

Statement of Bettina Tweardy Riveros

Advisor to Governor and Chair of the Delaware Health Care Commission

Progress in Establishing the Delaware State Partnership Exchange

Testimony to the United States Senate Committee on Finance

February 14, 2013

Chairman Baucus, Ranking Member Hatch and distinguished members of the Senate Finance Committee, thank you for the invitation to report on Delaware's progress in establishing a Health Insurance Exchange under the "State Partnership Exchange" model.

The State Partnership Exchange model was first put forward by the U.S. Department of Health and Human Services in September 2011. This model permits the state of Delaware to partner with the federal government in administering the state's health insurance exchange, with the ultimate goal of making quality health care and coverage affordable and accessible to all Delawareans.

Beginning October 1 of this year, Delawareans will be utilizing the federal exchange portal to enroll in a health insurance plan with coverage beginning on January 1, 2014. As a partnership exchange state, however, Delaware will be recommending plans for certification, evaluating plans under state certification standards, administering programs to help consumers understand their coverage options, and supporting our small business community. In Delaware, we are a state of neighbors, and we believe this model provides operational efficiency and financial stability while permitting the state to evaluate plans, set state certification requirements and advise consumers in ways that are most responsive to local needs.

Establishing the Best Exchange for Delaware

Under the direction of Governor Jack A. Markell and Secretary of Delaware's Department of Health and Social Services Rita Landgraf, Delaware began its Exchange planning by completing a comprehensive feasibility study to determine the optimal approach to meet the state's needs.

The study's financial analysis raised concerns about the financial sustainability of a state-based Exchange in light of Delaware's small population. Our analysis indicated that the cost of operating a state-based Exchange, including a state-specific eligibility and enrollment system and call center, had the potential to significantly impact premium costs for consumers. Based on this analysis, Delaware decided the State Partnership Exchange model provided the best opportunity to achieve our goals of keeping the cost of health plans as low as possible while still giving Delaware influence over plan certification and

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consumer assistance standards. We appreciate the efforts of HHS leadership and staff in creating and supporting Partnership Exchanges and for their work with Delaware as a leader in the Partnership Exchange model.

Ensuring a voice in setting qualified health plan (QHP) certification standards gives Delaware the opportunity to leverage the Exchange to promote state health policy goals. We cannot underscore enough the importance of integrating state activity across multiple initiatives: ensuring access through the Exchange, Medicaid and CHIP programs; supporting innovative technology and a health information exchange infrastructure; enabling quality and population health goals; supporting workforce development; and advancing critical cost containment and payment reform initiatives.

For example, the Affordable Care Act (ACA) requires health plans sold inside the Exchange to adopt a quality improvement strategy, defined as payment reforms intended to result in improved health care outcomes. In establishing state certification standards for Exchange health plans, Delaware is requiring issuer participation in a coordinated quality improvement workgroup and in innovation initiatives. These efforts are intended to standardize plan strategies to maximize their alignment with state public health goals and reduce the burden on providers by streamlining performance benchmarks.

Delaware views our direct relationship with Exchange QHP issuers as critical to our shared long term objectives to reduce costs and improve health outcomes. Central to this initiative is Delaware's Health Information Exchange (HIE) technology infrastructure, the Delaware Health Information Network (DHIN). The DHIN was a vision ahead of its time that became law in 1997 due to the leadership of distinguished committee member and former Governor of Delaware, Senator Thomas R. Carper, and the Delaware legislature, and continues to advance through the strong support of Governor Jack A. Markell.

The DHIN technology foundation is a statewide HIE that supports the aggregation of health information from disparate health care providers, enabling true coordination of patient care to achieve the best possible outcomes, reducing duplication of services and supporting a broadened use of "health homes" or advanced primary care practices. In addition to improving care, the DHIN provides the foundation for innovation, population health research, new outcomes-based payment models, and a cost and claims database that can ultimately support reduced health care costs. The State Partnership Exchange provides an opportunity to ensure continued support and utilization of the DHIN infrastructure via the State's QHP certification requirements.

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Delaware has been working closely with our federal counterparts to design our Exchange. In December 2012, Delaware became the first state HHS conditionally approved to operate a Partnership Exchange. Today, we can report progress of being on track to complete state requirements necessary to support Exchange open enrollment on October 1, 2013.

Plan Management Progress

Delaware has already completed a number of key milestones necessary to establish our QHP certification process. We defined our essential health benefits package by selecting a benchmark plan last September. We finalized state-specific criteria for certifying the QHPs last November. In December, the Delaware Department of Insurance (DOI) published a bulletin documenting certification standards. The bulletin also provided an expected certification timeline and invited potential QHP issuers to submit a letter indicating their intention to apply to sell health plans inside the Exchange.

