Wisconsin’s Perspective: Health Benefit Exchange Implementation

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BadgerCare Plus Ensures that 98% of Wisconsin Residents Have Access to Affordable Health Insurance

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<th>Traditional Medicaid Expansion</th>
<th>More Limited Coverage</th>
<th>Low Cost Self-Pay Plan</th>
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- Merger of Medicaid, SCHIP and Healthy Start
- Coverage for all children
- Sliding scale premiums for those above 200% FPL
- Parents and caretaker relatives up to 200% FPL; pregnant women up to 300% FPL; youth aging out of foster care regardless of income
- In just under two years, approximately 200,000 individuals enrolled (39% adult/61% children)

- Coverage expanded to adults with no dependent children up to 200% FPL
- In three months, received 72,000 applications from childless adults.
- 65,000 individuals are currently enrolled

- Temporary option for adults on the BadgerCare Plus Core waitlist
- Approximately 42,000 adults will have the opportunity to buy into this plan, with 4,000 enrollees to date

**Insurance Access, Wisconsin Residents (2009)**

- Medicare: 12%
- Badger Care Plus: 14%
- Employer Sponsored: 66%
- Other: 2%
- No Access: 2%

Across all programs, Wisconsin Medicaid provides health care services for 20% of Wisconsin residents (1.1 million)
Timeline of Wisconsin Exchange-Related Efforts to Date

Jan 2008 – Governor’s announcement of state exchange development plan

Apr 2008 – Formation of Wisconsin Health Information Organization (WHIO) all-payer claims database

Nov 2008 – Modernized state’s Medicaid IT platform

Jun 2009 – Issued RFP for eligibility determination system and health exchange development

Sep 2009 – Received $1M federal exchange planning grant

Oct 2009 – Finalized exchange white paper

Nov 2009 – Completed exchange implementation plan and draft of legislation

Dec 2009 – Complete exchange implementation plan and draft of legislation

Oct 2010 – Conducted White House meetings with federal health care leadership

Aug 2010 – Finalized exchange white paper

Nov 2010 – Launch of exchange prototype

Dec 2010 – Complete exchange implementation plan and draft of legislation
### Wisconsin’s Guiding Principles

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<tr>
<th>Serve as a door to health care that is easy and effective to use</th>
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<td>- Create an easy to use, consumer-friendly web site</td>
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<td>- Establish a call center and a toll-free telephone number</td>
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<td>- Make health care selection and enrollment process simple and streamlined</td>
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<td>- Fully integrate with the Medicaid program</td>
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<td>- Leverage existing modern IT infrastructure to achieve low administrative costs, maximize affordability and ensure long-term sustainability</td>
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<th>Be Transformative: Realize greater value by improving quality and reducing cost</th>
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<td>- Move beyond minimum requirements</td>
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<td>- Create environment of managed competition that rewards value over volume</td>
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<td>- Build on existing WHIO payment reform initiatives</td>
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<td>- Coordinate with payers and providers</td>
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<td>- Use collective purchasing power to secure competitive premiums from qualified health plans</td>
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<td>- Use the exchange to align quality improvement efforts statewide</td>
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<th>Keep it simple: Provide customers with useful information but don’t overwhelm</th>
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<td>- Provide customers with useful info but don’t overwhelm</td>
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<tr>
<td>- Use brokers, community partners and other “navigators” to help consumers make informed decisions</td>
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<td>- Educate and provide help around eligibility for programs and subsidies (to reduce confusion)</td>
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<td>- Full integration will allow us to leverage previous investments in IT systems to implement the exchange in a cost-effective manner</td>
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<th>Build off regional strengths</th>
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<td>- Health care in Wisconsin is local and/or regional</td>
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<td>- Exchanges should recognize regional providers/insurers and allow them to effectively compete against statewide insurers</td>
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<td>- Wisconsin is well positioned to implement health care reform because we have a number of strong, integrated partners</td>
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<th>Focus on customer service</th>
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<td>- Consumers should be the number one priority</td>
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<td>- The web site application tool must be easy to use</td>
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<td>- The call center must be adequately staffed</td>
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<td>- Community based partners must be engaged to help</td>
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<td>- Brokers must also be part of the solution</td>
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<td>- Philosophy – No wrong door to health care in Wisconsin</td>
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Potential Risks and Mitigating Strategies

