



HAWAI'I HEALTH CONNECTOR

Informational Briefing

April 16, 2014

Tom Matsuda, Interim Executive Director

Why did Hawai'i pursue a State-based Marketplace?

- Each state must provide an ACA Marketplace for individuals and small employers (SHOP)
 - State-based Marketplace, or
 - Federally-facilitated Marketplace (Healthcare.gov)
- Protect the quality health insurance that families in Hawai'i already have
 - Prepaid Health Care Act (Prepaid)
 - Healthcare.gov cannot be customized for Prepaid
- Provide state flexibility to create a program that responds to the unique needs of Hawai'i

ACA consequences of choosing a State-based Marketplace

- Build and operate a system using federal grants
- System must provide ACA-required services (tax subsidy eligibility, QHP plan comparison and selection, enrollment, SHOP premium aggregation)
- Eligibility for individuals seeking financial assistance must integrate with Medicaid eligibility; all non-Medicaid services must be cost allocated
- Marketplace operations must be self-sustaining by 2015
- States can pursue ACA Innovation Waiver for 2017

Decision Parameters For a Sustainability Plan from Board of Directors

- Protect Prepaid by keeping SHOP intact *at least* until Innovation Waiver can take effect in 2017
- Provide ACA benefits that are only available through the online marketplace
- Improve consumer experience
- Functional by next Open Enrollment (Nov. 15, 2014)
- Approve a budget draft that significantly reduces operating costs consistent with other goals
- Comply with ACA rules and CMS grant requirements
- Support by the State for plan and budget
- Present plan and budget to Legislature to support state funding at least for January – July 2015

Connector's major strengths and weaknesses

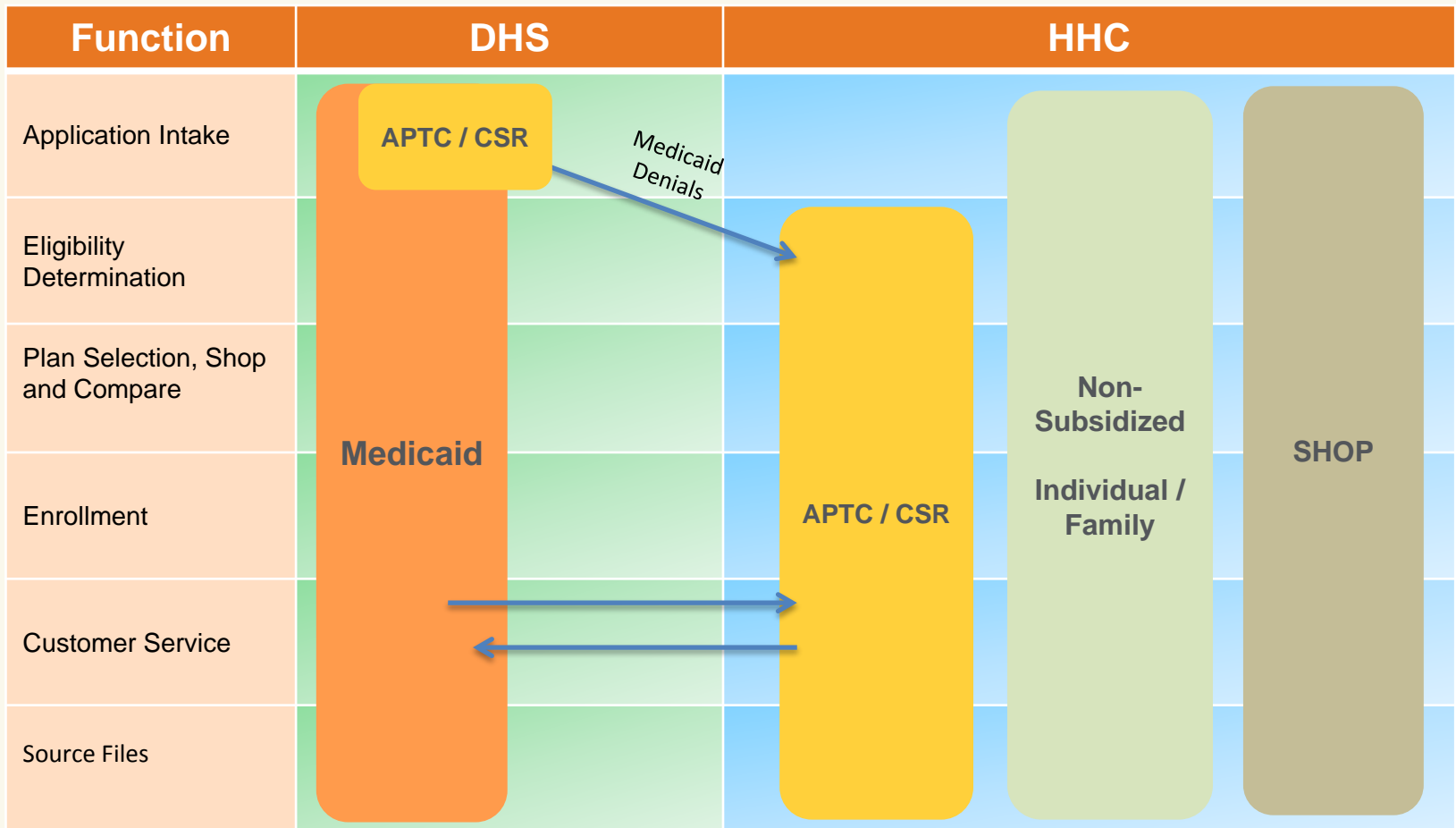
Strengths:

