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Maryland Health Benefit Exchange

Request for Information

SHOP Technology Enablement

Issue Date: 3/16/2012

MARYLAND HEALTH BENEFIT EXCHANGE

KEY INFORMATION SUMMARY SHEET

Request for Information

SHOP Technology Enablement

Issue Date: 3/16/2012

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Responses are to be sent to: Maryland Health Benefit Exchange
Via: email in pdf format
kyang@dhmh.state.md.us
A confirmation email will be sent within 24 hours of receipt.

Closing Date and Time: 4:00 PM Local Time on 3/23/2012

1. Introduction.

Signed into law by President Obama on March 23, 2010, the Patient Protection and Affordable Care Act of 2010 (ACA) requires States to begin operating a Health Insurance Exchange by January 1, 2014 or to allow the federal government to operate an Exchange on their behalf. In legislation adopted April 12, 2011, the State of Maryland established its own Exchange, the Maryland Health Benefit Exchange (the Exchange). The Exchange will provide Maryland residents and small businesses with the opportunity to compare health plans based on rates, benefits, and quality and to enroll in the product that best suit their needs.

A critical element of making the Exchange operational is procuring the technology and services for the Small Business Health Option Program (SHOP). Through this request for information (RFI), the Exchange seeks the assistance of stakeholders in the small group health insurance market (employers, consumer advocates, benefit administrators, brokers, and carriers) in identifying technologies and operational systems that may be available in the marketplace and appropriate for utilization in connection with the SHOP.

2. General SHOP Requirements and Objectives

The ACA requires that states developing their own Exchanges such as Maryland must also make operational a SHOP exchange that meets a robust set of requirements. These requirements generally can be summarized as follows:

- Certify small group qualified health plans (QHPs) on the Exchange
- Provide a marketplace for small groups to purchase coverage via an employee choice option
- Allow employees to select QHP's from available choices and enroll
- Aggregate small group premiums into a consolidated bill for groups and distribute payments to carriers
- Reconcile enrollment information and employer participation information with QHPs at least monthly
- Verify that individual applicants are identified by the employer as employees that have been offered coverage
- Report to HHS on Exchange enrollment, financial, and operational metrics

Other requirements apply and are contained within the ACA itself as well as regulations promulgated by HHS, the latest of which were issued on March 5, 2012. The final rule can be reviewed by going to the following site: <https://www.federalregister.gov/articles/2012/03/27/2012-06125/establishment-of-exchanges-and-qualified-health-plans-exchange-standards-for-employers-patient>

Additionally, Maryland has identified the following general principles by which SHOP information technology and operations will be designed:

- Meet the requirements of the Affordable Care Act (ACA) as it pertains to SHOP set-up and management and be certified by CMS by January 1, 2013;
- Provide minimum disruption to the existing small group health insurance market in Maryland while promoting innovation;
- Encourage enrollment through the SHOP Exchange by small businesses;
- Leverage the knowledge and expertise of current market players (e.g., carriers, benefit administrators, etc.) for key technical and business functions;
- Minimize duplicative development effort among Maryland stakeholders through the development of common service components that can be leveraged equitably by the broadest number of market players;
- Provide a SHOP solution that satisfies the needs of employers, employees, and health plans in an operationally efficient, cost effective, and consumer-friendly manner;
- Ensure that operations are transparent and managed with effective oversight whereby the Exchange and the State of Maryland meet all their responsibilities to the State's small employer community.

3. SHOP Design Options

An important consideration for the Exchange in designing SHOP IT and operations is the extent to which the Exchange will utilize the technical and operational capabilities of outside entities currently performing services in the Maryland small group marketplace today. In order to understand and analyze our options for SHOP IT and operations implementation, including the use of outside entities in providing key services on behalf of the Exchange, we have grouped SHOP functions into the following broad categories. Representative activities under each category are also provided below.

On-Line Marketplace/Shopping Experience

- Qualified Health Plan intake from carriers for plan presentment
- Employer registration, plan design set-up, sales quote comparisons, and selection
- Employee registration, QHP selection, and enrollment (i.e., shopping experience)
- Assist employees in finding individual coverage if employer coverage is not affordable

Back-Office Administration

- Premium aggregation and billing
- Carrier payment
- On-going eligibility/enrollment management (employee adds, deletes, life changes, etc.)
- Enrollment and funds flow reconciliation

Financial and Operations Oversight

- QHP certification and carrier management
- QHP user fee collection and management

- Quality control and audits of enrollment and financial transactions through the SHOP
- Accounting & Management Reporting (Financial Statements/Management Reports/Stakeholder Reports/Statutory reporting to Federal Government)

Customer Service

- Call Center / Help Desk

Generally, the Exchange has determined that it cannot outsource the activities listed within the Financial and Operations Oversight category. Given that Maryland already has a set of existing benefit administrators serving the small group market today, the other activities could conceivably be performed by those aforementioned entities.

