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# Silver State Health Insurance Exchange

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For Possible Action

Information Only

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## PURPOSE

The purpose of this document is to provide information to the Board and public regarding the Silver State Health Insurance Exchange’s (Exchange) setting of organizational priorities, the focusing of energy and resources, and ensuring that employees and other stakeholders are working toward common goals. It is intended to establish agreement around intended outcomes/results and assure the organization's operations achieve our primary mission: to increase the number of insured Nevadans by facilitating the purchase and sale of health insurance that provides quality health care through the creation of a transparent, simplified marketplace of qualified health plans.

## BACKGROUND

The Exchange was created in 2011 pursuant to Senate Bill 440 of the 76th Legislative Session. The Exchange was charged with creating and administering a state-based health insurance exchange to facilitate the purchase and sale of qualified health plans in Nevada.

The Exchange developed a strategic plan in 2013 to identify goals and measure progress/success. A number of challenges have kept our attention and prevented us from revising and updating our plan. With a successful 2015 Plan Year open enrollment, the time has come to revisit and recalibrate.

## THE STRATEGIC INITIATIVE PROCESS

Business leaders started adopting formal strategic planning practices after World War II, creating written documents which set out strategic objectives over a multi-year period and included a mission statement, expression of a long-range vision, and core values.

By the 1980's companies recognized that changing circumstances—regulatory, economic, and competitive—often made sticking to a long-term plan impossible. There were constant battles between managers wanting to adhere to the plan and those that believed the appropriate course was to adjust to the changing environment.

Companies eventually learned that there is a very real difference between strategy and planning. Strategy implies change and results: you stop doing some things and start doing others or reprioritize, then assess organizational outcomes.

Strategic plans are generally linear and based on “more of the same” however the Exchange exists in a post-linear world. The continuous rollout and refinement of federal regulations and the ongoing development of the State Supported Based Marketplace (SSBM) model make traditional strategic planning impractical. Our efforts must be directed to ‘adaptive planning,’ focusing on actions which push us toward our desired future and reflective of our turbulent and unpredictable environment.

In developing our plan, it is important that structure not be abandoned; we still must utilize a process which requires us to define and articulate our goals and describe the path we believe offers the best opportunity to achieve them.

## **TWO GUIDING PRINCIPLES**

In creating our strategic or adaptive plan, we have been guided by two principles:

- ✓ Our plan will place an emphasis on practical initiatives which provide the greatest opportunity for present and future success rather than on operational metrics.
- ✓ Our plan will set priorities, identify available resources, and focus on the capabilities needed to assure sustainability and value.

We believe that, by following these principles, we have been able to avoid many of the pitfalls which can make the planning process little more than a reflection of internal biases and organizational groupthink.

## **GOALS**

Goals are a fundamental component of long-term success. They encourage an enterprise to allocate time and resources efficiently, focusing on specific desired outcomes. When goals have been defined, it is possible to develop a deeper understanding of the effects of tactical decisions and reinforce organizational culture and values. Our goals are:

- ✓ Continued restoration of consumer confidence

- ✓ Implementing programmatic outreach and education
- ✓ Increasing our market focus
- ✓ Conceptualizing/designing SSHIX 3.0

Each of these goals are intended to enhance the ability of the Exchange to increase the number of insured Nevadans by facilitating the purchase and sale of health insurance that provides quality health care through the creation of a transparent, simplified marketplace of qualified health plans, both today and in the future.

### **GOAL 1: CONTINUED RESTORATION OF CONSUMER CONFIDENCE**

There can be little doubt that the Exchange and Nevada Health Link sustained significant damage as the result of the difficulties experienced during the 2014 Open Enrollment period. Our chosen technology platform failed, leading to an avalanche of issues that affected Nevada's consumers, producers, and carriers. The Exchange underperformed in every functional area: enrollment, billing, premium collection and remittance, customer service—and did so in the public spotlight.

Other state-based marketplaces (and even healthcare.gov to a lesser extent) experienced many of these same problems; some were never able to recover. In contrast, the Exchange was able to more than double the number of consumers purchasing health plans through Nevada Health Link for Plan Year 2015.

We believe that the success of the 2015 Open Enrollment was predicated upon the Exchange's response to the failures of 2014. The Exchange acknowledged the issues raised, considered all relevant circumstances, made reasoned decisions, and took prompt and decisive action to address those failures and prevent any possible recurrence. This course of conduct, coupled with a changeover to more robust application and enrollment technology, and the institution of direct premium billing by the carriers allowed both the Exchange and the Nevada Health Link brand to survive the type of injury that led to closure of other exchanges.

While the Exchange has successfully begun the process of recovery, there is clearly more work to be done. Consumer and producer confidence must be fully restored if we are to realize our mission. The best tools for such an effort are transparency and accountability.

