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AGENDA ITEM

☐ **For Possible Action**

☒ **Information Only**

Date: October 12, 2017

Item Number: IV

Title: Executive Director's Report

PURPOSE

The purpose of this report is to provide information to the Board and public regarding the status of the Exchange's implementation of a state based health insurance exchange and other operational matters of the Exchange.

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GENERAL COMMENTS

The Exchange has not had a single dull or routine moment since the Board last met in August. We have spent time focusing on plan year 2018 (PY18) open enrollment (OE) strategy and the various challenges that we face this year, we have worked closely with the Division of Insurance as they developed and approved PY18 rates, we have advanced the Board's goal to transition to a private platform, and we have developed collaborative and supportive relationships with new and existing stakeholders through our Prep Rallies and ongoing public relation engagements.

Open Enrollment

As the Board is aware, the Exchange faces several changes and challenges as we head into our PY18 open enrollment period which will be our fifth open enrollment. The truncated OE, down from 90 days to 45 days, requires an even more targeted and robust outreach and marketing campaign focusing consumers on the November 1 – December 15th timeline.

Recently, HealthCare.gov announced another challenge with a planned maintenance schedule of outages whereby Healthcare.gov will be unavailable overnight on the first day of OE, Wednesday, November 1, 2017 beginning at 9pm, and every Sunday from 9pm to 9am Pacific Standard Time, except for December 10, 2017. The Center for Medicare and Medicaid Services (CMS) has stated that for last year's OE maintenance: of the 14 Sundays, 6 had 12-hour windows for planned maintenance, 3 for 10-hour windows. This equates to 102 hours of the 336 Sunday hours allocated for maintenance or 30.36% of the Sunday hours. In contrast, PY18 OE planned maintenance on Sundays will equate to 60 hours out of the 144 Sunday hours or 41.67%, a significant increase from the prior year. The Nevada Exchange is set to spend an estimated $7.2 million dollars to lease HealthCare.gov's eligibility and enrollment platform in 2018; this number represents a fee increase from the estimated $5.5 million that will be spent in 2017. The decrease in service and increase in cost is unacceptable.

Considering the increasing amount the Exchange will pay to lease HealthCare.gov for eligibility and enrollment, and the significant decrease in HealthCare.gov services, I have requested that the Nevada Attorney General (AG) submit a letter to CMS on behalf of the Exchange and our state's consumers. The AG's office responded to this request with a statement that "there does not exist at this time a legally actionable basis for seeking redress for the shortened open-enrollment period and the significant downtimes, but rather those items should, in the Exchange's discretion, be pursued in the policy arena." The Exchange will be sending a letter to CMS expressing our concerns about the outages and the potential impacts to our enrollment period. I have also engaged our federal delegates on this matter; Senator Catherine Cortez-Masto's office has agreed to write a letter on the Exchange's behalf and will work with the entire Nevada delegation to build bipartisan support.

The Exchange will post the planned HealthCare.gov outages on our webpage in order to keep consumers and enrollment partners apprised. I am concerned that the Sunday outages could have a disproportionate impact on our consumers as a result of Nevada being a 24-hour state where many of our consumers work graveyard or night shifts. I have formally requested that CMS provide the Exchange with Nevada specific documentation to demonstrate that the outages are, in fact, the lowest traffic periods for our Exchange.

In addition to the shortened OE period and the maintenance outages, the Exchange has had substantial changes in carrier participation for PY18; down from four participating carriers to two. Health Plan of Nevada and SilverSummit (Centene) will offer a combined total of 14 plans which will all be available for purchase in Clark, Nye and Washoe counties. The other 14 Nevada counties will have a choice of four different SilverSummit plans. As a result of the market changes, the Exchange is encouraging consumers to actively shop the marketplace with an enrollment professional in order to find a plan that is right for their individual and family needs.

I remain deeply concerned about HealthCare.gov's technical ability to enroll Nevada's consumers in a 45-day shortened enrollment window and have made several requests of CMS to provide documentation to demonstrate that the platform and infrastructure is ready to handle increased volume of enrollments during high traffic times. These requests have not been

satisfactorily addressed. I have also made specific inquiries into actions and remedies that CMS will provide to Nevada consumers should HealthCare.gov malfunction; again, my questions have gone unanswered. It is critical that the Exchange's enrollment force assist clients to complete their applications and effectuate their plans.

Under the direction of former Secretary Tom Price, CMS cut the marketing and outreach efforts of HealthCare.gov by 90 percent; decreasing the budget from $100 million to $10 million. These cuts will not directly impact the Nevada Exchange's comprehensive and robust outreach, marketing, and advertising efforts, however the hc.gov TV advertisements in past years fortified our Nevada Health Link messaging. The Exchange collects revenue from a fee assessed on participating carriers and does not rely on any federal or state dollars. As such, the Nevada Exchange is set to spend $3.2 million dollars on advertising and outreach for this fiscal year. The Exchange, along with other State Based Marketplaces throughout the country, encourages the continued federal investment in marketing and outreach. While we each conduct our own marketing, outreach, and enrollment activities, federal actions – or inaction – impacts our effectiveness, and confusion over the future of the ACA.

Despite many hurdles, the Exchange is aggressively messaging our ability to help Nevada consumers navigate the confusion and connect to qualified health plans and financial assistance. We are deepening our community partnerships and leveraging our existing stakeholder relationships to spread the word about OE throughout the state. Every challenge presented has offered an opportunity for our community to strengthen our resolve to ensure we continue to reduce the number of uninsured Nevadans.

