

Executive Summary

State Based Marketplaces (SBM) have taken different steps to ensure the success of their respective exchanges. This report focuses on four key policy areas pertinent to launching and maintaining a successful exchange with the hope of attracting as many individuals as possible in need of health care coverage. The four policy areas discussed include:

1. SBM Staffing Levels;
2. Attracting Issuers to the Exchange;
3. Attracting Brokers to the Exchange,
4. Small Business Health Options Program (SHOP) Potential Beneficiaries.

When possible the states of California, Colorado, Connecticut, Kentucky, New York, Rhode Island, and Washington were used as a benchmark for policy innovations.

State Based Marketplace Staffing

The majority of SBM's have a robust staffing organization supporting the exchange to ensure it runs effectively. Certain positions are often consistent from exchange to exchange but others vary depending on variables such as the overall size of the state/exchange and system complexity. Table 1 discusses certain details of each of the aforementioned benchmark states.

Table 1: SBM Organization and Staffing Details

| State | Details |
|--------------------|--|
| California | The Covered California exchange includes staff for roughly 35 positions. A detailed organizational chart as of January 2014 is shown as figure 1 located in <i>Appendix A</i> . |
| Colorado | The Connect for Health Colorado exchange includes staffing positions for 44 individuals. An organizational chart from May 2014 is included as figure 2 in <i>Appendix A</i> . |
| Connecticut | There are currently 46 individuals dedicated to the Access Health CT insurance marketplace. An organizational chart for AHCT is shown as figure 3 in <i>Appendix A</i> . |
| Kentucky | In a November 2012 level two grant request Kentucky posted an organization chart showing staff positions for 31 individuals. Details of the organizational chart can be viewed in <i>Appendix A</i> as figure 4. |
| New York | The New York health benefit exchange used federal grants to potentially hire upwards of 78 staff members. Of these staff it is estimated that roughly 51 are dedicated to the exchange full time whereas the remainder are shared between the Exchange/Medicaid as well as the Department of Financial Services. A detailed organizational chart as part of the exchange blueprint submission in 2012 can be found at this link on the NYHBE website: http://www.healthcarereform.ny.gov/health_insurance_exchange/blueprint_documents/07/7-1_exchange_organizational_charts.pdf |

| | |
|---------------------|---|
| Rhode Island | The number of staff according to the Rhode Island February 2014 establishment grant was expected to be 25 individuals. Additionally, an Advisory Board and Expert Advisory Committee participate in the exchange. For the referenced organizational chart see figure 5 in <i>Appendix A</i> . |
| Washington | According to the Washington Health Benefits Exchange website, there are 9 individuals dedicated to the exchange. All staff are Executive or Director level and support staff if applicable is not mentioned. |

Attracting Issuers to the Exchange

States have performed certain actions with the hope of increasing the number of issuers that provide coverage within their respective states. Recently, the Department of Health and Human Services reported a significant increase (25%) in the number of insurers expected to offer qualified health coverage through the Affordable Care Act (ACA) health insurance marketplaces. Specifically, federal marketplace states will have more than 57 more issuers in 2015 (30% increase) and the State Based Marketplaces will include 6 more issuers across all marketplaces as a whole (10% increase).

For those states choosing to establish a SBM certain structural, operational and policy decisions were made to drive competition:

1. States adopted formal and informal mechanisms to foster a competitive marketplace:
 - a. In some instances, states selectively contracted with insurers or managed plan offerings;
 - b. In some instances, insurers are prohibited from entering the exchange if they did not participate in 2014;
 - c. In some instances, insurers are required to offer the same coverage inside and outside the exchange, and
 - d. Informal negotiations with insurers often took place to align exchange standards with existing market standards
2. States limited or standardized plans and emphasized quality in consumer choice:
 - a. Nine SBMs limited the number of plans per insurer or required insurers to offer standardized plans, and
 - b. States have or will display quality data on the exchange and develop quality rating systems with an emphasis on quality improvement and innovation
3. States designed SHOP exchanges to minimize market disruption and improve choice:
 - a. Nearly all SHOP exchanges are expected to offer employee choice, and
 - b. Certain states chose to offer maximum flexibility to give employees the choice of any plan on the SHOP exchange

Table 2 shows changes in issuer participation in the selected states for plan year 2015 and includes any new issuers and loss of issuers in the benchmark states.