The DOI has established an internal policies and procedures manual providing staff with an understanding of the role they will play in plan certification. DOI staff are also working with technical staff at the National Association of Insurance Commissioners (NAIC) to customize the software issuers will use to submit their plan information for state review.

The NAIC has indicated their software will be capable of accepting plan applications in late March. Delaware is poised to support that timeline. We will be ready to review and certify plans by late July, as required. We will be ready to transmit approved plan information so that it can be uploaded to the federal Exchange portal in time to support October 1 open enrollment.

When we do so, we will be sending plans to the federal portal that reflect local decisions made in Delaware. For example, the essential health benefits will be consistent with one of the largest small group plans in the state and the state certification standards will reflect Delaware's comprehensive health care strategy.

Consumer Assistance Progress

Delaware also has made significant progress on the Consumer Assistance front, including finalizing certification requirements for Delaware Marketplace Assisters (MPAs). MPAs will be the main outreach arm into the communities they serve, acting as the first point of contact for the majority of consumers. Less than two weeks ago, Delaware released a Request for Proposal to contract with a wide variety of organizations to serve as Delaware Marketplace Assisters.

On the start of open enrollment, the MPAs will help consumers understand their enrollment responsibilities and the coverage spectrum available to them.

Delaware's MPA program reflects the close cooperation of state agencies in managing Exchange administration. All MPA entities will be managed by a multi-agency organization, consisting of the Delaware DOI and the Division of Medicaid and Medical Assistance (DMMA). The DOI will handle the main program management duties associated with the MPA program, while DMMA will provide support for training and administer MPA entity grants.

Delaware is currently on track to select its MPAs by mid-March and begin working with selected agencies in April to establish programs and train staff. Delaware MPAs will be ready to support October 1 open enrollment.

Supporting Delaware's consumers also means supporting our small businesses, and our business community overall, in understanding the requirements of the Affordable Care Act and minimizing disruption to current insurance. For Delaware's small employers, the Small Business Health Options Program, known as the SHOP Exchange, provides an opportunity to help make covering employees easier and potentially more affordable, pending the impact of market reforms. Delaware has sought to address any potential impact of one reform, the essential health benefits requirement, by selecting the market leading small group plan as the benchmark essential health benefits plan.

In Delaware, the small group market is generally well-served by existing distribution channels including a private exchange-like purchasing option for small employers and an active agent and broker community. Delaware's small employers have long relied on agents and brokers to help them find the right plan for their business. Based on our stakeholder outreach we anticipate that agents and brokers will continue to play an important role in advising the small business community. Providing information and assistance to this community also will be a key component of our consumer outreach strategy.

Implementation Risks

While Delaware is proud of our Exchange establishment progress to date, we also understand there is still much work to be done before October 1. We appreciate the intense pressure our federal partners inside the Department of Health and Human Services (HHS) are under as they work to successfully launch dozens of exchanges and appreciate their close collaboration with Delaware on the Partnership Exchange.

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For example, following discussion of Delaware's plans for consumer assistance and education in the State Partnership Exchange model, HHS revised their stance and deferred to Delaware the development and management of the outreach strategy for consumer assistance and education.

We continue to be eager for final HHS guidance on operational elements that remain unclear. For example, Delaware still has questions regarding how the federal Navigator program and customer relationship management (CRM) solution will integrate with Delaware's MPAs and DOI in providing consumer assistance.

We are eager to see the final data collection templates from HHS that issuers will use to prepare and submit information needed to conduct QHP certification. Delaware's understanding is that finalization of these templates is a critical path item to enable Delaware to receive proposed QHPs. We also would like to know more about how the federal government will assure that the "multi-state plans" certified by the United States Office of Personnel Management will maintain consistency with state-specific certification standards and protect against financial advantages for these plans.

Delaware looks forward to HHS guidance on the SHOP Exchange, including expectations for how the federal SHOP exchange call center and eligibility portal will refer small employers to agents and brokers who request information comparing plans. We also need to better understand how Navigators will refer small employers to agents and brokers. We are also eagerly awaiting further guidance from the United States Department of Labor regarding employer noticing requirements and templates and guidance from the Internal Revenue Service on potential health plan valuation tools to support employer shared responsibility compliance. We also seek further, detailed guidance from the Internal Revenue Service on how temporary employees factor into employer size calculations.

As of today, Delaware's progress on Exchange establishment has been significant and HHS has been very supportive as we work together to launch the State Partnership Exchange model. State processes are on track and we are cautiously optimistic that enrollment will successfully open October 1.

Thank you again for this opportunity to share with you Delaware's experience and progress on this important initiative, implementation of Delaware's State Partnership Health Insurance Exchange.