serve the public
- How navigators/community health workers/promotoras would operate with an Exchange(s)
- Help to evaluate the RFPS, the RFI and to provide assistance in oversight
- Analyze the recommendations of the advisory groups and other stakeholders, along with legal and policy expertise, in such areas as elder health, Indian health, disability health, and behavioral health
- Outreach/education with small employers; Native Americans; and other affected populations
- Gather and analyze information regarding the small group insurance market, and should provide a link and resource for the financial modeling tool