- Strong IT system foundation; real-time eligibility determination
- Outreach workers on all islands – public education and in-person assistance
- Contact Center customer service by telephone
- Compliant with federal regulations

Weaknesses:

- Current model not sustainable due to Hawai'i's unique market and high system operating costs
- IT system usability needs improvement

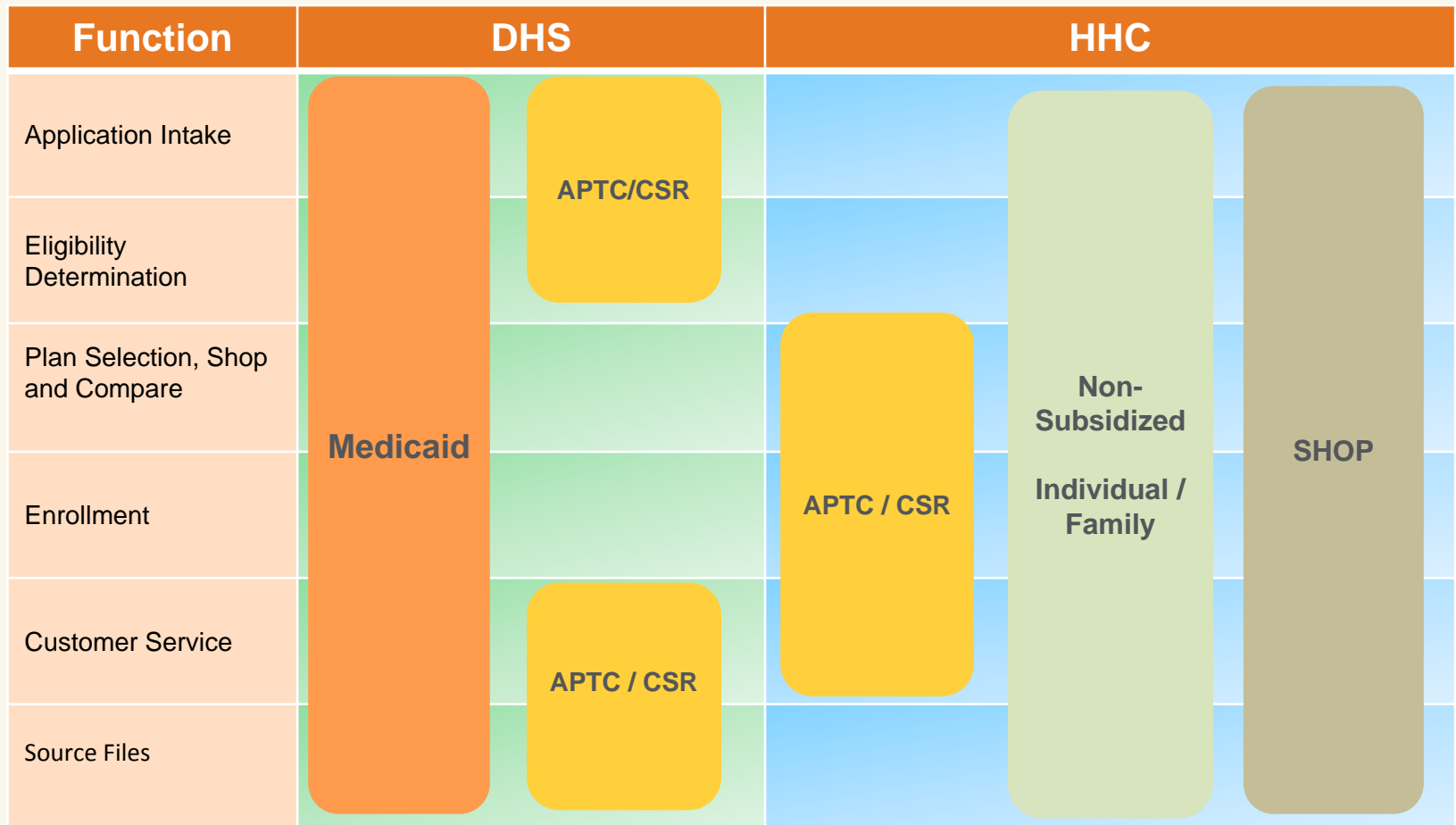
Current Model



- HHC performs all QHP Determination, Plan Selection, Shop and Compare, and SHOP Functions.
- DHS Performs Medicaid Determination and APTC Application Intake (part of Medicaid Application).
- All HHC Application Intake, Determination, Plan Selection and Shop and Compare are in a single solution.

