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FISCAL AND OPERATIONAL REPORT

PROVIDED TO THE GOVERNOR AND LEGISLATURE
PURSUANT TO NRS 695I.370 (1) (B) & (C)
JUNE 30, 2019

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, 2018.

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EXECUTIVE SUMMARY

During the first half of 2019 the Silver State Health Insurance Exchange (Exchange) made steady progress toward the Board of Director's mission to transition Nevada Health Link to a fully operational State Based Exchange (SBE). In addition to the rigorous work of the transition project, the Exchange successfully navigated Nevada's 80th (2019) Legislative Session, monitored and commented on proposed federal rule changes, and coordinated with stakeholders in preparation for open enrollment plan year 2020 (PY20).

STATE BASED EXCHANGE TRANSITION

The Exchange has been engrossed in the project to transition to a fully operational SBE since November of 2016. Beginning with a series of meetings with the Division of Welfare and Supportive Services (DWSS), followed by a formal Request for Information (RFI), stakeholder engagement sessions, and ultimately a Request for Proposal (RFP) resulting in a signed contract with a single selected technology and call center vendor, GetInsured in August of 2018; the Exchange has steadily made progress toward a go-live date of November 1, 2019 in time for PY20.

The transition project is enormously complex requiring a comprehensive transition strategy and a Project Management Office (PMO) made up of a lead Project Manager, two Quality Assurance Analysts, a Training Implementation Specialist and a Technical Writer. Between the combined PMO, Exchange staff, and GetInsured staff, the project has remained on schedule and within budget.

The Exchange took extensive measures to learn from the errors of the first SBE implementation and developed a streamlined technology and call center implementation that configures commercial off the shelf products to meet Nevada's specific needs. Working with a single experienced vendor with a proven eligibility and enrollment product mitigated many of the risks associated with establishing an SBE; however, contingency plans to stay on HealthCare.gov were developed around the success of the consumer data migration effort. Migrating consumer data from the HealthCare.gov system to the GetInsured platform is critical for the purposes of consumer retention and it eases the burden of the Exchange's transition on consumers and enrollment professionals. Nevada is one of the first states to migrate consumer data to a state based exchange; as such the Exchange spent months working collaboratively with HealthCare.gov staff and their vendors to identify the format, methodology, and delivery dates of consumer data as necessary to accommodate the Exchange's goals and the GetInsured platform.

In order to make a "go" decision to move away from HealthCare.gov the Exchange required GetInsured to provide evidence of their ability to successfully accept and process consumer application and enrollment data. GetInsured was given a deadline of May 31, 2019 to provide the Exchange with a report that was then independently verified by the Exchange's Information Security Officer. The report demonstrated the necessary capability to successfully transfer

consumer data and populate the Nevada Health Link platform; thus, the Exchange has continued to execute the establishment of Nevada's SBE.

The Exchange must be able to demonstrate compliance with the Minimal Acceptable Risk Standards for Exchanges (MARSE) 2.0 to be permitted to access and retain private consumer information. Compliance must be achieved in order for the Exchange to be granted the Authority to Connect (ATC) to the Federal Data Services Hub (FDSH) requiring approvals from both the Internal Revenue Service (IRS) and the Centers for Medicaid & Medicare Services (CMS). The Exchange spent the bulk of February through May of 2019 working to complete exhaustive reporting and documentation requirements for submission to a contracted third party security vendor, SeNet, who will produce a Systems Security Report (SSR) that will be reviewed in coordination with the Exchange's documentation and artifacts for final ATC approval, expected in August 2019. As the Exchange awaits ATC, the PMO and Exchange staff have worked closely with DWSS in order to leverage their connection to the FDSH to test system functionality within a harnessed testing environment.

In addition to FDSH testing, the Exchange began systems testing in April 2019. PMO staff have taken delivery of GetInsured modules for testing and have implemented User Acceptance Testing (UAT) plans and processes. Concurrent to UAT, PMO staff have begun to develop user reference manuals and training materials for carriers, licensed enrollment professionals, and Exchange administrative staff. The Exchange has worked closely with PY20 insurance carriers to provide necessary technical assistance to enable testing of Electronic Data Interchange (EDI) between their systems and GetInsured. While testing, each carrier must successfully complete 16 scenarios.

Transitioning to a SBE requires intricate communication plans tailored to diverse stakeholders through a variety of mediums; stakeholder communication and project transparency is a top priority for the transition project. The Exchange has engaged directly with stakeholders on topics specifically related to their involvement with Nevada Health Link's new enrollment portal. Carrier communications began in December of 2018 with monthly informational webinars, regular one-on-one meetings, and ad hoc meetings as necessary to provide support and technical assistance. The monthly carrier meetings are recorded and published on a page on NevadaHealthLink.com along with important user manuals and other reference materials.

Monthly webinars with Enrollment Professionals have also been established. Broker and Navigator partners receive updates about the transition project and details about PY20 training and certification requirements. Webinars are recorded and published at a dedicated enrollment professional page on Nevada Health Link's website. As in previous years, enrollment professionals will be required to successfully complete training, agree to abide by Nevada Health Link's broker code of conduct and acceptable use requirements prior to being granted access to the GetInsured portal.

One of the primary goals of the transition project is to connect consumers to enrollment professionals for enrollment for PY20 and beyond. As a part of the data migration from CMS, the Exchange paid close attention to ensure that HealthCare.gov provides not only consumer

application and enrollment data, but also the broker of record affiliated with their application. Migrating broker data will allow the Exchange to transfer a broker's book of business into the GetInsured portal. Brokers who sold plans for PY19 and who complete training and certification by August 12, 2019 will have their HealthCare.gov book of business migrated to the GetInsured portal. To ensure adequate availability of enrollment professionals the Exchange has developed communication plans to train and certify returning brokers by the August 12, 2019 deadline while casting a wide net to other licensed life and health brokers who may be interested in partnering with the Exchange for PY20 enrollments. Consumers will be connected to brokers through the call center's interactive voice response (IVR) system through a tool called Broker Connect; callers wishing to receive assistance with enrollment will enter their zip code and will be connected to a broker to set an appointment. Consumers visiting NevadaHealthLink.com will have access to a directory of all broker and navigator enrollment partners.

The Exchange intends to soft launch Nevada Health Link's enrollment portal and call center on September 4, 2019. Consumers will be sent an email with an activation code that allows them to claim their user account. During the months of September and early October consumers will have the opportunity to claim their accounts, designate a broker, and/or opt-in to auto re-enrollment for PY20 and on-going. The Exchange will work closely with enrollment professionals to encourage and assist consumers with account activation prior to open enrollment. Enrollment professionals will have the proficiency to provide consumers with necessary technical assistance and the Nevada Health Link call center will be available to provide further assistance as appropriate. In the month of October, consumers and enrollment professionals will be able to anonymously "window shop" PY20 Qualified Health Plans (QHP) and Stand Alone Dental Plans (SADP).

The Exchange is working closely with HealthCare.gov, insurance carriers, and GetInsured to coordinate all forms of transition communication efforts; each entity will need to notify consumers through mail, email, website, and call centers that NevadaHealthLink.com will be the only place for Nevadans to enroll beginning November 1, 2019. HealthCare.gov will remain responsible for any consumer matter related to plan years 2015-2019 and the Exchange will take full ownership of all matters beginning PY20. The Exchange has worked to carefully distill complicated transition messaging into simple actionable messages for consumers.

