



Silver State Health Insurance Exchange

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FISCAL AND OPERATIONAL REPORT **PROVIDED TO THE GOVERNOR AND LEGISLATURE** **PURSUANT TO NRS 695I.370 (1) (B) & (C)** **JUNE 30, 2017**

The Silver State Health Insurance Exchange (Exchange) is pleased to offer this Fiscal and Operational Report, required pursuant to [NRS 695I.370 \(1\) \(b\) & \(c\)](#), to the Governor, the Legislature and the public. It provides information regarding the activities of the Exchange since December 31, 2016.

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EXECUTIVE SUMMARY

Recognizing inevitable changes to federal legislation in healthcare, the Exchange has remained focused on the vision of the agency; to provide access to health insurance for all eligible Nevadans. The Exchange’s strategic planning is centered on the mission to increase the number of insured Nevadans by facilitating the purchase and sale of health insurance through a transparent and simplified marketplace. The Exchange is meeting organizational objectives as demonstrated by year-over-year growth in enrollment. The staff of the Exchange have developed specialized expertise in working with consumers and insurance providers and is well positioned to facilitate the implementation of new healthcare policy and to assist underserved Nevadan’s to purchase healthcare coverage.

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The Exchange's fourth open enrollment period ended on January 31, 2017 with a total of 89,061 consumers, nearly 1,000 more than the previous year. The Exchange was able to enroll over 29,000 new consumers, 3,000 in the final two days. The Exchange faced several competing enrollment challenges for plan year 2017 including a presidential election, a decrease in broker/agent enrollment force, and a continued steady job growth in Nevada's improving economy. These challenges were not all negative, however, combined they created a complex setting for the Exchange to navigate. The Exchange remained focused on the goal of serving the interest of Nevadan's and remained responsive to the challenges.

The ongoing debate over federal legislation caused uncertainty in the health insurance marketplace nationally during the past open enrollment period. The Exchange worked effectively to minimize the effect this uncertainty had on Nevada's consumers who were unsure about the permanency of their plans. The Exchange's messaging was aggressive and remained focused on the fact that the Exchange was available to assist Nevada consumers throughout the enrollment period and beyond by focusing its message on the fact that the ACA's legal framework and subsidy assistance remained available to eligible Nevadans. However, confusion among consumers persisted throughout the enrollment period.

As a result of carriers decreasing commissions by significant margins, the Exchange went into the fourth open enrollment period with 80 percent fewer brokers and agents than the previous year. The loss of these partners statewide during this last year presented challenges for the Exchange in meeting enrollment goals and assisting Nevadan's to enroll in a qualified health plan (QHP). The Exchange met these challenges through aggressive marketing and outreach and developing new effective partnerships.

As it relates to plan year (PY) 2017 enrollment, Nevada experienced significant job growth in 2016, with the state on the whole recovering jobs lost during the 2008 recession. Some percentage of these thousands of new jobs within the Nevada economy offered employer-based health insurance. An Exchange consumer becoming employed and finding access to health insurance through their employer is a positive story for Nevada's economy, but this success competes directly with the Exchange's enrollment efforts.

The Exchange set new records with outreach and marketing efforts during the 2017 enrollment period. The comprehensive advertising campaign made a total of 169,509,174 million impressions statewide and concentrated outreach strategy enabled the Exchange to attend 220 events which is nearly five times more than were attended in 2015. The Exchange also joined 10 community groups including seven Chambers of Commerce, and three associations.

The Exchange will need to build on these marketing and outreach successes for the PY 2018 enrollment period as a result of rule changes proposed and promulgated by the U.S. Department of Health and Human Services. The Market Stabilization Rule was finalized on April 13, 2017 and made several changes; most pressing to the Exchange is the truncated open enrollment period from 90 days to 45 days running November 1, 2017 through December 15, 2017.

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The Exchange continues to build upon its outreach, advertising, and educational strategies to address the truncated enrollment period. By working with stakeholders, Navigators, and community partners, the Exchange is diligently working to develop messages highlighting the importance of timely enrollment through qualified in-person assistance.

