

State of South Dakota

Health Insurance Exchange

Prepared by

Navigant Consulting, Inc.

October 21, 2011

NAVIGANT

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EXECUTIVE SUMMARY

The State of South Dakota engaged Navigant Consulting in June 2011 to September 2011. This report summarizes our estimates of the costs for implementation and operation of a state-based Exchange, and outlines alternatives in providing the required functions.

The Patient Protection and Affordable Care Act (PPACA) requires that each state develop a Health Insurance Exchange (Exchange) by January 1, 2014. The PPACA creates numerous options for states in the design of their Exchanges, and so Exchanges will look different in each state. If states do not implement an Exchange, the federal government will do so by either developing a federal Exchange or contracting with a non-profit state entity to run an Exchange in one or several states. Although a complex undertaking, in its simplest form, the Exchange is a web portal that will facilitate comparing and purchasing health insurance for certain individuals and small businesses.

The primary goals of the Exchange are to:

- Provide “one-stop-shopping” where consumers can compare and purchase health insurance coverage
- Distribute insurance to individuals and small employers with more transparency
- Coordinate eligibility and facilitate tax credits
- Set standards and implement policies around health insurance
- Increase portability and choice
- Improve outreach and education
- Reduce system costs
- Improve quality of health care

During the project’s duration, Navigant worked closely with the State to arrive at key directional decisions to develop a model Exchange and associated costs for the implementation and ongoing operation of a South Dakota Exchange. These key decisions that framed the development of the model are:

- The Exchange should be designed in such a way that it would result in the least amount of disruption for the existing health insurance marketplace.

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- The Exchange would operate as a “facilitator” in the market, allowing all “qualified health plans” (QHP) to contract with the Exchange; and the Exchange would not create certification requirements above the federal minimum requirements as outlined in the PPACA.
- One Exchange would serve both the individual market and the small group market.

In the spring of 2011, Governor Dennis Daugaard established the South Dakota Exchange Task Force (“Task Force”) to provide direction for South Dakota’s compliance with the PPACA and to make recommendations regarding the decision to pursue development of the Exchange. Lieutenant Governor Matt Michels served as the chairperson and provided general direction to the Task Force and to Navigant. The Task Force organized three subcommittees: Operations and Finance, Outreach and Communication, and Insurance Plan and Market Organization. Stakeholder participation in the Task Force included representation from small businesses, insurance agents, insurance companies, health care providers, consumer advocates, state agencies, state legislators, Tribes, and Indian Health Services.

Navigant worked with the co-chairs of the Task Force subcommittees (Subcommittees) and conducted more than 20 interviews with State agencies to obtain information about their current processes, capabilities and systems. These meetings were central to understanding any potential integration opportunities with Information Technology (IT) and business functions of the Exchange. We also provided information and demonstrations about vendors that can provide these functions on a contracted basis. The IT and operations assessment provided Navigant with the detailed information necessary to create an Exchange model and to begin to populate it with State-specific data.

We estimated that Exchange implementation costs were approximately \$21.4 million with an additional cost of \$23 million for the data management functionality or the person master index (PMI) as South Dakota commonly refers to this system. The PMI functionality will require further review by the State if they continue the planning process for Exchange development. This total amount of approximately \$45 million to implement the Exchange is if the state were to contract with a third-party vendor that would host the state’s Exchange on the vendor’s IT architecture on a subscription-basis (Figure 1). The findings from the South Dakota-specific cost model for ongoing annual operational costs of an Exchange based on a low volume and high volume of Exchange participants is in the range of \$6 million to \$7.7 million, as shown in Figure 2.

Figure 1: Estimates for Implementation of South Dakota’s Hosted Exchange

Implementation Costs	
“Hosted Exchange” (third-party subscription- based IT infrastructure)	\$45,233,699 (includes \$23 million for additional data management functionality)

Figure 2: Estimates of Annual Operation Costs by Low and High Exchange Population

Population Estimate	Annual Operations Costs
Low Volume Exchange Participant Estimates	\$6,376,985
High Volume Exchange Participant Estimates	\$7,782,382

Although the results presented in this report represent only estimates, if the State of South Dakota decides to move forward with developing an Exchange, it can expect to spend approximately \$40 million on implementing and approximately \$6-7 million annually on operating an Exchange. Many variables that can impact these estimates include future state policy and legislation (e.g., governance, organizational structure and Medicaid integration), federal regulations, and the vendor landscape. Furthermore, the lawsuits challenging the individual mandate component of the PPACA may further complicate these estimates.

Navigant’s findings will inform future planning decisions related to the state’s Exchange, Medicaid and social services operations. The Level I Establishment Grants from the federal Department of Health and Human Services (HHS) may cover the majority of the implementation costs, although HHS funding is not available for ongoing operating costs.

INTRODUCTION

The State of South Dakota contracted with Navigant Consulting, Inc. (Navigant) to assess the policy, technology, operational and cost implications of implementing a state Exchange as required by provisions of the PPACA. South Dakota will use these findings to decide whether it should establish a state-based Exchange; and to make decisions related to the next steps of planning an Exchange.

On March 23, 2010, President Obama signed the PPACA, which is comprehensive health care reform legislation that includes provisions to expand both public and private health insurance coverage. Among its basic provisions, the PPACA will:

- Require most U.S. citizens and legal residents to have health insurance
- Create state-based Exchanges through which individuals and small businesses can purchase private coverage
- Provide premium and cost sharing subsidies for private coverage to individuals and families with income between 133 and 400 percent of the federal poverty level (FPL)
- Impose new regulations on health plans in the newly created Exchanges and in the individual and small group markets
- Expand Medicaid

The Exchange concept as outlined in the PPACA was designed with the purpose to expand health coverage, improve the quality and reduce the cost growth of health care. The PPACA requires that states have operational Exchanges by January 1, 2014. If states do not implement their own Exchanges, or decide to opt out, the federal government will implement Exchanges by either developing a federal Exchange or contracting with a non-profit state entity to run an Exchange in one or several states. The federal government has not provided any information at this time about what federal Exchanges might look like or how they would operate.

The State received a \$1 million planning grant to assist in the process of determining the different options for South Dakota. The grant provides funding for performing background research, obtaining stakeholder involvement and assessing technical infrastructure and business operations related to establishing the Exchange. Acceptance of a grant does not imply that a state will implement an Exchange.

OVERVIEW OF HEALTH INSURANCE EXCHANGE REQUIREMENTS

The PPACA requires states to establish a statewide Exchange. The Exchange must facilitate the comparison and purchase of qualified health coverage in the individual and small business markets.

Introduction to the Health Insurance Exchange

Exchanges, when implemented, will provide a “one-stop-shopping” portal where consumers can compare and purchase health insurance coverage. The purpose of the Exchange is to act as a single “front door” for users to access health care coverage, whether they qualify for Medicaid, purchase individual coverage (with or without a subsidy) or purchase coverage through the Small Employer Health Options Program (SHOP). The PPACA contemplates that states would develop two Exchanges – one for the individual market and one for small business employers. SHOP has similar requirements as the individual Exchange but it may choose to offer services that offer convenience and efficiency for the employer and affordable health plans choices for their employees. States may also decide to use the Exchange as the front door for other social services, such as Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP), or to allow purchase of dental or vision coverage in the future.

Funding for the Health Insurance Exchange

To facilitate the planning and implementation process, the PPACA has provided funding opportunities for states. The majority of states received the initial Exchange Planning Grants from the HHS which were to cover costs for market research, stakeholder engagement and a gap assessment of states’ current IT capabilities as compared to the proposed requirements of an Exchange.

The next level of funding available is issued as competitive grants and requires the states to provide evidence that they are indeed moving the planning process along to meet the federal deadlines of implementation and operation. There are two “levels” of Establishment Grant funding available and they are briefly described below:

Level I Funding: This application is for states that have made some progress with the Exchange Planning Grant but are not yet able to meet eligibility requirements for Level II. The work plans in the application must describe the current accomplishments with the planning funds, and state the future objectives and activities to reach the goals of the state’s Exchange. The awards issued are for up to one year. Once the state is able to demonstrate sufficient progress and meet certain criteria, it can apply for Level II funding.

Level II Funding: This application is for states that are further along in the establishment of an Exchange. The application’s work plan must be submitted with milestones through 2014 when implementation must be completed. Once this funding is awarded it is available for states to use through December 2014. To qualify, the state must meet the following criteria:

- Have legal authority to establish and operate an Exchange
- Have established a governance structure
- Submit a complete budget through 2014; submit an initial plan for financial sustainability and a plan for outlining steps to prevent fraud, waste, and abuse
- Submit a plan describing how capacity for providing assistance to individual and small businesses will be created, continued and expanded including provision for a call center

Each state should carefully review the deadlines (see Figure 3) for applying for the different levels of funding and develop a strategy to maximize the use of federal funding to cover the costs of implementation activities. For example, if South Dakota decides to develop an Exchange they may want to submit a Level I application by December 30, 2011 for additional planning research and the more complex IT assessments that may be needed; and then submit a Level II application in June 2012 if it looks like the State will move forward with establishing an Exchange.

Figure 3: Deadlines for Filing Federal Grants

	June 30, 2011	Sept. 30, 2011	Dec. 30, 2011	Mar. 30, 2012	June 29, 2012
Exchange Planning Grant		Funding expires			
Establishment Grant	Level 1	Level 1 Level II	Level 1 Level II	Level II	Level II (final)

Another funding opportunity that HHS provided to a small number of states and one consortium of states is known as the Early Innovator Grants. This funding was designed to support the building of the IT infrastructure for Exchanges. The grantees will be exploring IT options that are transferable and reusable, enabling other states to use parts or all of the systems they develop. At the time of this report not much is known in the public domain regarding progress or how other states will further investigate which options are most appropriate for their state. The Early Innovator opportunity presents a reasonable approach to the design and

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development of Exchange technology; however, with the tight timeframes that all states are challenged with – the overall success of sharing technology remains to be seen.

A discussion of funding opportunities for Exchange planning, development and implementation should also include the Medicaid enhanced federal matching assistance percentage (FMAP). As shown in Figure 4, a 90 percent federal match is available for the costs of development and 75 percent federal match is available for the costs of maintenance of Medicaid eligibility and enrollment systems related to the Exchange. For the development and operations of Medicaid systems that are not directly related to Exchange operations, federal match is 50 percent of the state’s costs.

Figure 4: Funding Opportunities for Exchange Technology¹

Funding Opportunities	Amount	Dates	Description	Development	Operations
Planning Grant	\$49 million in grants to 49 states	Awarded on 9/30/10	Exchange research and planning	X	
Innovator Grant	\$241 million awarded to 6 states and NE Consortium	Awarded on 2/16/11	Development of cutting-edge technologies and models for insurance eligibility and enrollment	X	
Establishment Grant	Will vary according to states’ needs and progress	Level 1 due by 12/30/11 Level 2 due by 6/29/12	Development and implementation of Exchange operations	X	X
FMAP for Eligibility and Enrollment Development	90% Federal Financial Participation (FFP)	Through the end of 2015	Design, development and installation or enhancement of eligibility determination systems.	X	

¹ Source: National Association of State Chief Information Officers, *On the Fence: IT Implications of the Health Benefits Exchanges*, (June, 2011).

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Funding Opportunities	Amount	Dates	Description	Development	Operations
FMAP for Eligibility and Enrollment Maintenance	75% FFP	After 2015 (available prior to 12/31/15 for systems in compliance with new rules)	Maintain and operate eligibility determination systems that comply with federal standards for integrated eligibility systems.		X
Medicaid Administration	50% FFP	Available continuously	Build, maintain and operate eligibility systems that do not meet standards necessary for enhanced matching funds	X	X

With the multiple funding opportunities available that relate to the establishment of Exchanges, states should chart out a plan for their Exchange development and implementation to achieve the maximum federal funding available.

Federal Requirements for Exchange Functionality

The functionality involved in developing an Exchange is extensive. To create the seamless consumer model contemplated by the PPACA, the IT infrastructure that must be in place needs to be able to interface with federal agencies, state agencies, and health plans, enroll participants, send out billing statements, operate a call center and make the determination if the individual is qualified for Medicaid, a subsidy or if their eligibility status has changed during the year. As detailed in Figure 5, the PPACA specifies business functions requirements for the Exchange for both those purchasing individual coverage as well as those purchasing coverage through a small employer.

