SHOP Operations

Patrick Holland
Wakely Consulting Group

SHOP Exchange: Policy and Operations
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State Health Reform Assistance Network
Charting the Road to Coverage

Robert Wood Johnson Foundation

Agenda

- Integration of SHOP and AHBE
- SHOP operational functions
- Composite and List Billing
- Broker Management

Integration of SHOP / AHBE

- Question depends on a number of factors relative to the SHOP and the AHBE:
  - Scale and size of expected enrollment take-up
  - Availability of private-market vendors, especially commercial insurance general agent entities
  - Design options under consideration by the state
  - Desire to outsource or leverage available state assets such as a call center

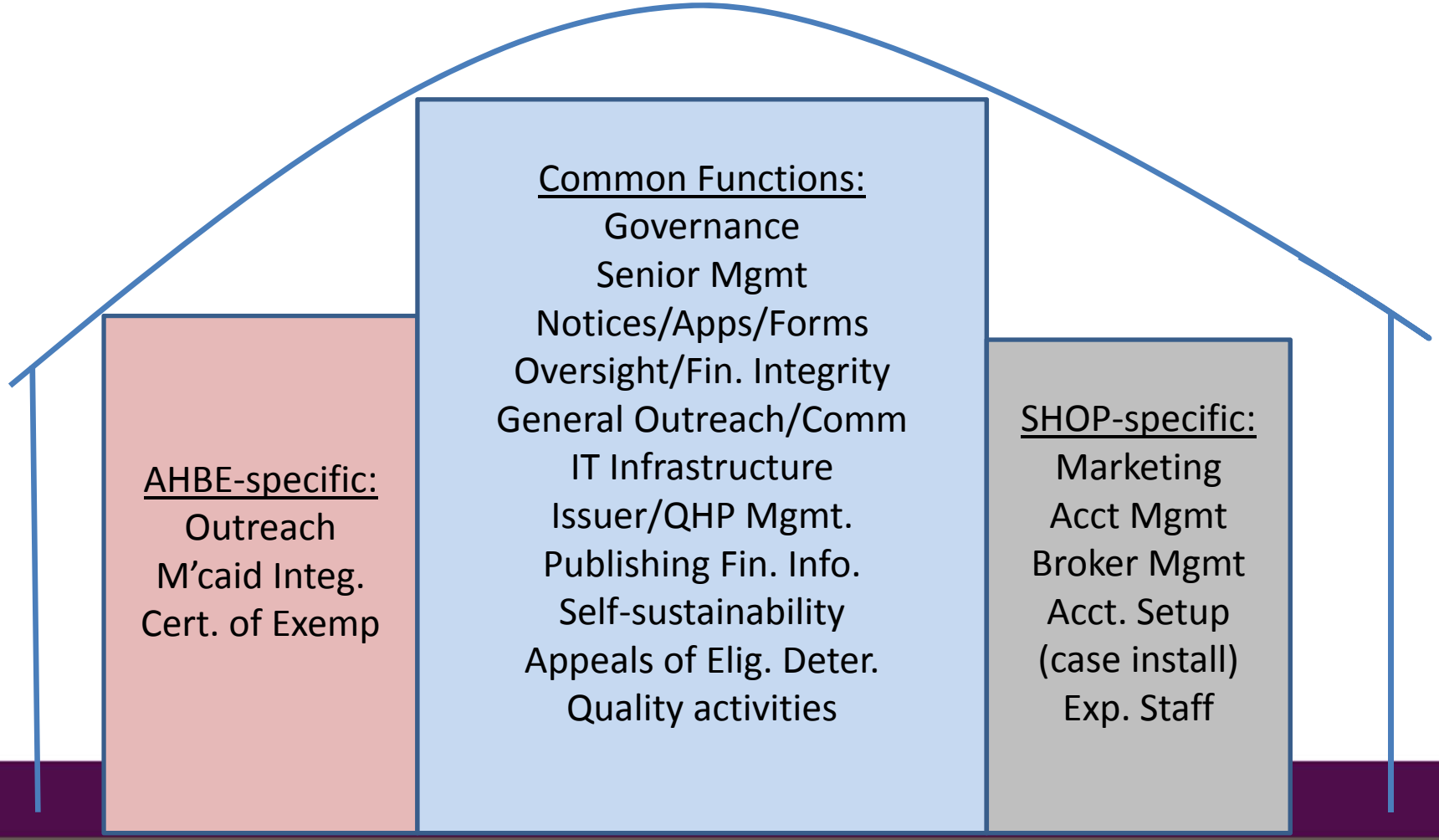
Integration of SHOP / AHBE (con't)