In February 2017 the Exchange's Board of Directors voted to hold the Exchange's PY 2018 fee at 3.15 percent of the pre-subsidized premium generated by QHPs and Standalone Dental plans sold on the Exchange. Staff recommended this vote based on thorough review of the Exchange's legislatively approved budget, existing and projected cash reserves, enrollment figures, historical year-to-year premium adjustments, and anticipated expenses. The Board recognized that the 3.15 percent fee is significantly lower than that of the federally facilitated marketplace (FFM), saving Nevada consumers a projected \$1.2 million annually.

The Exchange is working collaboratively with the Nevada Division of Insurance (DOI) on the development of plan offerings for PY 2018. Exchange insurance carriers have been developing plans and setting rates for plans offered through Nevada Health Link. The Exchange is enthusiastic about two new relationships with carriers who intend to sell on the Exchange for plan year 2018. Aetna and Centene were both awarded contracts to operate Medicaid Managed Care Organizations and both companies have been working with the Exchange and the DOI to develop ACA compliant QHPs. The Exchange looks forward to presenting Nevada consumers more plan offerings in 2018.

The Exchange began making payments to lease the HealthCare.gov eligibility and enrollment platform effective January 1, 2017. The rate for 2017 is 1.5 percent of the premiums collected – nearly half of the Exchange's revenue. This rate will increase to 2 percent in PY 2018, and 3 percent in PY 2019. A fee of 3 percent to HealthCare.gov for PY 2019 is representative of nearly the entirety of the Exchange's revenue and is unsustainable.

In order to remain a cost effective service to Nevadans, the Exchange must cost less than those states that are fully Federal Facilitated Marketplaces (FFM) which currently pay 3.5 percent. The Exchange cannot keep fees below 3.5 percent while paying 3 percent to Healthcare.gov and collect sufficient income to defray all operational expenses, including staff costs, rent, utilities, marketing, consumer outreach and education, our navigator program, and plan certification responsibilities.

The Exchange must either transition to another technology vendor or negotiate a lower lease fee to continue to access HealthCare.gov's eligibility and enrollment platform. The Exchange's Executive Director has been working with CMS and Nevada state lawmakers along with the Nevada congressional delegation to determine the pathway to allow the Exchange to transition away from HealthCare.gov without the required integrated Medicaid eligibility determinations—while at the same time working on negotiating the fees in order to continue to lease HealthCare.gov at an affordable and fair price.

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While there are many convincing reasons for the Exchange to transition to a private eligibility and enrollment platform, there are several challenges that must be addressed before such a transition can occur. The Exchange will continue to diligently make progress toward the goal of finding a sustainable effective and efficient method to enroll Nevada's consumers.

The Exchange completed a Request for Applications (RFA) process in April which resulted in new Navigator and In-Person Assister grants. The Exchange is enthusiastic about renewing existing partnerships and adding new partners, including more northern Nevada Navigators. These partnerships are exponentially valuable and imperative as the Exchange digs deeper into Nevada's communities to identify uninsured and underinsured consumers. Navigators and In-Person Assistors act as the face of Nevada Health Link throughout urban and rural Nevada. The outreach, education, and enrollment efforts that these partners provide support the backbone of the Exchange's vision and mission and will be critical over the next year as the Exchange expands outreach and identifies opportunities to engage consumers.

In addition to the Navigator grants, the Exchange recognized the importance and value of the broker and agent partnership and developed a RFA for a pilot broker storefront program for open enrollment period five. This initiative is modeled after a very successful program implemented in the State of Oregon. As a pilot program in Nevada, the storefront program is designed to provide approximately five brokers throughout the state with \$10,000 annually in funding to facilitate and promote enrollment in on-Exchange QHPs during PY 2018. Funds may be used for promotion, outreach, and/or enrollment activities that may include, but are not limited to: targeted ACA QHP and Nevada Health Link promotional and marketing materials to increase consumer traffic; temporary brick-and-mortar storefront lease payments, and/or hiring temporary enrollment staff. The Exchange released the RFA in May and will make award selections in July with a September orientation and training.