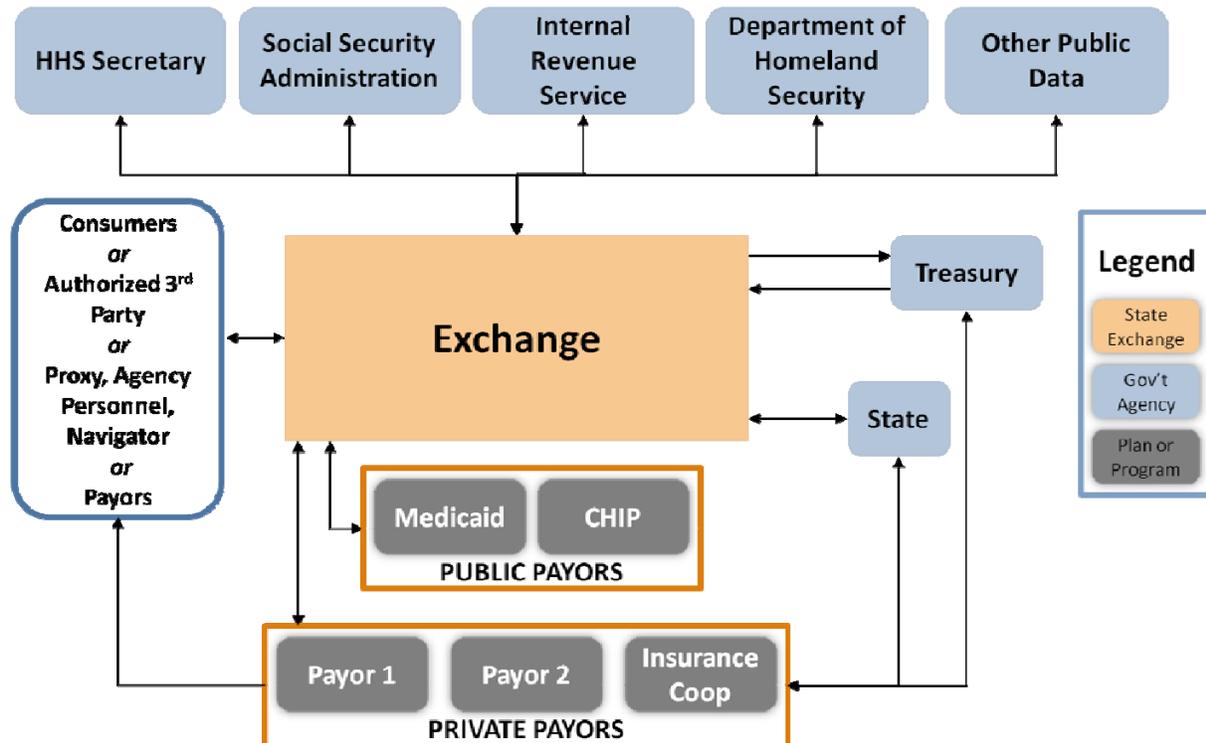
Figure 5: Summary of Federally Mandated Exchange Functions

Exchange Business Functions Required by the Patient Protection and Affordable Care Act
<p>Comparability</p> <ul style="list-style-type: none">• Support individual consumer health plan and SHOP benefit selection based on bronze, silver, gold and platinum benefit levels.• Rate plans according to quality and price.• Adopt federal approved Summary of Benefits and Coverage for enrollees and prospective enrollees.• Provide an online calculator that will calculate actual cost of coverage.
<p>Flexibility</p> <ul style="list-style-type: none">• Identify individuals eligible for Medicaid programs and route correctly based on demographic and economic data, ensuring no “wrong door” for users.• Determine premium and cost-sharing credit eligibility.• Provide for flexibility in enrollment periods for SHOP.• Operate a toll-free hotline.• The Exchange must adhere to all relevant Health Insurance Portability and Accountability Act (HIPAA) and Protected Health Information (PIH) and other applicable federal and state confidentiality requirements.
<p>Extensibility</p> <ul style="list-style-type: none">• Exchanges must process paper applications as well as via internet and phone.• Certify, recertify and decertify plans.• Interface with all appropriate partners and entities (plans, treasury, Navigators, etc.) to deliver Exchange functionality.• Structure and store data in an optimal manner to allow for robust reporting.

States must design, develop, implement, operate and maintain the IT infrastructure to determine eligibility for the coverage offered through the Exchange. To act as the front door for insurance coverage, the Exchange must have the capability to communicate with commercial insurers as well as with Medicaid and other state and federal programs and agencies. The infrastructure must support these interfaces between the Exchange and other systems.

While the design of the web site portal of an Exchange seems simple, the internal operations bring together complex systems, processes and connections to agencies and payers. Multiple systems are needed to support Exchange transactions, as illustrated by Figure 6.

Figure 6: Multiple System Interfaces of the Exchange



Implementation Timelines

The timeline for states to plan for and implement an Exchange is a challenge. In order for the Exchange to be fully operating for January 2014, many significant milestones need to be reached. Figure 7 provides a high-level overview of the steps toward the launch date of January 2014.

Figure 7: Key Milestones for Implementation of Health Insurance Exchanges

Dates	Milestones
December 31, 2011	Last day to submit Level I Establishment Grant applications.
June 29, 2012	Last day to submit Level II Establishment Grant applications.
By January 1, 2013	HHS will review progress of the state in planning for Exchange.

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Dates	Milestones
July 2013	Health plans must file documents with departments of insurance or Exchange and begin the certification process to become a qualified health plan.
October 2013	Enrollment in qualified health plans offered through the Exchange must begin.
January 1, 2014	Individual mandate and market reform must be implemented. Exchanges must be fully operational, including: <ul style="list-style-type: none"><li data-bbox="553 583 1321 684">• Website availability to streamline application and enrollment for Medicaid, Children’s Health Insurance Program (CHIP) and qualified health plans<li data-bbox="553 688 1281 758">• Transition of individuals insured through a high risk pool into qualified health plans
January 1, 2015	Exchanges must be financially self-sustaining and charge fees to participating health issuers, providers, participants or to otherwise generate funding, to support operations.

PROJECT APPROACH

Scope of Work

The State of South Dakota engaged Navigant to conduct an assessment to help determine whether South Dakota should pursue developing a state-based Exchange. A key part of this assessment was the development of a cost model so that South Dakota could understand and quantify the financial commitment required to develop such an Exchange. During a ten-week engagement, the Navigant team developed the Exchange cost model in close collaboration with South Dakota to define and understand the start-up and on-going operational costs. Navigant developed separate cost models for implementation and annual ongoing operation of the Exchange, as detailed in the Cost Model section of this report.

To arrive at the estimates presented in these cost models, Navigant conducted background research, reviewed South Dakota demographic information, performed an assessment of current operations and technology and engaged with the state's Exchange Task Force, as described in the paragraphs that follow. Working with the state, Navigant drafted a detailed project plan that identified key tasks, responsibilities and completion dates.

Background Research

Initially, Navigant performed research to gather background information in preparation for conducting the assessment, including:

- Reviewed information supplied by the state, including preliminary planning documents and preliminary survey results on the uninsured population
- Reviewed Exchange provisions included in the PPACA health care reform legislation
- Reviewed available federal requirements, such as they currently exist (recognizing that federal regulations are not final)
- Reviewed reports issued by other states
- Reviewed best practices of other states in integrating Medicaid eligibility and enrollment with the Exchange and discussed such practices with the State

Demographic Information

The State used preliminary data by a recent survey conducted by Market Decisions as the basis for making Exchange population estimates used in the cost model. To provide a range of

potential Exchange users, Navigant worked with the State to calculate a high and low estimate that will be discussed in more detail in the Cost Model section.

Operations and Technology Assessment

To develop cost estimates, we first needed to understand the “current state” of operations. Navigant reviewed the current IT systems, standards and conventions used across the state’s government and within its agencies. The team also reviewed existing business processes and IT assets that the state could leverage to develop its Exchange. We conducted a high level analysis of the state’s legacy systems to assess technological and operational readiness to use third-party vendor solutions. In collaboration with the State, we developed assumptions about an Exchange model and the core components that needed to be incorporated as well as any opportunities to interface with existing State capabilities.

Interviews with State Agencies

Navigant conducted interviews with state agencies to obtain information about their current processes, capabilities and systems. We conducted more than 20 functional interviews across government departments, bureaus and divisions. We used these interviews to identify the existing IT system capabilities and to explore any areas of agency integration with Exchange functions and services. These interviews were critical to determining the core components of an Exchange model and how to then project costs related to the functions. This is explained in more detail in the Cost Model section. Navigant conducted interviews with individuals from the entities listed in Figure 8 below.

Figure 8: Government Entities Interviewed

Government Entity	Description of Services Provided
Office of the Governor	Provides research and policy analysis support to Governor Dennis Daugaard.
Department of Social Services (DSS)	Responsible for administering the state’s Medicaid/CHIP and other social services programs, such as TANF and SNAP.
Bureau of Information and Telecommunications (BIT)	Provides hardware, software and systems support to state government services and functions.
Bureau of Finance and Management	Provides budget analysis, performs financial functions for all state Bureaus, manages the state’s financial systems and performs accounting analysis and financial reporting.

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Government Entity	Description of Services Provided
Department of Labor and Regulation (DLR)	Responsible for providing employment services and regulating labor and employment.
Department of Labor and Regulation, Division of Insurance (DOI)	Regulates and licenses the insurance industry.
Department of Health (DOH)	Responsible for public health disease prevention and health promotion programs.

Health Insurance Exchange Task Force

Governor Dugaard established the South Dakota Exchange Task Force (“Task Force”) to provide direction for South Dakota’s compliance with the PPACA and to make recommendations regarding the decision to pursue development of the Exchange. Lieutenant Governor Matt Michels served as the chairperson and provided general direction to the Task Force and to Navigant.

The Task Force has three Subcommittees: Operations and Finance, Outreach and Communication, and Insurance Plan and Market Organization. The organizational structure of the Task Force is shown in Figure 9. Stakeholder participation in the Task Force included representation from small businesses, insurance agents, insurance companies, health care providers, consumer advocates, state agencies, state legislators, Tribes, and Indian Health Services.

Navigant participated in the Task Force meetings and each of the Subcommittee meetings to gather necessary information needed for the overall assessment of policy considerations related to the Exchange. We participated on numerous conference calls to discuss with Subcommittee co-chairs the detailed information about the functionality of an Exchange and how it relates to the cost model. For instance, the discussions that Outreach and Communication Subcommittee had regarding the Navigator program assisted us in making proper estimates of the staffing requirements and other costs. It was this level of interaction that produced a cost model that avoided general assumptions and used assumptions based on the actual experience of the State agencies.

Figure 9: Task Force and Subcommittees

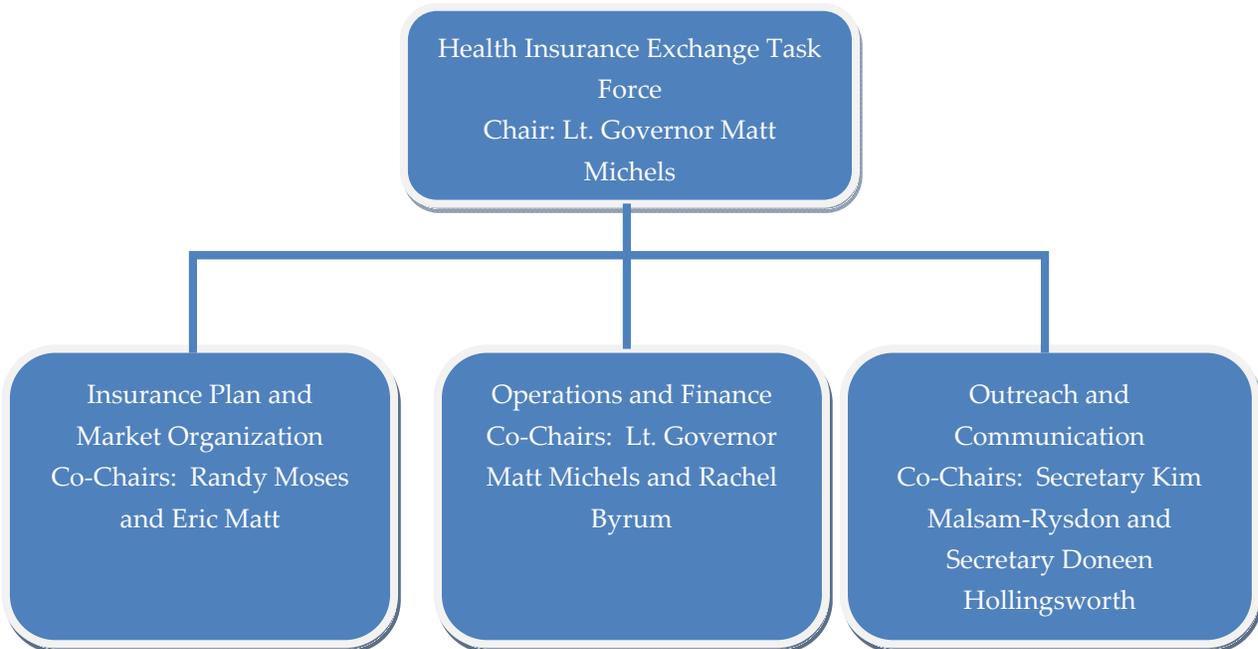


Figure 10 below identifies the objectives of each of the subcommittee. The Subcommittees were chaired by State staff who facilitated discussion among stakeholders. Each Subcommittee was accountable for developing recommendations relevant to the Subcommittee’s objectives. In many cases, the Subcommittee recommendations had implications for development of the cost model. The final recommendations that resulted from the Task Force are included as Appendix A.

Figure 10: Subcommittee Objectives

Subcommittee	Topic	Objectives
Outreach and Communication	Outreach/ Public Education	Develop outreach and education plan for South Dakota’s Exchange
	Navigators	Develop recommendations for implementing a Navigator program in South Dakota
	Communication Strategies	Recommend strategies for parts of the Exchange such as the call center and website to assist targeted populations
Insurance Plan and Market	The Role of the Insurance Agent	<ul style="list-style-type: none"> The methods and rules under which insurance agents can participate in the placement of coverage through the Exchange

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Subcommittee	Topic	Objectives
Organization	and Carriers	<ul style="list-style-type: none"> • Carrier certification process • Plan design • Marketing standards
	Employer Participation	<ul style="list-style-type: none"> • Method for employers to purchase/enroll in Exchange • Requirements for a defined contribution, traditional employer-sponsored plans or a combination of approaches
	Network Adequacy	<ul style="list-style-type: none"> • Requirements for network adequacy within and outside Exchange • Requirements to ensure continuity of care when moving from insurer to insurer and between insurers and Medicaid
	Adverse Selection	<ul style="list-style-type: none"> • Outlining the ways in which adverse selection can occur • Strategies for mitigating adverse selection inside and outside of Exchange
Operations and Finance	Resources and Capabilities	<ul style="list-style-type: none"> • Evaluate staffing requirements and job descriptions for: <ol style="list-style-type: none"> 1. Technology support, including maintenance of a web portal; 2. Eligibility determinations for the Exchange, CHIP, Medicaid and individual mandate; 3. A consumer hotline; 4. Navigators; 5. Accounting and Auditing; and 6. Plan certification; • Evaluate multi-state Exchange infrastructure • Evaluate whether existing state staff can be used to perform the above functions or if new staff must be hired to perform the work • Evaluate whether each Exchange function (see above) should be performed within state government or by a private service provider • Evaluate Exchange demand based on survey results <ul style="list-style-type: none"> ➤ Reporting and analytics job description ➤ Marketing and Communications ➤ Administrative Functions of the SHOP
	Technical Infrastructure	<ul style="list-style-type: none"> • Evaluate infrastructure technology models for the operation of a South Dakota Exchange • Evaluate whether existing systems can be used to implement the model or if new systems must be purchased, and evaluate which technology to purchase and how much it costs • Evaluate whether IT services should be performed by the state or if those services should be contracted out to a private vendor <ul style="list-style-type: none"> ➤ If the state will run the web portal, evaluate designs for a web portal, taking into account ease of use, user privacy

