Agenda

- Introduction
- Federal Exchange Business Requirements and Optional Business Functions
- Critical Commonwealth Decisions
- Project Approach and Methodology
- Preliminary Findings
  - Technology Considerations
  - Challenges and Risks
Introduction

• The Patient Protection and Affordable Care Act (ACA) health care reform legislation requires states to create state-based health insurance exchanges through which individuals and small businesses can purchase private coverage.

• The Commonwealth requested that Navigant provide a technology options assessment for developing the Pennsylvania Health Insurance Exchange.
The assessment will serve as an initial step for the Commonwealth to make key decisions regarding the technology infrastructure for its Exchange:

- Leverage, modify and expand the existing capabilities of the Commonwealth’s current online application and eligibility and enrollment IT systems (Build)

  and / or

- Contract with an external vendor to develop a new application, provide a “components off the shelf (COTS)” package or provide service (Buy)

* Note: The options are not necessarily mutually exclusive. Pennsylvania may choose to modify or build some functionalities and purchase off the shelf components or contract for development of other functions.
The ACA mandates certain Exchange business requirements, but provides states with the option to incorporate additional business functions:

<table>
<thead>
<tr>
<th>Federal Business Requirements:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Support individual consumer health plan benefit selection based on bronze, silver, gold and platinum benefit levels</td>
<td>8. Provide for enrollment periods</td>
</tr>
<tr>
<td>2. Support Small Business Health Options Programs (SHOP) health plan benefit selection based on bronze, silver, gold and platinum benefit levels</td>
<td>9. Operate a toll-free hotline</td>
</tr>
<tr>
<td>3. Identify individuals eligible for Medicaid and CHIP</td>
<td>10. Rate plans according to quality and price</td>
</tr>
<tr>
<td>4. Route eligibles correctly based on demographic and economic data, ensuring no “wrong door” for users</td>
<td>11. Create a standardized, easy to read form to present benefit options</td>
</tr>
<tr>
<td>5. Exchanges must process paper applications as well as via internet and phone</td>
<td>12. Provide an online calculator that will calculate actual cost of coverage</td>
</tr>
<tr>
<td>6. Determine premium and cost-sharing credit eligibility</td>
<td>13. Interface with all appropriate partners and entities (plans, treasury, Navigators, etc.) to deliver exchange functionality</td>
</tr>
<tr>
<td>7. Certify, recertify and decertify plans</td>
<td>14. Structure and store data in an optimal manner to allow for robust reporting</td>
</tr>
<tr>
<td></td>
<td>15. The Exchange must adhere to all relevant HIPAA/PHI and other applicable Federal and state confidentiality requirements</td>
</tr>
</tbody>
</table>
### Optional Commonwealth Business Functions:

1. Inclusion of other benefit categories and social service programs (e.g., Cash Assistance, Food Stamps, etc.)
2. Billing and payment collection
3. Broker access to the Exchange
4. Search plans based on participating provider
5. Capacity to handle large groups (i.e., More than 100 employees) by 2017

### Additional Exchange System Performance Requirements:

1. Real-time processing
2. Speed of customer web experience
3. Capacity to handle data and concurrent users
4. Capacity to provide telephonic customer support
5. System availability
6. Multiple language capabilities
The Commonwealth has begun to outline the Exchange functions, however:

- Many of the functions are defined in general terms and details need to be specified (either through Federal guidance or by the Commonwealth)
- Key decisions remain to be made regarding the Exchange design and capabilities
Critical Commonwealth Decisions (Cont.)

Pennsylvania will need to make approach decisions that may alter the cost and effort involved in developing the Exchange:

• Determine level of Exchange versus health plan operations:
  – Who collects initial payment? Ongoing billing, payment and collections?

• Role of the Navigator and/or Broker:
  – What functions will Navigators perform? What functions will Brokers perform, if any?
  – Will Navigators and Brokers need to register with Exchange (i.e., system verification process)?
  – Will the Exchange track and pay Broker commissions?
Critical Commonwealth Decisions (Cont.)