The staff of the Exchange are actively identifying objectives and creating strategic plans to meet long and short term goals. Even in the face of political headwinds the Silver State Health Insurance Exchange remains in compliance with all of our statutory obligations and has demonstrated success by every metric by which it is measured. This success would not be possible without a dedicated group of staff who truly believe in the Exchange's mission.

THE BOARD

In accordance with 45 CFR § 155.110(c), the State must insure that the Exchange has in place a clearly defined Governing Board.

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The Board consists of seven voting members and three non-voting members. Of the seven voting Board members, five appointments to the Board were made by the Governor, one by the Speaker of the Nevada Assembly, and one by the Nevada Senate Majority leader.

The current Board members are:

- Voting Members
 - Florence Jameson, MD, Chair
 - Valerie Clark, Vice-Chair
 - Jonathan Johnson
 - E. Lavonne Lewis
 - Angie Wilson
 - Jose Melendrez
 - Dr. Daniel Cook

- Ex-Officio – Non-voting
 - Debi Reynolds - Department of Administration, for Patrick Cates, Director
 - Barbara Richardson– Commissioner Division of Insurance
 - Marta Jensen – Department of Health & Human Services, for Richard Whitley, Director

Since our last report there have been four Board meetings. The Board, required to meet at least once a calendar year, currently meets on a monthly basis as directed by the Chair or majority of members (NRS 695I.340). Board meetings are held in Carson City and Henderson as well as streamed over the internet.

STAFF

The Exchange staff currently consists of thirteen full-time employees. Nevada has the lowest Exchange employee count in the nation. Pursuant to NRS 695I.380, all employees of the Exchange are in the unclassified service of the state, with three non-exempt employees.

MARKETING OFF-SEASON CAMPAIGN HIGHLIGHTS

In late February 2017, the Exchange and its contracted marketing firm, Penna Powers, conducted focus group research in both Las Vegas and Reno using the independent research firm, Consumer Opinion Services. The primary objective was to help the Exchange better understand the consumer's level of understanding of the local health insurance market. There was a specific focus on the ACA, Nevada Health Link, and marketing tools and usage. Research findings highlighted that most consumers still have difficulty differentiating the ACA/Obamacare and Medicaid versus Nevada Health Link/Exchange or the individual marketplace. The collected data will provide direction to help steer targeted messaging for the Exchange's summer (Off Season) and fall (Open Enrollment) marketing campaigns which will continue to emphasize the need for health insurance as well as build awareness of the Nevada Health Link.

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The Exchange is planning the 2017 off-season marketing campaign which will launch at the end of June/early July and run through the latter half of October 2017 when we will transition to open enrollment messaging to support the fifth open enrollment campaign for PY 2018. The campaign's theme is "You can't afford not to have health insurance." The campaign objectives are to emphasize the need for health insurance and promote Nevada Health Link as *the* resource for Nevadans (i.e., institutionalize Nevada Health Link). The campaign will continue to target the uninsured populations throughout Nevada, and will use social media, digital advertising, traditional and outdoor advertising tactics to educate target audiences about the need and value for health insurance. The Exchange's strategy is to alleviate confusion and shape favorable perceptions through targeted, community-centered outreach while also growing stakeholder partnerships throughout the state. In addition to an advertising campaign that will build awareness for Nevada Health Link, the Exchange will incorporate consumer testimonials.

The Exchange will maintain awareness through an outdoor advertising campaign as well as a strong digital and television, video, and social content advertising presence. The Exchange will continue to build on email campaigns to nearly 3,000 consumers who opted-in to receive health insurance information and health tips related to blog posts on NevadaHealthLink.com. Emails will be sent to this list of consumers referencing important dates and deadlines related to open enrollment on a bi-weekly basis. Planned enhancements for NevadaHealthLink.com include a complete modification of the homepage to be more consumer-facing and allow easier access to information related to the ACA, subsidies, health-related tips, consumer testimonials, and their new health insurance plans.