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Subcommittee	Topic	Objectives
Operations and Finance (continued)		<p>considerations, and adequate security measures.</p> <ul style="list-style-type: none"> ➤ Investigate the cost and adequacy of running a web portal through a private vendor • Evaluate system requirements, including: <ul style="list-style-type: none"> ➤ Online comparison of QHPs ➤ Online application and selection of QHPs ➤ Premium tax credit and cost-sharing reduction calculator functionality ➤ Request for assistance ➤ Linkages to other State health subsidy programs and other health and human services programs as appropriate ➤ Capturing data in the enrollment process ➤ Submitting relevant data to HHS for later use in information reporting ➤ Capacity to generate information reports to enrollees • Evaluate security needs <ul style="list-style-type: none"> ➤ Call center service technology and telephony ➤ Data exchange and integration ➤ Recommend updating security to specifically call out “privacy”
	Regulatory or Policy Actions and Legislation	<ul style="list-style-type: none"> • Recommend legislation and/or regulations as necessary to implement Exchange functions and provide oversight authority to appropriate departments or quasi-governmental organizations <ul style="list-style-type: none"> ➤ Recommend a governing body structure that ensures public accountability, transparency, and prevention of conflict of interest • Recommend a method for the DOI to certify health plans that complies with the requirements for a QHP as set forth in the 2009 health reform legislation • Recommend a standardized application that will determine whether an applicant is eligible for subsidies to purchase insurance through the Exchange, for Medicaid, or for CHIP
	Finance	<p><i>Accounting and Finance</i></p> <ul style="list-style-type: none"> • Recommend accounting and auditing standards needed to comply with PPACA and any other appropriate accounting standards (i.e. GAAP, etc) • Evaluate accounting functions and evaluate whether software should be developed or purchased to perform these functions <ul style="list-style-type: none"> ➤ If software should be purchased, recommend appropriate software • Recommend the method that will be used to finance the Exchange in a self-supporting manner (i.e. fees, assessments to insurance companies, or other methods)

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Subcommittee	Topic	Objectives
Operations and Finance (continued)		<ul style="list-style-type: none"> Evaluate cost allocation between the Exchange grants, Medicaid federal financial participation, and other funding streams as appropriate
	Business Operations	<p><i>Transparency</i></p> <ul style="list-style-type: none"> Develop a recommended model for reporting information to the public that complies with PPACA and South Dakota’s open records statutes Develop a recommendation for reporting required information to HHS <p><i>Processes</i></p> <ul style="list-style-type: none"> Evaluate standard processes and workflows for each process performed by the Exchange: <ul style="list-style-type: none"> ➤ Enrollment <ul style="list-style-type: none"> ▪ Providing customized plan information to individuals based on eligibility and QHP data ▪ Submitting enrollment transactions to QHP issuers ▪ Receiving acknowledgments of enrollment transactions for QHP issuers ▪ Submitting relevant data to HHS Evaluate Medicaid/CHIP roles and responsibilities related to eligibility determination, verification, and enrollment <ul style="list-style-type: none"> ➤ Identify challenges with Medicaid/CHIP program integration processes, strategies for mitigating those issues and timelines for completion Evaluate whether all plans that meet qualifying standards should be part of the Exchange or whether plans should bid to become a part of the Exchange (plan bidding) Investigate and recommend premium credit and cost sharing assistance models Recommend a system to rate the quality of plans offered on the exchange so shoppers can compare plans as they shop the web portal Recommend a process for requests for exemptions Recommend a process for employer appeals with appeals of individual eligibility Recommend a process for providing relevant information to QHP issuers and HHS to start, stop, or change the level of premium tax credits and cost-sharing reduction Recommend a process to verify/resolve inconsistent information provided to Exchange by applicants (e.g. income, citizenship): <ul style="list-style-type: none"> ➤ Possible add-Process and management for agents (tracking registered, activity, and commissions) – dependent on decisions from other committees ➤ Recommend a decision and information support system

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Subcommittee	Topic	Objectives
		for Navigators and Exchange consumers ➤ Recommend adding model and process for managing employer registering and/or product selection, contributions, and employee enrollment – dependent on employer choice/employee choice decision from other sub committees

This approach resulted in a high level summary of the IT and operations of the State and provided the key information necessary to develop an Exchange model. Once the components were agreed upon, we began ascertaining the cost data either from the State agencies or from our experience in the marketplace.

POLICY CONSIDERATIONS

Introduction

States have many decisions to make regarding the planning of a state-based Exchange. The Exchange Planning Grants were issued to states so that they could conduct market research and discuss key policy issues with stakeholders. In addition to the critical decision for the state regarding whether or not it will implement an Exchange or choose the federal option, other critical decisions include:

- The governance of the Exchange (e.g., board composition, accountable to whom, and conflict of interest)
- The organizational structure (e.g., state agency, nonprofit entity or public-private organization)
- The process for QHP certification for the Exchange

The Lieutenant Governor of South Dakota organized the Task Force and Subcommittees as discussed in the Project Approach section of this report to engage in stakeholder discussions regarding some of the key policy decisions that South Dakota must consider if it decides to move forward with an Exchange. The Subcommittee co-chairs took the lead in facilitating these discussions and organizing the stakeholder input as they all crafted recommendations for the Task Force to review.

Although South Dakota has not yet determined if it will move forward with the development and implementation of an Exchange, the State's leaders provided basic assumptions about how an Exchange could operate in the State, which includes:

- The Exchange should be designed in such a way that it would result in the least amount of disruption for the existing health insurance marketplace.
- The Exchange should operate as a "facilitator" in the market, allowing all QHPs to contract with the Exchange; the Exchange would not create certification requirements above the federal minimum requirements as outlined in the PPACA.
- One Exchange should serve both the individual market and the small group market.

For purposes of our engagement, the State advised us that the governance and organizational structure issues would be addressed by the Governor. Thus, these topics are not covered in this report.

Policy and Operational Considerations and the Cost Model

The Navigant team assisted the State in its review of the key policy decisions and assumptions that are necessary to understand the size and scope of services of a South Dakota Exchange to develop the cost model (development of the cost model is described in detail in the Cost Model section of this report). Many policy discussions occurred at the Task Force and Subcommittee meetings. Our role was to not facilitate or lead these discussions as it was to make sure that coordination existed between the State agencies and the Subcommittee co-chairs if policy topics would present an impact on the cost model that was under development. When this occurred, we organized the implications and discussed if any directional decisions were going to be made on such a topic. For instance, under one of the functions of the SHOP, discussion regarding employer choice and employee choice occurred – our role was to make the State aware of the costs associated with these functions.

For the purposes of this report, in Figure 11 we provide an overview of the policy and operational decisions that may impact the cost of implementation and ongoing operation cost estimates. Realizing that there may be additional topics that have not been fully vetted by the State, this is not an exhaustive list, but the topics that need further discussion and study.

Figure 11: Overview of Policy and Operational Decisions

Consideration	Description
Exchange Participation	The success of a state-based Exchange is reliant on attracting a substantial number of participants (individuals and small businesses) as well as health plans. The volume of Exchange enrollees directly impacts the annual operation costs.
SHOP Functions	The State has decided that there will be one Exchange that combines the individual market and small business employer market, the Exchange must perform the SHOP business functions as described by the PPACA. In order to attract small business employers to join the Exchange it is important to design some features that will be attractive for them beyond the potential of receiving a tax credit for two years. These additional functions and services will increase costs; however, it should also significantly increase the number of enrollees. Increasing the number of enrollees will increase some costs, but it may also reduce the services that are charged at a per member per month (PMPM).
Navigator Program	The PPACA requires state Exchanges to establish a Navigator program that will help people who are eligible to purchase coverage through the Exchange learn about their new coverage options and how to enroll. The State will need to examine this topic further to determine how it will be staffed and funded. Depending on the program design, there may be an impact to operation costs.

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Consideration	Description
Integration with Medicaid Programs	The PPACA includes requirements to integrate eligibility and enrollment between Medicaid and the Exchange; the PPACA also requires enrollment simplification and coordination with the Exchange. To support the Exchange’s ability to determine eligibility for and seamless transitions among health insurance coverage types (Medicaid or QHPs), South Dakota needs to make fundamental infrastructure and integration policy and operational decisions. The State may qualify for federal funding depending on the final plan from State leaders.
Operational issues for the Cost Model	Staff from the Governor’s Office and the Bureau of Finance and Management met frequently with the Navigant team to address the many business functions and staffing requirements to estimate the implementation and ongoing cost models for the Exchange. There are federal requirements that must be met in the design of the Exchange, such as the IT linkages to other state and federal agencies, data collection, data management, auditing and reporting functions, enrollment, billing, collection and payment functions and the actual portal. Discussions with the State regarding the different options of building, buying or contracting out allow a broader perspective of how an Exchange could be designed to meet the needs of South Dakota while avoiding the development of many in-house functions.

Through the upcoming years, if the State decides to move forward with an Exchange, it will be deciding further on the issues discussed in this section as well as additional issues that arise during the planning and implementation process. The cost model that was developed for South Dakota used the best assumptions that the state could provide at the time realizing that vendor costs and federal regulations may change. Developing an Exchange is a process, as more decisions are made and final regulations are released, the State may need to alter some of their cost assumptions to better estimate the implementation and annual operation costs. Also, if South Dakota adopts a different strategy to attract more individuals and small employers to the Exchange, the cost model will also need to be updated.

INFORMATION TECHNOLOGY AND OPERATIONS ASSESSMENTS

The IT and operational assessments provided the background needed to understand the “current state” IT capability so we could identify the necessary components to meet the “future state” IT requirements of an Exchange. This assessment was the foundation as we built the components of the cost model and understood the State’s direction for developing two reasonable Exchange models. In interviews with state agencies, we reviewed existing operations documentation to understand the current IT systems, standards and conventions used across the State’s government and within its agencies. We also reviewed existing business processes and IT assets that the State could leverage to develop its Exchange.

Summary of Interview Findings

Through the interview process, the team identified several areas of consensus throughout the state’s IT landscape, including:

- *Current Use of Technologies Operated Outside of State IT Infrastructure.* Certain South Dakota agencies, including the Judicial Branch, have already begun the move to shared cloud computing environments which is a delivery mechanism of IT infrastructure that is provided as a hosted service. In a cloud computing environment, a third party vendor contracts with the state to provide the IT functionality and so that vendor is actually hosting the state’s IT needs for a price instead of the state investing in the infrastructure. This is a similar concept to hosting the web portal application with a third party entity.
- *One Hosted Portal.* Because the state is already comfortable with technologies hosted outside of the state’s IT infrastructure, a hosted portal became one of the options represented in the implementation cost model. After several state agencies viewed vendor demonstrations from current commercial insurance enrollment portal vendors, South Dakota decided to make its web portal the central enrollment and eligibility interface for the Exchange for cost model purposes. If the State decides to move forward with developing an Exchange, it plans to organize a formal Request for Information/Request for Proposal process for a portal vendor in a later implementation phase.
- *Existing Capabilities for Telecommunications.* Existing call center capabilities can be applicable to the Exchange requirements. Specifically, the BIT recently built a regional call center in Aberdeen for the DLR. The State can leverage existing vendor

- relationships and established technology standards when building the required call center for its Exchange.
- *Lack of Development of Multi-State or Federal-State Exchange Option.* There is currently a lack of guidance from the federal government regarding a federal-state collaborative option. In addition, at the time of this report, we see no evidence of progress toward a viable multi-state Exchange. As such, the State determined that cost assumptions should consider a single-state Exchange. The State may revisit its decision if multi-state or federal-state collaborative Exchange become viable options in the future.
 - *Prohibitive Costs of Building a New System.* Based on our review of other states' projected costs, including those for Massachusetts and Arizona, for building an Exchange, we recommended that South Dakota not build a custom Exchange platform. After reviewing the potentially lower costs of commercial vendor solutions, the State plans to leverage those solutions that will work together with existing state services like telecommunications to create an Exchange environment. As results from the Early Innovator Grants are released, additional options may be available for South Dakota to consider.
 - *Desire to Upgrade Medicaid Eligibility.* Across multiple interviews with state agencies, Navigant discovered significant opportunity and desire to implement self-service capabilities and business processing for Medicaid and other social services eligibility determination. The Kaiser Family Foundation Medicaid IT study shows that South Dakota was one of only seven states that had no online application capabilities for Medicaid (however, South Dakota does have online capabilities for other social services).² The State shared its vision where all data for Exchange eligibility and Medicaid eligibility could be collected through the same online portal. Even though the State understands that federal Exchange funding regulations will not cover Medicaid and social services eligibility online application build out, South Dakota has a vision for an Exchange that can handle all participants through a common "front door, with no wrong way in."

² Kaiser Commission on Medicaid and the Uninsured, *Online Applications for Medicaid and/or CHIP: and Overview of Current Capabilities and Opportunities for Improvement*, (June 2011).

High-level System Summary

Navigant conducted a high-level analysis of the State’s legacy systems to assess technological and operational readiness against third-party vendor solutions. With a vision for a centralized online solution that interfaces with the Exchange QHPs, Medicaid and other state medical assistance programs and other public programs, we evaluated on-premise build options from other states.

Based on our feasibility assessment and the preliminary results of the cost model for the state, the state identified the on-premise Exchange to be less cost-effective than a hosted model, as discussed in the Cost Model section of this report. Thus, we proceeded to present a subscription-based hosting model as a comparative evaluation against the on-premise design, build and deploy option.

With either option, Navigant focused on functional components, described in Figure 12, to represent the core Exchange functions aligned with the State’s vision.

Figure 12: Functional Components of the Exchange

Functional Components	Description
Program Integration through a Single Interface	The State envisions a centralized online solution with a streamlined eligibility determination process across Exchange QHPs, Medicaid and other state medical assistance programs and other public programs. This single “front door” allows the individual to enroll into an Exchange plan but also determine if the individual or his or her dependents qualify for available assistance programs.
Business Rules Engine	The business rules engine, included in the hosted Exchange model, drives the capability for QHP comparisons, eligibility determination, benefit subsidy and tax credit determination and Navigator support.
Electronic Data Interfaces	The Exchange will need to connect to multiple entities and systems to facilitate eligibility determination, program referral, administration, reporting, print fulfillment, billing and payment. Data interfaces to external systems include federal, state, QHP, the public assistance reporting information system (PARIS) and financial entities. ³ We have assumed the Federal Data Hub will have one interface

³PARIS is a federal-state partnership, which provides all fifty states, D.C., and Puerto Rico detailed information and data to assist them in maintaining program integrity and detecting/ deterring improper payments.