- Other considerations:
  - Regulations clearly favor common governance
  - Although there may be different issuers of QHPs (NG/SG), the certification process and Issuer/QHP management functions are similar
  - Significant IT design and build for AHBE -- what can be leveraged for SHOP?
  - Very different marketing and value-prop for SHOP requiring special skill sets (staff / process / system)

SHOP-Specific Functions

Function	Example	Leverage Non-group Services/Technology?
Enrollment and eligibility	Special enrollment periods (rolling)	Call center / Website / Noticing
Employer choice requirements	Must allow a qualified employer to select a level of coverage in which all QHPs within that level are made available to the qualified employees of the employer	Website Shopping
SHOP options with respect to employer choice requirements	May allow a qualified employer to make one or more QHPs available to qualified employees – *expands choice model options*	Website Shopping
Premium aggregation	Monthly employer bill; Collect premium and pay QHP Issuer	Premium Billing functionality and Financial Management
QHP Certification	Ensure QHPs meet SHOP specific requirements	QHP Plan Management functionality
Rates and rate changes	Not vary rates for a qualified employer during its plan year	QHP Plan Management functionality

"Sweet-Spot" – Varied Functions / Business Process under One Roof



SHOP Operations (con't)

1. Eligibility Determination	• Use of single employer application form • Verify application (employer & employee) • Provide notice
2. Customer Service / Call Center	• Inquiry support (Web-portal FAQs; IVR features; Self-service) • Call Management • Call Center tools • Management Reporting
3. Shopping Experience / Rating, Enrollment, Renewals	• Employer Plan Selection • Employee Plan Selection • Account Installation & Fulfillment • Account Maintenance • Employer Renewals

SHOP Operations (con't)

4. Billing, Collection & Reconciliation

- Employer account set up
- Invoice generation
- Payment remittance & receipt
- Premium reconciliation
- Collections
- Account Maintenance

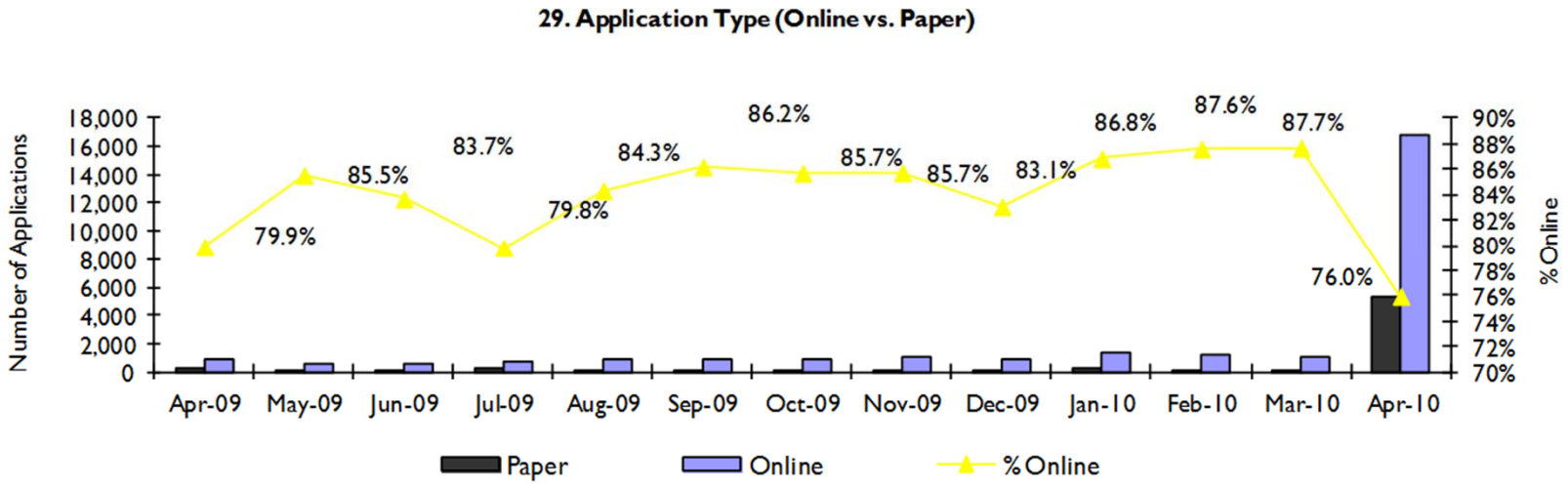
5. Broker Management

- Design of broker program
- Compensation levels
- Broker training, certification & compliance
- Broker tools
- Broker support
- Management Reporting