Nevada Health Link expanded its outreach presence by attending more community events than in years past. The Exchange researched multiple events with targeted demographics; which consist of, but are not limited to: Tribes, rural Nevada, Hispanics, Millennials, 50+ community, Self-employed, and Multi-cultural ethnicities. As of May 2017 the Exchange has attended 67 events and has 91 additional events planned through September of 2017. New outreach educational materials, and literature have been printed to engage audiences and provide a clear understanding of how to enroll in a health insurance plan and receive in-person assistance with an emphasis on why it is important to be covered. The Exchange's outreach strategy includes using Navigators as primary event staff, attending community-based events where there is a better likelihood to engage consumers, create interactive outreach booth activities to attract and engage more consumers, and collaborate with our new outreach vendor, Sumnu Marketing, to develop new measureable stakeholder and event strategies and tactics that will reach further into targeted communities.

OPEN ENROLLMENT 5 MARKETING CAMPAIGN

Open enrollment will begin November 1, 2017 and will run through December 15, 2017. This will be the Exchange's fifth open enrollment and fourth enrollment using the federal platform, healthcare.gov, for eligibility and enrollment purposes. The theme for the upcoming enrollment period is "You can't afford not to have health insurance." The summer off-season campaign will integrate into the fall open enrollment 5 campaign with the same theme, but with additional

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scenarios of every day health-related incidents such as a slip and fall, broken bone or an ER visit, that compare the costs of said scenarios without having health insurance. The Exchange believes there is a value in having health insurance and more Nevadans are realizing the importance of being covered.

The Exchange continues to focus on the millennial population, families and individuals, the 50+ community, the self-employed, rural and tribal areas, and Hispanic/Latino populations as well as multicultural ethnicities. Marketing and outreach messaging will remain the same; encouraging consumers to visit NevadaHealthLink.com to find a licensed enrollment professional and will encourage local in-person assistance. Our marketing will also incorporate social media as a means for consumers to ask and have their health coverage related questions answered via a specialized hashtag: #HealthLinkHelp

The Exchange's media mix between off-season and open enrollment will vary, with a heavier emphasis allocated in the fall months geared toward driving enrollment. However, due to the shorter enrollment period, the off-season message is intentionally planned to be more intrusive, to not only keep Nevada Health Link top-of-mind, but to drive engagement and educate. Messages will be tagged to include mention of the shorted enrollment timeframe and specific messages focused on the new open enrollment dates will be incorporated during open enrollment.

Research indicates our audiences rely heavily on video formats as their primary means for receiving advertising messages. Both the off-season and open enrollment campaigns include online digital content which is comprised of all forms of social media and will include Snapchat, Buzz Feed, Spotify and other online video media. There is also a robust traditional advertising presence throughout the campaigns that will include television, radio, PR, outdoor, digital, video, and print. Website updates, and ongoing email communications will continue throughout the campaign as well.

STAKEHOLDERS

The Exchange has been actively working on statewide stakeholder and partner initiatives. It is important to leverage relationships within the healthcare and related communities and provide resources to collaborate and synthesize mutual efforts to reach target populations. The Exchange has developed an email blast, a PowerPoint presentation, and a fact sheet for stakeholders to use as they see fit. The goal is to grow established stakeholder partners through face-to-face collaboration and create mutually beneficial relationships that allow Nevada Health Link access to these partner's members for education and advocacy. The Exchange continues to develop and foster new partnerships through community involvement and networking by joining Chambers and other associations statewide. The Exchange is also anticipating a stakeholder event hosted by Nevada Health Link in September 2017. This will be an opportunity to invite all stakeholders and partners to discuss our ongoing goals of providing access to affordable QHPs to the underinsured and uninsured populations in the State of Nevada.

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BROKERS

The Exchange saw a decrease in the number of brokers selling on the Exchange during last open enrollment period. This was due to a decrease in commissions paid out by Exchange carriers. Recognizing the value of broker and agent partnerships, the Exchange released a RFA in May of 2017 which offers a grant to start a pilot broker and agent program. Five grants of up to \$10,000.00 for each brokerage will be awarded to insurance professionals for this upcoming plan year to assist with marketing, outreach and operational costs related to enrolling consumers in QHPs. The goal of this grant program is to increase the number of in-person insurance professionals to be able to assist eligible Nevadans with seamlessly enrolling in a QHP.