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Functional Components	Description
	fee for all inclusive federal agencies. ⁴ We have identified more than 40 distinct interfaces.
Data Management	<p>Data Management includes the data warehouse and reporting functions for the Exchange portal and supporting Exchange operations.</p> <p>There is an opportunity to implement a new PMI as the central data warehouse facilitating near real-time eligibility determination process. Presently, a legacy PMI repository has roughly 2,500 tightly integrated modules/programs in the Medicaid eligibility system and the Child Support system. The Exchange will need a participant master data repository to track participant enrollment, history and provide extensive data retrieval and reporting.</p>
Load and Delinking	<p>Although the Exchange will serve as the initial eligibility/enrollment for Medicaid, configurations must be made to leverage legacy systems to allow forwarding of the Exchange eligibility/enrollment data to the Medicaid enrollment systems while triggering the Medicaid system to not duplicate the enrollment process. Also, to ensure optimized efficiency, new interfaces will be required to support electronic transmission of enrollment data from the Exchange to Medicaid and or other social services programs. Optimally, the Exchange will include an electronic data load to prevent manual data entry and facilitate a real-time system-to-system data exchange.</p>
Accounting System	<p>Navigant recommends that the state should leverage its financial accounting system to manage contributions, eligibility, payroll deductions and plan accounting.</p>
Privacy and Security	<p>To assure compliance with state and federal privacy and security regulations, resources are required to conduct independent verification and validation of the Exchange system. This includes access control mechanisms to assure “no wrong door” access.</p>
Print and Postage	<p>Navigant identified an opportunity to leverage South Dakota's Bureau of Administration Central Mail and Central Duplicating services in support of the marketing and outreach, eligibility and enrollment changes, and billing and payment requirements for consumers who choose paper statements and notifications.</p>

⁴The Federal Data Hub will verify citizenship, immigration status, and tax information with the Social Security Administration (SSA), the Department of Homeland Security (DHS), and the Internal Revenue Service (IRS).

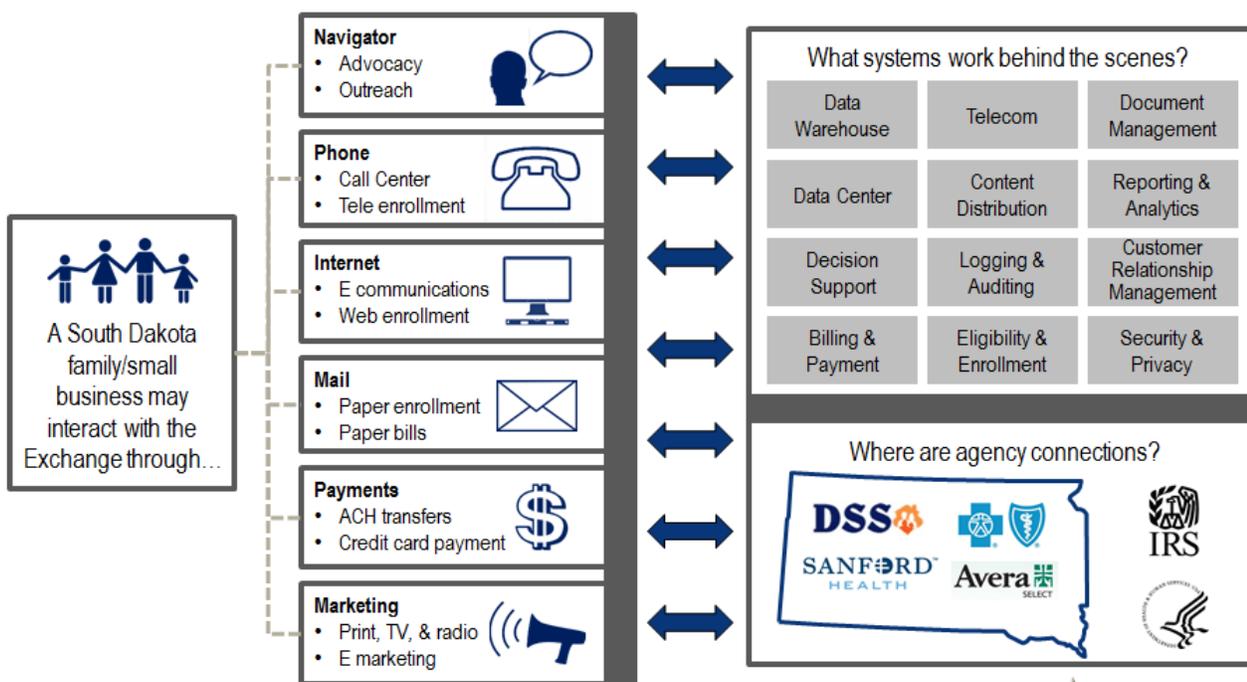
DEVELOPMENT OF AN EXCHANGE COST MODEL FOR SOUTH DAKOTA

Introduction to the Cost Model

The PPACA requires that each state develop an Exchange that will meet the goal of providing access to health coverage through a portal that allows consumers and small business employers to easily compare and purchase health insurance. Establishing an Exchange is essentially creating a new entity that must be staffed by qualified employees, have office space and equipment, have IT systems to support all required data collection, data management, auditing and reporting capabilities and designing this entity to technically integrate with other state agencies as well as several federal departments in a “real-time” manner.

Even though an Exchange may seem like a single entity on the front end, the internal operations bring together complex systems, processes and connections to agencies and payers, as demonstrated by relationships and interfaces illustrated in Figure 13.

Figure 13: Model Exchange Component Overview



Cost Model Development Methodology

The information contained in this document and accompanying financial models is based on the federal regulations available, South Dakota policies, as well as Exchange Task Force and Subcommittee input provided to Navigant at the time of the engagement. As the state continues to evaluate Exchange options, more finalized regulations, vendor information and

data that will become available the State will need to evaluate this information to determine how it may affect the estimates provided in this report. All costs contained in Navigant's model are based on the best available information provided by the State at this time, unless otherwise noted.

The Navigant team developed several iterations of the cost model as the State refined its assumptions and directional decisions. The cost model was developed taking into account the following federal requirements regarding Exchange functionality:

1. Maintains a web portal that:
 - a. Provides information that allows comparison of all QHPs offered through the Exchange.
 - b. Provides a centralized portal for income-based income eligibility. The State has also envisioned that the Exchange will serve as the centralized electronic application for non-income based Medicaid programs and other social services programs⁵.
 - c. Provides an automatic calculator that allows users to determine the actual cost of coverage after accounting for any premium tax credit and cost sharing reductions.
2. Determines eligibility for tax credit premium subsidy using income and household size for the previous tax year through electronic exchange with the federal Department of the Treasury.
 - a. Makes use of other electronic data sets available that may be beneficial in validating name, address, age, income, household size, citizenship and other elements.
 - b. Provides timely notice of eligibility or ineligibility.
3. Operates the enrollment process for all QHPs offered on the Exchange that:
 - a. Allows consumers to select and enroll in a health plan for which they are eligible.
 - b. Accesses information which will assist them to evaluate the choices they have, such as whether their personal physician participates in the plan or where primary care practices that participate are located compared to where the consumer lives.
 - c. Allows employers to select and enroll in a QHP for their employees.
 - d. Permits payment of premiums and access to manage initial enrollment and annual open enrollment processes.

⁵ Note: these costs are highlighted as potential 90/10 or alternate funding mechanism.

4. Maintains a consumer assistance toll-free call center.
5. Communicates electronically with private health plans regarding:
 - a. Initial enrollment.
 - b. Eligibility for premium assistance and reduced cost sharing.
 - c. Changes in eligibility for subsidy due to income changes.
 - d. Changes in plan enrollment.
6. Administers the process for requests for waivers from the individual mandate to have insurance.
7. Provides data required to satisfy federal reporting requirements.
8. Develops a Navigator program.

Additionally, the SHOP Exchange functionality for small businesses includes the following:

1. Determines whether the employer is qualified for purchase of health insurance through the Exchange.
2. Operates/facilitates the enrollment process.
3. Handles applications over the internet, in person, through the mail and over the phone.
4. Communicates with plans regarding initial enrollments and changes of enrollee status.
5. Determines eligibility of small businesses for tax credits.

The cost model examines both implementation costs and ongoing operating costs for the Exchange. Implementation costs are incurred as part of the development and startup of the Exchange and must be intentionally separated from any ongoing costs. In the event the State decides to move forward with implementation and apply for additional federal funding, Navigant has clearly identified costs associated with startup that would meet federal criteria.

The one area in particular that needs further study is the division between the integration of the eligibility and determination functionality of the Exchange and of the Medicaid and other social services programs. The State has a vision for a centralized eligibility system for Medicaid and other social services eligibility and a system that aggregates all of the data so individuals will not need to register the information multiple times. Determining IT systems, how they interface with the Exchange and costs of a fully integrated Medicaid management system will require further study of the federal Exchange regulations when they are finalized, and clarification as the State continues to define the end-to-end Medicaid and social services eligibility processes.

Costs of Implementation and Operations

The PPACA clearly identifies that implementation costs will be funded by the federal government, but all costs associated with the ongoing operations of the Exchange will be the responsibility of each Exchange. As discussed earlier, the Early Innovator Grants were awarded for the design of Exchange technology systems to provide cost-effective approaches to implement and operate Exchanges. At the time this report was written, no information or results were available from the Innovator Grants for Navigant to incorporate in either the implementation or the ongoing operation cost model. In the future, innovative products that result from this and other initiatives may decrease costs and suggest updating to the model proposed in this report.

Figure 14 classifies the costs we have considered in the development of the model, and presents them as either implementation or operating costs. Many of the cost assumptions regarding implementation and operation were provided by the State; State agencies are the most familiar with staffing and other direct costs. In those circumstances where the State could not provide cost estimates, we projected these costs based on experience in the marketplace. Appendix B contains a definition of each implementation cost area, what types of cost are included in each area, and the methodology for how Navigant determined the cost.⁶ Appendix C contains the same information for ongoing operational costs.

Figure 14: Implementation and Operation Costs – Functional and Technology Areas

Implementation Costs	Ongoing Costs
<ul style="list-style-type: none"> • Required state resources 	<ul style="list-style-type: none"> • Required State Resources
<ul style="list-style-type: none"> • Portal 	<ul style="list-style-type: none"> • Portal
<ul style="list-style-type: none"> • Business Rules Engine 	<ul style="list-style-type: none"> • Billing and Payment (Sourced)⁷
<ul style="list-style-type: none"> • Electronic Data Services 	<ul style="list-style-type: none"> • Print and Postage
<ul style="list-style-type: none"> • Load and Delinking 	<ul style="list-style-type: none"> • Electronic Data Services (Sourced)
<ul style="list-style-type: none"> • Accounting System 	<ul style="list-style-type: none"> • Administrative Costs
<ul style="list-style-type: none"> • Call Center 	<ul style="list-style-type: none"> • Labor and Benefits (non-Call Center staff)

⁶ If South Dakota moves forward with the Exchange, the state may decide to outsource more functions than those listed.

⁷ The capability or function is wholly or partially subcontracted to a third party vendor or service provider.

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Implementation Costs	Ongoing Costs
<ul style="list-style-type: none"> • Navigator Program 	<ul style="list-style-type: none"> • Labor and Benefits (Call Center staff)
<ul style="list-style-type: none"> • Print and Postage 	<ul style="list-style-type: none"> • Call Center support
<ul style="list-style-type: none"> • Security and Privacy 	<ul style="list-style-type: none"> • Navigator Program (Sourced)
<ul style="list-style-type: none"> • Data Management 	<ul style="list-style-type: none"> • Communications and Outreach
<ul style="list-style-type: none"> • Testing 	
<ul style="list-style-type: none"> • Procurement 	
<ul style="list-style-type: none"> • Implementation support and program management 	

Based on Subcommittee discussions and guidance provided by the State, the cost model does not account for costs for the following:

- Billing and payment for the individual market.
- Health plan certification, recertification and decertification.
- Broker referral tracking and commissioning (although broker lookup/referral is considered an optional function and the costs of such are included in the cost model).
- Full replacement of Medicaid eligibility system (Exchange functionality is not within scope of Exchange Establishment funding. The current Medicaid eligibility/enrollment systems, ACCESS, which includes a broader set of programs, data interfaces, etc. than the eligibility determination functionality based on Modified Adjusted Gross Income (MAGI) needed for the Exchange.).
- Other insurance products such as dental, vision, and other eligibility services including employer COBRA.

There are additional implementation costs considerations which the State may want to consider if its moves forward with developing an Exchange, including the following:

- Secondary language capabilities (portal vendors can support with additional fees).
- Budget allocation for program advisory and risk management consulting services.

- Developing a master participant data warehouse and reporting capability. Current systems such as PMI may not be adaptable or scalable due to tightly woven integration with current legacy Medicaid systems.

Exchange Population

The size of the Exchange population has implications for the cost of the Exchange and determining the population of South Dakotans who will use the Exchange to obtain health insurance is central to the cost model. For example, a larger Exchange enrollment will increase the amount of data flowing through the Exchange, which will affect the complexity of the portal solution needed to handle the volume of transactions; however, a larger enrollment may also decrease costs that are contracted on a PMPM basis.

The Navigant team reviewed preliminary, publically available demographic data of South Dakota and analysis regarding the impact that the PPACA will have on the population. Navigant worked closely with the State to develop Exchange participant estimates based on the best available South Dakota-specific data.

To assess the population of potential Exchange enrollees, it is critical to understand the current population and the distribution of the population among the various income brackets as defined in the PPACA. Relevant to estimating the number of potential enrollees in the Exchange it is essential to understand the following population segments:

- The number of individuals who are currently eligible for Medicaid but not enrolled
- The number of individuals newly eligible for the expanded Medicaid under the PPACA
- The population within the income bracket of 134 percent up to 400 percent FPL
- The population within the income bracket of greater than 400 percent FPL
- Small business employers (<50 employees) that may participate in the Exchange

Understanding the uninsured population is important for estimating the number of potential Exchange participants. In the spring of 2011, the State contracted with Market Decisions to conduct a survey to produce updated estimates of the insured and uninsured population in preparation for determining whether the State should implement a state-based Exchange. The 2011 South Dakota Health Insurance Survey was based on telephone interviews conducted between May 10, 2011 and June 9, 2011 among 2,530 randomly selected households in South

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Dakota representing 6,157 residents with a margin of error of plus or minus 1.4 percent.⁸ The results of this survey were preliminary at the time of this report.