DHS Performs Integrated Eligibility (Solution 1a)

HHC completes QHP Enrollment



- DHS will own the application intake process and associated rules to determine eligibility for APTIC / CSR.
- HHC will be responsible for plan selection, shop and compare for all APTIC/CSR and Non-Subsidized individual and family enrollment for QHPs
- HHC will expand SHOP to attract large employer groups and potentially for EUTF

Board of Directors – Plan decision

Approval of Solution 1A

- Combine individual eligibility in one system at DHS
 - Medicaid and individual tax subsidies (APTC/CSR)
 - Work toward improving consumer experience
 - REAL-TIME ELIGIBILITY
 - SINGLE APPLICATION
- Complete SHOP development and improve usability; protect Prepaid functionality in SHOP
- Consider other long-term alternatives to eliminate redundancy, reduce cost, and improve consumer experience

Board of Directors – Budget decision

Approval of Solution 1A

- Board-approved Connector Budget for January 1 – June 30, 2015
 - Reduce operational expenses where possible (personnel, outreach, marketing, etc.)
 - Mitigate risk to remain federally compliant
 - Existing contracts – negotiate reductions in future maintenance and operating cost
- \$4.7M budget deficit for the first half of 2015
(January 1-June 30, 2015)

mahalo



HAWAII HEALTH CONNECTOR
Projected Actual, Budget & Forecast Operating Revenue and Expense
Years Ended June 30, 2014, 2015 & 2016

(as of 4.14.14)

	PROJECTED FY 2014 Actual	APPROVED FY 2015 Budget			FORECAST FY 2016
		July-December 2014	January-June 2015	Total FY2015	
Support and Revenue:					
Federal Grants	\$ 83,580,117	\$ 41,963,115	\$ 9,692,849	\$ 51,655,965	\$ -
Issuer Fees	90,000	379,761	1,162,602	1,542,363	2,843,116
Cost Allocation from Medicaid (1)	6,932,388	4,143,536	1,734,169	5,877,706	1,588,961
Total Support and Revenue	90,602,505	46,486,412	12,589,621	59,076,033	4,432,077
Expense					
Salaries and Wages	4,605,080	2,265,538	1,587,502	3,853,039	2,839,058
Fringe	1,525,214	735,960	560,210	1,296,170	1,001,868
IT Contracts:					
DDI	54,150,418	30,851,333	8,149,675	39,001,008	-
IT M&O	3,694,011	2,419,834	2,376,994	4,796,828	4,757,889
DDI-DHS Cost Allocation (2)	4,576,902	2,132,618	-	2,132,618	31,845
M&O- DHS Cost Allocation (2)	63,000	777,525	-	777,525	694,785
Non-IT Contracts:					
Contact Center- DDI	4,460,103	1,251,000	1,080,000	2,331,000	-
Contact Center- M&O	1,927,370	1,020,000	1,020,000	2,040,000	2,040,000
Outreach- Hi 'iola	5,248,223	2,575,445	1,250,000	3,825,445	600,000
State of Hawaii	3,600,000	-	-	-	-
Other Contracts	4,931,863	1,569,800	850,000	2,419,800	700,000
Equipment	696,581	35,580	25,000	60,580	40,000
Travel	130,517	70,080	50,000	120,080	40,000
Supplies	28,332	13,080	15,000	28,080	15,000
Other-Facilities and Administration	874,891	388,859	386,529	775,388	611,600
Total Expense	90,512,505	46,106,651	17,350,909	63,457,561	13,372,045
Total Support and Revenue Over (Under) Expense	\$ 90,000	\$ 379,761	\$ (4,761,288)	\$ (4,381,528)	\$ (8,939,968)
Estimated # of Employees		45 FTEs	33 FTEs		30 FTEs

ESTIMATED UTILIZATION OF FEDERAL GRANTS

Total Awarded \$ 204,342,270

Cumulative Utilization of Grant Funding:

FY 2012 1,464,771

FY2013 34,281,554

35,746,325

Grant Balance Available at

July 1, 2013 168,595,945

Projected Utilization of Grants- FYs 2014, 2015 and 2016:

FY 2014 83,580,117

FY 2015 51,655,965

FY 2016 -

135,236,082

Estimated Grant Balance Remaining \$ 33,359,863

NOTES:

(1) The Connector allocates Contact Center and Marketplace Assister/Outreach expenses to Medicaid based on DHS's utilization of these shared services. The cost allocation is pending approval of CMCS. Allocated costs of approximately \$4.1 million are due from the Federal government and approximately \$2.8 million is due from the State of Hawaii DHS.

(2) The Connector will be obligated to pay amounts to DHS for 5.25% of the total costs of the development of and future maintenance and operations of KOLEA for shared services between the organizations.