The transition project has many partners who require a policy-based approach to work flows and collaboration. The Exchange works closely with stakeholders to understand their unique needs, existing business processes, and the way in which they prefer to collaborate with the marketplace. Taking a customer service approach, the Exchange has developed collaborative work flows for internal staff, CMS, DWSS, GetInsured, carriers, enrollment professionals, and consumers. In addition to work flows, the Exchange developed a draft policy manual for eligibility and enrollment and with a priority to limit disruption to existing insurance carrier business processes. The draft policy manual went out for comment and feedback from stakeholders in May 2019 and will be finalized and approved at the September 2019 Exchange Executive Board meeting.

As the first state to transition from a State Based Exchange using the Federal Platform to a fully operational SBE, the Exchange has received significant national attention. Aside from being among the first states to transition away from the federal platform (HealthCare.gov), Nevada's Exchange developed a unique "Exchange-In-A-Box" model whereby all technological and call center functionality will be supported by a single vendor. Many states are interested in better understanding the Nevada model, thus the Exchange's Executive Director has provided one-on-one consultation with interested states in addition to topical webinars hosted by the National Association of State Health Policies (NASHP) and State Values Health Strategies (SVHS).

NEVADA'S LEGISLATIVE SESSION

During the 80th Session of the Nevada Legislature the Exchange presented its portion of the Governor's recommended budget to the money committees while also analyzing, tracking, and commenting on proposed legislation impacting the Exchange or relating to healthcare.

The Exchange's budget included 16 enhancement units - changes from the previous biennium's budget. Enhancements were primarily developed to accommodate the Exchange's transition away from HealthCare.gov, establish administration for a SBE, and to support the on-going operation of a SBE. The Governor's recommended budget for the Exchange was approved as submitted and includes nine additional full time employees in the classified service to absorb the functions previously provided by HealthCare.gov. In addition to transition related budget items, the Exchange's final budget includes increases to marketing and outreach along with continued support for Navigator and Broker grantees. The Exchange anticipates a savings of $5.3 million over the State Fiscal Year 2020-2021 biennium from that which would have otherwise been spent for the continued use of the HealthCare.gov federal technology platform.

Nevada state legislators proposed a significant amount of health care related legislation during the 80th session. The Exchange successfully shepherded Assembly Bill (AB) 496, a bill that makes changes to the Exchange's enabling *Nevada Revised Statute* (NRS) (NRS695I.5380) to allow the Executive Director to hire employees in either classified or unclassified service. The statute previously limited the Director to hiring employees in unclassified service and the Governor's recommended budget included nine employees in classified service, thus AB496 aligns the agency's enabling statute to the Governor's budget.

The Exchange analyzed and tracked several bills related to health care and the insurance industry while carefully monitoring any impact the proposed legislation would have on the agency. Several lawmakers proposed legislation to enshrine protections for pre-existing conditions into state statute. Assemblywoman Spiegel introduced AB170 which was signed into law by Governor Sisolak and included language to codify the Affordable Care Act (ACA) pre-existing protections into state statute while also requiring insurance carriers to provide information to the Office of Consumer Health Assistance (OCHA).

Governor Sisolak also signed into law Senate Bills (SB) 481 and 482. Both bills were efforts to stabilize the ACA. Both SB481 and SB482 underwent significant amendments throughout the bill hearing process; in the end both bills provide for more consumer protections. Senate Bill 481

tightens regulations of Association Health Plans (AHP) to reduce fraud, limits STLD plans to 185 days in any 365 day period, and requires any carrier selling an individual market plan off-Exchange to notice consumers that they may be eligible for financial assistance by enrolling in a qualified health plan on Nevada Health Link. Senate Bill 482 allows for reciprocal carrier licensure for the states of Arizona, California, Idaho, Oregon, or Utah. The bill also gives the state of Nevada the legislative authority necessary to submit a 1332 waiver to CMS.

The Governor sponsored and passed SB544, a bill to establish a Patient Protection Commission. The Commission will be responsible for a holistic examination of the state's health needs, health care systems, quality, accessibility, and affordability. The Exchange's Director is appointed to the Commission as an Ex-Officio member.

In the last days of the Legislative Session, Senate Majority Leader, Nicole Cannizzaro introduced Senate Concurrent Resolution (SCR) 10, a bill requiring the Legislative Commission to study the feasibility, viability, and design of public health care insurance plan that may be offered to all residents of the state. The Exchange will participate in the study and provide data as necessary.

FEDERAL UPDATES

The federal government continues to propose and promulgate rules impacting state exchanges and the guidelines under which they operate. The Nevada Exchange actively tracks and analyzes proposed rules and regulations while providing comments as necessary and appropriate.

On January 17, 2019, CMS released a proposed Notice of Benefit and Payment Parameters (NBPP) for Plan Year (PY) 2020. The payment notice is issued on an annual basis to adopt a variety of major changes CMS intends to implement for the next plan year. Historically the rule is issued in early fall and finalized in early spring in order to give insurance carriers, exchanges, and other stakeholders adequate time to accommodate changes to the rules as they develop products for the next plan year. For PY20 the rule was issued several months late and the delay created concern from insurance carriers who were anxious to receive the finalized rule in order to design products in time for submission deadlines in June.

Below are the sections of the proposed rule in which the Exchange provided comment:

- Automatic Re-Enrollment – The proposed rule solicited comment regarding the on-going necessity of the process of auto re-enrollment in the Federally Facilitated Exchange (FFE) and State Based Exchange utilizing the Federal Platform (SBE-FP) states. The proposed rule did not propose changes to the process for PY20, however suggests that changes could be proposed for PY21. While the solicitation for comment was focused on FFE and SBE-FP states, the Exchange's comments focused on ensuring that SBE states maintain their autonomy to auto re-enroll while highlighting the benefits and necessity of auto re-enrollment for Nevada's Exchange consumers.

- Navigator Program Standards – the rule proposed to allow, but no longer require, FFE state Navigators to provide assistance for certain post-enrollment activities. While the

focus of the change was for FFE states the Exchange provided comment on the importance of Navigators to assist consumers with year-round education especially in a landscape of increased confusion.

- Special Enrollment Periods – the rule proposed to allow special enrollment period for consumers with individual market coverage outside of the Exchange who experience a decrease in income which would otherwise allow them to receive subsidies. The change would allow them these consumers to transition to affordable coverage on the Exchange outside of the defined open enrollment period. The Nevada Exchange submitted comments supportive of this change and expressing appreciation for allowing SBE states to retain discretion on how and when to implement the change.

- Federally Facilitated Exchange (FFE), State-Based Exchange Using the Federal Platform (SBE-FP) User Fees for Plan Year 2020 – the rule would change user fee for FFE and SBE-FP states for plan year 2021. The Exchange's comments focus on the need for transparency and consistency in pricing.

- Silver Loading – the proposed rule solicited comments on banning the practice of silver-loading for all Exchanges. The rule did not propose any changes to the process for PY20, however suggested changes could be proposed for PY21. The Exchange submitted comments highlighting the importance of the silver-load as it relates to protecting consumers from large premium increases and further requested that CMS allow states the autonomy necessary to make decisions as to whether to allow the practice.

- Prohibition on Discrimination – the rule proposed changes to prohibit issuers from discrimination for prescription drug use as it relates to the treatment of Opioid Disorder Treatment. The Exchange's comments supported the proposed rule change.

- Premium Adjustment Percentage – the rule proposed changes that would change the methodology used to calculate a consumer's maximum annual out-of-pocket spending limits, and in practice, the amount of premium tax credit consumers may receive to assist with the purchase of a qualified health plan. The Exchange's comments express concern about the potential impacts of exposing consumers to higher out-of-pocket costs. This change would impact SBE, FFE, and SBE-FP states and is proposed to begin in PY20.