**Potential Risk**

- **Adverse Selection**
  - Exchange-based plans are flooded with high-risk enrollees
  - Insurers avoid the exchange or exit market altogether, creating a vicious spiral down in plan participation

- **Carrier Disinterest**
  - Carriers are confident they can deliver high-quality low cost plans outside the exchange
  - Carriers exit the market due to perception of too much admin cost, medical loss risk, and/or conflict with other plans and distribution channels

- **Relationships with Brokers**
  - Exchanges compete with brokers, general agents and other intermediaries
  - Powerful market influencers drive the small business market away from the exchange

- **Customer Service**
  - Government fails to effectively organize complex choices for consumers and provides poor consumer experience
  - Employers and consumers are underwhelmed by service and fail to engage

- **Eligibility Determination**
  - States will not be ready to determine eligibility for tax credits by 2014 due to lack of resources to design, build and test verification processes
  - Potential undue burden on consumers creates obstacle to participation

**Mitigating Strategy**

- **Adverse Selection**
  - Provide subsidies for low-income individuals and families
  - Implement the individual mandate and apply effective risk adjustment methodology

- **Carrier Disinterest**
  - Provide robust, low-cost marketing distribution channel for carriers
  - Ensure benefit design and customer service will attract members’ participation

- **Relationships with Brokers**
  - Establish positive, productive and efficient arrangements with agents and intermediaries early on to achieve market success

- **Customer Service**
  - Ensure proactive, early attention to quality of consumer interfaces (web site design, call center quality)
  - Manage trade-off between complexity of data needs and front-end user experience

- **Eligibility Determination**
  - Ensure close cooperation between states and federal administrators to share early lessons learned on systems design and build

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**All risks are exacerbated by political, budgetary and timeline considerations**
## Key Federal Government Challenges

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<th>Creating the Federal Option</th>
<th>Potential “Tax Shock”</th>
<th>Data Integration</th>
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<td>- The federal government will likely need to operate exchanges in many “opt-out” states across the country</td>
<td>- Changes in household composition or income throughout the year may increase or decrease credits</td>
<td>- New methods of data integration between states and the federal government (as well as between federal agencies) must be developed and tested</td>
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<td>- Every state has different Medicaid coverage levels, eligibility systems and eligibility determination processes</td>
<td>- Reconciliation at tax time will occur and some families may have to pay back money to the federal government</td>
<td>- The federal government will need to determine how to integrate with outdated state legacy systems</td>
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<td>- The federal exchange option must be nimble enough to integrate with these varied systems</td>
<td>- Means of minimizing the potential tax shock must be developed</td>
<td>- The federal government needs to establish these methods early to begin testing by March 2012</td>
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Implementers Must Integrate a Complex Data Environment

1. Provide basic demographics (SS#, DOB)
2. Automated HHS query
3. Automated IRS query
4. Provide income history
5. Query other state and private 3rd party data sources
6. Aggregate and reconcile data
7. Confirm consumer data
8. Provide employer-based insurance options
9. Verify employer-based insurance options
10. Verify tax credit and Medicaid eligibility
11. Share plan options & premiums
12. Select plan

Employers

Wisconsin Exchange

Unemployment

Social Security

Child Support

Workers Comp

Wage Data

Vital Statistics

Credit Bureaus
Wisconsin’s Recommendations to the Federal Government

- **Learn Quickly from Early Adopters**
  - Some states have made more progress than others addressing key people, process, technology and infrastructure challenges -- for example, California on legislation, Utah on risk management methods, Wisconsin on web site prototype design
  - States that are prepared to move quickly can provide the federal government with lessons learned from early activities – best practices for design and implementation, the means for addressing unforeseen challenges and methods for avoiding unintended consequences

- **Encourage an Early but Incremental Approach to Exchange Implementation**
  - Rather than a full launch on January 1, 2014, effective exchange roll-out requires a series of sequential releases, to ensure exchange designers minimize the risk of system failures and can course-correct over time
  - Areas that could most benefit from staged roll-out: adoption of a MAGI income calculation methodology, launch of a web-portal and implementation of new data sharing arrangements
  - A phased approach requires equivalent staging of federal funding, the ability for states to charge against pending future federal grants, and regulatory flexibility

- **Do Not Underestimate the Effort Required for Establishing New Relationships**
  - Federal – State: new or strengthened relationships between HHS, Treasury and the states
  - Intra-state offices: coordination between departments of health and insurance commissioners
  - New customers: service to higher-income individuals and small businesses
Questions

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