



Silver State Health Insurance Exchange

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AGENDA ITEM

For Possible Action

Information Only

Date: February 14, 2019
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.

CONTENTS

PURPOSE	1
CONTENTS	1
GENERAL COMMENTS	1

GENERAL COMMENTS

In the last quarter, the Silver State Health Insurance Exchange (Exchange) completed the sixth Open Enrollment Period, reviewed and developed marketing and advertising strategies, analyzed and responded to proposed federal rule changes, and began to implement plans to become a fully operational State-Based Exchange (SBE).

Open Enrollment

The sixth open enrollment period (OEP) ran from November 1, 2018 to December 15, 2018 and the Exchange had 14 qualified health plans (QHPs) spread between two different insurance carriers, Health Plan of Nevada and SilverSummit. The Exchange partnered with six dental carriers who offered consumers a choice between 22 stand-alone dental plans (SADP). Average rates on the Exchange for plan year 2019 decreased by 0.4%.

Final plan selection was 83,449 Nevadans, a decrease in enrollment from plan year 2018 by eight (8) percent. The Exchange is working closely with the Nevada Division of Insurance (DOI) to

analyze data that will provide insight as to where consumers who have left the Exchange may have gone to find health benefits. This OEP presented a new portfolio of challenges that contributed to the decline in enrollment - between the repeal of the individual mandate, introduction of competing plans, the chilling effects of proposed public charge rule, and the improving job market in the state of Nevada, the Exchange's role required more intricate communications to assist consumers in navigating an increasingly complex landscape.

The repeal of the individual mandate is likely to have resulted in some Exchange consumers forgoing insurance entirely. There is no clear data source that will provide the Exchange with the exact number of Nevadans who made a choice not to protect themselves with health insurance as a direct result of this repeal, however identifying consumers who are most likely to fall into this category (individuals between the age of 26-40 years old) will be key for the upcoming open enrollment period. It is imperative that the Exchange find new and innovative ways to demonstrate the value and importance of health insurance as it relates to protecting oneself from financial ruin.

The introduction of Association Health Plans (AHP) and Short-Term, Limited Duration Plans (STLD) put an extraordinary strain on the Exchange to both compete in a marketing and advertising landscape and to provide digestible education to enrollment professionals and consumers. The Exchange had to stretch our finite marketing and outreach budget to counter the loud, persistent and potentially misleading advertising tactics of STLD plans whereas in years past the Exchange was the dominant voice. The Exchange will have to navigate a similar landscape during open enrollment for plan year 2020 and is developing strategies with Penna Powers to enhance the Search Engine Optimization (SEO) plan, work with local influencers, and develop and highlight new advertising content in measurable ways.

In early October of 2018, the Department of Homeland Security published a proposed rule related to the definition of a "public charge." The proposed rule would expand the list of publicly-funded programs that may be considered by immigration officers when determining whether an individual, their family, or their sponsors are considered a "public charge," or dependent on the government for support. The rule did not include Advanced Premium Tax Credits (APTC), however many consumers expressed fear of accepting any public funds and were wary about accepting APTC for their health insurance needs. This proposed rule required the Exchange to devote man-power and budgetary resources to educate enrollment professionals and consumers on a complex topic and likely resulted in at least some consumers forgoing health insurance out of fear that their immigration status would be impacted.

Finally, the State of Nevada experienced strong job growth in 2018, likely resulting in many consumers gaining access to their employer's sponsored health insurance plans. The Nevada Department of Employment Training and Rehabilitation reports that jobs increased by 3.9 percent in December of 2018, with a total of 52,400 new jobs added since December of 2017. This is a continuation of Nevada's improving job market and economy and represents positive news for consumers. The Exchange will remain committed to making comprehensive and affordable options available for all consumers, and will highlight the value of the Exchange's marketplace, especially as it relates to independently employed consumers.

Advertising and Outreach

During 2018, the federal government continued to significantly decrease their advertising and outreach budgets, while the Exchange invested more resources to these two critical functions. This level of funding allocation represents a substantial part of the Exchange budget. Despite the past year's decrease in enrollment, the investment in advertising and outreach continues to be a critical component in a changing and confusing landscape where skimpy plans are aggressively targeted toward individual market consumers. The Exchange and our marketing partner Penna Powers have an entirely new landscape to navigate as it relates to SEO tactics, advertising buys, digital engagement, etc. where the goal is to out maneuver competitors to drive home the message about the superiority of QHPs as it relates to comprehensiveness and long range affordability.

In addition to an increasingly complex advertising setting, the Exchange is also facing an ever more challenging education landscape. Whether it is STLDs, AHPs, Individual Mandate repeal, or proposed federal rule changes the Exchange's role in providing meaningful consumer education remains critical. The Exchange and our outreach partners must process complicated information as it relates to the agency, stakeholders, and consumers and then distill this information into easily digestible sound bites for public consumption. Health insurance is often a daunting and difficult to understand subject; the Exchange remains committed to assisting Nevadans to navigate the labyrinth to find comprehensive plans right for their individual and family needs.