The State relied on the preliminary data provided by the survey to inform discussion and decision-making related to the Exchange. We used some of the survey data as the basis for making Exchange population estimates used in the cost model. In addition, the State examined demographic studies by the DLR, and other research sources, as well as examining South Dakota's income distribution and federal poverty guidelines.

If South Dakota moves forward with the development of an Exchange, the Exchange system will likely serve as the "front door" for all individuals to enter and have the Exchange system determine the initial eligibility requirements such as income, citizenship and residency. To provide a range of potential Exchange eligibility users, Navigant worked with the DLR and the DSS to calculate a high estimate of 334,826, and a low estimate of 196,744 as displayed in Figure 15. The high and low number of potential Exchange eligibility users provides the range of ongoing operation costs since this number is difficult to determine at this time. If the State decides to move forward with developing an Exchange, we recommend that further market analysis, including actuarial studies, be conducted to confirm the likely participants (including individuals and small employers) in the Exchange.

For the high volume projection of participants that will enter the Exchange system, the DOI and the DSS estimated that 100 percent of the uninsured, who are eligible for Medicaid, will enter the Exchange system and be directed to the Medicaid system to obtain coverage (i.e., these users will have a 100 percent take-up rate). Individuals who are currently insured but become income eligible for Medicaid or a subsidy for a QHP in the Exchange are estimated to have a 22 percent take-up rate. In addition, those currently uninsured who are not eligible for Medicaid will have a 56 percent take-up rate to enroll in a QHP in the Exchange. The DOI determined take-up by examining studies of take up rates for individuals in similar circumstances. Additionally, take-up rate estimates are consistent with the State's experience in other programs. It is reasonable to assume that the likelihood that an uninsured individual will accept (or take-up) an offer of insurance is related to the premium amount that the individual must contribute toward the cost of coverage and ease of getting coverage through the Exchange. The breakdown of this calculation for the high and low volume estimates is provided in Appendix D.

⁸ Market Decisions, *Draft Report: Provide Background Research for a State Based Health Insurance Exchange* (July 2011).

The low volume estimate assumes that both the uninsured who are eligible for Medicaid and the uninsured who are not eligible for Medicaid will have a 33.65 percent take-up rate. As provided by the DOI, the insured individuals who are income eligible for Medicaid or a subsidy through the Exchange are estimated to have a 22 percent take-up rate.

Figure 15: Estimated Exchange and Medicaid Population

	Low Volume Estimate	High Volume Estimate
Exchange Participants	97,070	166,767
Medicaid Enrollees	99,674	168,059
Combined Total	196,744	334,826

Estimated Exchange Costs

The estimated costs of operating an Exchange will play a key role in the State’s determination to pursue the development of the Exchange. The Navigant team collaborated with the State to define and then refine a model with assumptions that best represents the State’s needs. We then used the model to create estimates for the following categories:

- Estimated costs associated with the implementation of a “Hosted” State-based Exchange (will require further investigation and planning).
- Estimated costs associated with the annual operation of a State-based Exchange using a low population estimate for Exchange enrollees.
- Estimated costs associated with the annual operation of a State-based Exchange using a high population estimate for Exchange enrollees.

Implementation Estimates

We determined that the estimated costs of implementing a South Dakota-specific Exchange model to be approximately \$45 million; however, \$23 million of this total is associated with the PMI which needs further investigating by the State. When we first were developing the Exchange in collaboration with the State, we designed an option that would assume the State would develop the IT infrastructure necessary to have full in-house or on-premise system capability to deliver the requirements of the Exchange. After the original cost estimates were being produced, the State decided that the on-premise model would be cost prohibitive and so Navigant did not advance with this option. For the hosted option, which means that the State would contract with a third-party vendor that would “host” the State’s Exchange on the

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vendor’s IT architecture on a subscription-basis, the cost estimate is \$45,233,699. Figure 16 provides the detailed estimated cost by line item for the “Hosted Exchange” option.

The data management/PMI line item drives the largest portion of Exchange implementation cost. Navigant proposed the implementation of a new PMI, accounting for \$23,107,500 of the \$23,787,500 data management cost, to act as an authoritative source for identifying known applicants across all plans through the Exchange in real time. Although this represents a substantial investment, this strategic objective would alleviate the constraints and limitations of the legacy data warehouse system for improved operational effectiveness and, most importantly, improve the customer service/user experience to help drive the Exchange take-up rate.

Figure 16: Summary of Implementation Costs for the Hosted Exchange Model

Technology Component	Hosted Exchange Subtotal
Required State Resources	\$648,091
Portal	\$8,245,199
Business Rules Engine	\$200,000
Electronic Data Services	\$5,660,000
Load & Delinking	\$550,000
Accounting System	\$190,000
Call Center	\$315,788
Navigator Program	\$41,684
Print and Postage	\$62,154
Security & Privacy	\$375,200
Testing (2%) ⁹	\$844,568
Procurement (.05%) ¹⁰	\$201,320
Implementation Support & Program Management (10%) ¹¹	\$4,111,350
Subtotal Implementation Costs	\$21,437,355
Data Management/PMI(Requires additional research and planning) ¹²	\$23,787,500
Total Implementation Costs	\$45,233,699

⁹ Testing is calculated as 2% of preceding Implementation Costs listed minus Required State Resources.

¹⁰ Procurement is calculated as 0.5% of preceding Implementation Costs listed minus Required State Resources.

¹¹ Implementation Support & Program Management is calculated as 10% of preceding Implementation Costs listed.

¹² BIT provided cost estimates based on reengineering current PMI solution to serve as Exchange data repository and reporting system.

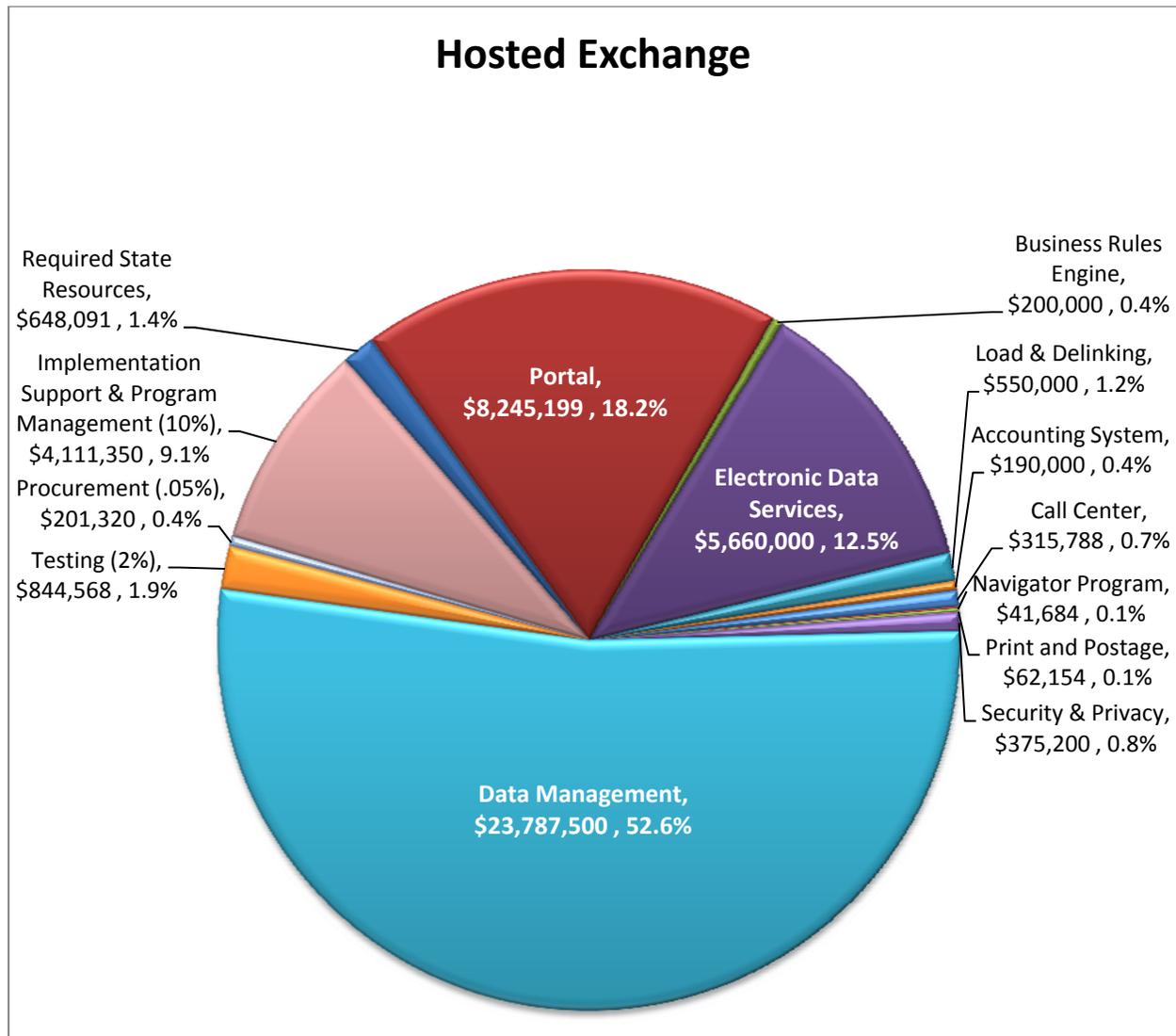
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As noted previously, the current state participant master data source, or the PMI, is tightly integrated into the current Medicaid eligibility system, ACCESS. The Exchange will require a master data repository for data management, tracking, and reporting. Whether the current state PMI is reengineered or a new data repository is built, this is a considerable investment.

It is important to note that built into the implementation costs and within the scope of the Exchange planning process are costs associated with the modified adjusted gross income or MAGI-eligibility capability. DSS worked with Navigant to evaluate and estimated costs associated with the MAGI eligible Medicaid recipients such as low income, pregnancy, and CHIP. One and a half million dollar placeholder was added in addition to additional costs for integrating electronic data interfaces (EDI) to facilitate the eligibility determination process.

Figure 17 describes the percentage distribution of estimated costs. Substantial investment in the portal and data management areas needs to occur.

Figure 17: Distribution of Implementation Costs for a Hosted Exchange



Annual Operations Estimates by High Volume and Low Volume Options

We estimate the annual costs of operating the Exchange range from \$6 million to \$7.7 million, based on volume. The operational costs may vary depending upon how the State decides to govern and structure the Exchange; however, they do provide a reasonable cost estimate with conducting all the business requirements as outlined in the PPACA. Economies of scale may be better realized if the Exchange was to attract more individuals through the small group market due to PMPM contracting arrangements.

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Figure 18 provides estimates of operating costs by major function. Figure 18 also shows how the costs of each function vary as the number of Exchange system users increase. Of note:

- The percent of allocated costs will increase as the participant population increases for the Portal and for Print and Postage components of costs. These two functional costs are mainly composed of PMPM pricing.
- The percentage of allocated costs will decrease for Labor as the number of enrollees increases, since the majority of positions in the current staffing model remain constant, regardless of Exchange population. It is difficult to project staffing requirements necessary to provide the specialized functions of an Exchange. South Dakota is not in the position to describe the organizational structure of the Exchange as that has not yet been decided, so staffing cost estimates may change if the State decides to operate the Exchange within an existing agency or contract with a nonprofit entity. Navigant used information from other states’ staffing levels to project the necessary resources for South Dakota as such, this data should be used as “informational only” and no conclusions from this report should be made regarding staffing. The sample listing of the positions can be found in Appendix E.

Figure 18: Exchange Annual Operation Cost Estimate by High and Low Volume

Exchange Function	196,744 Consumers		334,826 Consumers	
	Cost	% of Cost	Cost	% of Cost
Portal	\$2,101,076	32.9%	\$3,448,707	44.3%
Billing and Payment	\$452,064	7.1%	\$475,087	6.1%
Print and Postage	\$51,726	0.8%	\$86,470	1.1%
Required State Resources	\$357,173	5.6%	\$357,173	4.6%
Electronic Data Services	\$ 589,400	9.2%	\$589,400	7.6%
Administrative Costs	\$313,645	4.9%	\$313,645	4.0%
Labor and Benefits (non Call Center staff, non Navigator staff)	\$823,640	12.9%	\$823,640	10.6%
Labor and Benefits (Call Center staff)	\$291,438	4.6%	\$291,438	3.7%
Call Center Support	\$23,054	0.4%	\$23,054	0.3%
Navigator Program (including Navigator staff)	\$816,325	12.8%	\$816,325	10.5%
Communications and Outreach	\$496,650	7.8%	\$496,650	6.4%
Travel	\$60,794	1.0%	\$60,794	0.8%
Total Yearly Operating Costs:	\$6,376,985	100%	\$7,782,383	100%

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Department of Social Services Implementation Costs

Navigant engaged in discussions with the DSS regarding the non-MAGI eligible programs and costs that are not associated with the Exchange per se, but may have an impact on ongoing costs overall. A one million dollar placeholder was added to operating cost estimates for the integration of these programs (e.g., transitional, breast and cervical, adoption, Supplemental Security Income, foster, newborn, children under human services, children under Department of Correction and long-term care) and the Exchange. In addition, we have also evaluated other social programs such as Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP), and have estimated a one million dollar placeholder for additional integration of the EDI to each program’s eligibility determination system. Although these additional costs appear in the ongoing operational cost models, these costs are not within the scope of Exchange planning and should be properly accounted for in the event Level I funding is applied for through HHS.

Medicaid

To determine costs shared between the Exchange and Medicaid, Navigant examined the applicable Exchange functional areas that Medicaid consumers will use. Notably, Medicaid programs will not share costs for Billing and Payment functions (which are for SHOP only) or for the Navigator Program (this may change if South Dakota moves forward with a Navigator Program that may serve both Exchange and Medicaid consumers and will need to be cost allocated accordingly). Navigant then applied the direct Medicaid percentages of overall Exchange population to the overall operating costs previously described. The Medicaid population as a percent of the Exchange population is displayed in Figure 19. Figure 20 displays the costs allocated to Medicaid for both low and high volume estimates.