6. Reporting & Compliance

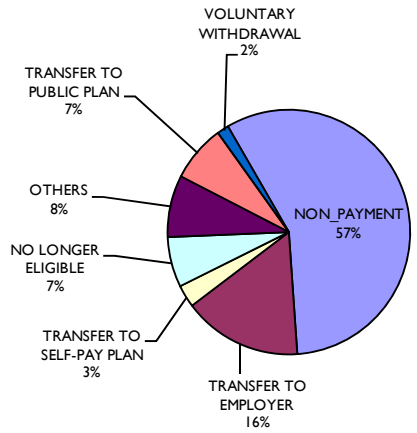
- Oversight & Financial Integrity
- Quality activities
- Privacy & Security of data
- Data collection
- Data warehouse technology
- Data analysis
- Report generation

Examples of Report Types

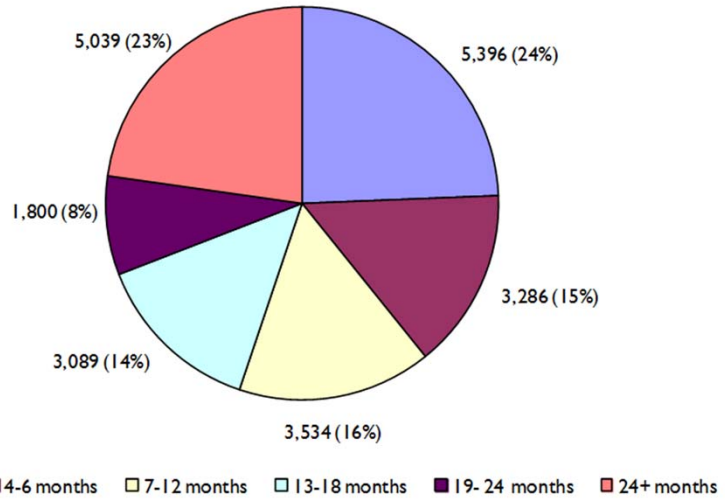


Examples of Report Types (con't)