The NBPP was effectively promulgated as proposed on April 18, 2019. Of most urgent concern to the Exchange is the impact of the change to the premium adjustment percentage as it relates to increased costs for Nevada Exchange consumers.

The annual premium adjustment percentage is a measure of premium growth that is used to set the rate of increase for the maximum annual limit on cost-sharing, the required contribution percentage for exemption eligibility, and the employer mandate. CMS changed the methodology for determining the premium adjustment percentage and as a result the premium adjustment percentage for 2020 will be about 1.29 percent. This change could have a significant impact on consumers: a higher premium adjustment percentage means a higher annual limit on cost-sharing, a higher required contribution from consumers, and higher employer mandate penalties.

In light of the change to premium adjustment percentage, CMS also proposed a maximum annual out-of-pocket limit on cost-sharing for 2020 of $8,200 up from ($8,000 in PY19) for self-only coverage and $16,400 (up from $16,000 for PY19) for a family. This is a 3.8 percent increase over PY19. With an increase in monthly premiums between 2.6% - 4.6% the average Nevada Exchange consumer will pay an additional $46.80 - $70.08 per year in premiums with an additional $200.00 annually in max out-of-pocket costs, representing increased consumer costs at a total of $246.80 - $270.08 annually. Any increase in cost is likely to put pressure on both subsidized and unsubsidized consumers' finances and could result in some consumers being unable to afford health insurance coverage which would in-turn result in fewer people enrolled on the Exchange and more uninsured Nevadans.

Aside from the NBPP, the Exchange also commented on a proposed rule change from the Departments of Treasury, Labor, and HHS to expand the use of Health Reimbursement Arrangements (HRA) to fund access to health insurance and health care. The rule was developed in response to President Trump's executive order from October 2017 that directed the federal government to expand access to short-term limited duration plans, association health plans, and HRAs. The proposed rule would make two major changes to the regulation of HRAs: 1) the rule would allow employers to provide an HRA to allow an employee to purchase an individual market plan rather than the employer-sponsored plan. 2) the rule would allow employers to offer up to $1,800 that can be used to pay premiums for excepted benefits, short term limited duration plans and COBRA.

The Exchange commented on the proposed rule encouraging the Departments to gather more data and evidence about the impact of the rule on employers' decisions to offer coverage as well as stability on the individual market. The Exchange cited the potential for the rule to not only require technical implementation changes but to also create confusion for employers, employees, Brokers, and Navigators and urged the Departments to delay implementation to 2021. In February 2019 the Exchange signed on to a letter with all of the country's State Based Directors requesting the Department finalize the rule with a delay in implementation for SBE states who will need to make technical adjustments.

With the shift of the House of Representatives to a Democrat majority there has also been an increase in proposed health care related legislation some of which specifically aims to bolster the ACA. The Exchange is particularly interested in omnibus legislation passed out of the house on May 17, 2019. The legislation, known as the Strengthening Health Care and Lowering Prescription Drug Costs Act, combines four ACA related bills and three bills to lower prescription drug costs. The bill would restore funding for Navigators and outreach, provide states with $200 million in federal grant funding to establish a state-based exchange, place limitations on STLD plans, and increase transparency requiring HHS to publically report on the way HealthCare.gov user fees are spent.

The Exchange regularly communicates with Nevada's federal delegates and their congressional staff while also tracking action and inaction from Congress. By working with NASHP's policy group, the Nevada Exchange is afforded an opportunity to provide meaningful state perspective

on areas of national interest. Monitoring national health policy initiatives allows the Exchange to provide for a rich contextual dialogue on issues of state interest. Federal engagement is a critical function of an effective Exchange and remains one of the Director's top priorities.

OPEN ENROLLMENT PLAN YEAR 2020

Development for Open Enrollment PY20 is well underway. The Exchange is working with carriers, enrollment professionals, and marketing partner, Penna Powers to weave transition related information into the general open enrollment strategy.

Exchange Plan Management and Certification staff have been in regular contact with carriers wishing to participate in PY20 and issued Plan Certification Guidance in various formats. On December 21st, the Draft Issuer Letter was published and sent to carrier stakeholders for a thirty (30) day comment period; the document was finalized on March 21, 2019. Other guidance includes Carrier Checklists, and Carrier Guidance in the form of a PowerPoint presentation which was released on May 6, 2019. Carriers were required to submit initial submissions on June 3, 2019. The Exchange will continue to work collaboratively with the Nevada Division of Insurance (DOI), and carriers in reviewing carrier submissions for compliance with state and federal regulations. Throughout the plan certification process, the Exchange and the DOI will conduct a series of reviews that will be completed by September 25, 2019 to allow the Exchange to certify and 'lock in' plans for PY20.

The Exchange issued an annual request for applications (RFA) for Navigator and Broker grantees in May 2019. Navigators include, but are not limited to: non-profit organizations, community based organizations, faith based organizations, trade or labor unions, Chambers of Commerce, ranching or farming organizations, schools, school districts, Native American Tribes, and city or county agencies. Brokers and Navigators are instrumental in providing education and in-person assistance for eligible Nevada residents seeking assistance with enrollment.

The Exchange and Penna Powers have invested time in carefully developing messaging and marketing plans for PY20 as it relates to the transition and open enrollment to target audiences. The Exchange will build from previous year success to develop a campaign focused on the value of QHPs and the importance of working with a licensed enrollment professional.

CONCLUSION

All eyes are watching for Nevada's successful transition to a SBE. The Exchange has built a model that many other states are considering, several states are working actively toward, and many others will pursue if the Exchange is successful and can achieve anticipated savings. Operationally, the Exchange is on the precipice of a significant shift with a vastly increased scope of responsibility. Over two years of thoughtful analysis went into the decision to transition and that same thoughtful analysis is being applied to the implementation. As with any large and complex project there will be areas of imperfection, however on the whole the Exchange is well situated for a successful launch thus allowing the state full control over the marketplace.

MARKETING & OUTREACH OFF SEASON CAMPAIGN HIGHLIGHTS

Open Enrollment for Plan Year (PY) 2019 concluded on December 15, 2018, however the Silver State Health Insurance Exchange (Exchange), which oversees the online marketplace, Nevada Health Link, does not stop its work in reducing the number of uninsured and underinsured Nevadans in the off cycle of the open enrollment period (OEP). Nevada Health Link strategizes and prioritizes consumer outreach and messaging efforts during the off cycle—and refers to this work as the "off season campaign." Nevada Health Link works to brand the organization as a consistent presence and resource for consumers and stakeholders as it relates to health care policy and obtaining coverage by way of qualified health plans.

In March 2019, Nevada Health Link and marketing partner, Penna Powers (P2), initiated a strategic off season campaign, developing and implementing messages focused primarily on the specifics of special enrollment period (SEPs) and the ten (10) essential health benefits offered in all QHPs on the Exchange. The campaign incorporates a heavy online presence complemented by targeted print ads placed within relevant health and wellness-related editorials. Online content is highly targetable to Nevada Health Link's specific audiences, and can be easily optimized to ensure cost effectiveness. Online content costs less than traditional advertising such as radio, television and billboards, and is highly measureable.

The objective for this off season campaign is to drive audience traffic to NevadaHealthLink.com in the form of qualified consumers interested in learning more with a goal of capturing these consumers' data and converting them to enrollees during PY20 open enrollment window beginning November 1, 2019. The campaign will run through August 2019, at which time will then segue to a pre-open enrollment campaign where the Exchange's transition to a state-based exchange (SBE) will also be promoted.

