



Small Business Service Bureau Extension (VOTE)

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Background



- As part of the implementation of the Affordable Care Act (ACA), the Health Connector is transitioning members from its existing Commonwealth Choice program to Qualified Health Plans (QHPs)
- The Commonwealth Choice program serves unsubsidized individuals and small businesses who purchased pre-ACA “1.0” policies through the Health Connector
- The Small Business Service Bureau (SBSB) is the Health Connector’s customer service and business operations vendor for the Commonwealth Choice program

Background (cont'd)



- While individual and small group coverage for QHPs are effective from 1/1/2014 onwards, individuals and small businesses with existing Commonwealth Choice coverage are able to continue their 1.0 policies until the end of their plan year in 2014
 - Individuals with 1.0 policies have short plan years that end no later than 3/31/2014
 - Individuals have the option to change their coverage to a QHP during open enrollment for any effective date in 2014 (*i.e.*, 1/1, 2/1 and 3/1)
 - Small businesses with 1.0 policies have a 12 month plan year, and can continue their existing policies until their policies expire in 2014 (*e.g.*, as late as November 30, 2014)

1.0 Continuation Activities

- In order to continue servicing 1.0 policies through 2014, the Health Connector is proposing to extend its contract with SBSB through February 28, 2015
 - Switching to another vendor would create significant operational complexity, e.g., mid-year conversion of enrollment and payment information, documentation, etc.
 - Minimizes customer confusion and disruption
 - Includes a 3 month “run off” period from December 2014 to February 2015 to administer any retroactivity, audit and reconciliation needs
- Enrollment in 1.0 policies will decrease throughout 2014 as members transition to QHPs, but the overall breadth of functionality/servicing will need to be maintained
- The existing Per Subscriber Per Month (PSPM) payments will be supplemented by a fixed cost payment
 - Enables the vendor to cover fixed costs as enrollment decreases during the wind-down period and supports the maintenance of legacy systems necessary for servicing the 1.0 population

2.0 Transition Activities

- The new HIX-IES system, which provides an integrated platform for both the individual and small business programs, and for both subsidized and non-subsidized members, is being released in phases
- On 10/1/2013, the first phase of new functionality was launched, which includes automated application and shopping for individuals. Small group functionality through HIX is slated for late 2013/early 2014
- As a transitional mechanism for offering QHPs to small businesses, the Health Connector leveraged the existing Commonwealth Choice platform to launch its new small group plans on 10/1/2013
 - This approach balances the use of existing and proven systems and operational processes with modifications necessary to meet ACA requirements
 - Includes the full “shelf” – 10 medical and 5 dental carriers
 - This approach was developed in consultation with CCIIO