Table 2: SBM Insurance Issuer Participation from 2014 to 2015

| State | New Insurer Participation in 2015 | Change in Returning Users |
|--------------|-----------------------------------|---------------------------|
| California | 0 | (1) |
| Colorado | 0 | 0 |
| Connecticut | 1 | 0 |
| Kentucky | 2 | 0 |
| New York | 1 | (1) |
| Rhode Island | 1 | 0 |
| Washington | 2 | 0 |

Attracting Brokers to the Exchange

States have not been found to have advertised any specific incentives or means to attract brokers to the state or use the exchange. However, there are financial incentives for Brokers to participate in exchanges where they may receive compensation from their appointed issuers. The primary means for attracting Brokers appears to be outreach towards the broker community. States can attempt to demonstrate the benefits that exist when getting involved in their respective exchanges. However, no such campaign has been identified to have taken place thus far.

Small Business Health Options Program Beneficiaries

The State Health Access Data Assistance Center (SHADAC) releases estimates relating to employer-sponsored insurance every year from the Medical Expenditure Panel Survey – Insurance Component (MEPS IC). Table 3 identifies the estimated number of small businesses within the state of Arkansas in year 2012 and their respective number of employees.

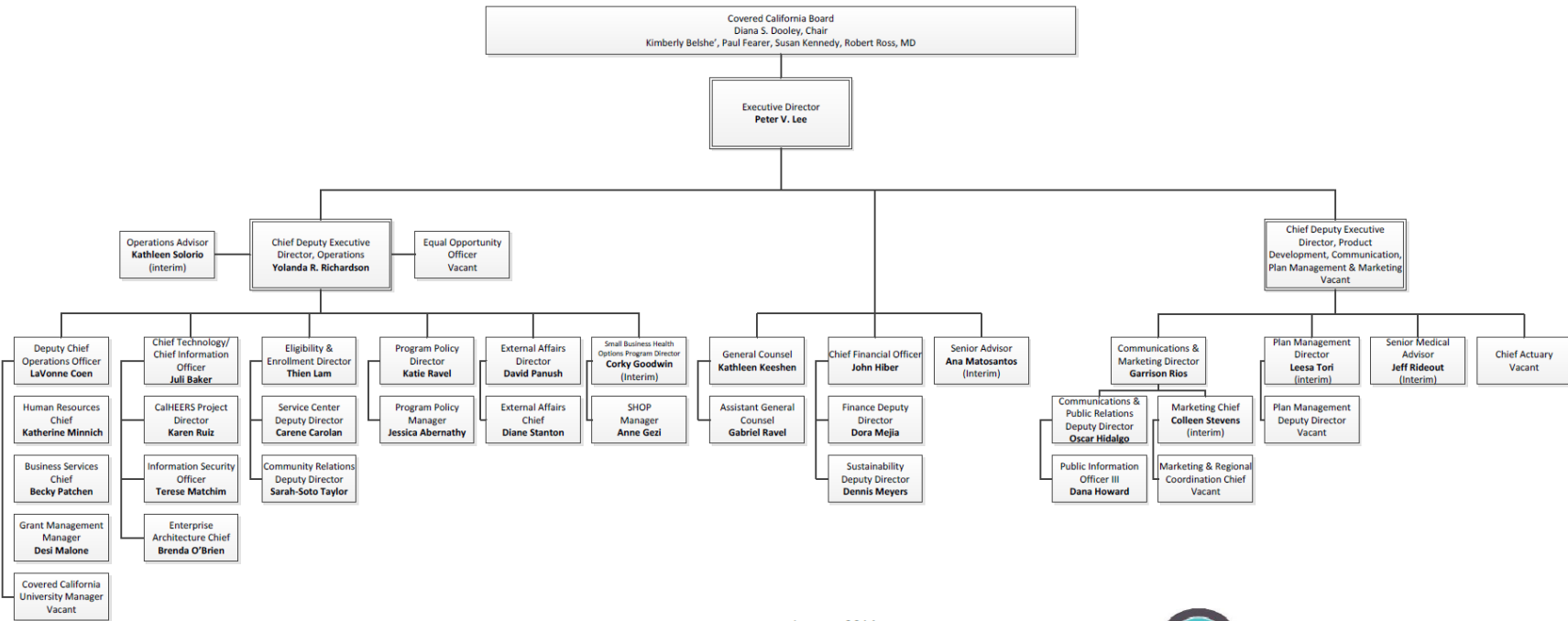
Table 3: Estimated Arkansas Small Business and Employee Counts (2012)

| Type | < 50 employees | 50 – 99 Employees |
|----------------------|----------------|-------------------|
| Number of Businesses | 45,359 | 2,080 |
| Number of Employees | 256,323 | 56,624 |