Components of the off season marketing campaign include: 1) robust paid search engine marketing to directly address competing entities marketing short-term limited duration plans; and 2) heavy emphasis on online video formats. The Exchange has learned that the 26 – 45 age demographic (those who require the most encouragement to enroll) respond favorably to video formats; 3) Native advertising, which utilizes subject-specific articles and blogs to incorporate links back to specific NevadaHealthLink.com pages.

Other components that round out the online portion of the campaign include paid promoted posts through Facebook and Instagram social media channels, display ads with a lifestyle contextual target and Reddit paid ads targeting sub-reddits for education on healthcare. Nevada Health Link also continues to produce content for email marketing and an online blog which has seen increasing engagement. The blog focuses on health literacy and consumer education via NevadaHealthLink.com and in email marketing for subscribers.

OFF SEASON AD CAMPAIGN METRICS THROUGH APRIL 2019

With a recent push for Search Engine Optimization (SEO) paid search marketing, website traffic to NevadaHealthLink.com has doubled and there is a 92% impression share with the anticipation that results will climb higher. The Facebook newsletter sign-up lead form has captured 90 leads from Southern NV and 49 from Northern NV. Facebook promoted posts lead people back to the website to pages relevant to the post on Facebook. The Exchange has realized a strong click-thru rate on promoted Facebook posts and a low cost per link click overall.

Although overall web traffic is down by 11% as of May (year over year), the average session duration has increased 21%, pages per session are up and the bounce rate has gone down by 14%. Visits are down, but the quality of visits and engagement of visitors is up. The SEP page is the second most viewed page, next to the home page.

All video formats are performing above industry benchmarks in terms of completed views and generating qualified visits to the site.

Other campaign metrics:

Facebook Always-On Promoted Posts:

- 632,360 impressions; 60,717 people reached
- 4,717 link clicks (to NevadaHealthLink.com)

Facebook Video:

- 1,177,144 impressions; 295,993 people reached
- 2,834 link clicks generated (to NevadaHealthLink.com)

Search:

- 30,131 search impressions, 800 clicks (to NevadaHealthLink.com),
- 114 searches on short-term health insurance;

Native Articles:

- 1,804,409 impressions, 18,617 article views
- Women: 1:41 avg time with content; Men: 1:35 avg time
- Longest viewing article: “Cost of not having health insurance”

Reddit (Video):

- 3,236,623 impressions, 4,274 clicks (to NevadaHealthLink.com)

MNI (Display/Video):

- 2,046,804 impressions, 4,069 clicks (to NevadaHealthLink.com)

MESSAGING & PUBLIC RELATIONS

Strategic concept planning of marketing, outreach, and public relations efforts for the seventh open enrollment period is currently under development with an anticipated kick off of the ad campaign in October 2019 in time for open enrollment as a fully operational State Based Exchange (SBE) in November. New and existing consumers will no longer use HealthCare.gov to determine eligibility for a marketplace plan, nor will they enroll for health insurance coverage on HealthCare.gov's technology platform.

A new advertising theme is currently in progress and will diverge from the previous year's message: "You Can't Afford Not to Be Insured." In addition to building on the messaging surrounding the benefits of having an affordable QHP and getting in person assistance from a licensed broker/agent or exchange enrollment facilitator (EEF), this year's open enrollment campaign will focus on educating and instructing consumers about how to login to the new Nevada Health Link and claim their migrated user account.

Nevada Health Link will continue to demonstrate to consumers that being insured safeguards individuals and their families from the exorbitant costs of medical care. Because Nevada Health Link will have access to all consumer enrollment and application data, the OEP campaign will have a more substantial understanding of existing consumer demographics which will allow for a refined focus on targeted audiences, specifically young, healthy Nevadans. As a result, the Exchange is building on the existing campaign to enhance messages targeted at healthy individuals, with a more robust message plan for millennials and individuals and families 26 to 45 years of age. The Exchange will continue to demonstrate the value of insurance to all target audiences including, but not limited to: 50+ adults, the self-employed population, tribal members, Hispanic/Latinos, and rural Nevada.

The Exchange and subcontractor, Faiss Foley Warren (FFW) have strategized a Public Relations campaign for the SBE transition project with a focus on reinforcing the decision to transition to a SBE while demonstrating transparency throughout the off season and into open enrollment. In the coming months FFW and the Exchange will identify and secure a multitude of media opportunities to discuss Nevada Health Link's transition and open enrollment. The Exchange will continue to identify new brand advocates to assist with messaging during open enrollment while reinforcing existing media relationships.

STATE BASED EXCHANGE TRANSITION PROJECT: COMMUNICATIONS

The Exchange, Penna Powers, and FFW worked in collaboration with GMMB, a PR/Marketing Firm contracted with State Health & Value Strategies, to develop a comprehensive transition communication plan. This robust communication plan has provided the Exchange with a timeline, plan, and the tools to communicate transition messaging to specific stakeholder groups and consumers. The plan allows the Exchange to track project progress and ensure that stakeholders do not miss key messages and deadlines.

As the Exchange moves through the transition project and communication plan, the focus is on: 1) the complex political environment and heated health care rhetoric surrounding the Affordable Care Act, 2) maintaining and growing Nevada Health Link's reputation as the trusted resource for quality, affordable health coverage in Nevada, and 3) ensuring a thoughtful rollout for consumers and all stakeholders. Achieving these three objectives will help to prevent confusion in Nevada's health insurance marketplace and lay the groundwork for a successful 2020 open enrollment period.

Within the comprehensive communication plan are campaign phases, audiences, and strategic goals. For the June – August 2019 timeframe, the Exchange has embarked on a phase titled Preparing the Front Lines: "Prepping the Assister Network," with a goal to ensure a successful rollout with consumers. The Exchange and the fully staffed PMO have been working on developing training modules for navigators, brokers, and call center employees. The Exchange must prepare and provide training for new and existing brokers and assisters on the process of enrollment at NevadaHealthLink.com. Nevada Health Link will also continue to work on equipping enrollment professionals with communications tools to co-brand and handle inquiries from consumers and media.

The next phase, scheduled August to October 2019, includes prepping for the Exchange to operate as a standalone SBE. This phase, titled "Prepping Consumers" will include a deliberate media strategy detailing how to enroll on the new enrollment platform starting Nov. 1, 2019.

The last phase is in development—and to be completed with the whole team: the Exchange, P2, and FFW—entitled "Enroll at Nevada Health Link." All communications leading up to this phase will have offered transparent and detailed information to ensure that consumers understand how to enroll on the Nevada Health Link enrollment platform. The current Nevada Health Link website is not intended to change —but will include embedded redirects for consumers to login, claim their account, verify information, designate a broker, opt-in to auto reenrollment and eventually enroll. The current Nevada Health Link website will undergo minor content updates in order to ensure a more consumer friendly, streamlined process to make sure that consumers are getting what they need when they visit.

In addition to the comprehensive communication plan, the Exchange has been working closely with key stakeholders to identify the types of communications that they will have with Nevada Health Link consumers. The Exchange has identified four mediums by which current insurance carriers will be communicating with consumers: 1) Direct mail letters, 2) Email 3) Call Center 4) Website. The Exchange met with carriers and provided suggested language for transition communication. Carriers have been willing to collaborate on messaging consumers about Nevada Health Link's transition. Carriers have also expressed an interest in co-branding marketing efforts for open enrollment PY20.

