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AGENDA ITEM

☐ **For Possible Action**

☒ **Information Only**

Date: January 14, 2016

Item Number: VIII

Title: Exchange Sustainability Update

PURPOSE

The purpose of this report is to provide the Board and the public with information regarding conversations with CMS on exchange sustainability for 2017 and beyond.

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BACKGROUND

On November 15, 2014, the Exchange successfully transitioned from the Xerox web portal to the Healthcare.gov technology platform for application, eligibility, and enrollment in Nevada certified Qualified Health Plans for Plan Year 2015. The Centers for Medicare and Medicaid Services (CMS) who operate Healthcare.gov informed the Exchange that there would be costs requiring Exchange payment for the use of the technology in the future. In regularly scheduled meetings in the first quarter of 2015, the Exchange was informed that a process to lease Healthcare.gov would be forthcoming in the next few months that would necessitate payment to CMS starting in Plan Year 2017. This process would be outlined in standard federal rulemaking.

CMS released the Proposed Notice of Benefit and Payment Parameters for 2017 in late November 2015. The proposed rule sets forth payment parameters and provisions related to a number of matters including setting the user fees for state-based marketplaces which utilize the federal eligibility and enrollment infrastructure at 3% of premium.

COLLABORATING WITH CMS

Exchange leadership has actively engaged CMS in an effort to develop a fair and appropriate leasing model for continued access to the healthcare.gov platform and associated call center support.

In April 2015 we traveled to Bethesda, Maryland and met with CMS leadership to discuss our concerns. In the course of those meetings we were advised that official guidance was expected to be available at the Sustainability Conference which would be held in July. That conference took place July 30th and 31st in McLean, Virginia. The CMS conference addressed many areas of state-based marketplace sustainability including the use of data to better understand the market, encouraging efficiencies through inter-agency collaborations and cost allocations, the potential for shared services, and other opportunities for cost savings, however no information was provided on what might be the recommended access fee for continued state use of healthcare.gov.

ISSUANCE OF THE PROPOSED RULE

CMS officially published its Proposed Notice of Benefit and Payment Parameters for 2017 on December 2, 2015. Comments were required to be submitted on or before December 21st, 2015.

RESPONSE TO THE PROPOSED RULE

The Exchange timely provided comments to the Proposed Notice of Benefit and Payment Parameters. Our comments echoed concerns raised by Hawaii, New Mexico, Oregon, Arkansas, Washington, the District of Columbia, and California; the user fee structure as proposed impacts the viability and sustainability of all state-based marketplaces.

Additional comments were submitted by our Board Chair, by affected consumers, and a host of others. All make the same point: the user fee proposed will both increase premiums and significantly decrease the availability of funding for marketing and outreach efforts.

ACTIONS TAKEN

The Exchange has discussed our concerns with CMS leadership regarding both the timing of the release of the proposed rule and the need for a fee methodology which compensates CMS fairly without impairing the Exchange's ability to defray necessary and required operating costs.

We are also undertaking a review of more affordable alternatives which could replace the federal platform and call center. Additional information will be made available as it is developed.

Finally, as noted in the Executive Director's report, we are working with other states on identifying potential technology solutions which offer a cost-effective alternative to the federal infrastructure. In fact, the Exchange will be providing a representative to serve on the Oregon Health Insurance Marketplace RFP Evaluation Committee to consider existing technology solutions capable of providing an affordable multi-state platform to potentially replace our reliance on healthcare.gov.

CONCLUSION

Nevada has always been prepared to compensate CMS for the true market value of the services rendered; however sustainability requires that we retain sufficient revenues to permit us to meet all of our statutory duties. Unfortunately, the proposed rule sets out a fee which impairs Nevada's ability to operate its exchange and continue to reduce the number of our uninsured citizens.

The rationale for having a state-based marketplace in Nevada has not changed. Our state is best served by having decisions affecting our insurance market made locally rather than in Washington. Our carriers pay lower fees and our consumers pay lower premiums by having a state-based exchange. Our funding for consumer outreach and education is greater than that which would be provided through the federally facilitated marketplace and our commitment to work together with our agent and broker communities to reduce the number of uninsured Nevadans would never be replicated for a state whose citizens make up less than one-tenth of one percent of enrollees nationwide.

While we await the issuance of the final rule by CMS, staff will continue to identify and evaluate various cost-effective options to assure Exchange sustainability and will provide updates to the Board over the coming months as available.