Reliable part-time employee counts for Arkansas were unable to be identified specific to small businesses and small business employees.

Appendix A

Figure 1: Covered California Organizational Chart



January 2014



Figure 2: Connect for Health Colorado Organizational Chart

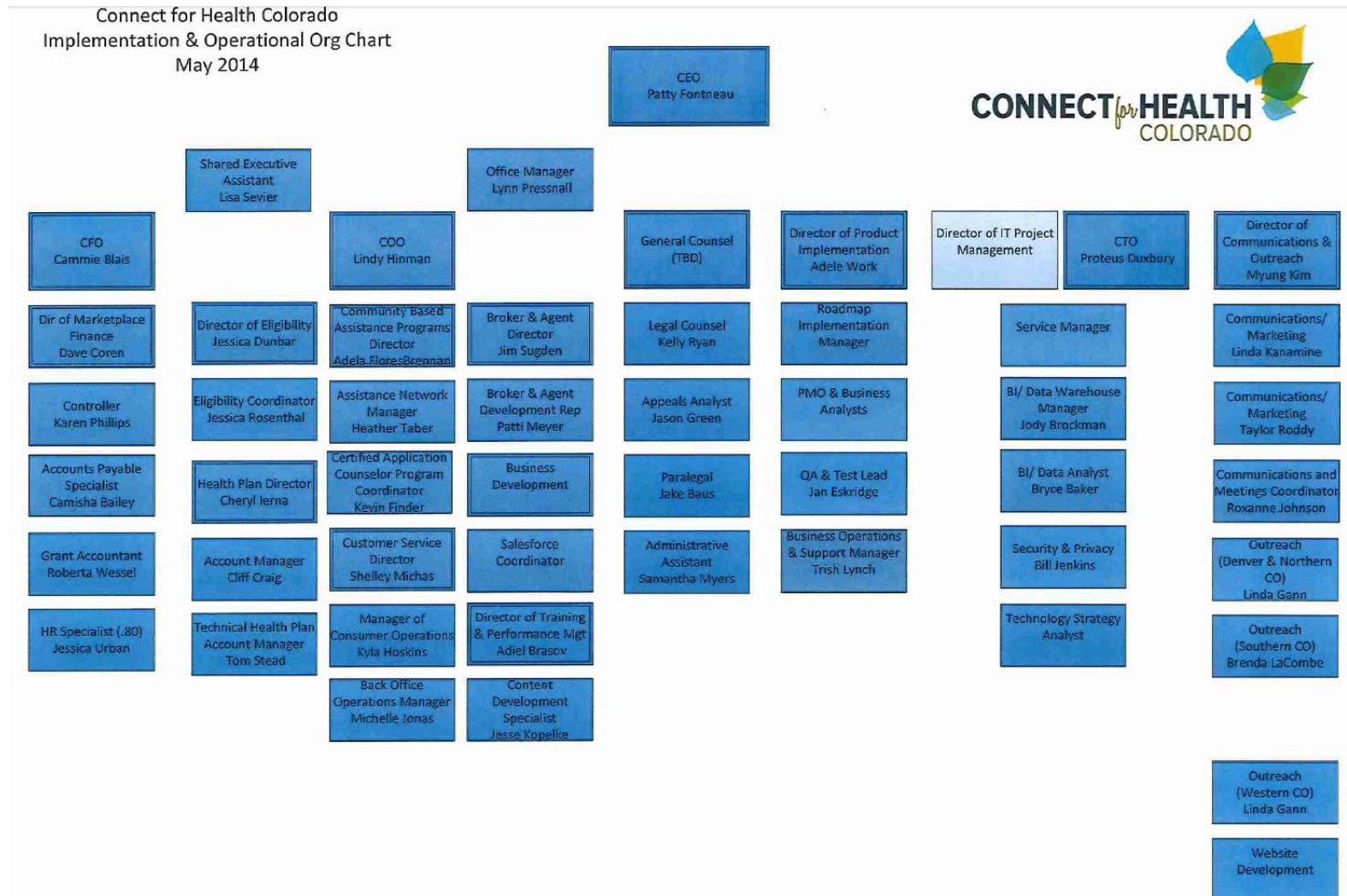


Figure 3: Access Health Connecticut Organizational Chart