The Exchange has coordinated communication strategy meetings with several key stakeholders, including the Office of Communications (OC) with the Centers for Medicare & Medicaid Services (CMS). The Exchange has provided the OC with Nevada Health Link's comprehensive communications plan and timeline; and is working to solidify a timeline outlining CMS' Nevada

transition communication plan. The Exchange has requested CMS provide a detailed strategy to communicate with Nevada consumers via website, mail, email, and call center with a focus on content and timing.

The Exchange and GetInsured, are also working on a consumer messaging plan including alignment of NevadaHealthLink.com website with the GetInsured portal, content language for automatically triggered notifications that will be generated from the GetInsured platform, and confirmation that Nevada Health Link's brand and messaging remains consistent throughout.

NEVADA HEALTH LINK OUTREACH

The Exchange and Penna Powers have developed a streamlined outreach strategy that continues to be an instrumental component in the Exchange's communication strategy. The outreach plan focuses on previous successes and takes a "quality over quantity" approach when vetting community outreach events. Navigators continue to act as the primary event staff for all targeted statewide events. The Exchange focuses on communication with current stakeholders while sharpening mechanisms to identify key influencers in order to pursue cross promotional opportunities. The Exchange engages community partners and influencers to assist with outreach for Nevada Health Link events, special enrollment periods, open enrollment, and general qualified health plan-related information.

Nevada Health Link is looking forward to hosting a third round of "Prep" rallies prior to the Nov. 1 launch date of open enrollment. The rallies are designed to provide an opportunity to gather stakeholders (carriers, brokers, navigators, community partners, etc.) to reveal Nevada Health Link's marketing messages and strategies, and arm each attendee with marketing tools for their consumer audiences to help ensure that plan year 2020 will be a success. Prep Rallies will be held in the month of September in both Reno and Las Vegas. Three different timed sessions are being planned to offer as many opportunities for all stakeholders to attend. Transition related resources will be developed to allow Nevada Health Link partners to discuss the transition as well as resources to educate stakeholders on how to use and benefit from the modern tools and resources within the GetInsured platform.

In an ongoing attempt to maintain awareness year-round, Nevada Health Link also pinpoints sponsorship opportunities where we can work with sponsor partners to develop mutually beneficial marketing opportunities within the community. This year, the Exchange targeted the young healthy "invincibles" as well as individuals and family populations in the age range of 26-45 by collaborating with community soccer, baseball and football leagues to reach parents through access to email databases and field signage.

The Exchange continues to engage with existing community partners by participating in a robust literature distribution program involving well over 200 partners statewide. This year, the Exchange plans on updating all educational literature and distributing those resources (printed in English and Spanish) localized for Northern Nevada and Southern Nevada.

Nevada Health Link partners with community organizations through partnerships and sponsorships. Currently Nevada Health Link has partnered sponsorships with: Boys & Girls Clubs of Truckee Meadows, Girls Scouts, Opportunity Village, Las Vegas HEALS, Washoe County Health District, St. Mary's Hospital, Centennial Hospital, Roseman University Neighborhood Health Series, Reno Aces, University of Nevada Reno, Immunize Nevada, and the Southern Nevada Health District, to name a few.

The Exchange is keenly aware that outreach and community relations are a critical component to not only reaching Nevadans, but to understanding and addressing their concerns. The Exchange engages in these efforts year-round and remains committed to our job in connecting Nevadans to qualified health plans.

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.

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.

- Current Voting Board Members:
  - Florence Jameson, MD, Chair
  - Valerie Clark, Vice-Chair
  - Jonathan Johnson
  - E. Lavonne Lewis
  - Quincy Branch
  - Jose Melendrez
  - Dr. Daniel Cook

- Ex-Officio Members (non-voting):
  - Lynnette Aaron – Governor's Office of Finance for Susan Brown, Director
  - Barbara Richardson– Commissioner, Division of Insurance
  - Cody Phinney – Department of Health & Human Services, for Richard Whitley, Director

Since the Exchange's last Fiscal & Operational report, there have been two board meetings. The Board, required to meet at least once every calendar year, has changed the frequency of its meetings from monthly to quarterly, with additional meetings as needed immediately leading up to and during open enrollment, or 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.

BROKERS

During the first six months of calendar year 2019, the Exchange has continued to make concerted efforts in promoting broker participation in selling qualified health plans on the Nevada marketplace. Broker participation for PY 2019 increased to approximately 140 brokers on the Exchange's in person online lookup tool. The Exchange's broker liaison continues to travel to various areas of the state meeting with licensed brokers and agents individually to promote the benefits of selling plans on the Exchange, discussing how changes to STLD plans and AHP will impact the individual market, and taking time to educate and review important ACA requirements. Additionally, the broker liaison has been actively engaging and promoting marketplace participation in both northern and southern Nevada broker groups such as the Northern Nevada Association of Health Underwriters (NNAHU), the Clark County Association of Health Underwrites (CCAHU), chambers of commerce events, and broker-specific task force meetings.

Following up on a successful RFA grant released in May of 2018 which solicited applications for a maximum of six Broker/Agent Storefront programs for plan year 2019, the Exchange awarded five grantees for Plan Year 2019. The Exchange released a RFA on May 4, 2018, and five grants of $10,000 each were awarded on July 1, 2018 to insurance professionals to assist with marketing, outreach and operational costs related to enrolling consumers in QHPs. The goal of the RFA is to increase the number of enrollees in QHPs by brokers servicing Nevadans in-person at storefront locations. The Exchange recognizes the value of brokers having a public facing physical location to service consumers' questions and concerns, comparatively shop plans, as well as directly assist with the enrollment process during the November 1 through December 15 open enrollment period. Because of the Exchange's success with the program, the Exchange is planning to offer six grants again for PY20.

Based off of end of open enrollment data from CMS, 24 percent of active applications were assisted by brokers, which was similar to PY2018 Open Enrollment data. These grants have had a direct impact in providing consumers with assistance in convenient locations throughout southern Nevada (i.e. malls, shopping centers and broker offices.) The grants have allowed brokers to hire additional employees, offer a more robust outreach and marketing program, and improve office efficiencies.

Additionally, Exchange staff have been working with the PMO on drafting and editing an Exchange-created training and certification program in order to ensure that brokers and navigators continue to provide the high-level of service and health insurance expertise that Nevada consumers have come to expect, as well as being familiar with the new enrollment and eligibility platform technology.

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. The Exchange has allocated $1.7 million dollar budget for the Navigators, In Person Assisters's (IPAs) and Consumer Assistance Call Center, and continues to

operate with two awarded entities to serve as statewide Navigators and eight IPA entities. Navigator and IPA organizations are responsible for outreach, education, and enrollment for Nevada's uninsured and underinsured populations. Certified Application Counselors (CACs) are comprised of private entities that are licensed by the Department of Insurance and 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. Exchange enrollment assisters have attended over 1,200 outreach events promoting Nevada Health Link. Navigators and IPAs remain the primary event staff when attending statewide community outreach events which continue to a vital part of the marketing campaign. Navigators and IPAs attend community outreach events to promote the upcoming OEP while providing consumers with education of the health insurance marketplace. Navigators and IPAs have also continued to educate consumers on SEPs for any consumer who may experience a qualifying life event along with promoting the next open enrollment cycle which begins November 1, 2019.