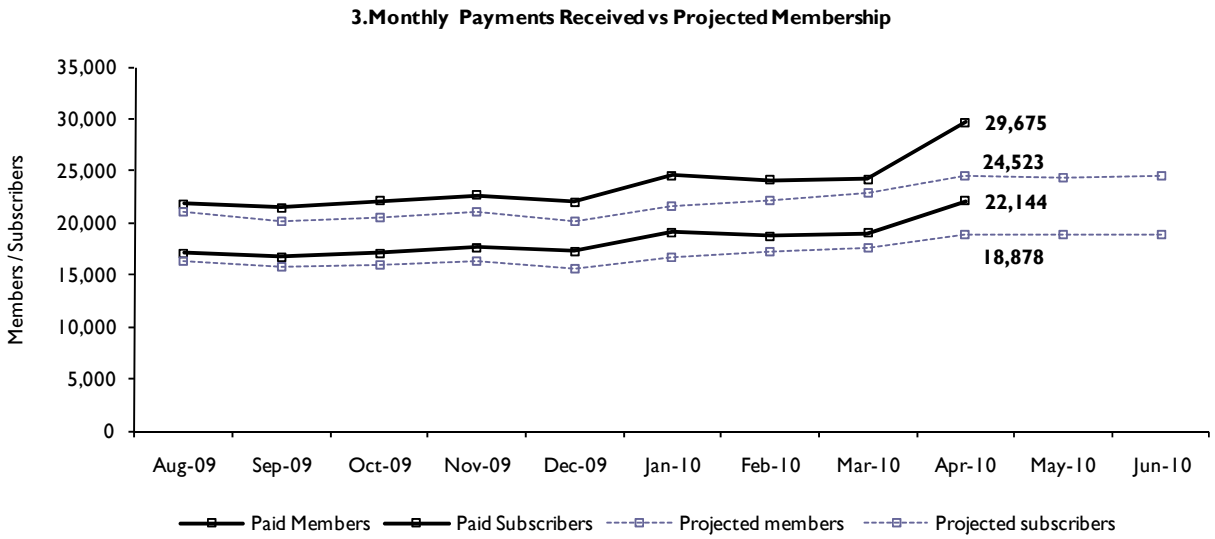
21.Current Month Cancellation Reasons



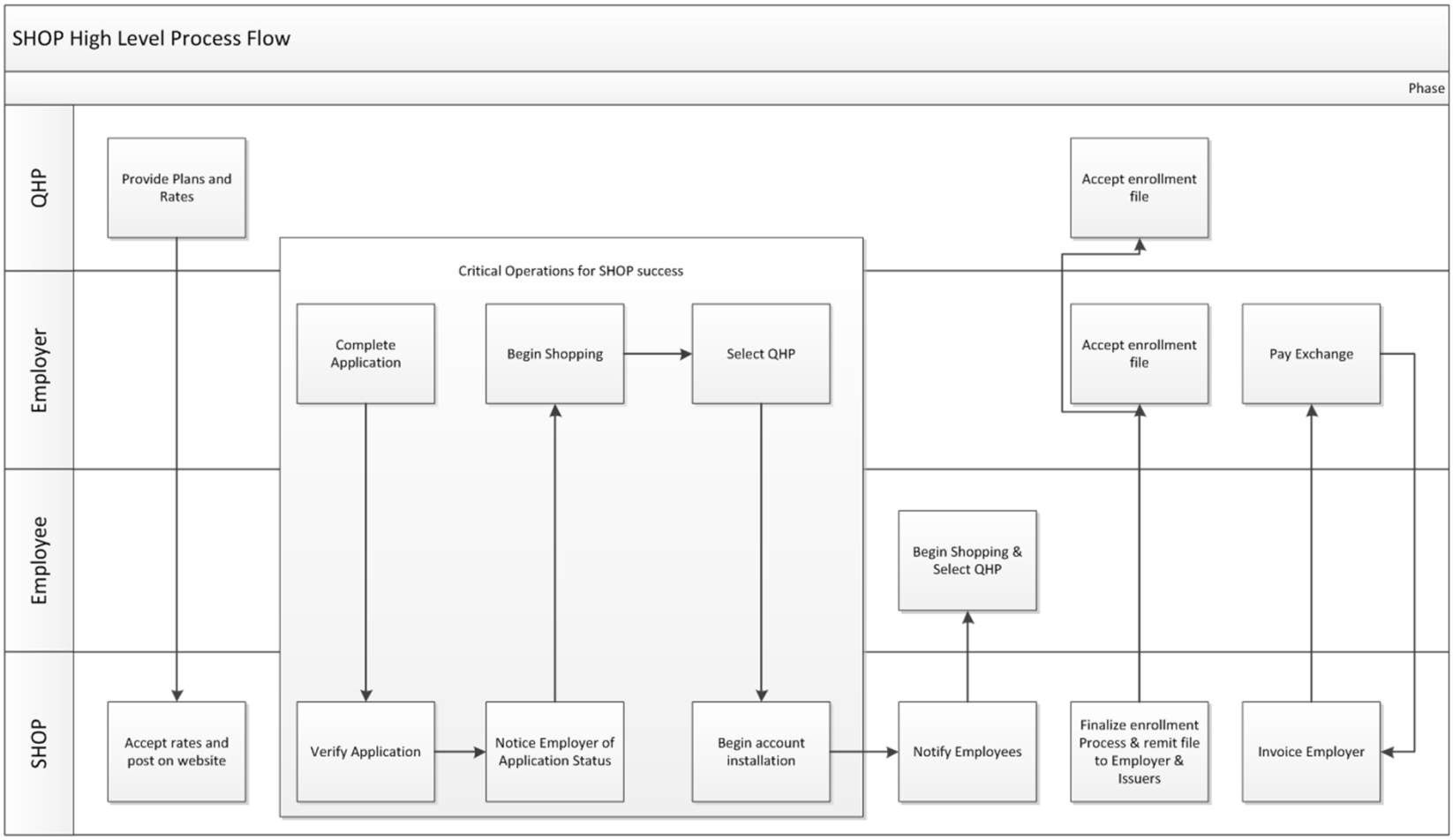
22. Current Month Subscriber Persistency[11]



Examples of Report Types (con't)



Critical Operational Functions



Most Important Operational Functions

- Quick and administratively simple eligibility determination process
- Rate quote and plan comparison function
- Examples:

☐Premium quotes generated and delivered immediately via web based Portal to allow employer analysis

☐Plan decision tool enables detailed search criteria to develop side by side comparison of plan (i.e. compare all plans specific premium range and preferred benefit design options); Cost to employer

☐Simplified group set up to enable employer self-service via web based Portal

☐Group set up support provided by call center, e-mail, and live online chat

☐Notification of enrollment period to employees by Exchange, available to self-service employers

Small Business Tax Credit

- To be eligible for the small-business tax credit, employer must meet following tests;
  - Employer must pay uniform % (not less than 50%) of premium for each employee
  - Employer has fewer than 25 employees
  - Average annual wages of its employees must be less than $50,000/FTE
  - Employer must maintain a “qualifying arrangement” -- employer contributes a uniform %