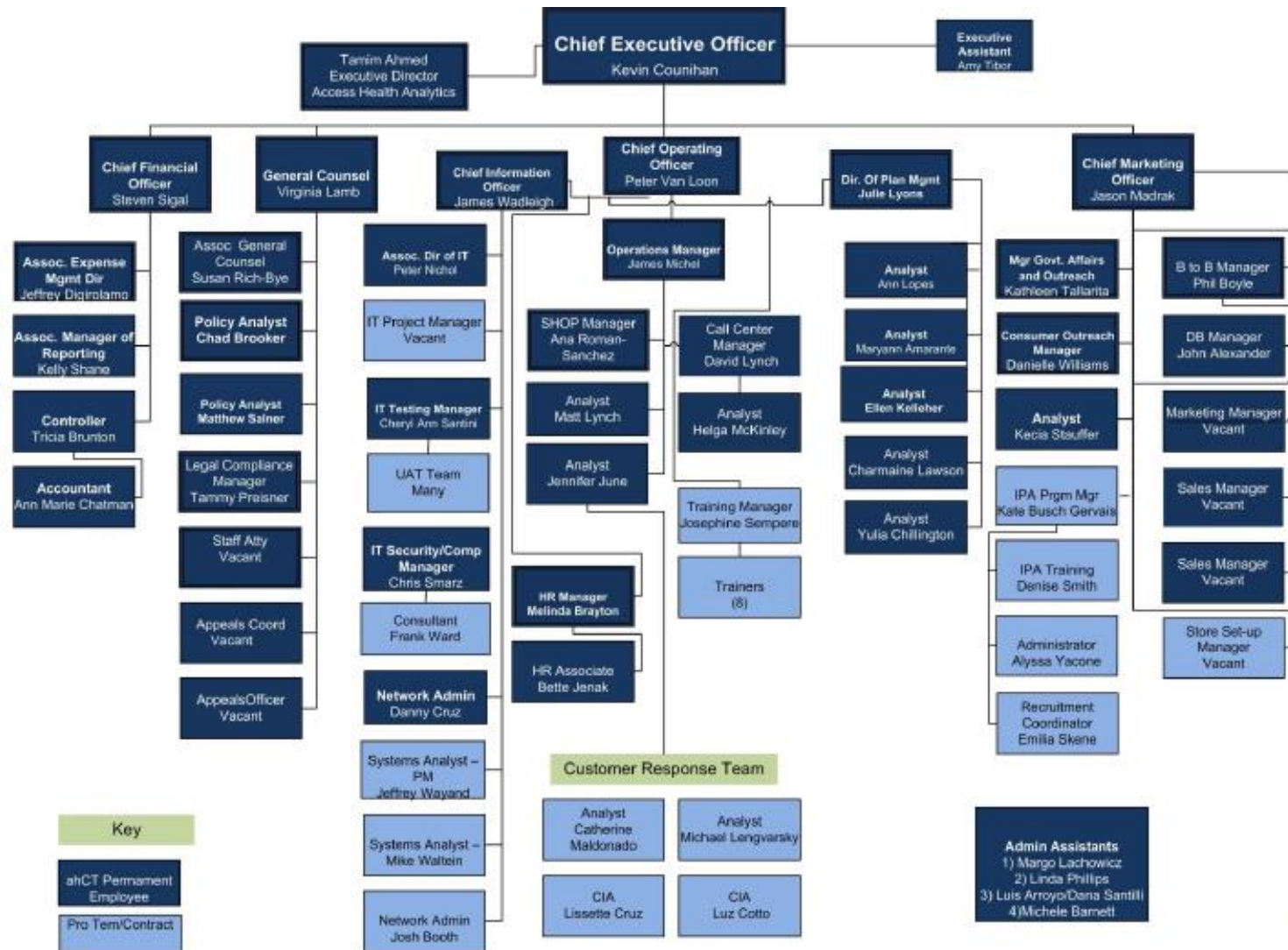


Figure 4: Kentucky Health Benefit Exchange Organizational Chart

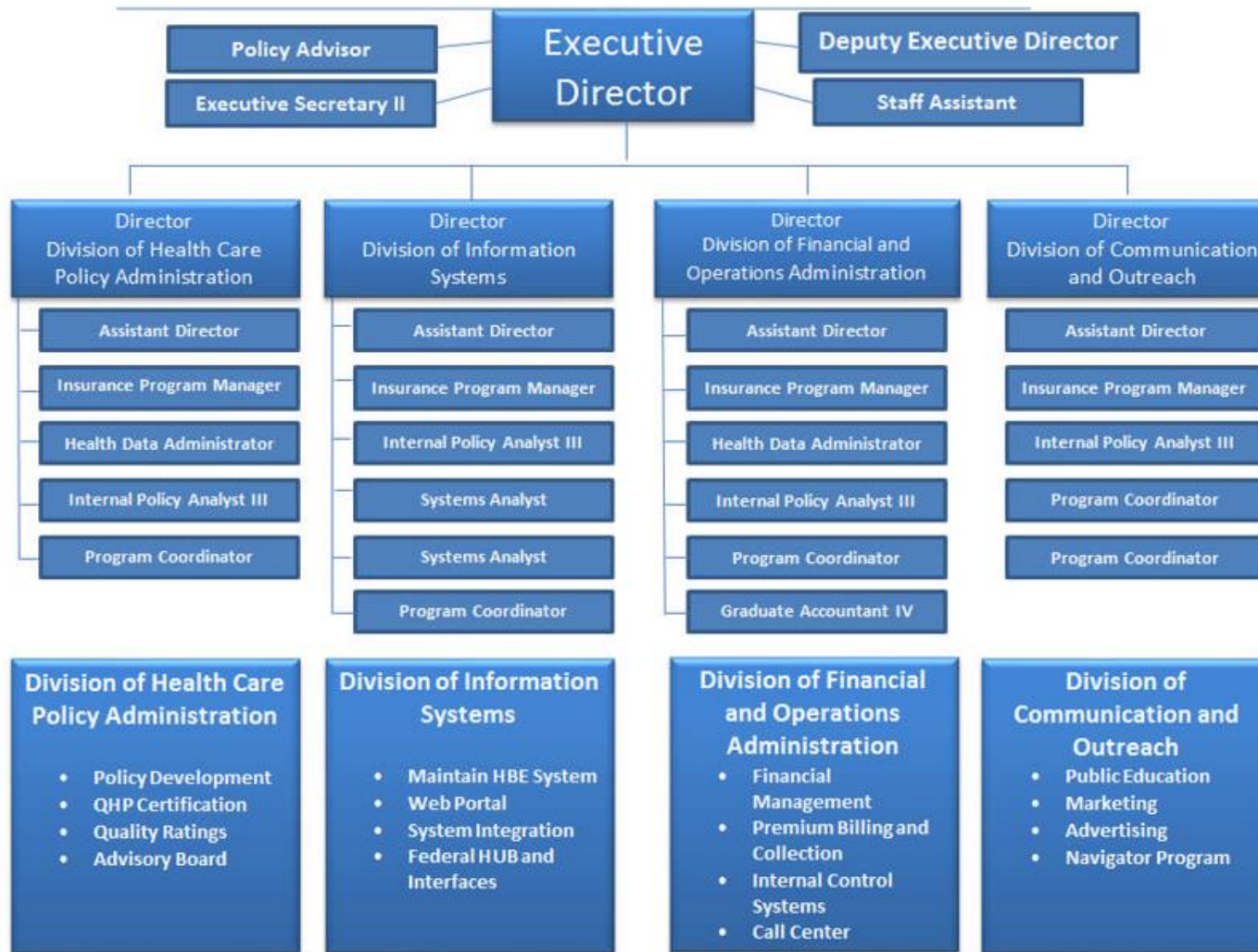


Figure 5: HealthSource Rhode Island Organizational Chart