The following chart provides a conceptual view of three high level options for implementing SHOP technical capabilities whereby the Exchange engages with one or more entities for systems enablement. Customer service capabilities, including navigator and call center representative support, would be integral to both Online Marketplace and Back Office Administration functions.

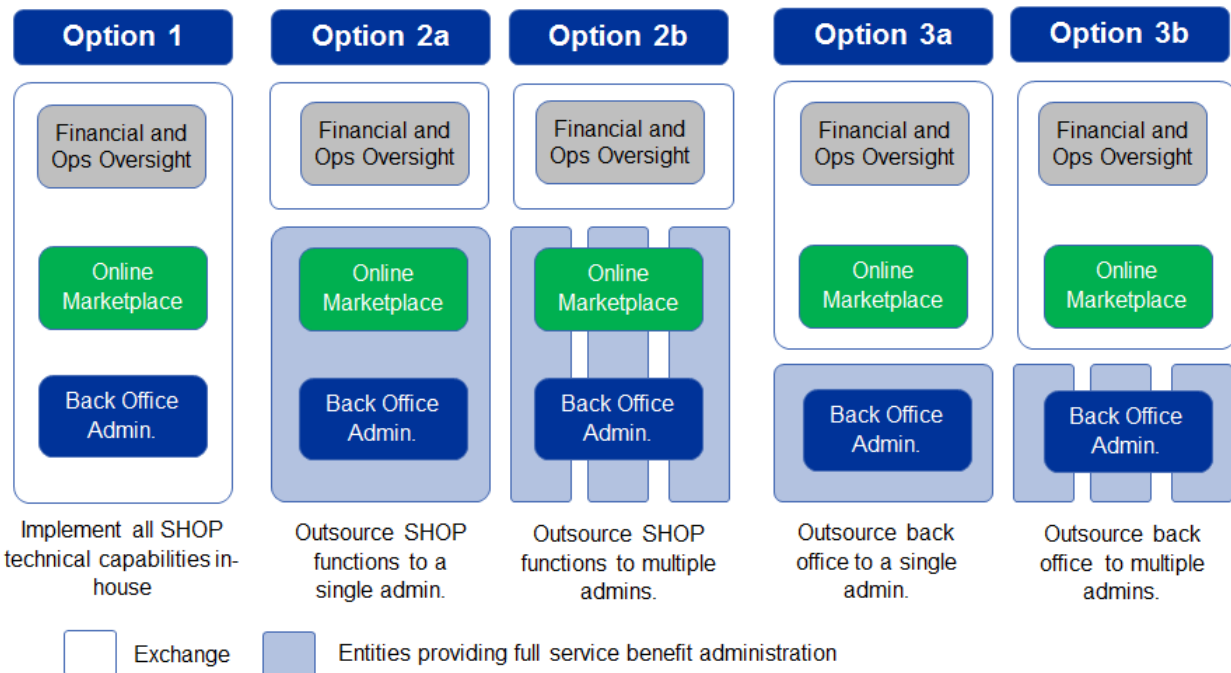


Figure 1: SHOP Technology Enablement Options

In option 1 above, the Exchange would develop all the technology required for SHOP operations. Please note that option 1 does not presuppose that the Exchange would also staff the call center and billing and collection functions. Ideally, any scenario would accommodate a role for brokers and benefit administrators to continue to serve their customers regardless of who enables core SHOP technology. In option 2, the Exchange would outsource the Online Marketplace / Shopping Experience and Back Office administration to an outside entity. The difference between the ‘a’ option and the ‘b’ option is whether the Exchange engages with a single entity or multiple entities. Finally, in option 3, the Exchange would retain the technology build out for the Online Marketplace but outsource Back Office administrative services to one or more entities or benefit administrators.

In any option where the Exchange outsources SHOP functions to an outside entity, the Exchange would develop certification requirements, service level agreements, standard interfaces and data exchanges that the benefit administrator entities must agree to and comply with.