Data:

The combined efforts of the State Based Marketplaces utilizing the Federal Marketplace (SBM-FP) to obtain member level data from CMS have resulted in some data being provided to our states. We have several questions about the data that has been provided and continue to collaborate with CMS and other SBM-FP states to work through data integrity questions and issues. The Exchange and Penna Powers have begun discussions on how best to utilize the data considering the timeframes, data integrity, HealthCare.gov outreach/marketing efforts, and confidentiality requirements. Our goal is to use the data to drive Nevada consumers to the Nevada Health Link webpage, In-Person Assister tool, and various enrollment events.

Rates:

Federal lawmakers in Washington, D.C. have offered no further certainty as it relates to the on-going payment of cost sharing reductions (CSRs) or the enforcement of the individual mandate. A decision has not yet been made as to whether federal funds will continue to be appropriated to cover CSR subsidies for eligible individuals. Pursuant to 45 CFR 156.410, issuers must ensure that individuals eligible for cost-sharing reduction subsidies pay only the cost-sharing amounts net of the CSR subsidy for which an individual is eligible. Therefore, if the CSR subsidies are not federally funded, issuers offering plans on the Exchange will need to fund these

subsidies. This additional obligation is an appropriate expense which must be reflected in the premiums charged by issuers.

The Division of Insurance (DOI) required Exchange carriers to file initial rates for PY2018 assuming that CSRs would be federally funded for 2018. Because a decision regarding the funding of the CSRs has not yet been made, the DOI determined that it would be in the best interest of Nevada consumers and the individual health insurance market to allow carriers participating on the Exchange in 2018 to submit for review a "CSR-adjusted" version of their 2018 individual rate filing based on the assumption that CSR subsidies will not be federally funded for 2018. These adjusted rates have been submitted as final for PY18 plans.

The average approved rate increase for Health Plan of Nevada is 36.8%. Because SilverSummit Health Plan is new to the Exchange in Nevada there is not a 2017 rate for comparison. For 2018 there are seven insurance companies offering plans on and off the Exchange in the individual market in Nevada. The approved average rate change in the individual market on and off the Exchange is 31.6%. It is critical for Nevadans to know that over 80% of Exchange consumers receive financial assistance to help pay for their monthly premium. Consumers need to understand that when rates increase, so does the amount of financial assistance. This means the impact of rate increase will be minimal for most Exchange consumers.

Technology Transition:

On September 18th the Exchange's Chief Operations Officer, Information Technology Manager, and I traveled to Washington, D.C. to sit with high level CMS officials in order to present our proposed technology transition model. The Exchange outlined a plan that is in full compliance with existing laws and regulations which will allow our state to transition from HealthCare.gov to an established and functioning eligibility and enrollment technology platform that will offer Nevada consumers and the Exchange a better user experience at a significantly lower cost. CMS granted the Exchange approval to move forward with a State Based Marketplace Blueprint application. This is the first step in getting the Exchange on a sustainable pathway whereby we will have our own technology with sustainable cost structures and regular access to consumer information. I am deeply proud of the thousands of collaborative hours and dedicated work that went into developing a model that limits impacts on sister state agencies, is compliant with all state and federal regulations, and will lend itself to efficiencies that will benefit Nevada's consumers and the Exchange. Exchange staff has begun to work on the Blueprint application and will begin meeting with a team from CMS to ensure on-going progress.

Community and Stakeholder Development:

The Exchange's year over year growth in enrollment can be directly attributed to the depth of our partnerships with Navigators, Brokers, and community stakeholders. Our state has experienced a dramatic shift in our uninsured rate which has offered economic and public health benefits. As a part of our on-going effort to leverage our existing partnerships and increase our scope of collaboration to educate Nevadans about the Nevada Health Link, the Exchange hosted a "Prep Rally" in both Las Vegas and Reno. The goal of the event was to update, inform, and activate

brokers, navigators, providers, lawmakers and other community influencers in preparation for the upcoming OE. The event included an update on the Nevada Exchange marketplace including clarification on myths versus facts regarding the ACA. Attendees were provided with information about PY18 plans, in-person assistance services, and a flash drive including all of the Exchange's OE campaign promotional material.

The events were decidedly successful generating larger than anticipated attendance and earned media coverage. Attendees were complimentary of the event and commented on the momentum and energy the rally provided to get the word out and help the Exchange reach Nevadans.

Other Exchange Activities:

In early September the Senate HELP committee conducted bipartisan hearings focused on market stabilization. Governors, Insurance Commissioners, and other stakeholders provided testimony and were in near universal agreement about the need for on-going commitment to the payment of cost sharing reductions, reinsurance programs, and increasing state innovation through 1332 waivers. The committee's efforts were stalled when the Graham-Cassidy-Heller proposal to repeal and replace the Affordable Care Act (ACA) began to gain traction. Now that the Graham-Cassidy-Heller bill has failed, the Senate HELP committee chair, Lamar Alexander, has indicated renewed efforts. As such, I participated in a call on October 4th with Senate HELP staffers to discuss the impacts of HealthCare.gov maintenance outages on Nevada consumers.

The annual Notice of Benefits and Payment Parameters (NBPP) for plan year 2019 will likely be out for public comment in the near future. The NBPP is an annual omnibus rule that pulls together in one place all the major changes the CMS intends to implement for the next plan year for the marketplaces, the premium stabilization programs, and the health insurance market reforms generally. This rule has historically included an opportunity for states to comment on the lease fee for SBM-FP states to utilize the federal platform. It will be critical that the Exchange and our community partners submit comments requesting a lease fee more in line with fair market value.

While there is no shortage in hurdles, the Exchange remains focused on a very simple goal – to increase the number of insured Nevadans. Nevada's shift in the uninsured population has offered our state, cities, communities, consumers, providers, and healthcare systems with substantial economic and public health benefits – we cannot go backwards.