

2017-19 Biennium Budget Decision Package

Agency:

Health Care Authority on Behalf of the Health Benefit Exchange

Decision Package Code/Title:

HBE HPF Operational Improvements

Budget Period:

Biennial Budget

Budget Level:

Policy Level

Agency Recommendation Summary Text:

The Health Benefit Exchange operates the Washington Healthplanfinder, an online portal Washington residents use to obtain Qualified Health Plans (QHPs) and Medicaid coverages that will serve more than 1.8 million Washington residents in the 2017-19 biennium.¹ In a recent State Auditor Office (SAO) Performance Audit of the Exchange, the Auditor recommended that the Exchange establish a long-term financial plan that would focus on needed IT investments to improve sustainability through QHP enrollment growth and operating cost efficiencies.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

| Operating Expenditures | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| 17T-1 HBEA | \$1,072,000 | \$1,072,000 | \$1,072,000 | \$1,072,000 |
| 001-2 GF-Federal | \$12,000 | \$12,000 | \$12,000 | \$12,000 |
| 001-C GF-Federal | \$922,000 | \$922,000 | \$922,000 | \$922,000 |
| Total Cost | \$2,006,000 | \$2,006,000 | \$2,006,000 | \$2,006,000 |
| Staffing | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| FTEs | 0 | 0 | 0 | 0 |
| Revenue | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| 17T-1 HBEA | \$1,072,000 | \$1,072,000 | \$1,072,000 | \$1,072,000 |
| 001-2 GF-Federal | \$12,000 | \$12,000 | \$12,000 | \$12,000 |
| 001-C GF-Federal | \$922,000 | \$922,000 | \$922,000 | \$922,000 |
| Object of Expenditure | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| Obj. C | \$2,006,000 | \$2,006,000 | \$2,006,000 | \$2,006,000 |

Package Description

¹ Washington State Caseload Forecast Council, June 2016 Medicaid Forecast; Wakely May 2016 Enrollment Forecast

The Exchange is responsible for the operation of Washington Healthplanfinder (HPF), an online marketplace that nearly 1 in 4 Washington residents currently use to find, compare, and enroll in Qualified Health Plans (QHPs) and Washington Apple Health (Medicaid). HPF is a single door that customers use to determine their eligibility for Medicaid or federal subsidies for QHPs, compare different health plans, and enroll for coverage.

To date, federal grant dollars have been used to build HPF and make required and needed system improvements. Federal grant funding for IT improvements will no longer be available starting January 1, 2017. The Exchange requests that funding be established in the Exchange's base budget, so required and needed system improvements that increase efficiency, support increased QHP enrollments, and improve the customer experience can continue to be made.

A recent State Auditor (SAO) Performance Audit found that Healthplanfinder's IT maintenance and operations costs compare well with other states. Recent negotiations with Deloitte have reduced maintenance and operations costs, enabling the HBE to cover necessary software license cost increases within the existing expenditure authority.

The SAO recommended that the Exchange establish a long-term financial plan that focuses on needed IT investments. They further recommended that the Exchange establish capital reserves that would support IT system changes that promote sustainability by increased QHP enrollments and reducing call center volume and costs.

The HBE Board of Directors have also directed Exchange staff to pursue developing a long-term capital plan for IT improvements and establishing a reserve. This request is for increased expenditure authority using expected revenues and Medicaid reimbursement to fund key information technology changes that will avoid cost increases and promote sustainability by improving the customer experience. Currently the base budget includes about \$4.5 million for development activities. The majority of these funds are needed for compliance changes related to federal and/or state law and security changes.

Some of the system changes slated for deployment during the upcoming biennium are noted below. System changes are identified and prioritized by a cross-agency group of IT executives and leaders from HBE, HCA, and DSHS. Consistently, the number of requested changes has far exceeded the capacity of each release, requiring collaboration in setting system change priorities. The prioritized list of changes is revisited by the group throughout the year so unexpected customer barriers and system vulnerabilities, and new regulatory requirements, can be accounted for. The current list of proposed changes includes:

- **HPF Customer Decision-making Tool**

This tool will help improve overall health care affordability by improving customer health literacy. The implementation of this tool will allow HPF to guide the user to select a plan which meets their health care needs. Often enrollees select a plan based on the plan's premium price, when cost sharing and deductible costs should also be considered. Applicants need to be informed to select plans better tailored to their needs. This change will help individuals and families select a plan by displaying information that is relevant to their particular situation, based on information they have entered. This is expected to improve customer satisfaction, grow enrollment and increase retention. (Estimate of 7,000 hours)

- **Improve HPF Mobile Application**

The Exchange is using Level 1C grant funds (available only through Dec 31, 2016) to design and

develop mobile application tools. The second phase of the project would increase the functionality available to customers and provide the ongoing support for the application. The increased functionality would allow enrollees to:

- Chat with a customer representative
- Check on call center wait time
- Schedule a call center call back
- View all correspondences
- Receive health tips, and
- Submit an entire application, including uploading documents.