The diagrams provide additional details for each of the options described above. The diagrams illustrate the key functional interfaces and data exchanges between carriers, the Exchange, 3rd party benefit administrator systems, and employers/brokers, and employees.



* The Exchange will allow brokers to act on behalf of employers for employer functions when authorized by the employer

** The Exchange will develop the systems for back office admin in this model but will likely contract with benefit administrators to provide resource to provide financial reconciliation and support

Figure 2: The Exchange develops all SHOP technology

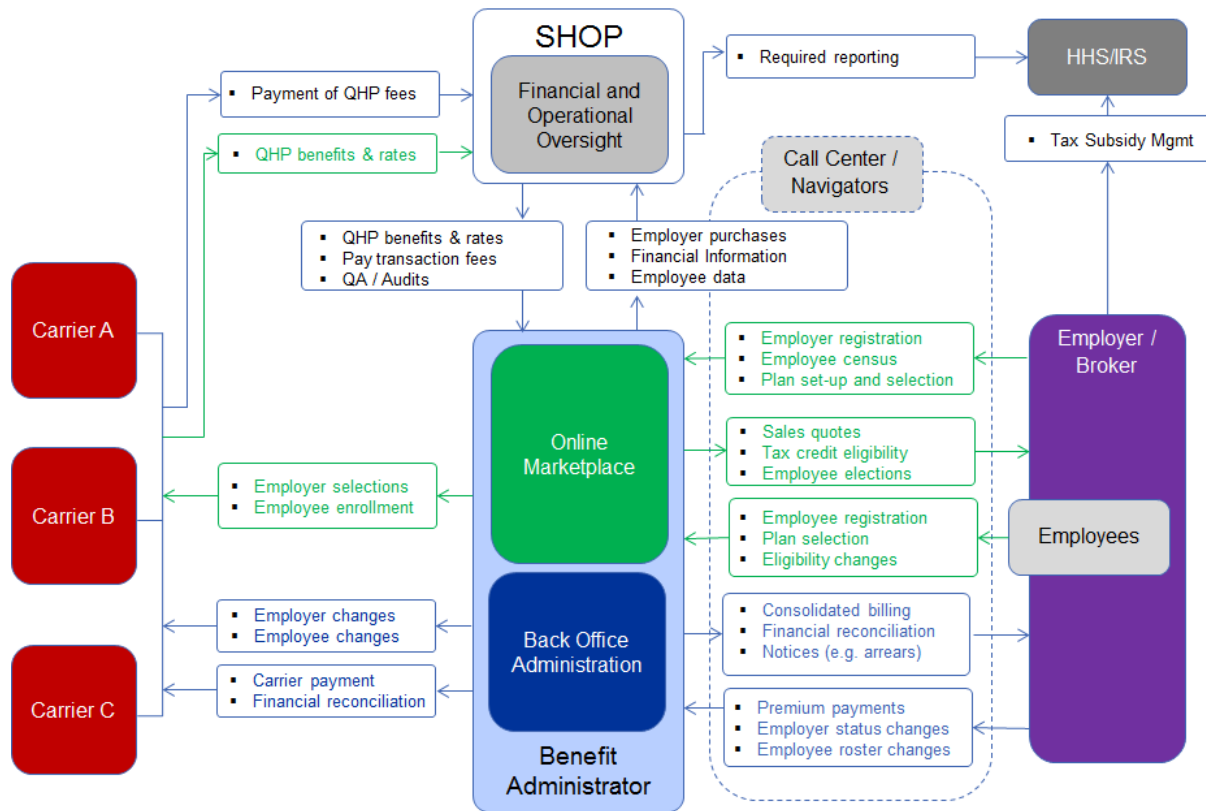


Figure 3: The Exchange outsources all SHOP technology for the Online Marketplace and Back Office Administration to a single entity or full service benefit administrator