NAVIGATOR ENTITIES

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

IN-PERSON ASSISTER ENTITIES

- Asian Community Development Council (Southern Nevada)
- Asian Community Resource Center (Southern Nevada)
- Consumer Assistance Resource Center (Southern Nevada)
- Hope Christian Health Center (Southern Nevada)
- Nevada Outreach Training Organization (Southern Nevada)
- Community Health Alliance (Northern Nevada)
- Nevada Health Centers, Inc. (Statewide)
- Nevada Primary Care Association (Statewide Consumer Assistance Center)

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

The Legislatively Approved State Fiscal Year 2019 budget is as follows:

B/A 1400	**Silver State Health Insurance Exchange**		
Legislatively Approved SFY 19 Budget			
Total FTE Count: 13			
		3601	
Revenue		**QHP Fees**	**Total**
2511	Balance Forward From Prior Year	$ 15,140,014	**$ 15,140,014**
3510	Federal Receipts - Level #5		**$ -**
3601	QHP Fees	$ 11,706,319	**$ 11,706,319**
		$ 26,846,333	**$ 26,846,333**
Expenditures			
Cat 01	Personnel	$ 1,304,484	**$ 1,304,484**
Cat 02	Out-of-State Travel	$ 9,413	**$ 9,413**
Cat 03	In-State Travel	$ 28,798	**$ 28,798**
Cat 04	Operating	$ 3,611,089	**$ 3,610,089**
Cat 11	Transfer to CMS	$ 11,464,728	**$ 11,464,728**
Cat 12	Exchange Platform	$ 1,510,800	**$ 1,510,800**
Cat 26	Information Services	$ 28,225	**$ 29,225**
Cat 30	Training	$ 17,261	**$ 17,261**
Cat 71	Navigators	$ 1,715,457	**$ 1,715,457**
Cat 82	DHRM Cost Allocation	$ 5,555	**$ 5,555**
Cat 85	Cash Reserve	$ 7,111,436	**$ 7,111,436**
Cat 87	Purchasing Assessment	$ 19,638	**$ 19,638**
Cat 88	SWCAP	$ 19,449	**$ 19,449**
Cat 89	AG Cost Allocation Plan	$ -	**$ -**
	Total Expenditures	**$ 26,846,333**	**$ 26,846,333**

Note:

In April 2019, the Interim Finance Committee (IFC) approved a transfer from reserves in the amount of $2,119,878 to fund an increase in the fee paid to CMSto use HealthCare.gov due to increased technology costs. Authority was transferred from Category 85 (Reserves) to Category 11 (Transfer to CMS) to fund this request. In Calendar Year (CY) 2019, the fee charged by CMS increased to 3% of total premiums from 2% of total premiums in CY 2018. While the Exchange appropriately budgeted for the increased 3% fee, as well as a 6% increase in total premiums in CY 2018, total premiums increased greater than 6% in CY 2018, and remained steady in CY 2019. Total premiums increased because of the elimination of cost-sharing reduction payments, limited insurer participation, and market uncertainty. Due to the increased total premiums, the fee paid to CMS also increased.

BALANCE FORWARD

State Fiscal Year (SFY) 2019 is projected to close with the Exchange carrying forward $10,231,990 in cash reserves into SFY 2020. This is an increase from a projected carry forward balance of $9,231,314 in the Legislatively (L01) Approved Budget. The adjustment to L01 will be made via a Work Program at budget closing.

BUDGET BUILDING FOR SFY 2020 & 2021

The Legislatively Approved 2019-2020 Biennium Budget consists of 16 enhancement decision units, all of which relate to the transition from healthcare.gov to a State-Based Exchange (SBE). The budget totals $23,796,523 for SFY 20 and $17,815,506 for SFY 21. The budget includes 22 total positions, of which 13 are existing unclassified staff, and 9 are new classified positions to support operations as a SBE.

The Exchange will utilize funding from Carrier Premium Fees (CPF) to complete the transition away from Healthcare.gov to an existing and proven technology platform and associated consumer assistance center with the intent to go live November 1, 2019 for Plan Year 2020, which begins January 1, 2020. The following decision units represent the costs associated with this transition from a State-Based Exchange using the Federal Platform (SBE-FP) to a State-Based Exchange (SBE).

- E275- Represents costs associated with the completion of the design, development, and implementation (DD&I) stage of the transition with the approved vendor, GetInsured, and allows for continued maintenance and operations of the technology platform and associated consumer assistance center. FY 20 includes the completion of the DD&I and maintenance and operations from September 1, 2019 through June 30, 2020. FY 21 includes maintenance and operations at a flat fee. FY 20: $5,799,294; FY 21: $5,155,555

- E277 - Represents costs associated with establishment of a Policy and Compliance unit to absorb functions previously provided by CMS in the areas of policy and compliance, including appeals. This request includes three classified positions

consisting of a Policy and Compliance Manager effective 8/1/19, Management Analyst effective 9/1/19, and Appeals Coordinator effective 9/1/19. FY 20: $312,753; FY 21: $341,854

- E279 – Represents costs associated with establishment of a Consumer Assistance unit to absorb functions previously provided by CMS including supporting insurance carriers, navigators, enrollment counselors, certified application counselors, and licensed agents and brokers to ensure an exceptional consumer experience for Exchange enrollees. This request includes three classified positions consisting of three Quality Assurance Analysts effective 8/1/19. FY 20: $268,611; FY 21: $278,35

- E280 - Represents costs associated with one additional position in the Fiscal unit to support the increased need in audit responsibilities and writing of policies and procedures for Exchange stakeholders due to the transition. This request includes one classified position consisting of a Management Analyst effective 10/1/19. FY 20: $78,844; FY 21: $98,904

- E281 - Represents costs associated with establishment of a Security & Reconciliation unit to absorb functions previously provided by CMS including reconciling enrollment and plan selection data with insurance carriers, case management, and related functions. This request includes two classified positions consisting of a Reconciliation Specialist Lead effective 8/1/19 and Reconciliation Specialist effective 10/1/19. FY 20: $182,911; FY 21: $206,853

- E282 - Represents costs associated with continuation of the Project Management Office (PMO) to oversee the transition. The Exchange utilizes the state's existing master service agreements to contract with qualified individuals. Positions consist of one Project Manager IV, two Quality Assurance Analysts, one Implementation Specialist, and one Document Technical Writer. All PMO deliverables will be complete by January 31, 2020; therefore, costs are only requested in FY 20. FY 20: $558,400; FY 21: $0

- E283 - Represents increased costs associated with the Plan Year 2020 annual audit of 45 CFR. There are numerous significant operational and procedural differences between the operating models of an SBE-FP and SBE, which will impact the scope of the audit activities once the Exchange fully transitions to a SBE. The audit is due to CMS by April 1, 2021; therefore, costs are only requested in FY 21. FY 20: $0; FY 21: $94,317

- E284 - Represents costs associated with printing and postage for outgoing correspondence to Exchange consumers that was previously handled by CMS. Outgoing correspondence must be printed and mailed to consumers, including scheduled items (i.e. annual tax forms) and triggered items (i.e. eligibility conditions

that require further action from our applicants). Projected costs include four mailers per year for 80,000 individual mail pieces per job. One-time costs are also included in FY 20 to notify consumers of the migration from healthcare.gov to the private platform. FY 20: $241,714; FY 21: $193,118

- E288 - Represents costs associated with an interlocal agreement between the Silver State Health Insurance Exchange and the Division of Welfare and Supportive Services (DWSS) to satisfy compliance with 45 CFR 155.510 and 45 CFR 155.335 regarding the appeals process. These services were previously provided by CMS and will need to be absorbed by the Exchange. Estimated at a monthly average of three appeals that will require appeal adjudications from the hearing's unit at DWSS. The funds in this request pay for the estimated hourly costs of DWSS hearings staff, effective January 1, 2020. FY 20: $14,060; FY 21: $28,120