The Exchange projects that one expected outcome would be an increase in enrollment (particularly among younger customers) and growth in the number of enrollees who automatically renew. A second desired outcome would be an increase in customer satisfaction as well as reduced call center volume. (Estimate 5,000 hours)

▪ **Integrate the HPF Customer Service Application (CSA), Integrated Voice Recognition (IVR), and Customer Resource Management (CRM) interfaces**

The Exchange will implement a direct interface with their call center Integrated Voice Recognition System and the Healthplanfinder. This improvement will allow callers to access their latest application, and eligibility and enrollment information without having to talk to a call center representative. This change is particularly critical to reducing the demand on call center time during open enrollment. This technology change, combined with other tools being added for client usability, is likely to result in an improved customer experience and a decrease in the number of calls received by the call center. (Estimate 5,000 hours)

▪ **Improve Eligibility Redetermination Processing**

Currently, Exchange staff are not able to manually re-determine eligibility for QHP enrollees without accessing DSHS's Eligibility Service (ES) portal. By implementing this proposed change, QHP and WAH consumers will be able to receive eligibility updates more timely, staff will be able to continue to work on complex eligibility cases. This change will accelerate eligibility processing and eliminate data integrity issues related to this problem. (Estimate 2,000 hours)

▪ **Transition from HPF eHealth Plan Management System**

eHealth is an ancillary system to the Healthplanfinder (HPF) that makes plan information and provider directory information available to individual and small employers through Healthplanfinder. The proposed change is to implement this functionality in HPF. This change will allow the Exchange to have greater flexibility in loading plan information, which is expected to save up to \$600,000 per year. Ongoing costs to maintain the functionality are expected to come from existing in-house staff and Deloitte M&O base funding. The \$1.5 million investment would have a positive return on investment by in state fiscal year 2021. (Estimate 12,000 hours)

▪ **Implement WaTech Master Data Management Tool**

The Exchange would add a Master Data Management tool (Informatica) to cross-reference known Washington State clients, to prevent duplicate data entry and improve data integrity. Currently the Exchange experiences approximately 200 data errors per month, which require up to 400 hours of analysis per month. This change may free up two to four call center resources which can result in either improved customer call times or reduced call center staffing needs. (Estimate 8,000 hours)

- **Improve HPF Document Submission Screen Functionality**

Customers submit thousands of documents to the Exchange through HPF every month. Today, Exchange staff have to search in four different places to retrieve these documents. This change would consolidate that functionality in a single location, reducing user errors and time spent searching for documents. Improved compliance with conditional eligibility as well as a reduction in call center staff time is expected. (Expected 4,000 hours)

- **Improve Navigator and Broker Functionality**

Functionality for navigators and brokers would be added to improve client support tools and improve customer management. Examples of potential changes include: giving brokers and navigators the ability to decline partnerships, export client information to Excel, receive e-mail notifications when certain events happen, and sort the results. The ultimate goal is to increase enrollment with better customer service.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

The Exchange has \$4,494,000 in its base budget for funding required to make compliance changes in HPF. This request is for an additional \$2 million per year in funding to improve customer experience, respond to market changes (such as expanding coverage due to changes in the individual market), and implement efficiencies to avoid costs related to enrollment growth. Funding will come from Health Benefit Exchange Account-State (171) funds and Medicaid. Sufficient premium tax revenues should be available for the state Medicaid match.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

No additional FTEs are anticipated as contractors will be the primary support to existing staff for the enhanced development.