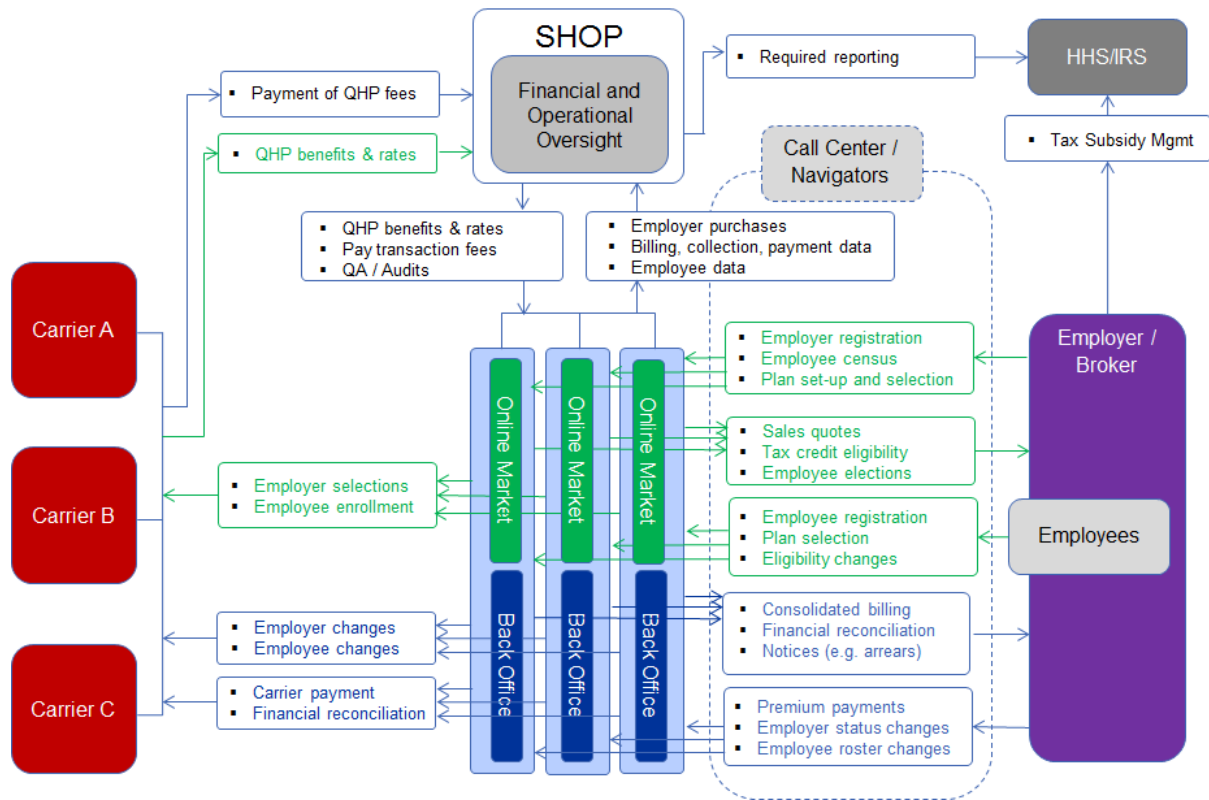


Figure 4: The Exchange outsources all SHOP technology for the Online Marketplace and Back Office Administration to multiple entities or full service benefit administrators