Figure 19: Percentage of Exchange System Population that is Medicaid

	Low	High
Total Exchange Population	196,744	334,826
Total Medicaid Population	99,674	168,059
Medicaid Percent	50.7%	50.2%

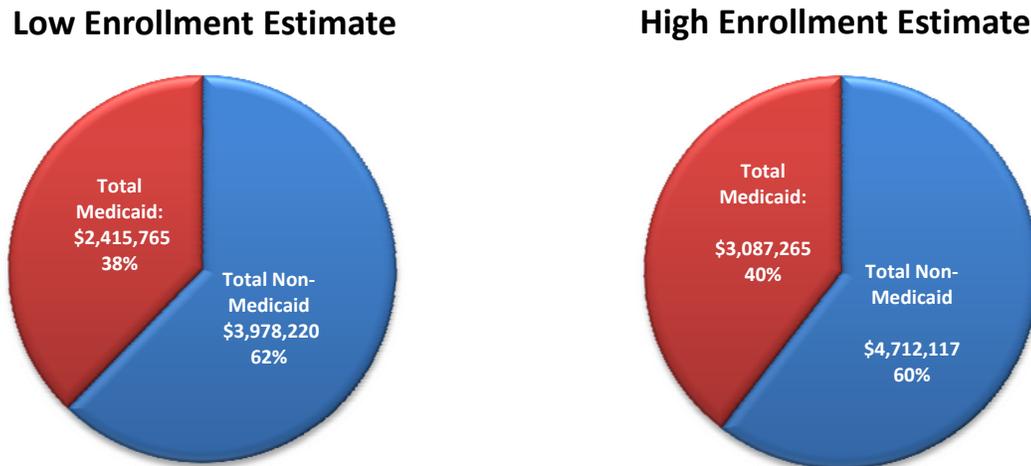
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Figure 20: Medicaid Budget Allocation

Comparison by Number of Consumers	196,744 Consumers		334,826 Consumers		Applicable to Medicaid?	Medicaid Share Low	Medicaid Share High
	Ongoing Operations Cost Summary	\$	%	\$			
Portal	\$2,101,076	32.9%	\$3,448,707	44.2%	Yes	\$1,064,441	\$1,731,007
Billing and Payment	\$452,064	7.1%	\$475,087	6.1%	No	-	-
Print and Postage	\$51,726	0.8%	\$86,470	1.1%	Yes	\$26,205	\$43,402
Required State Resources	\$357,173	5.6%	\$357,173	4.6%	No	-	-
Electronic Data Services	\$589,400	9.2%	\$589,400	7.6%	Yes	\$298,600	\$295,837
Administrative Costs	\$313,645	4.9%	\$313,645	4.0%	Yes	\$158,898	\$157,428
Labor and Benefits (non Call Center staff, non Navigator staff)	\$823,640	12.9%	\$823,640	10.6%	Yes	\$417,270	\$413,409
Labor and Benefits (Call Center staff)	\$291,438	4.6%	\$291,438	3.7%	Yes	\$147,647	\$146,281
Call Center Support	\$23,054	0.4%	\$23,054	0.3%	Yes	\$11,680	\$11,571
Navigator Program (including Navigator staff)	\$816,325	12.8%	\$816,325	10.5%	TBD	-	-
Communications and Outreach	\$496,650	7.8%	\$496,650	64%	Yes	\$251,611	\$249,283
Travel	\$60,794	1.0%	\$60,794	0.8%	Yes	\$30,799	\$30,514
Total Yearly Operating Costs:	\$6,376,985	100%	\$7,782,383	100%	Total Medicaid:	\$2,407,152	\$3,078,732

Based on our estimates, the breakdown of Medicaid and non-Medicaid cost distributions does not vary significantly with Exchange population size, as displayed in Figure 21.¹³

Figure 21: Medicaid and Non-Medicaid Cost Distribution



In summary, during the engagement we worked closely with the State agencies, co-chairs of the Subcommittees and presented preliminary findings at the Task Force meetings for stakeholder feedback. This was an iterative process of review and refinement until the components and the assumptions of the cost models were accepted. Navigant presented the final cost components to a joint meeting of all three Exchange Subcommittees. The Subcommittees submitted their final comments on the cost components and these last suggestions and verifications were added to the overall cost model to finalize the estimates presented above.

The estimated implementation costs of \$45 million (includes the \$23 million for PMI) and the estimated annual operation costs of \$6-7.7 million are based on the best available information provided by the state, federal regulations and current vendor marketplace at this time. These estimates may vary and should be used as a guide. Further planning and investigation will need to occur if South Dakota decides to move forward with an Exchange to better project Exchange participation and the division between the integration of the eligibility functionality of the Exchange and Medicaid programs.

¹³ Medicaid costs are estimated by allocating applicable functional ongoing budgets. The Navigator Program and Billing and Payment functions are NOT allocated to Medicaid.

NEXT STEPS

The results presented in this report will assist the State in determining whether or not to establish a state-based Exchange. We estimate that the implementation costs will be approximately \$45 million and annual operational costs will be \$6-7.7 million. Many variables including future state policy and legislation (e.g., governance, organizational structure and Medicaid integration), federal regulations, and the vendor landscape may affect these costs. Furthermore, the lawsuits challenging the individual mandate component of the PPACA may further complicate these estimates.

In moving forward with Exchange planning, the state will continue to face several key challenges:

- **Complexity.** The state's Exchange will require significant integration across many complicated IT systems in different agencies while also upgrading an aging infrastructure.
- **Timeframe.** With Exchanges opening January 1, 2014, the state must forgo some experimentation and innovation to meet the tight timeframe.
- **Future funding.** If South Dakota decides to move forward with Exchange development and to be eligible for Level II funding from the federal government, South Dakota must show significant planning progress from both an IT and legal authority standpoint.
- **Regulations.** While HHS has issued some of the draft regulations, these rules will continue to change as other states submit comments and concerns are clarified by the federal government.
- **Staffing.** Exchange implementation will require highly-skilled individuals, both employed and sourced by the state, so South Dakota must prepare to find the necessary talent for staffing and executive positions.

With its continued Exchange efforts, the State has several planning opportunities that will guide implementation. The next steps will help to refine Navigant's estimates and provide more details around some of the current open questions and challenges. These upcoming opportunities for planning include:

- **Market impact assessment.** The state can further research its insurance markets to determine impact on health plans, premiums for individuals and small group market.

- **Portal solutions.** Although the state agencies have already seen a few portal vendor demonstrations, South Dakota can conduct a formal Request for Information (RFI) process to see detailed capabilities of potential portal solutions and evaluate future opportunities.
- **Further planning research.** There may be a benefit to further research the potential number of Exchange enrollees of the individual market and small employer market through actuarial and economic analyses; conduct more stakeholder session regarding attracting more small employers to the Exchange; more research to determine the policies, financing and contracting process for the Navigator program; and an in-depth assessment of the outreach and communications plan.
- **Systems analysis.** The DSS can perform a more extensive requirements analysis around Medicaid and social services program eligibility to see how those programs may integrate into the Exchange portal.
- **Billing and payment solutions.** The State can perform additional RFI processes for billing and payment solutions, since South Dakota's small employer enrollment numbers may make procurement for this function more difficult.
- **Data and reporting.** The PPACA requires states to have strong reporting capabilities for their Exchanges. The current state data sources such as PMI will require significant reengineering and investment. South Dakota should examine the future directions for its participant data warehouse and the required reporting capacities.
- **Exchange governance.** As Governor Daugaard determines the Exchange's formal governance structure, the state can refine the end staffing model and the Exchange's relationship with current state agencies.

APPENDICES

APPENDIX A: SUBCOMMITTEE DRAFT RECOMMENDATIONS

Health Insurance Exchange Task Force
Draft Subcommittee Recommendations

Insurance Plan and Market Organization

Co-chair, Randy Moses, Division of Insurance
Co-chair, Eric Matt, Office of the Governor

Objectives:

- Make recommendations regarding the methods and rules under which insurance agents can participate in the placement of coverage through the exchange
- Carrier certification process and role of the Division of Insurance
- Recommend standards for marketing of products within the exchange for agents and carriers
- Recommend method for employers and employees to enroll and purchase health insurance in an exchange
- Recommend requirements for network adequacy within and outside exchange
- Outline the ways in which adverse selection can occur

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Description	Recommendation
<p>Defined contribution plans offer employers a way of fixing costs by providing a set monetary contribution for employee health plans. Employers have then allowed employees the choice among benefit levels with any extra costs with plan options borne by the employee. With defined contribution it is also possible to set up through the exchange an employee choice model, whereby the employee/dependent can choose among plans offered by various insurers. A form of employee choice is required under the PPACA exchange rules.</p>	<p>IPMO 1: The exchange should provide to employers that choose to offer defined contribution plans to eligible employees the option of choosing either an employee choice or an employer choice method of enrollment into the exchange</p>
<p>Most employers do not offer health insurance to employees on a defined contribution basis but rather on a defined benefit basis. Under this method, employers choose the benefit plan(s) and pay a set percentage of contribution toward the employee/dependent premium. Under a defined benefit model, employer contributions may vary based upon premium increases and based upon the employer’s choice of plan design. Allowing this option will be helpful in providing employers a benefit structure they and their employees are familiar with.</p>	<p>IPMO 1a: In addition to the defined contribution model, employers should also be provided with the option of a defined benefit plan. With this option, the employer could choose the benefit structure(s) for the employees with the employer contribution set as a percentage of premium as opposed to a defined contribution amount.</p>
<p>One of the populations with a higher incidence of being uninsured is part-time workers. In addition, South Dakota, as a state, has the highest percentage of those holding multiple jobs. With an employee choice premium payment module, premiums for part-time employees can be aggregated for payment to individual market carriers. This would offer a method for assisting those part-time employees for those employers wishing to contribute even a small amount toward those employees’ health insurance.</p>	<p>IPMO 2: The exchange should offer employers the option to provide part-time employees, who are not eligible for coverage under the employer’s health benefit plan, the option of enrollment in and contribution to coverage for those part-time employees in the American Health Benefit Exchange.</p>
<p>Under PPACA exchanges must certify health plans in order for those plans to be offered through the exchange. The function of reviewing the policies and the rates for compliance is a function currently performed by the Division of Insurance. Maintaining that function within the Division of Insurance avoids duplication of effort.</p>	<p>IPMO 3: The exchange should rely on existing state filing processes for certification of health plans and deem plans and rates, which are approved by the Division of Insurance for use in the exchange, as certified.</p>

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Description	Recommendation
<p>Adverse selection occurs whenever people make insurance purchasing decisions based upon their own knowledge of their insurability or likelihood of making a claim on the insurance coverage in question. Adverse selection results in higher premiums for everyone. The formation of exchanges creates unique challenges to control adverse selection. The areas listed are those that were identified as possessing potential for adverse selection.</p>	<p>IPMO 4: The exchange and the health insurance market outside the exchange should be structured so that adverse selection is minimized. Areas of potential adverse selection that should be addressed include: employers having the option to be in the exchange; employee choice defined contribution plans; plan design differentials inside/outside the exchange; favorable commission or other agent compensation arrangements outside v. inside exchange; differential networks or differential network adequacy requirements inside/outside the exchange; grandfathered v. non-grandfathered plans; self-funded plans; association and out-of-state trusts being subject to lesser regulatory standards; low attachment points for small employer self-funded plans; wrapping; and premiums being paid by third parties. Wrapping should not be prohibited but rather insurers should be allowed to inquire about wrapping during the application process and to make rating adjustments accordingly.</p>
<p>Some states such as Massachusetts have merged their individual and small group markets into a single market. Therefore the products that are purchased and the premiums charged do not vary whether it is an individual or small group. This may not be advisable as it removes group enrollment principles that mitigate adverse selection for small employer plans and requires carriers that are not and never have been in a market to dramatically change their operations to fit a single merged marketplace. Creating a single exchange to facilitate enrollment for both individuals and small groups does not require the merging of those markets as purchases in those markets can be kept separate and distinct within the exchange.</p>	<p>IPMO 5: The formation of an exchange should not result in the merging of the individual and small group health insurance markets. A single exchange can facilitate enrollment for both the individual and small group markets but the markets should remain distinct from a rating, risk pooling, marketing, and regulatory standpoint.</p>
<p>Under current South Dakota law, insurers wishing to offer network plans in this state must follow network adequacy requirements. Those requirements include having sufficient numbers and types of medical providers in the network so as to provide services for the benefits provided under the health insurance coverage. There are also requirements for consumer disclosure of networks as well as</p>	<p>IPMO 6: The exchange should follow the same network adequacy rules that currently apply to the individual and small group health insurance markets.</p>

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Description	Recommendation
<p>requirements for coverage when the network is inadequate. The recommendation would be to apply the same current network adequacy requirements for coverage offered through the exchange.</p>	
<p>There are numerous marketing standards in place that affect the manner in which health insurance is sold in this state. Those standards include, among other things, prohibitions against misrepresentations in advertising and solicitation, licensing of agents and insurers, and use of consumer disclosures. The recommendation would be to apply those same requirements to marketing via the exchange.</p>	<p>IPMO 7: The exchange should follow the same regulatory framework that currently applies to the marketing of health insurance.</p>
<p>Selling insurance through the exchange will require specific knowledge that a health insurance agent will not normally have in the course of that agent’s health insurance business. Exchange transactions will have unique features that are not present in the outside marketplace. Agent training through a continuing education credit will help ensure agents selling through the exchange have the training necessary to properly assist those that are enrolling into the exchange.</p>	<p>IPMO 8: The exchange should require agents, as a condition of selling health insurance through the exchange, to complete one hour of continuing education dedicated to the exchange. The one hour should be part of, and not in addition to, the current continuing education hours required for licensing in this state.</p>

Outreach and Communication

Co-chair, Secretary Kim Malsam-Rysdon, Dept. of Social Services
Co-chair, Secretary Doneen Hollingsworth, Dept. of Health

Objectives:

- A. Outreach/Public Education: Develop outreach and education plan for SD’s Health Care Exchange
- B. Navigators: Develop recommendations for implementing navigator program in SD
- C. Communication Strategies: Recommend strategies for parts of the exchange such as the call center and website to assist targeted populations