#### **Transparency**

The Exchange has a demonstrated history of freely sharing knowledge. Access to our information has been historically facilitated through our public meetings and the Exchange and Nevada Health Link website. We are in the process of reviewing and revising the Exchange website, making it more consumer-friendly and intuitive to navigate, implicitly recognizing that transparency does not mean simply providing access to data that has no context. Our commitment is to take concrete steps to allow greater understanding of our actions by the public.

### **Accountability**

Accountability enables the public and our stakeholders to ensure that the Exchange and its representatives fulfill our responsibilities to those we serve. Accountability not only protects those who are served, but also helps the Exchange identify better ways to operate and meet our functional and financial commitments.

To date, assessments of the Exchange and its operations and internal controls have been performed by the Centers for Medicare & Medicaid Services, the Office of the Inspector General, the Internal Revenue Service, and Nevada's Division of Internal Audits. Our expenditures of grant funds have been monitored by designated federal agencies. Our data transition and retention plans have been reviewed and determined to be satisfactory. Our procurement processes and agency accounting have been found to comply with all applicable state requirements.

The challenge faced is to better communicate our acceptance of accountability and our performance. We will meet that challenge, in part, by making this information more widely available through the revised Exchange website. We will also work to develop additional channels for the dissemination of this material in order to underline the extent of our accountability.

### **GOAL 2: TARGETED OUTREACH AND EDUCATION**

The primary mission of the Exchange has always been clear: to increase the number of insured Nevadans. Over the past two years, our efforts, in conjunction with an expansion of Medicaid eligibility, have substantially reduced the state's uninsured population.

During those first two years of operation, the Exchange developed and executed outreach and education strategies directed toward a general audience. An important initial task was to communicate requirements under the new health reform law and explain how the Exchange could assist consumers in accessing and selecting among health coverage options. Our focus was understandably upon providing informational support and assistance to all of Nevada's consumers, employers, and businesses.

While it is important that we continue to provide some generalized outreach and support, the time has come for the Exchange to identify access disparities and underserved populations, developing strategies to specifically engage and enroll hard-to-reach populations. We have begun that process by initiating a target market validation and analysis, and will use the data from that process to better focus our outreach and education efforts. Initial expectations are that the information provided may lead to increased emphasis on:

- ✓ Rural populations, which tend to be disproportionately older, chronically ill, lower income, and uninsured compared to people living in urban areas.

- ✓ Younger workers in jobs and industries which historically do not offer employer sponsored insurance or, when it is offered, find they cannot afford it given their low incomes.
- ✓ Hispanics, who represent a significant portion of the nonelderly uninsured population and have historically faced numerous barriers to enrolling in health insurance including difficulty completing the application, confusion about eligibility, and language challenges.
- ✓ Tribal community members, who may be eligible for free or low-cost health insurance options through the Exchange that enhance the health care services available through existing health programs.
- ✓ The self-employed such as freelancers, consultants, realtors, estheticians, and others who often do not recognize that they can enroll in individual coverage offering income-driven subsidies or tax-advantaged small group coverage under the Exchange's SHOP program.
- ✓ Other underserved populations which meet the demographic profile of consumers benefiting from the income-driven subsidies available through the Exchange, particularly seniors and communities of color.

We will work more closely with community groups, hospitals, community health centers and other entities as well as create integrated marketing plans designed to target and reach specific audiences through multiple channels, including social media. Attention will be specifically directed to providing linguistically and culturally appropriate information and services, and engaging 'trusted sources' in our messaging efforts.

### **GOAL 3: INCREASED MARKET FOCUS**

Health insurance marketplace successes in Kentucky, California, and Connecticut have demonstrated that insurance brokers and agents play an important role in helping consumers understand, shop for and enroll in health coverage.

#### **Improved Consumer Assistance**

Few consumers understand the impact of deductibles, co-pays, cost sharing, and coinsurance. Obtaining professional advice when applying for and selecting a qualified health plan assures access to the tools and knowledge necessary to make a decision that best suits an individual's circumstances and needs.

As noted in the recent article entitled "Can Consumers Make Affordable Care Affordable? The Value of Choice Architecture," the success of an Exchange requires that consumers be able to select the best policy for their needs. However, the authors found that, without assistance, consumers perform at near chance levels and show a significant bias, overweighting out-of-pocket costs and deductibles.

The complex, evolving nature of the health reform regulations has left many confused. Better engaging our consumers assures that we provide meaningful assistance, helping them make informed choices.

Our navigator groups, with their community ties, are the key to these efforts. With a broader group of navigator entities than the Exchange has ever had before, we look to them to help communicate the importance of being insured, assess eligibility for coverage, and assist consumers in understanding the enrollment process. Navigators will be crucial to the Exchange's efforts to provide face-to-face contact and assure technology does not become a barrier to our customers.

To that end, we will:

- ✓ Identify and attend events that offer opportunities to interact with and influence our consumer base.
- ✓ Provide culturally appropriate services to underserved communities, messaging the importance of coverage and ways to access enrollment and informational assistance.