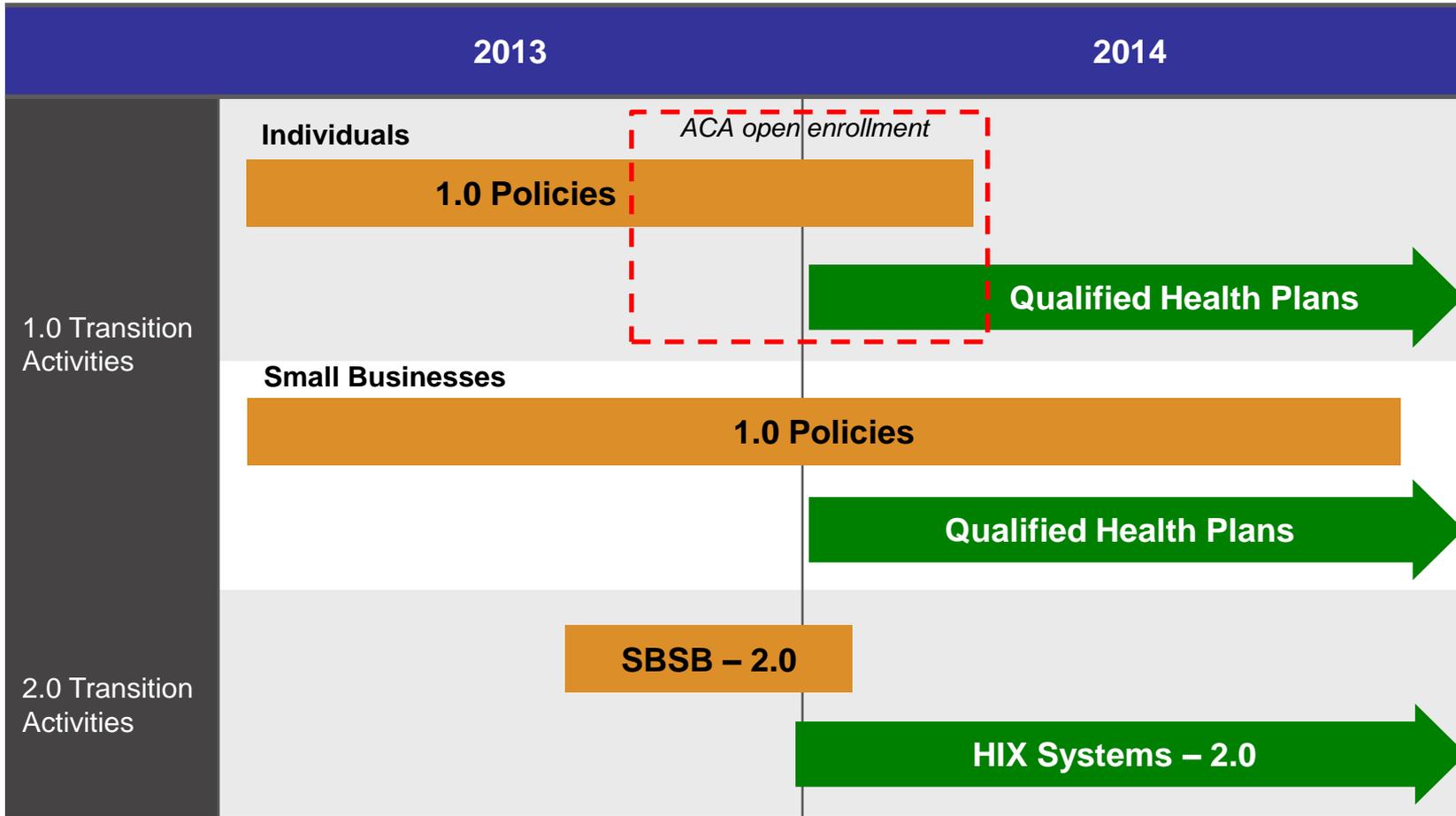
2.0 Transition Activities (cont'd)

- The transitional approach leverages existing Business Express operational and IT platform supported by SBSB
 - Web shopping experience
 - Call center, including CSRs with experience servicing our small group population
 - Operational procedures, including broker management, document verification, billing, multiple application channels (web, phone, fax, mail and walk-in)
- Some modifications needed to be made to meet new ACA requirements
 - Member-level data collection to support composite rating
 - Implementation of new policies for ratable members and plan availability
 - Addition of new QHPs and plan benefits, including new Platinum tier plans
 - Integration with new web-based (XML) rating services with carriers
 - Implementation of new process to offer small group dental insurance
 - Additional training to educate staff on ACA requirements, QHPs/QDPs, etc.

2.0 Transition Activities (cont'd)

- We envision transitioning our small group Marketplace to the HIX system in late 2013 to early 2014, in a manner that is least disruptive to small businesses and brokers
- The new HIX-based small business platform will offer significant new or enhanced functionality for customers:
 - New account management capabilities such as census uploading
 - Dashboard and client management tools for brokers
 - Decision support and plan comparison tools
 - Employee Choice

Transition Timeline



SBSB 1.0 Continuation and 2.0 Transition Financials



1.0 Continuation – Contract Extension

- Servicing period: January – November 2014
 - Continue \$6.24 PSPM payment
 - Fixed cost payment: \$168,000 per month
- Audit, Reconciliation and Runoff Period: December – February 2015:
 - Fixed cost payment: \$75,000

2.0 Transition – Work Order to Current Contract

- 2.0 Transition Cost: \$1,144,507

Health Connector staff recommends that the Board authorize the Executive Director to enter into a work order for the current contract with SBSB, and to extend the current contract for 2014, to provide for transition activities and the servicing of existing pre-ACA accounts through February 28, 2015.