- E291 - Represents costs associated with a contract to conduct the ongoing CMS Minimum Acceptable Risk Standards for Exchanges (MARS-E) Security and Privacy Control Assessment and produce an accompanying Security Assessment Report. The CMS MARS-E Security and Privacy Assessment Control requires all security and privacy controls attributable to a system or application be assessed over a three-year period. Projections are based on the contract with SeNet approved at the January 15th Board of Examiners' meeting. FY 20: $32,500; FY 21: $32,500

The Exchange will also utilize revenue from CPF for the following decision units:

- E276 - Beginning January 1, 2017 CMS began charging the Exchange a user fee to sell insurance on the Federal Exchange. As of January 1, 2019 CMS will charge the Exchange 3% of total premiums collected by carriers. In Plan Year (PY) 2020 which starts January 1, 2020, the user fee will no longer be paid to CMS as the Exchange will be operating as an SBE and will not rely on the federal platform. This request adjusts the user fee in SFY 20 to $6,545,879 (represents costs from July 1, 2019 to December 31, 2019) and eliminates the expenditure beginning January 1, 2020. FY 20: ($487,960); FY 21: ($7,033,839)

- E285 - Represents costs associated with navigators/in-person-assisters (IPAs) and brokers to communicate, educate, and enroll eligible individuals in QHPs. This request adds $113,493 for Navigator/IPA entities and $30,012 for broker entities to align the costs for the 2019-2021 biennium with the actual amount of funds awarded in the work program year (state fiscal year 2019). FY 20: $143,505; FY 21: $143,505

- E286 - Represents adjustments in costs for the Exchange's existing Call Center. This function will be absorbed by GetInsured effective September 1, 2019. Costs consist of EITS toll-free charges, office supplies, translation services, rent, and costs associated with the Nevada Primary Care Association (NVPCA) subaward. FY 20: ($34,241); FY 21: ($43,051)

- E289 - Represents reallocation of grant funding that ended in December 2018. Grant revenue previously funded a portion of navigator subawards and the marketing contract with Penna Powers. This request moves these expenditures from the grant to Carrier Premium Fees to continue these services. FY 20: $2,171,054; FY 21: $2,171,054

- E290 - Represents an increase to the contract for marketing services with Penna Powers. The increase to the Penna Powers budget will be used towards additional media and advertisement, as well as additional funds in the production budget for educational literature pieces. FY 20: $374,128; FY 21: $374,128

B/A 1400	**Silver State Health Insurance Exchange**			
Legislatively Approved 2019-2021 Biennium (FY 20-21) Budget				
Total FTE Count	**22**			
		RGL 3601		
Revenue		**SFY 2020**	**SFY 2021**	**Total**
2511	Balance Forward From Prior Year	$ 9,231,314	$ 3,250,338	**$ 12,481,652**
3601	QHP Fees	$ 14,565,209	$ 14,565,168	**$ 29,130,377**
		$ 23,796,523	**$ 17,815,506**	**$ 41,612,029**
Expenditures				
Cat 01	Personnel	$ 2,174,182	$ 2,304,145	**$ 4,478,327**
Cat 02	Out-of-State Travel	$ 14,752	$ 14,572	**$ 29,324**
Cat 03	In-State Travel	$ 26,076	$ 26,076	**$ 52,152**
Cat 04	Operating (supplies and other, less IT)	$ 538,132	$ 592,939	**$ 1,131,071**
Cat 05	New Furnishings	$ 21,447	$ -	**$ 21,447**
Cat 11	Transfer to CMS	$ 6,545,879	$ -	**$ 6,545,879**
Cat 12	Exchange Platform	$ 6,357,694	$ 5,155,555	**$ 11,513,249**
Cat 26	Information Services	$ 65,744	$ 36,211	**$ 101,955**
Cat 30	Training	$ 17,978	$ 17,978	**$ 35,956**
Cat 50	Marketing	$ 3,249,004	$ 3,249,004	**$ 6,498,008**
Cat 71	Navigators	$ 1,499,164	$ 1,480,622	**$ 2,979,786**
Cat 75	Transfer to DWSS	$ 14,060	$ 28,120	**$ 42,180**
Cat 82	DHRM Cost Allocation	$ 10,351	$ 10,804	**$ 21,155**
Cat 85	Cash Reserve	$ 3,250,338	$ 4,875,143	**$ 8,125,481**
Cat 87	Purchasing Assessment	$ 3,169	$ 13,885	**$ 17,054**
Cat 88	SWCAP	$ 8,553	$ 10,272	**$ 18,825**
	Total Expenditures	**$ 23,796,523**	**$ 17,815,326**	**$ 41,611,849**

CARRIER PREMIUM FEES (CPF)

As of May 2019, the Exchange has collected $12,272,334 in CPF for SFY 19. With one month to go in SFY 19, the projected fiscal year-end total for CPF will be approximately $13,453,753. This projected amount is $1,747,434 over our projected total of $11,706,319 for the SFY 19 budget. This overage will not result in a significant increase in reserve levels because CMS user fees are directly related to the amount of revenue collected.

PY 19 revenues are projected to be $14,128,558 which represents a 2% increase from the actual PY 18 revenue of $13,772,250. This increase is due to several factors, including the elimination of cost-sharing reduction payments, limited insurer participation, and market uncertainty.

The CPF for PY 20 was approved by the Exchange's Board in February 2019 and was set at 3.15% of premiums. Contingent upon the stability of the ACA marketplace, and the realization of anticipated efficiencies and savings, the Exchange will analyze the sustainability of continued operations on a lower assessment of carrier premiums than the current 3.15% for PY 2021 and on-going.

CMS USER FEE

As of May 2019, the Exchange has paid $8,629,973 in CMS user fees to utilize healthcare.gov for SFY 19. The projected fiscal year-end total will be approximately $10,749,190. This projected amount is $1,449,340 over the budgeted total of $9,344,850. In April, 2019, the IFC approved a work program, moving $2,119,878 from Reserves to cover this overage. The work program included a 10% cushion to account for any unexpected variances in the CMS User Fee through SFY 19. Any remaining balance will revert to Reserves at fiscal year-end.

The Exchange budgeted for a 6% increase in total premiums for CY 2018 and the increased 3% CMS User fee; however, in CY 2018, overall average premium rates increased by 38% from CY 2017. This resulted in larger than projected total carrier premiums, and a larger than projected CMS User Fee. Total premiums increased because of the elimination of cost-sharing reduction payments, limited insurer participation, and market uncertainty.

