

2017-19 Biennium Budget Decision Package

Agency:

Health Care Authority on Behalf of the Health Benefit Exchange

Decision Package Code/Title:

HBE Outreach and Marketing Funding

Budget Period:

Biennial Budget

Budget Level:

Policy Level

Agency Recommendation Summary Text:

A key finding of the recent State Auditor Office (SAO) 2016 Performance Audit is that the Health Benefit Exchange must retain and/or grow the number of qualified health plan (QHP) enrollees in order to be self-sustainable. Currently the Exchange earns approximately \$15 per member per month for each QHP enrollee. A recent analysis by The Henry J. Kaiser Family Foundation found that there is room to grow QHP enrollment, particularly among the subsidy eligible population. Outreach and marketing resources are key to achieving increased QHP enrollment.

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 | \$1,100,000 | \$1,100,000 | \$1,100,000 | \$1,100,000 |
| 001-2 GF-Federal | \$14,000 | \$14,000 | \$14,000 | \$14,000 |
| 001-C GF-Federal | \$386,000 | \$386,000 | \$386,000 | \$386,000 |
| Total Cost | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 |
| 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 | \$1,100,000 | \$1,100,000 | \$1,100,000 | \$1,100,000 |
| 001-2 GF-Federal | \$14,000 | \$14,000 | \$14,000 | \$14,000 |
| 001-C GF-Federal | \$386,000 | \$386,000 | \$386,000 | \$386,000 |
| Object of Expenditure | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 |
| Obj. E | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 |

Package Description

In 2013, the Exchange spent about \$3.1 million for purchased media and another \$1.3 million for campaign and creative development. An additional \$726,000 was spent on outreach, earned media, social media and related costs. The 2015-17 enacted budget included about \$1.5 million for outreach

activities and advertising. This funding level represented an 80% reduction from the previous year’s open enrollment efforts. It was insufficient to purchase top-tier media (television and major market radio and print), limiting the Exchange to funded activities in the area of social media, earned media, and grassroots outreach and partnerships. The Exchange received feedback from its customer support partners – Navigators and brokers – that this lack of broader awareness resulted in lower customer traffic during the critical QHP open enrollment window.

Recent FFM (federally facilitated marketplace) research indicates that media advertising combined with email is most effective for QHP recruitment. The Exchange requests expenditure authority for \$1.5 million per year for media buys to increase enrollment and retain existing enrollees. The average QHP enrollment from 2014 to 2015 increased by 25,733.¹ For 2015 to 2016 the average QHP enrollment grew by 17,045. In 2016, the enrollment only grew by an average of 1,948, which may in part be attributed to the absence of an advertising campaign. Another important factor to consider is the changing dynamic of the state’s individual health insurance market. In year one, 82% of the Exchange’s QHP enrollment were individuals receiving tax credits while only 18% received none (they were over the 400% of the Federal Poverty Level (FPL)). Today, more than 30% of the QHP enrollment is over 400% of FPL. In order for us to attract and retain this growing unsubsidized population, it is imperative that we reach them through broader based vehicles.

The Exchange would need about 9,000 new QHP enrollees to break even on this expenditure. With changes in the individual market, it is important that the Exchange be positioned to attract non-subsidized enrollees who can choose to purchase coverage either inside or outside of the Exchange. Individuals may only receive subsidies if coverage is purchased in the Exchange. It may be that the future will see the Exchange evolve into the sole marketplace for individual health insurance options and outreach funds are needed to meet the changing needs of the market.

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.

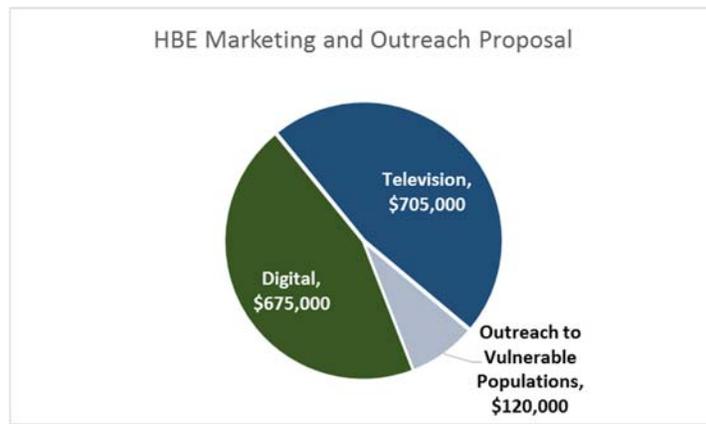
Decision Package expenditure, FTE and revenue assumptions, calculations and details:

This decision package changes the source of funding for Medicaid services as follows:

| | | | |
|----------------------|-------|-----------|------------------|
| HBE | 17T-1 | \$ | 422,420 |
| Medicaid Federal | 001-C | \$ | 528,014 |
| Medicaid State Match | 17T-1 | \$ | 528,014 |
| CHIP Federal | 001-2 | \$ | 18,965 |
| CHIP State Match | 17T-1 | \$ | 2,586 |
| TOTAL | | \$ | 1,500,000 |

The Exchange plans to utilize multiple mediums to retain current customers and reach new markets and under-served and hard-to-reach populations. As marketing tends to increase enrolment for both QHP and Medicaid populations, this activity is presumed to be cost allocable to Medicaid at an estimated 50% Federal Financial Participation (FFP).

¹ Wakely May 2106 Enrollment Forecast



Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Increase QHP enrollment by 3 to 5 percent

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

The Healthplanfinder enrolls approximately 160,000 QHP clients, which would increase by at least the 9,142 enrollees needed to cover the costs of marketing.

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? | No | Identify: |
| Responds to specific task force, report, mandate or exec order? | Yes | Identify: The State Auditor 2016 Performance Audit identified that the Exchange must increase its enrollment to achieve sustainability |
| 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? | No | Identify: |
| 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.
Not applicable

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

Status quo- continue to not use advertising to reach existing and new markets.

What are the consequences of not funding this request?

The Exchange would continue to have low enrollment increases as occurred in 2016 without outreach and advertising dollars.

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

In prior years, the Exchange had federal grants available to fund marketing efforts. As of January 1, 2017, the Exchange will be reliant on appropriated funds only.

Other supporting materials:

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.)

DRAFT