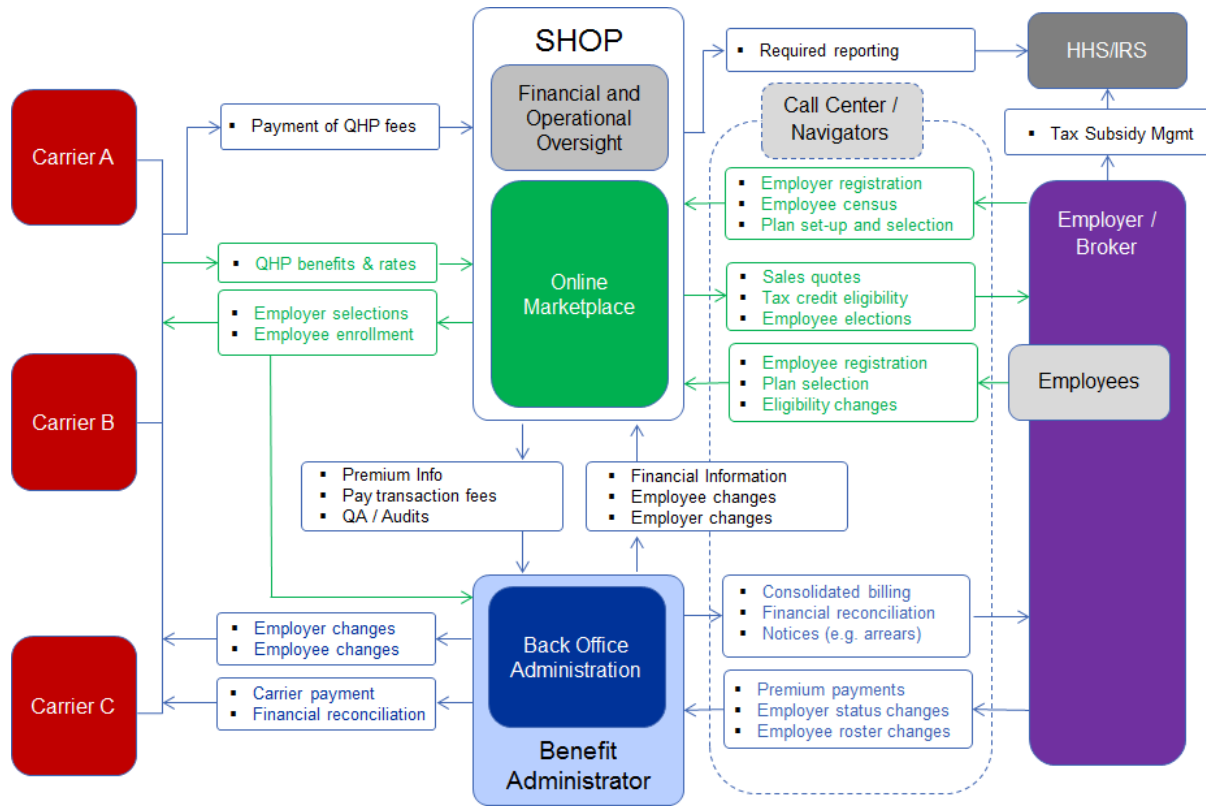


Figure 5: The Exchange outsources all SHOP Back Office Administration to a single entity or full service benefit administrator

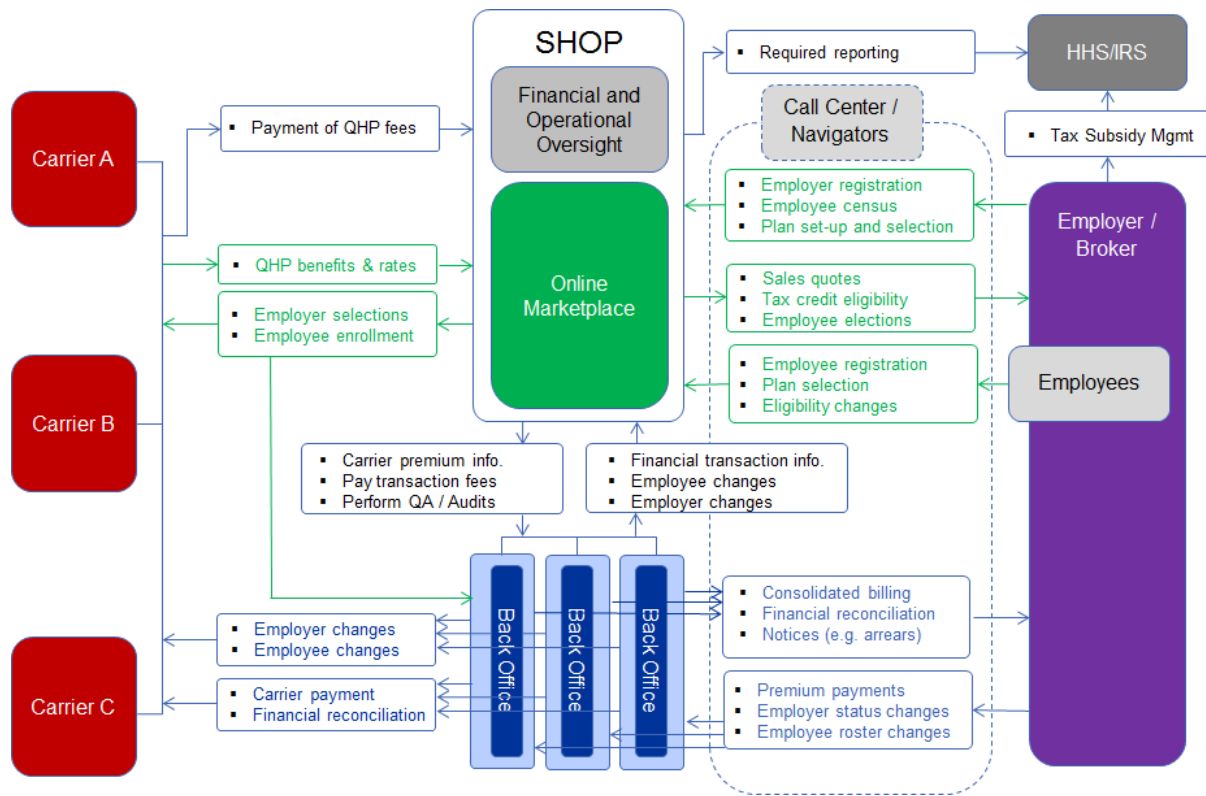


Figure 6: The Exchange outsources SHOP Back Office Administration to multiple entities or full service benefit administrators



