

# South Dakota Health Insurance Exchange

Operations and Finance Subcommittee Meeting

July 19, 2011

Ramkota, Pierre, SD

## **Subcommittee Members Present:**

Lt. Governor Matt Michels	Geraldine Ray	Sen. Phyllis Heineman
Rachel Byrum	Dom Bianco	Deb Fischer-Clemens
Pam Roberts	Bob Clark	Scott Graff
Jim Edman	Kevin Van Dyke	Glenda Bruch
Carrie Johnson	Shawn Lyons	Kate Parker
Teresa Bray	Jim Reynolds	Ken Barrette
Melissa Klemann	Barb Smith	
Kea Warne	Rep. Fred Romkema	

Lt. Governor Matt Michels opened the meeting at 12:45 p.m. The Lt. Governor described how Ken Barrette and the Navigant team are assisting us with our subcommittee objectives.

Mr. Barrett discussed the cost component model the Navigant team is developing. Kea Warne, Office of the Governor and Rachel Byrum, Bureau of Finance & Management are also working on the cost component model with Navigant. Mr. Barrett's presentation of the South Dakota Health Benefit Exchange – Understanding Exchange Cost Drivers presentation covered the following items:

- Cost model methodology
- Draft cost model overview
- Key decisions that influence technology costs
- Key assumptions that affect cost precision
- Key themes from current state IT assessment
- State adoption of features in online Medicaid
- Newly released exchange regulations
- Insurance plan preparedness
- Comparison of other states' implementation and operating cost estimates
- South Dakota exchange components
- Key IT cost components, criteria and drivers
- Technology/operational decision summary
- Funding opportunities for exchange technology
- Progress and next steps

Mr. Barrett said policy decisions need to be made for a start-up entity. If we are looking at other state models, we have to remember we are not comparing apples to apples. Currently, there is not a state exchange in place which meets all of the federal requirements. A few policy decisions the committee discussed include:

- The exchange will not handle premium collection (this excludes option to collect fees to operate an exchange)
- We will focus on a state based exchange but keep option open and let cost benefits lead our decisions

- We may look at the state to run the plan certification process, possibly in the Division of Insurance
- No distributed call center
- Recommendations from Insurance Plan & Market Organization Subcommittee
  - 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.
  - 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. (Not through SHOP but the individual side.)

Senator Heineman asked Mr. Barrett if South Dakota's cost will be lower than Massachusetts's exchange costs. Mr. Barrett stated the costs depend on decisions that are made.

- Building an exchange from ground up involves higher costs than using some products already built
- Global assumptions
- Key item discussions

Mr. Barrette described two exchange models:

- Individual enters exchange and at some point is directed to a navigator
- Individual enters exchange and given an option to be connected to an agent/broker or continue on in the exchange

Senator Heineman asked what insurance companies currently have in place when consumers have questions when purchasing their products on-line. Melissa Klemann, Department of Labor and Regulation stated most websites provide a toll-free customer service line.

Mr. Barrette discussed state/federal partnership vs. State based vs. multi-state (regional) options. Kate Parker asked if we have reached out to other states. Mr. Barrette stated the New England Consortium would not fit South Dakota. Mrs. Warne added there are other states interested in multi-state (regional) exchanges but states are not far enough along into the process to share that information. The Navigant team as determined a shared exchange portal solution (third party or multi-state) is the leading viable option based on available technology, maturity of solution market, and time.

Mr. Barrette suggested we keep management services we can use and not source out all South Dakota "owned" information. South Dakota has some business synergies which are successful.

The Navigant team has been conducting interviews with the state agencies to assess the current state IT infrastructure. Mr. Barrette informed the committee that the state does have technical and process systems in place to support an exchange. Mr. Barrette will talk with Department of Social Services and the Bureau of Information and Telecommunications on options to apply for different types of federal funding which can be used to assist the state in determining our assets and invest in an exchange and the opportunity to put new technology into place. South Dakota should look at this opportunity to put build a system which includes common technology to serve multiple programs. We should maximize

our state resource investments for a platform to work for all. Commissioner Dom Bianco, Bureau of Information and Telecommunications said this is a great opportunity for us.

Mr. Barrette commented on the fact there are other states looking at architecture of a road map for Health Information Exchange, Medicaid, and Health Insurance Exchange business planning.

Mrs. Fischer-Clemens asked if the MMIS project will include some of the exchange functions. Glenda Bruch, Department of Social Services stated the MMIS is only for claims processing.

Mr. Barrette visited about the option of building in a Health Risk Assessment (HRA) into the exchange. A rough estimate for the cost of doing this is \$200,000. Bob Clark mentioned the State Risk Pool requires HRA's on everyone. Mr. Barrette said we can build in an opt-out option for individuals who do not want to complete a HRA. Mrs. Fischer-Clemens said we should include this and this could assist in identifying population health issues. Commissioner Bianco informed the committee that the state provides an incentive to state employees to complete an HRA during the annual health insurance enrollment period.

The next scheduled meeting is August 16<sup>th</sup>.

The meeting was adjourned.