Contractor Share of Release Costs

Contractor costs for operational improvements include both Deloitte release hours as well as UAT testing hours. UAT hours are projected to be 20% of the Deloitte release hours. Deloitte hours are paid at an hourly rate of \$114 per hour while UAT testing is paid at an average rate of \$80 per hour.

| Contractor | Hours | Rate per Hour | Cost | Percent of Cost |
|------------------------|---------------|----------------------|--------------------|------------------------|
| Deloitte Release Hours | 10,000 | \$114.00 | \$1,140,000 | 88% |
| UAT Testing | 2,000 | \$80.00 | \$160,000 | 12% |
| Total | 12,000 | \$194.00 | \$1,300,000 | 100% |

Decision Package Cost Estimates

| Base Compliance Budget | | | | |
|-------------------------------|--------------|---------------------|-----------------------|--|
| Contractor | Share | Total Cost | Hours per Year | |
| Deloitte Share | 88% | \$ 3,954,970 | 34,693 | |
| UAT Testing Share | 12% | \$ 539,314 | 6,741 | |
| Total | 100% | \$ 4,494,284 | 41,434 | |

| Decision Package Request | | | | |
|---------------------------------|--------------|----------------------|-----------------------|--|
| FY2018-2021 | | | | |
| Contractor | Share | Cost per Year | Hours per Year | |
| Deloitte Share | 88% | \$ 1,745,030 | 15,307 | |
| UAT Testing Share | 12% | \$ 260,686 | 3,259 | |
| Total | 100% | \$ 2,005,716 | 18,566 | |

| | | | | |
|------------------|-------|-----------|---------------------|--|
| HBE | 17T-1 | \$ | 968,000 | |
| Medicaid Federal | 001-C | \$ | 922,000 | |
| Medicaid State | 17T-1 | \$ | 102,000 | |
| CHIP Federal | 001-2 | \$ | 12,000 | |
| CHIP State | 17T-1 | \$ | 2,000 | |
| TOTAL | | \$ | 2,006,000.00 | |

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

The Exchange needs to make continued improvements to the Healthplanfinder to retain and expand QHP enrollees and to make necessary system changes to achieve efficiencies and future cost avoidance/and or reductions.

Performance Measure detail:

Reduce overall PMPM operational costs
 Increase QHP enrollment by 3 to 5 percent per year

Fully describe and quantify expected impacts on state residents and specific populations served.

The Healthplanfinder enrolls approximately 24.1% of state residents in health care coverage. In SFY 2016, the Exchange served about 1.6 million Medicaid enrollees and 160,000 QHP clients.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

| Impact(s) To: | | Identify / Explanation |
|---|-----|--|
| Regional/County impacts? | No | Identify: |
| Other local gov't impacts? | No | Identify: |
| Tribal gov't impacts? | No | Identify: |
| Other state agency impacts? | Yes | Identify: Changes to DSHS Eligibility System may be included as a part of Healthplanfinder investments. HCA would need to submit a revised IAPD on behalf of the HBE to CMS |
| Responds to specific task force, report, mandate or exec order? | Yes | Identify: 2016 SAO Performance Report of Washington Health Benefit Exchange |
| Does request contain a compensation change? | No | Identify: |
| Does request require a change to a collective bargaining agreement? | No | Identify: |
| Facility/workplace needs or impacts? | No | Identify: |
| Capital Budget Impacts? | No | Identify: |
| Is change required to existing statutes, rules or contracts? | Yes | Identify: Changes would be submitted to CMS for inclusion in the Implementation Advanced Planning Document. |
| Is the request related to or a result of litigation? | No | Identify lawsuit (please consult with Attorney General's Office): |
| Is the request related to Puget Sound recovery? | No | If yes, see budget instructions Section 14.4 for additional instructions |
| Identify other important connections | | |

Please provide a detailed discussion of connections/impacts identified above.

The Health Care Authority submits revised Advanced Planning Documents to CMS as the state Medicaid agency. The Department of Social and Health Services

What alternatives were explored by the agency and why was this option chosen?

The alternative is to maintain status quo. The Exchange is required to be self-sustainable and needs tools that support a positive customer experience for enrollee recruitment and retention as well as continued system efficiencies to control or reduce costs.

What are the consequences of not funding this request?

The Exchange would lose potential revenue associated with improving the customer experience. The Exchange would also find it necessary to maintain inefficient processes if funds are not made available for IT improvements.

How has or can the agency address the issue or need in its current appropriation level?

The SAO audit found that the Exchange was reasonable in its three major cost drivers – staffing, call center and information technology. In addition, the Exchange has paid for similar costs with federal grant funds which are no longer available.

Other supporting materials:

Copy of IT enhancement future needs.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

| Information Technology Items in this DP <i>(insert rows as required)</i> | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|--------------------|--------------------|--------------------|--------------------|
| Additional information technology development hours and UAT support | \$2,006,000 | \$2,006,000 | \$2,006,000 | \$2,006,000 |
| Total Cost | \$2,006,000 | \$2,006,000 | \$2,006,000 | \$2,006,000 |

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service? Yes No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) Yes No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.