Description	Recommendation
<ul style="list-style-type: none"> • Key messages include that there will be an individual mandate to purchase insurance, the exchange is coming, key implementation dates, the state’s position on building an exchange, and information on what the federal law says. • Need to keep information simple and focused on basic aspects of the federal law. • Existing website to be used for educational purposes in a consumer friendly format. • Develop frequently asked questions. • Leverage existing search functionality, external links. • Site to be integrated in a way that will support provision of general information now and be the exchange portal in the future. • Navigators will also help raise awareness once they are in place. 	<p>O&C A1: Raising general awareness of future health care reform should start now using the state’s existing health reform website. This website should be marketed as South Dakota’s source for unbiased information about the federal health care law and how South Dakota intends to comply with the law.</p>
<ul style="list-style-type: none"> • Target audiences for education and outreach efforts for SD’s exchange include the uninsured, small business owners, tribal members (including tribal leaders and IHS). 	<p>O&C A2: Once specifics about SD’s Health Care Exchange are available, specific outreach should be targeted to certain groups.</p>

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Description	Recommendation
<ul style="list-style-type: none"> The detailed plan should develop a “toolkit” for outreach to include educational materials and information that key messengers, including insurance agents, government agencies, navigators and community agencies, can use for each target audience. The detailed plan should include performance metrics and evaluation plan to ensure the outreach plan is effective. 	
<ul style="list-style-type: none"> Navigators shall not sell, solicit or negotiate the purchase of health insurance. The exchange should determine minimum annual education requirements for navigators. Navigators will need to carry professional liability insurance. The exchange shall include a qualification process for navigator programs. 	<p>O&C B1: Navigators will need to meet certain federal requirements.</p>
<ul style="list-style-type: none"> The RFP should include the considerations in recommendation B1. The RFP should require that applicants for navigator programs demonstrate capacity to use the technology associated with the exchange and communicate with a variety of target audiences on different levels. Multiple entities could be selected as navigator programs in the state, depending on the response to the RFP. Individuals may also be considered for navigator services. Define navigators’ role in the private market. Address common myths about health insurance, health reform and the exchange. 	<p>O&C B2: SD should select Navigator Programs through a Request for Proposals (RFP) process.</p>
<ul style="list-style-type: none"> Address common myths about health insurance, health reform and the exchange. 	<p>O&C C1: The existing state health reform website should transform from providing general awareness to serving as the site of the exchange website so that consumers have one place to go to access information about health care reform and the exchange.</p>

Operations and Finance Subcommittee Objectives

Chair, Lt. Governor Matt Michels

Co-chair, Rachel Byrum, Bureau of Finance and Management

Objectives:

1. Resources and Capabilities
2. Technical Infrastructure
3. Regulatory or Policy Actions and Legislation
4. Finance
5. Business Operations

Description	Recommendation
Resources and Capabilities	O&F 1
<ul style="list-style-type: none"> • Evaluate staffing requirements and job descriptions for <ol style="list-style-type: none"> 1. Technology support, including maintenance of a web portal; 2. Eligibility determinations for the exchange, CHIP, Medicaid and individual mandate 3. A consumer hotline 4. Navigators 5. Accounting and Auditing 6. Plan certification 	O&F 1a: Details are within the recommended cost model proposal
<ul style="list-style-type: none"> • Evaluate multi-state exchange infrastructure 	O&F 1b: Direction should be to plan and cost a State-based Exchange. As multi-state options evolve, SD can consider the options based on cost-benefit relative to the State-based Exchange plan/costs.
<ul style="list-style-type: none"> • Evaluate whether existing state staff can be used to perform the above functions or if new staff must be hired to perform the work 	O&F 1c: A combination of existing staff and new staff should perform exchange functions as outlined in the recommended cost model proposal

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Description	Recommendation
<ul style="list-style-type: none"> Evaluate whether each exchange function (see above) should be performed within state government or by a private service provider 	<p>O&F 1d: Initially considering outsourcing for such functions as the web portal for eligibility and enrollment; and insourcing such functions as the call center</p>
<ul style="list-style-type: none"> Evaluate Exchange demand based on survey results 	<p>O&F 1e: Demand should be based on an approximate high volume of 320,000 and an approximate low volume of 193,000</p>
<ul style="list-style-type: none"> Reporting and analytics job description Marketing and Communications 	<p>O&F 1f: Details are within the recommended cost model proposal</p> <p>O&F 1g: Will follow the Outreach and Communication Subcommittee Recommendations. Navigant has included details in the recommended cost model proposal.</p>
<ul style="list-style-type: none"> Administrative Functions of the SHOP 	<p>O&F 1h: Assuming one front door sourced portal as part of overall portal (health plans will sell to both individual and small groups market). There will be no broker/commissioning by the Exchange as it will operate as a facilitator model.</p>
<p>Technical Infrastructure</p>	
<ul style="list-style-type: none"> Evaluate infrastructure technology models for the operation of a South Dakota Exchange 	<p>O&F 2a: Navigant has presented components of Exchange. Initial recommendation based on current capability analysis is to secure a RFP for third party web portal (eligibility and enrollment interfaces) and selectively insource functions like call center, and reporting, to expand and build on current state capabilities.</p>
<ul style="list-style-type: none"> Evaluate whether existing systems can be used to implement the model or if new systems must be purchased, and evaluate which technology to purchase and how much it costs 	<p>O&F 2b: Will be based upon information provided in Navigant’s final report. Subject to BIT’s review and approval</p>
<ul style="list-style-type: none"> Evaluate whether information technology services should be performed by the state or if those services should be contracted out to a private vendor <ul style="list-style-type: none"> If the state will run the web portal, evaluate designs for a web portal, taking into account ease of use, user privacy considerations, and adequate security measures Investigate the cost and adequacy of running a web portal through a private vendor 	<p>O&F 2c: Will be based upon information provided in Navigant’s final report and subject to BIT’s review and approval.</p>
<ul style="list-style-type: none"> Evaluate system requirements, including: <ul style="list-style-type: none"> Online comparison of qualified health plans 	<p>O&F 2d: Exchange users should be able to submit an online application that will tell them if they qualify for Medicaid or</p>

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Description	Recommendation
<ul style="list-style-type: none"> ○ Online application and selection of qualified health plans ○ Premium tax credit and cost-sharing reduction calculator functionality ○ Request for assistance ○ Linkages to other State health subsidy programs and other health and human services programs as appropriate ○ Capturing data in the enrollment process ○ Submitting relevant data to HHS for later use in information reporting ○ Capacity to generate information reports to enrollees 	<p>premium subsidies and then allow them to compare multiple qualified health plans. Exchange cost planning will seek to implement eligibility to support Medicaid, and leverage technology architecture that supports Exchange implementation, but also adaptability for future program eligibility. The Exchange should have to ability to generate reports required by PPACA, etc. The current Medicaid/CHIP enrollment systems need technology upgrades or replacement for Exchange interface and will require additional research and funding.</p>
<ul style="list-style-type: none"> ● Evaluate security needs 	<p>O&F 2e: Exchange will handle all security relating to HIPAA and individual privacy laws</p>
<ul style="list-style-type: none"> ● Call center service technology and telephony 	<p>O&F 2f: The call center should be centralized expanding upon existing state hardware and software</p>
<ul style="list-style-type: none"> ● Data exchange and integration 	<p>O&F 2g: O&F 2a: Assuming the Exchange will be the primary eligibility and enrollment data interchange</p>
<ul style="list-style-type: none"> ● Recommend updating security to specifically call out “privacy” 	<p>O&F 2h: Exchange will ensure all security relating to HIPAA and individual privacy laws are met</p>
Regulatory or Policy Actions and Legislation	
<ul style="list-style-type: none"> ● Recommend legislation and/or regulations as necessary to implement exchange functions and provide oversight authority to appropriate departments or quasi-governmental organizations <ul style="list-style-type: none"> ➤ Recommend a governing body structure that ensures public accountability, transparency, and prevention of conflict of interest 	<p>O&F 3</p> <p>O&F 3a: Legislation is not recommended at this time</p> <p>The Governor will recommend a governing body structure which will be in compliance with the final federal regulations.</p>
<ul style="list-style-type: none"> ● Recommend a method for the Division of Insurance to certify health plans that complies with the requirements for a “qualified health plan” as set forth in the 2009 health reform legislation. 	<p>O&F 3b: New or existing Division of Insurance staff should certify plans using existing policies and procedures</p>
<ul style="list-style-type: none"> ● Recommend a standardized application that will determine whether an applicant is eligible for subsidies to purchase insurance through the exchange, for Medicaid, or for CHIP 	<p>O&F 3c: The Exchange should utilize a standard application that will collect the necessary data in order to determine various eligibilities</p>

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Description	Recommendation
Finance	
O&F 4	
<i>Accounting and Finance</i>	
<ul style="list-style-type: none"> Recommend accounting and auditing standards needed to comply with PPACA and any other appropriate accounting standards i.e. GAAP, etc. 	<p>O&F 4a: The Exchange should follow accounting and auditing standards that comply with PPACA and those related to its governance structure</p>
<ul style="list-style-type: none"> Evaluate accounting functions and evaluate whether software should be developed or purchased to perform these functions <ul style="list-style-type: none"> ➤ If software should be purchased, recommend appropriate software 	<p>O&F 4b: If the Exchange is part of state government, it should utilize the existing accounting system. If it is not, the appropriate software should be purchased.</p>
<ul style="list-style-type: none"> Recommend the method that will be used to finance the exchange in a self-supporting manner i.e., fees, assessments to insurance companies, or other methods 	<p>O&F 4c: No recommendation at this time. Further analysis needs to be done to determine the impact on the market, insurance carriers, and employers.</p>
<ul style="list-style-type: none"> Evaluate cost allocation between the Exchange grants, Medicaid Federal Financial Participation (FFP), and other funding streams as appropriate 	<p>O&F 4d: Exchange will become front end portal for Medicaid and CHIP eligibility, as well as, establish data sources to support participant eligibility and enrollment process. Exchange does not include costs to replace Medicaid and DSS enrollment system (ACCESS). Navigant recommends that costs be looked at holistically across Medicaid and Exchange to ensure a single picture of cost-budget allocation.</p>
Business Operations	
O&F 5	
<i>Transparency</i>	
<ul style="list-style-type: none"> Develop a recommended model for reporting information to the public that complies with PPACA and South Dakota open records statutes. 	<p>O&F 5a: The Exchange should have employee reporting specialists and Exchange technology infrastructure should be designed to comply with federal and state laws</p>
<ul style="list-style-type: none"> Develop a recommendation for reporting required information to the Department of Health and Human Services 	<p>O&F 5b: The Exchange should have employee reporting specialists and Exchange technology infrastructure should be designed to generate necessary reports</p>
<i>Processes</i>	
<ul style="list-style-type: none"> Evaluate standard processes and workflows for each process performed by the exchange <ul style="list-style-type: none"> ➤ Enrollment <ul style="list-style-type: none"> ▪ Providing customized plan information to 	<p>O&F 5c: As part of the ability to compare multiple qualified health plans, Exchange users should be able to view customized plan information. After Exchange users choose a plan, enrollment transactions should be submitted to the qualified health plan. The</p>

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Description	Recommendation
<ul style="list-style-type: none"> individuals based on eligibility and QHP data <ul style="list-style-type: none"> ▪ Submitting enrollment transactions to QHP issuers ▪ Receiving acknowledgments of enrollment transactions for QHP issuers ▪ Submitting relevant data to HHS 	<p>qualified health plan should be responsible for billing and payment.</p>
<ul style="list-style-type: none"> • Evaluate Medicaid/CHIP roles and responsibilities related to eligibility determination, verification, and enrollment <ul style="list-style-type: none"> ➢ Identify challenges with Medicaid/CHIP program integration processes, strategies for mitigating those issues and timelines for completion 	<p>O&F 5d: If an Exchange user is determined Medicaid/CHIP eligible they should be directed to the current Medicaid/CHIP enrollment systems</p>
<ul style="list-style-type: none"> • Evaluate whether all plans that meet qualifying standards should be part of the exchange or whether plans should bid to become a part of the exchange (plan bidding) 	<p>O&F 5e: All plans that meet qualifying standards should be part of the Exchange.</p>
<ul style="list-style-type: none"> • Investigate and recommend premium credit and cost sharing assistance models 	<p>O&F 5f: The Exchange will handle premium credit calculations based on HHS regulations</p>
<ul style="list-style-type: none"> • Recommend a system to rate the quality of plans offered on the exchange so shoppers can compare plans as they shop the web portal 	<p>O&F 5g: Exchange will handle consumer-lead plan rating based on HHS regulations. Methodology for ratings will come from future HHS regulations</p>
<ul style="list-style-type: none"> • Recommend a process for requests for exemptions. 	<p>O&F 5h: Exchange Board of Appeals</p>
<ul style="list-style-type: none"> • Recommend a process for employer appeals with appeals of individual eligibility 	<p>O&F 5i: Exchange Board of Appeals</p>
<ul style="list-style-type: none"> • Recommend a process for providing relevant information to QHP issuers and HHS to start, stop, or change the level of premium tax credits and cost-sharing reduction 	<p>O&F 5j: Exchange will be able to calculate premium credit calculations and adjustments based on HHS regulations</p>
<ul style="list-style-type: none"> • Recommend a process to verify/resolve inconsistent information provided to Exchange by applicants (e.g. income, citizenship) 	<p>O&F 5k: The Exchange technology infrastructure should interface with the necessary databases to verify information provided to the Exchange. Will connect to Federal HUB, other state agencies, and nationally recognized data sources.</p>
<ul style="list-style-type: none"> • Possible add-Process and management for agents (tracking registered, activity, and commissions) – dependent on decisions from other committees 	<p>O&F 5l: The Exchange should not be involved with broker commissioning</p>

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Description	Recommendation
<ul style="list-style-type: none"> Recommend a decision and information support system for Navigators and Exchange Consumers 	<p>O&F 5m: Exchange will handle decision support for consumer. Additional decision support interfaces will be developed pending finalized Navigator role</p>
<ul style="list-style-type: none"> Recommend adding model and process for managing employer registering and/or product selection, contributions, and employee enrollment – dependent on employer choice/employee choice decision from other sub committees 	<p>O&F 5n: The Exchange should allow employer registration and/or product selection, contributions, and employee enrollment</p>

APPENDIX B: DEFINITION OF IMPLEMENTATION COSTS

Required State Resources

Definition: Describes the various tasks and activities that are associated with leveraging existing South Dakota systems and filling the gaps with new development to implement a South Dakota Health Insurance Exchange that meets the federal requirements.

What is included: Labor costs are associated with providing governance leadership/stakeholders collaboration.