Federal updates

As we head into the 2019 Nevada Legislative Session, the Exchange is focused on analyzing proposed legislation, answering budget questions, and responding to lawmaker inquiries. The Exchange will provide the Board with a more detailed state legislative and budget breakdown at the May 2019 Board meeting.

There has been no shortage of proposed federal policy changes; executive branch rule changes have created an increasingly compounded sting akin to a lot of paper cuts. While the rule changes may be technical in nature, they have an enormous impact on benefit comprehensiveness and affordability.

The 2020 Notice of Benefit and Payment Parameters (NBPP), an annual rule that guides Exchange operations, had a delayed release this year, allowing for a very short comment and consideration period. Comments are due on February 19, 2019 and the Exchange is currently drafting a response and will share with the Board when they are complete. This NBPP rule could harm exchange consumers and is ominous of future harmful policy changes. The most urgent issue in the NBPP is a change in the consumer pricing index that, by CMS' own analysis would result in fewer people enrolled on the Exchange. The intricate rule change would effectively raise the cost of premiums and cost-sharing responsibility on exchange consumers. The increase in premiums will effect subsidized exchange consumers, and the increase in out of pocket spending will apply not just to the individual market, but also to those with employer-based coverage as well.

The NBPP includes several items that are proposed for comments, but not intended to take place for PY20. The Exchange will comment on two of these items. The first has to do with restricting the ability for states to auto re-enroll consumers (21% of Nevadans were auto re-enrolled for PY19). Without the ability to auto re-enroll many of these consumers could become uninsured or experience an unexpected gap in coverage. The second item is related to allowing the continued ability for carriers to concentrate the premium increases into silver level plans offered through the marketplaces. Premium tax credits are pegged to the benchmark silver level plan in each market, "silver-loading" has allowed subsidized consumers to draw down a larger tax credit, while protecting unsubsidized individuals from even more significant premium hikes. If the practice were banned there would be premium increases for all individual market enrollees.

The Executive branch has also proposed a rule change related to Health Reimbursement Accounts that has the potential to allow employers to push their sickest employees into the individual health insurance market. Essentially this rule change, if promulgated, would significantly change the way that employers are allowed to provide insurance to their employees. The Exchange submitted comments requesting more data to better understand the implications of the rule on the Nevada individual market, and cited significant concerns about the resulting confusion and complexity that the rule would create for employees and enrollment professionals.

The Centers for Medicare & Medicaid Services recently issued proposed Program Integrity rules for State Based Exchanges that includes several changes that may require complex technology rule modifications. The rule includes a section which would require QHP insurers to separately bill enrollees for the cost of non-Hyde abortion coverage. Under the rule, Exchange enrollees would receive two separate premium bills each month with instructions to remit two separate payments in two separate transactions. Insurers must bill a minimum of \$1 per enrollee per month for the abortion coverage, even if the enrollee's overall premium is less than \$1/month due to premium tax credits. This specific change would not have an immediate impact on the NV Health Insurance Exchange, as no carriers currently offer non-Hyde abortion coverage, but in recognition that this may not always be the case, the Exchange submitted comments about many items, specifically expressing concerns about the confusion and potential loss of coverage consumers could face should the rule be promulgated.

During the federal shutdown the Exchange received many questions about how the shutdown impacted operations. Prior to the shutdown, U.S. Department of Health and Human Services already had their budget appropriation so the impact was not direct on Exchange activities. Because of the Exchange's reliance on the IRS some consumers who needed to reconcile their taxes in order to receive subsidies may have been impacted during the shutdown as the IRS was not operational. The Exchange's transition requires an approval from the IRS to access Federal Tax Information through the federal data services hub, this portion of the transition project could be impacted by any further shutdown.

It is clear that the instability and volatility around Exchange functionality is coming from the federal government's action and inaction, this is part of the reason the Exchange is working to take full control of our operations as a SBE.

Transition Updates

The transition to a SBE is in full-swing wherein project planning has shifted toward project implementation. Currently the biggest risks to our transition come from CMS, a stakeholder who is outside the Exchange's authority. While CMS has been a strong partner in assisting the Exchange toward a successful SBE, a series of contradictory messages have put the project status into yellow, or elevated risk. The Board will hear more about the details from Eric Watt, the lead Project Manager, however it is important to note that the Exchange, GetInsured, and CMS are engaged daily in very productive conversations to address the issues and feel more and more confident that the project will be back on track, with limited impact on the project plan timeline.

Conclusion

It is worth considering that the Exchange has never, in its short history of existence, experienced a time of "normal operations." Several years of federal policy changes, legislative action, and limited resources have required the Exchange to remain nimble in a dynamic landscape where the focus has been primarily on defending Exchange operations and ultimately the Nevada consumers that it serves. The Exchange believes that a transition to a SBE not only allows for a stronger defense, but also provides an opportunity to think strategically about the growing success in the future.