4. Request for Information - Questionnaire

The Exchange requests that RFI respondents provide answers to those questions where they have relevant knowledge and experience. The Exchange will consider the information provided by respondents in determining its approach to the development of the technology and operations of the SHOP Exchange. Please do not include any proprietary information or information that your organization wishes to remain confidential.

1. Please briefly describe your organization and its relationship to the small group health insurance market in Maryland.

2. In the current small group marketplace, on what basis do third party administrators charge customers for back office services similar to those described above in options 2 and 3? What pricing structures are utilized?

3. In the current marketplace, what performance metrics, service level agreements, and incentive/disincentive structure are utilized in agreements for back office services between third party administrators and their customers for such services?



4. Please rank the following options from most supportive (1) to least supportive (5) for meeting the requirements of the ACA in time for CMS certification by January 1, 2013. Please explain.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

5. Please rank the following options from most supportive (1) to least supportive (5) for encouraging small businesses to purchase health insurance coverage on the SHOP Exchange. Are there differences based on employer size (e.g., 1-10 employees, 11-25 employees, 25 – 50 employees)? Please explain.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs



6. Please rank the following options from most supportive (1) to least supportive (5) for promoting market innovations on the SHOP Exchange. Please explain what those innovations might be, especially those geared towards encouraging small business to seek health insurance coverage for their employees.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

7. Please rank the following options from most supportive (1) to least supportive (5) for leveraging existing technical capabilities in the small group market for Online Marketplace and Back Office administrative services. Please provide commentary on how those existing technical capabilities can be re-used to the benefit of the Exchange given the specific requirements for the ACA.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs



8. Please rank the following options from most supportive (1) to least supportive (5) for leveraging existing employer support services in the small group market today. If known, please discuss the options in terms of their impact to the following stakeholders:

- a. Brokers
- b. Benefit Administrators
- c. Insurance Issuers
- d. Small group 3rd party payroll/HR managers

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

9. Please rank the following options from most supportive (1) to least supportive (5) for minimizing operating costs within the SHOP Exchange. What types of technical and operating costs did you consider in your assessment?

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

10. Please rank the following options from most supportive (1) to least supportive (5) for achieving a superior customer experience. Provide separate assessments for the employer experience and the employee experience. Further, please indicate if the servicing requirements will be different for groups of different sizes (e.g. 1-10 employees, 11-25 employees, 25 – 50 employees)

Small Business Employer Perspective

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

Small Business Employee Perspective

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

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11. Please rank the following options from most supportive (1) to least supportive (5) for simplifying ongoing systems maintenance and support as well as for future system enhancements. Please explain.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

12. Please rank the following options from most supportive (1) to least supportive (5) for ensuring transparency of operations and technology by the Exchange to Maryland based stakeholders and the federal government. Please explain.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs



13. Please rank the following options from most supportive (1) to least supportive (5) for ensuring quality control in both online marketplace functions and back office administration by the Exchange. Please explain.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs

14. Please rank the following options from most supportive (1) to least supportive (5) for ensuring effective oversight by the Exchange in the areas of performance monitoring, financial management, and reporting to Maryland stakeholder organizations and the federal government. Please explain.

- ___ Option 1: Exchange develops all SHOP technology
- ___ Option 2a: Outsource SHOP Online Marketplace and Back Office to a single entity or TPA
- ___ Option 2b: Outsource SHOP Online Marketplace and Back Office to multiple entities or TPAs
- ___ Option 3a: Outsource SHOP Back Office admin to a single entity or TPA
- ___ Option 3b: Outsource SHOP Back Office admin to multiple entities or TPAs



15. Some of the options under consideration by the Exchange for the SHOP involve multiple entities providing technology and operations support for discrete functions for the Online Marketplace and Back Office Administration. In today's market, where similar functions are split between multiple entities, what are the best practices for ensuring both a consistent customer experience and outstanding customer service? Please consider both operations and technology in your response. Are there some options that lend themselves to a superior customer experience?

16. Are there other options or technical architectures not described above that the Exchange should be considering?