- Determine the extent of maintaining an integrated view of customer/family:
  - Does the Exchange need to pull a holistic view of cost into one family/cost view (e.g., Head of Household has Employer-based coverage, Disabled Spouse has MA-based, and Dependents have CHIP)?
  - Should maintenance of the integrated view be handled on the system’s front end or back end?

- Provider search functionality:
  - Will customers be able to search for providers within the Exchange or be directed to health plan websites?

- Depending on approach for Individual and SHOP, the Commonwealth may need to make a decision on consolidating enrollment systems (CIS, CAPS, etc.).
Project Approach and Methodology

- Comparison of draft Commonwealth Exchange capabilities statement to Federal requirements, guidance from national organizations and other state approaches

- Interviews with representatives of:
  - Commonwealth Agencies, including:
    - Pennsylvania Insurance Department
    - Department of Public Welfare
    - Department of Revenue
    - Governor’s Office of Healthcare Reform
  - High-frequency external COMPASS users

- Review of existing Commonwealth IT system capabilities

- High-level review of other state and commercial exchanges
Preliminary Findings: Technology Considerations

- Overall technology is best in class.
- Several current Commonwealth applications could be leveraged to support the Pennsylvania Exchange.
- However, current systems functionality does not cover all Exchange mandated functions or state-level necessitated requirements.*

* Note: Exchange requirements such as Employer benefit quote, account demographics and validation and employee enrollment have never been a business requirement or program need. Thus, limited business or IT systems capability is evidenced in the current systems.
Preliminary Findings: Technology Considerations (Cont.)

It appears that several systems could be leveraged, regardless of in-house development or third-party solution integration:

- **COMPASS can serve as a centralized “front door”:** Technology is current and adaptable to additional Exchange functionalities, usage volumes and integration to supporting systems. Some enhancements may be needed to execute front-end Exchange requirements, but the technology is capable of supporting these enhancements.

- **Master Client Index:** Master reference for all customers and accessible to multiple users and systems. Serves as source of truth for customer verification and can be transitioned to real-time service to meet Federal Exchange requirements.

- **Data Warehouse and Reporting Tools:** Additional capacity may be required to store expanded customer and health plan information. Reporting functions can be modified to meet Federal and Commonwealth reporting requirements.

- **Electronic Data Exchanges:** Current data exchanges may need to be modified or exchanges with new systems may need to be established to support real-time service and other Exchange functionality.
Preliminary Findings: Technology Considerations (Cont.)

• There are gaps in the current system that would require an extensive level of effort to build functionality that meets Federal requirements or optional Commonwealth business functions.

• The Commonwealth may consider assessing alternatives, including vendors and sourcing options for:*
  – Small Business Health Options Programs (SHOP)
  – Billing, payment and collections
  – Specific Exchange functions such as cost calculators

* Note: Functions such as billing, payment and collections are not Federally required. Therefore, these functions would only be necessary if Pennsylvania decides to conduct these processes “in-house.”
For some functional areas, technology infrastructure is sound and properly aligned, but resources and effort would be required to expand capacity and capabilities:

- Convert batch interfaces to real-time services to support a seamless customer shopping experience
- Increase current capacity of servers, storage, networks, etc.
- Expand and enhance data models to capture new data and relationships (e.g., Enrollment systems and data warehouse will require expanded fields to store additional data to support Exchange)
Preliminary Findings: Challenges and Risks

- **Interfaces to verify consumer information such as Adjusted Gross Income**: Pennsylvania does not store Modified Adjusted Gross Income so Federal verification (i.e., interface with IRS) will be needed.

- **An “All Provider” database does not exist that connects providers to network participation by benefit plan and health plan**: This is a complex process of data collection, mapping, updating, etc. Consider short-term lookup capability and longer-term provider matching/search.

- **Shift from a program-based infrastructure to a market-based infrastructure**: Current systems are designed to support Commonwealth programs rather than a marketplace. The Exchange requires systems that will also support competition among commercial health plans.