NAVIGATORS, IN-PERSON ASSISTERS, AND CERTIFIED APPLICATION COUNSELORS

To be compliant with federal regulations, the Exchange must have consumer assistance resources and functions, including a Navigator program, and must refer consumers to appropriate state resources when available. In April 2017, the Exchange published a RFA for the Navigator and In-Person Assistance (IPA) program. The Exchange awarded contracts to two entities to serve as state wide Navigators and seven IPA entities. Navigator organizations are responsible for outreach, education, and enrollment for Nevada's uninsured and underinsured populations. Certified enrollment assisters are comprised of private entities that have been trained by Nevada Health Link and work closely with Nevada Health Link to educate consumers on the resources available in the health insurance marketplace. Navigators are the primary event staff in regard to our outreach and community events which continues to be an intricate and important part of our marketing campaign.

Navigator Entities

- Dignity Health - St. Rose Dominican (Southern Nevada)
- State of Nevada - Office for Consumer Health Assistance (Statewide)

In-Person Assister Entities

- Asian Community Resource Center (Southern Nevada)
- Consumer Assistance Resource Center (Southern Nevada)
- Three Square (Southern Nevada)
- Community Health Alliance (Northern Nevada)
- First Med Health & Wellness (Southern Nevada)
- Hope Christian Health Center (Southern Nevada)
- Nevada Health Centers, Inc. (Statewide)

In order for the Exchange to ensure there are adequate resources for consumers wishing to have assistance with their enrollment applications, our Navigators, IPAs, and CACs across the state

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will augment the enrollment force. The Exchange has provided additional training and support to Navigators, IPAs, and CACs to prepare them to enroll consumers.

FINANCE

BUDGET FOR SFY 2018 & 2019

The Exchange had its Budget closing hearing on April 28, 2017. Two major closing items were considered:

1. Fee to the Federal government for use of Healthcare.gov.

This was an Enhancement request for our next biennium budget (FY18-FY19). For Plan Year 17 (PY) the Centers for Medicare and Medicaid Services (CMS) began charging a user fee of 1.5% of total premiums collected by the carriers selling insurance on the Exchange. In PY18 this rate will increase to 2% and an anticipated rate of 3% will be charged for PY19. The Exchange's State Fiscal Year runs from July 1 to June 30th. The Exchange will have fees to CMS built into our next budget for half of PY17, all of PY18, and half of PY19. Although the Legislatively approved budget will not be made public until mid-June, the Exchange expects a total of \$15,505,766 to be made available to remain on Healthcare.gov

2. Transition from Healthcare.gov to a Private Exchange.

The Exchange originally asked for a total of \$9,448,578 for a transition off of Healthcare.gov to a private platform. Analysis shows the Exchange cannot sustain on Healthcare.gov at the rates the Feds are charging. The alternative was to seek a private vendor which offers a better product at a significant cost savings to Healthcare.gov. This request was made in the Exchange's Agency requested budget September of 2016 and supported by the Governor's recommended budget released in January.

After the National Election in November of 2016, the future of the Exchange has been on a roller coaster ride. Given these turbulent times, the Legislature has decided not to fund this request for this upcoming biennium, electing instead, to reconsider the transition for the 2020-2021 biennium or allow the Exchange to approach the Interim Finance Committee during the Interim with a possible transition plan. The Legislature also requested a Letter of Intent requiring the Exchange to report on operations every 6 months.

The Legislatively approved budget (L01) will not be released until mid-June. The L01 budget will be posted in the December Fiscal & Operational report.

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Grants

The Exchange is utilizing two 1311 Establishment Fund grants in our current operations. However, only one grant will be carried forward into the next biennium. Approximately \$2.1 million dollars of 1311 funds will be used for marketing and outreach efforts for the Exchange in FY18. These funds expire December 31, 2017, at which point the Exchange will operate on fees collected from the carriers.

Fiscal Year 2017 Closing

State Fiscal Year 2017 (SFY) will be ending June 30, 2017. The Exchange will be finalizing all revenue and expenditures for SFY17 in anticipation of closing in August of 2017. Final closing reserve balance will be made available in the December Fiscal & Operational report.