Methodology: Costs were provided by leadership from each impacted State agency: Division of Insurance (DOI), Bureau of Information and Telecommunications (BIT), Department of Health (DOH), and Department of Social Services (DSS).

Portal

Definition: Describes the implementation costs associated with the custom on-premise Exchange portal (Option 1) versus a hosted Exchange portal (Option 2). The portal provides the user interface in which the consumer (individual or small business employer) has access both private or subsidized public qualified health plans.

What is included: Scope includes SHOP and Individual Exchanges, and modified adjusted gross income (MAGI) eligibility / enrollment determination for Medicaid with the following core functionalities for consumer and administrators: premium calculator, billing and payment, and enrollment functionalities, and benefits and provider aggregation, content management, ratings and customer satisfaction, and health risk assessment.

Methodology: Navigant leveraged prior contracts for insurance portals implementations across government and commercial payers.

Business Rules Engine

Definition: The costs include implementation and deployment of business rules engine to drive the “calculations” behind and Exchange portal such as subsidy and premium calculation.

What is included: Navigant assumes the cost calculator will be hosted as part of the portal, but may require an additional configuration fee.

Methodology: The costs are based on examples from commercial portal contracts where there was a one-time configuration/setup fee for the cost calculator.

Electronic Data Services

Definition: All electronic data interconnects must be properly configured to send and receive data exchange between these disparate systems.

What is included: Includes, but not limited to, data exchanges to Federal, State, QHP, verification sources (PARIS), and financial entities. Navigant assumes the Federal Data Hub will have one interface fee for all inclusive federal agencies. Over 40 distinct interfaces accounted for including fees associated to portal setup with all QHPs, Medicaid, accounting system, and reports.

Methodology: Navigant detailed all interfaces, identified inbound/outbound, and level of complexity (i.e. standard or custom), and assigned a cost value based on prior case studies. Navigant allocated a percentage of the costs to account for support activities such as testing.

Load and Delinking

Definition: State legacy systems are updated to allow the Exchange to serve as the Medicaid eligibility for MAGI eligible participants.

What is included: Costs associated with loading and delinking the Medicaid eligibility systems includes automating electronic data loads, and modifying backend eligibility processes so not to duplicate Exchange eligibility verification. Legacy Medicaid management information system (MMIS), Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and other leveraged legacy systems, require electronic data interfaces to seamlessly connect to the Exchange.

Methodology: Reviewed high-level concept and process with BIT. BIT provided estimates.

Accounting System

Definition: The costs detail implementation of a financial/accounting system that manages contributions, eligibility, payroll deductions, and plan accounting.

What is included: Option 1 leverages South Dakota's current investments in their finance and accounting system (SAS). Additional software licenses and hardware are

assumed to be required to scale these systems to meet additional demand from the Exchange.

Hosted Option 2 includes financial/accounting functionalities as part of the billing functionalities within the Web Portal.

Methodology: Costs are compiled as a blind benchmark consisting of estimate prices.

Call Center

Definition: The costs are associated with establishing a centralized call center dedicated solely for supporting the Health Insurance Exchange customers, and constituent questions/follow ups from entities such as Navigators, QHP carriers, and state agencies (i.e., South Dakota Department of Social Services).

What is included: The call center costs account for the labor and IT resources to prepare the Exchange Call Center with 8 customer support representatives.

Methodology: Navigant leveraged actual costs from recent Department of Labor call center setup.

Navigator Program

Definition: The implementation costs are associated with developing Navigator's consumer support and guidance system. Navigators can leverage the solution used by the Call Center. *(Pending additional input.)*

What is included: The Navigator program costs include implementation of the customer relationship management and its reporting functions, telephony, desk and PC. Placeholder costs are included for process and policy development.

Methodology: Navigant utilized an hourly rate for equivalent implementation staff for the Call Center.

Print and Postage

Definition: This function supports the eligibility and enrollment changes, marketing and outreach, billing and payment for consumers who choose paper statements and notifications. If implementation is longer than 8 week threshold, labor costs will need to be added as well as upfront equipment costs.

What is included: Bureau of Administration Central Mail and Central Duplicating services will be leveraged and only includes printing and mailing. These costs do not include marketing and outreach using other media. Implementation timeline will be within 8 weeks.

Methodology: Printing and postage costs are established based on agreed member population provided by operations and finance subcommittee. Navigant held interviews and subsequent meetings with BIT.

Security and Privacy

Definition: IT systems require regular system audits and testing to ensure the Exchange system meets security and privacy mandates.

What is included: A hosted Portal solution will already have security measures built-in but requires independent verification and validation. This assumes that current State security processes and standards will apply for data passed back to State for Medicaid eligibility. The Exchange will need to be in full compliance with security and privacy protective measures within the PPACA, Health Insurance Portability and Accountability Act (HIPAA), National Institute of Standards and Technology (NIST), Federal Information Processing Standards (FIPS), and other federal regulations.

Methodology: Costs are based on industry case studies and benchmarks for conducting independent verification and validation audits including system vulnerability assessments. Placeholder cost to ensure that processes, standards, audits, controls, and testing are implemented and performed end-to-end.

Data Management

Definition: The implementation costs detail costs associated with the data storage requirements of the systems required for the Exchange. Data storage will be located in the South Dakota data center, which offers virtual storage, servers, and enterprise platforms such as Microsoft SQL Servers and Microsoft IIS Servers.

A person master index (PMI) is a database that maintains a unique index (or identifier), Title 19, for every person registered with DSS agency. A Title 19 is assigned to the consumer eligible for a DSS program if not already in the PMI database. The PMI is used by each insurance registration application (or process) to ensure a Person is logically represented only once and with the same set of registration demographic / registration

data in all systems and at an organizational level. If Title 19 unique identifier is not a complete match, then DSS validates the consumer.

With SNAP coming online and with Exchange integration with Medicaid, analysis is being made to determine PMI system enhancements for real-time data exchanges to accommodate Exchange needs.

What is included: Estimated seven data stores will be required for the Portal Enrollment, Billing and Payment system, personal health assessment survey, business rules engine, financial accounting system, customer relationship management system, call management system for IVR/ACD. In addition, implementation costs include access to a newly architected PMI for real-time health plan eligibility verification, re-certification, and enrollment.

Methodology: Navigant conducted interviews and subsequent meetings with BIT. Cost estimates were provided by BIT.

Testing

Definition: Testing accounts for the hours needed to ensure the quality of integrated Exchange systems before release to the public. Testing is calculated as 2 percent of Implementation Costs listed minus Required State Resources.

What is included: It is recommended that System Development Lifecycle (SDLC) user acceptance testing is applied leveraging IT service Management best practices.

Methodology: Costs are based on industry case studies and benchmarks for web enrollment portal costs (third party solution/services).

Procurement

Definition: The procurement costs are calculated to estimate the State resources necessary to adequately complete the procurement process, RFP writing, evaluation, etc.

What is included: Procurement includes but not limited to RFP writing and evaluation.

Methodology: Procurement is calculated as 0.5% of Implementation Costs listed minus the costs associated with Required State Resources.

Implementation Support & Program Management

Definition: Costs are described as management of the implementation projects for each technology component or functional area described in the cost model.

What is included: The costs and hours include project management support to lead implementation project for each functional/technical area. The PM provides interface with the stakeholders and agency leaders described under Required State Resources.

Methodology: Utilizing industry benchmarks, Implementation Support & Program Management is calculated as 10 percent of total implementation costs.

APPENDIX C: DEFINITION OF ONGOING COSTS

Portal

Definition: The customer facing website that participants will use for eligibility and enrollment determination.

What is included: Health risk assessment, eligibility, shopping, comparison, plan score presentation, application data collection, and electronic billing and payment. The portal includes cost to ensure configuration of Medicaid eligibility rules. It also includes Exchange portal compliance with Health Insurance Portability and Accountability Act (HIPAA) privacy mandates with the above stated functionalities.

Methodology: Costs based on actual industry case studies and benchmark for web enrollment portal costs (third party solution/services).

Billing and Payment

Definition: The outsourced module that processes payments, collects money, distributes funds, and collections.

What is included: Check clearing, lock box, applications, and tracking.

Methodology for costs: Costs are based on actual industry case studies and benchmarks for billing and payment modules.

Print and Postage

Definition: Costs for the Exchange to gather and distribute materials like notices or documents to individuals or groups.

What is included: The price to print, process, stuff, and post mailings to groups and individuals that participate in the Exchange.

Methodology for costs: Based on current estimates from Bureau of Information and Telecommunications (BIT) for state print jobs.

Required State Resources

Definition: Accounts for the part-time staff needed from Department of Social Services (DSS), Division of Insurance (DOI), and BIT that will assist with Exchange operations ongoing.

What is included: Generally, these positions will manage projects, vendor procurement, and vendor relationships. They will also own sign off on final deliverables.

Methodology for costs: Determined rates in collaboration with State agencies

Electronic Data Services

Definition: Budgets for data feed maintenance and configuration during the year.

What is included: Management and support resources are included to maintain the data interfaces to state and federal entities to ensure eligibility determination across all plans.

Methodology for costs: Based on 18 percent of initial implementation costs.

Administrative Costs

Definition: The fixed costs associated with each full time equivalent (FTE) for the Exchange.

What is included: Includes all administrative costs such as office space, computers, supplies, utilities, etc.

Methodology for costs: Based on administrative cost guidelines used by South Dakota state agencies.

Labor and Benefits (non-Call Center staff, non-Navigator staff)

Definition: The costs of FTEs dedicated to the Exchange including Executive Director, Administrative Assistant, Director of Operations, Reporting Analyst, Operations Analyst, Carrier Liaison, database Analyst, Systems Analyst, Senior Information Assurance Analyst, Director of Marketing and Outreach, Call Center Manager, Outreach Manager, Finance director, Billing and Payment Analysts, Enrollment Specialists, Call Center Supervisor and call Center Agents.

What is included: Salaries, benefits, and other contributions by the State for each FTE associated with Exchange.

Methodology for costs: Based on administrative cost guidelines used by South Dakota state agencies. Positions use standard South Dakota pay grades.

Labor and Benefits (Call Center staff)

Definition: The costs of FTEs dedicated to the Call Center agents and Enrollment Specialists. There is a minimum base level of staffing required, regardless of Exchange participants (8 agents).

What is included: Salaries, benefits, and other contributions by the state for each FTE associated with Exchange.

Methodology for costs: Based on administrative cost guidelines used by South Dakota State agencies. Positions use standard South Dakota pay grades.

Call Center Support

Definition: The costs to maintain the call center and associated technology like computers, phones, and agent software every year.

What is included: Hardware and software assurance and third party support. Assuming a 75 percent first pass rate, that is, 25 percent of calls will need to be escalated to an Enrollment Specialist. The call center will also take advantage of educational, promotional, and marketing materials delivered through the portal to ensure a steady call volume, even during peak enrollment periods.

Methodology for costs: Based on other South Dakota state run call centers.

Navigator Program (including Navigator staff)

Definition: Budgets for the outsourced Navigator function (based on committee input) and other Exchange administrative costs for the program.

What is included: 12 outsourced staff, IT costs, travel

Methodology for costs: Determined by the Outreach and Communications subcommittee.

Communications and Outreach

Definition: Accounts for the ongoing budget the Exchange needs to develop annual communication strategies, campaigns, and partnerships.

What is included: A per resident per year budget amount.

Methodology for costs: Collaborated with DSS and Department of Health (DOH) to estimate by looking at other states' spend benchmarks.

Travel

Definition: The budget certain employees will need to travel in-state and out-of-state to meet their job duties for the Exchange.

What is included: Based on low, moderate, and high in-state travel requirements for each employee.

Methodology for costs: Used standard South Dakota budget calculation numbers.

APPENDIX D: HIGH AND LOW EXCHANGE POPULATION DETAILS AS DETERMINED
 BY THE STATE OF SOUTH DAKOTA

	Low Estimate Option	High Estimate Option
Medicaid Enrollees Total	99,674	168,059
MAGI	74,172	74,172
Non-MAGI	n/a	45,323
Uninsured	11,696 (@33.65% take up)	34,758 (@100% take up)
Underinsured	13,806 (@22% take up)	13,806 (@22% take up)
Exchange Participants Total	97,070	166,767
Individual market	77,327	132,847
Small group market	19,744	33,920
Total	196,744	334,826
Percent of Medicaid Participants	50.7%	50.2%

State of South Dakota
Health Insurance Exchange Feasibility Study

APPENDIX E: SAMPLE OF EXCHANGE STAFFING LEVELS

Exchange Job Descriptions	
Position (# of staff)	Description
Executive Director (1)	Responsible for all aspects of the Exchange including operations and strategy. Ensures the Exchange meets the health insurance needs of the citizens of SD.
Admin Assistant (1)	Serves as support for Exchange's directors and executive director.
Director, Ops (1)	Oversees the ongoing Exchange operations, changes, and compliance.
Reporting Analyst (1)	Develops reports for state and federal government agencies.
Ops Analyst (1)	Responsible for day to day operational tasks and managing vendor relationships to run the Exchange.
Carrier Liaison (1)	Works with South Dakota insurance carriers that currently list or want to list on the Exchange. POC for all carriers in the state.
Database Analyst (2)	Maintains databases and data flows as new regulations are released and new systems are added to the Exchange.
Systems Analyst (1)	Interfaces with Bureau of Information and Telecommunications and external vendors to ensure Exchange systems.
Senior Information Assurance Analyst (1.5)	Responsible for maintaining all IT security and privacy requirements issued by the federal government. Works with external auditors to mitigate IT risks.
Director, Marketing and Outreach (1)	Work with other directors, state agencies, and stakeholders to develop marketing and outreach plan. Oversees the entire operations of the Navigator program.
Manager, Call Center (1)	Oversee the day to day operations of the call center and Navigator programs.
Manager, Outreach (1)	Responsible for executing the Exchange's outreach plan.
Director, Finance (1)	Oversees the actuarial, finance, and accounting operations of the Exchange.
Billing and Payment Analyst (2)	Serves as billing, payment, and collection representatives for the Exchange.
Enrollment Specialist (3)	Assists those enrolling in Medicaid or QHP benefits that are unable to complete or require additional research to determine eligibility determination.
Supervisor, Call Center (1)	Oversees service and support staff including general representatives, enrollment specialists, and billing and payment support.
Agent, Call Center (8)	Serves as a general representative to the public for Exchange related areas of eligibility and enrollment, information and questions, etc.