List vs. Composite Billing

- Policy issue of whether to allow composite rating and/or list billing has marketing and implementation implications
- Ideally, exchange should offer business model most prevalent in local market
- Examples of list and composite rating on the following slides

List vs. Composite Billing (con't)

- List Billing:
  - Health insurer lists a separate premium for each employee based on the age of the employee (or other factors)

	Age 19	Age 40	Age 64
QHP A	$200	$400	$600

List vs. Composite Billing (con't)

- Composite Billing:
  - Health insurer charges uniform premium for each employers employee

	Age 19	Age 40	Age 64
QHP A	$400	$400	$400

Composite rate calculation:
(Sum total of premiums from previous slide / number of members): (($200 + $400 + $600) / 3)) = $400

List vs. Composite Billing (con't)

- Following example is how the use of composite rating could be utilized in the exchange to allow employer to receive tax credit

	Issuer W		Employer Share		Employee Share	
	Self	Family	Self	Family	Self	Family
Employee L - age 20	$ 3,000	$ 8,000	$ 1,000	$ 1,000	$ 2,000	$ 7,000
Employee M - age 40	$ 5,000	$ 10,000	$ 3,000	$ 3,000	$ 2,000	$ 7,000
Employee N - age 40	$ 5,000	$ 10,000	$ 3,000	$ 3,000	$ 2,000	$ 7,000
Employee O - age 40	$ 5,000	$ 10,000	$ 3,000	$ 3,000	$ 2,000	$ 7,000
Total Premium	$ 18,000	$ 38,000				
# of employees	4					
Employer-calculated composite rate	$ 4,500					

Rule: Employer satisfies uniformity requirement, as each employee must pay a uniform amount which is not more than 50% of composite rate.

List vs. Composite Billing (con't)

Example using "Reference Plan" Model

	Issuer W		Issuer X	
	Self	Family	Self	Family
Employee L - age 20	$ 3,000	$ 8,000	$ 4,000	$ 12,000
Employee M - age 40	$ 5,000	$ 10,000	$ 7,000	$ 15,000
Employee N - age 40	$ 5,000	$ 10,000	$ 7,000	$ 15,000
Employee O - age 40	$ 5,000	$ 10,000	$ 7,000	$ 15,000
Total Premium	$ 18,000	$ 38,000	$ 25,000	$ 57,000
# of employees	4		4	
Employer-calculated composite rate	$ 4,500		$ 6,250	
% W to X	72.00%			
Reference Plan	X			

	Employee Share		Employee Share		Employer Share	
	Self	Family	Self	Family	Self	Family
Employee L - age 20	$ 2,000	$ 7,000	$ 3,000	$ 11,000	$ 1,000	$ 1,000
Employee M - age 40	$ 2,000	$ 7,000	$ 4,000	$ 12,000	$ 3,000	$ 3,000
Employee N - age 40	$ 2,000	$ 7,000	$ 4,000	$ 12,000	$ 3,000	$ 3,000
Employee O - age 40	$ 2,000	$ 7,000	$ 4,000	$ 12,000	$ 3,000	$ 3,000

List vs. Composite Billing (con't)

- Employer satisfies uniformity requirement in preceding example because each employee pays a uniform amount which is not more than 50% of composite rate of reference plan, and self-only composite rate is at least 66% of the self-only composite rate of the non-reference plan.

Broker Management

- Completing sale of small group will require greater level of interaction than non-group
- Most important function initially will be assisting employers in evaluating their options
- Exchange will need to develop this type of "intimate hand-holding" to effectively sell to small group

Broker Management (con't)

- Ideal business model will leverage scalable, IT-enabled functions that the exchange can bring to the table with the decision-making and relationship-building strengths of a broker/agent

Broker Management (con't)

The Exchange will fulfill many of the administrative functions typically handled by the health carriers and/or large intermediaries – synergistic functions

Role of Exchange	Role of Broker
• Eligibility Determination	• Create Employer Application
• Quote Generation	• Decision Support
• Online Plan Comparison	• Promote and Assist with the Small Business Tax Credit
• Enrollment Processing	• Implement/Manage Employer Wellness Programs
• Data Exchange with Carriers	• Employee Enrollment and Decision Support
• Billing, Collections, and Remittance	• Ongoing Service – claims disputes, employee/employer changes, renewals
• Noticing	• Back-office and/or HR support
	• Education – Serve as resource for changes in carriers contracts and health insurance laws

WAKELY CONSULTING GROUP

Contact Information

www.Wakely.com

PatrickH@wakely.com