### **Marketplace Production**

According to an issue brief published by Georgetown University's Health Policy Institute, health insurance agents and brokers drove a significant proportion of enrollment into the Affordable Care Act (ACA) health insurance marketplaces in 2014 and are expected to play an increasingly important role in meeting the law's goal of expanding coverage.

In Kentucky's marketplace, which had a true partnership with brokers, more than 40 percent of those enrolling were assisted by a broker. In California, the number was 39 percent. Other states such as Minnesota and Illinois coordinated campaigns with producers including offering co-branded enrollment events and marketing materials to broaden market reach and the participant pool, mitigate risking, and keeping prices and premiums stable.

To foster our partnership with Nevada's agent and broker communities, we will:

- ✓ Reach out to the professional associations representing the agent and broker communities to determine how best to advance Exchange-producer cooperation.
- ✓ Develop criteria/processes for co-branding marketing efforts and events.

- ✓ Work with our marketing consultant and Nevada's agent and broker communities to identify opportunities and develop strategies to engage and enroll hard-to-reach populations.

### **Issuer Marketing Partnerships**

In addition to the activities of the broker and agent communities, participating health plans have worked to leverage their online shopping presence to promote clarity, transparency, and education to drive consumer interest and plan adoption.

While the Exchange has worked closely with carriers to develop direct enrollment integrations to and from the federal health insurance marketplace that delivered a seamless consumer-facing experience, we have not historically coordinated our marketing and outreach efforts although our goals are the same: providing Nevada's consumers with the resources needed to select appropriate, affordable, and quality health plans for themselves and their families and getting as many people enrolled in coverage as possible.

To foster our partnership with our issuers, we will:

- ✓ Reach out to each of our participating carriers to determine how best to advance Exchange-insurer cooperation.
- ✓ Develop criteria/processes for cooperative marketing efforts and events.

### **GOAL 4: ENVISION AND DESIGN SSHIX 3.0**

The passage of the ACA and the establishment of the Exchange were moments of profound change in Nevada's health insurance market. With time and a bit of perspective, we now see that those moments did not herald the end of change but only the beginning.

The Silver State Health Insurance Exchange began life as a State-Based Marketplace, established by statute and managing both operations and enrollment technology. In the course of dealing with operational problems and in an attempt to resolve a critical issue—the failure of the application and enrollment technology created by Xerox—the Board made a practical and fiscally prudent decision in May of 2014 to end dependence on the Xerox system and adopt the federal application and enrollment platform.

With this decision, the Exchange became a unique hybrid—a state managed marketplace utilizing federal technology. The Board's actions that day had far reaching and unforeseen consequences. We had transformed; Nevada was no longer either a purely state-based exchange or a federally facilitated marketplace, but something new and different, a supported state-based marketplace or SSHIX 2.0.

It is unlikely that our transformation is finished. Lessons learned over the past two years, coupled with the flexibility offered by the State Innovation Waivers program, provide an opportunity to continue to work toward extending coverage to every Nevadan while giving us greater autonomy in deciding how best to accomplish that goal.

The State Innovation Waivers offer wide latitude to states for transforming their health insurance and health care delivery systems. Vermont signaled its intention to apply for a waiver to try to implement a single-payer system within the state. In Hawaii, the legislature created a task force to explore how the state could better provide individual insurance coverage through a waiver, while Minnesota expressed interest in using a waiver to expand the state's Basic Health Plan to smooth out the coverage continuum for low-income residents and support the state's broader delivery system reforms. Arkansas has discussed using a waiver to create an exchange which serves as the gateway to both subsidized and unsubsidized individual plans and offer consumers the opportunity to purchase additional products such as life and auto insurance in order to assure marketplace sustainability.

The Exchange should and must be a leader in the State Innovation Waiver discussion. We can be proactive, open the door, and work to design something that works for Nevada rather than just follow what Washington thinks we ought to do.

A dialogue should be initiated with our stakeholders, elected officials, fellow state agencies, carriers, agents and brokers, and consumer groups to consider state goals and determine the ways in which a State Innovation Waiver might benefit Nevadans. If it appears that a waiver would benefit our consumers and state authority is granted to pursue the process, the Exchange can move forward to begin to develop the waiver application and work to create a marketplace that truly is designed, controlled, and managed by Nevadans for Nevadans.

## **CONCLUSION**

This document should be viewed as the first step in a long-term process. Systematic periodic review of our efforts is necessary to ensure the effective and responsible management of the Exchange.

Our plan allows us to align our resources to meet the goals identified and make adjustments as needed to achieve desired results. The plan does not reflect everything that we hope to do nor does it represent an irrevocably fixed set of directives, since the planning process must be dynamic and adaptable. It will, however, serve as the framework for our decision-making and resource allocation going forward.