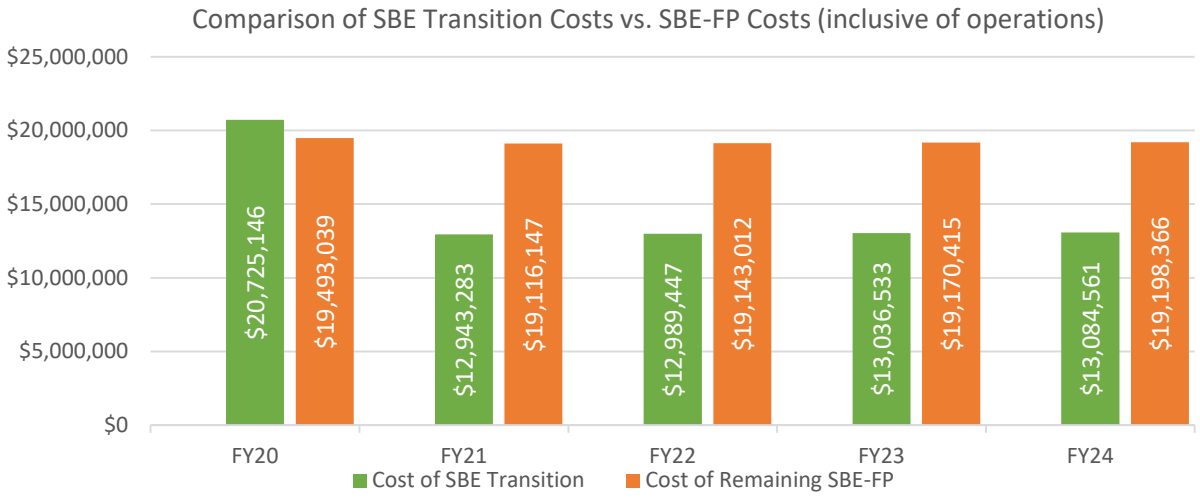
TRANSITION FROM HEALTHCARE.GOV TO A STATE-BASED EXCHANGE

In August 2018, the State Board of Examiners approved the contract with GetInsured to begin the Exchange's transition away from the federal platform. The total not to exceed amount of the contract is $24,404,401.93 and runs through January 31, 2024. The breakdown of the contract by fiscal year is illustrated below:

Technology Platform	SFY 19	SFY 20	SFY 21	SFY 22	SFY 23	SFY 24	Total
Tech Phase One	453,394.27	93,805.73					547,200.00
Tech Phase Two		974,517.00					974,517.00
M&O		1,549,209.67	3,098,419.34	3,098,419.34	3,098,419.34	1,549,209.67	12,393,677.36
Optional Programmer Hrs		700,000.00	-	-	-		700,000.00
Total Tech	**453,394.27**	**3,317,532.40**	**3,098,419.34**	**3,098,419.34**	**3,098,419.34**	**1,549,209.67**	**14,615,394.36**
Consumer Assistance Center (CAC)	**SFY 19**	**SFY 20**	**SFY 21**	**SFY 22**	**SFY 23**	**SFY 24**	**Total**
CAC Phase One	160,035.00	112,365.00					272,400.00
CAC Phase Two		1,288,063.00					1,288,063.00
M&O		1,028,568.08	2,057,136.16	2,057,136.15	2,057,136.12	1,028,568.06	8,228,544.57
Total CAC	**160,035.00**	**2,428,996.08**	**2,057,136.16**	**2,057,136.15**	**2,057,136.12**	**1,028,568.06**	**9,789,007.57**
Total per FY	**613,429.27**	**5,746,528.48**	**5,155,555.50**	**5,155,555.49**	**5,155,555.46**	**2,577,777.73**	**24,404,401.93**

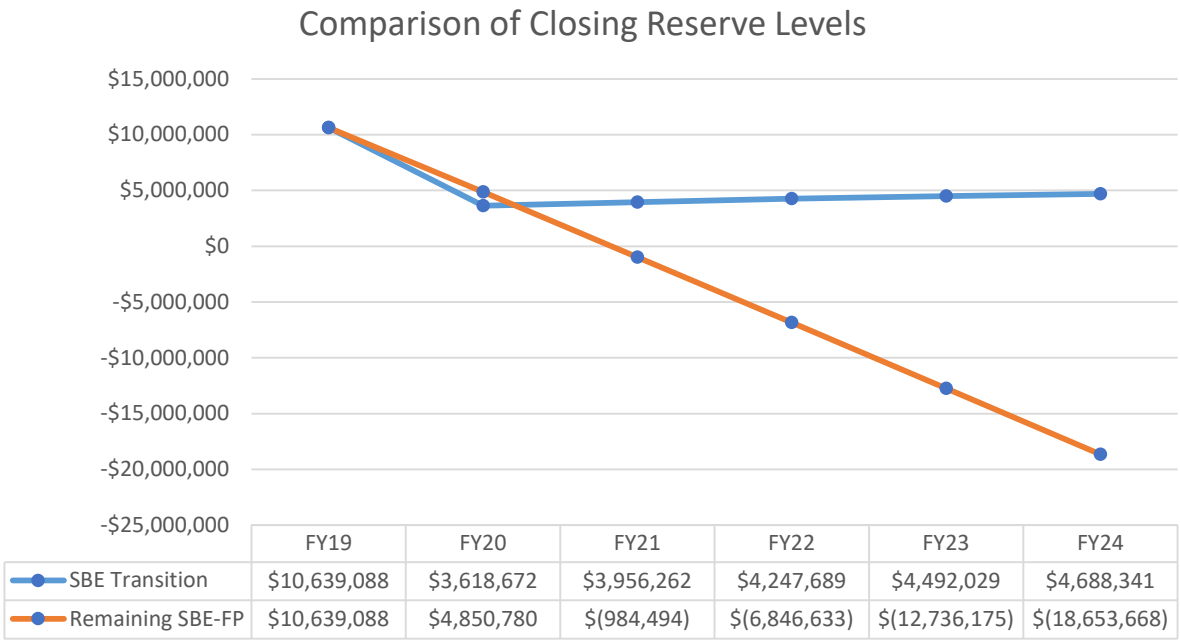
Phase One represents costs associated with design, development and implementation (DD&I) totalling $819,600, compared to the $1,000,000 originally estimated. Phase Two represents costs associated with the four month transition from healthcare.gov to the private platform and associated consumer assistance center beginning in September 2019 and ending in December 2019, totalling $2,262,580. Additionally, optional programmer hours in the amount of $700,000 have been included, and will be used on an as needed basis. Finally, ongoing costs for maintenance and operations (M&O) will bbegin in January 2020 and total $5,155,555 per year.

Beginning in State Fiscal Year 2021 (FY21), and inclusive of the administrative costs for the additional functions that the Exchange will be absorbing from the federal platform, the Exchange expects to achieve a recurring annual cost savings of approximately 32% versus the federal fees associated with continued operation as a hybrid SBE-FP. Total cost savings through FY24 are projected to exceed $23m, even when factoring in the one-time implementation and transition costs during FY19-FY20.



	FY20	FY21	FY22	FY23	FY24	Total Through FY24
Annual Cost of Remaining SBE-FP	19,493,038.92	19,116,146.74	19,143,012.29	19,170,415.15	19,198,366.07	**114,572,959.87**
Annual Cost of SBE Transition	20,725,146.30	12,943,283.00	12,989,446.60	13,036,532.98	13,084,561.09	**91,230,950.67**
Cost Savings of SBE vs. SBE-FP	**(1,232,107.38)**	**6,172,863.74**	**6,153,565.69**	**6,133,882.17**	**6,113,804.98**	**23,342,009.20**
Percentage	**-6.32%**	**32.29%**	**32.15%**	**32.00%**	**31.85%**	**20.37%**

The impact of the transition on the Exchange's reserve levels will be similarly favorable. While continued reliance on the federal platform would fully deplete the Exchange's reserves before the close of FY21, the SBE transition would allow the Exchange to maintain at least 60 days of operational expenses in its reserves (or $3.4m) throughout the duration of the contract.



The projections illustrated above include implementation and transition costs which overlap with the payment of federal user fees during FY19-FY20. This overlap is a necessary limitation of the Exchange's transition strategy, as the SBE platform must be online and capable of supporting open enrollment in the fall of 2019. The Exchange anticipates a significant net decrease in Nevada's ACA administration costs over the life of the contract. Contingent upon the stability of

the ACA marketplace, the Exchange may eventually be able to sustain its operations from a lower assessment of carrier premiums than the current 3.15%.