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Agency of Human Services

MEMORANDUM

To: Sen. Virginia "Ginny" Lyons, Chair of the Health Care Oversight Committee

From: Mark Larson, Commissioner

Cc: Harry Chen, Interim Secretary, Agency of Human Services

Date: October 2, 2014

Re: Vermont Health Connect Report – September 2014

In accordance with Act 179; Sec E.306.3, I am providing the following update on the Health Benefits Exchange (Insurance Marketplace), Vermont Health Connect. If the committee has questions about the structure or contents of this update or future updates, please contact me.

Enrollment Data/Coverage Status

The first open enrollment period for Vermont Health Connect ended March 31, 2014. Vermonters who are eligible for Medicaid or Dr. Dynasaur and those who experience a qualifying event, such as having a baby, getting married or moving to the State, can still enroll outside of open enrollment.

Following the close of open enrollment in late March of this year, Vermont's insurance marketplace was recognized for having the highest per capita enrollments. As of September 25th, 168,021 Vermonters are covered by Vermont Health Connect plans. About 104,246 enrolled in the newly expanded Medicaid program that is now available to more low-income Vermonters than ever before; about 33,500 of these individuals were automatically transitioned from the Catamount (CHAP) or VHAP programs to Medicaid by the State in January 2014.

Additionally, approximately 67,785 Vermonters enrolled in Vermont Health Connect's Qualified Health Plans (private health insurance); 32,361 individuals and families enrolled directly through the marketplace, and 34,802 small business employees and their families enrolled in VHC plans directly through VHC's insurance carrier partners. Please note that there will continue to be slight shifts in counts from month to month as the change of circumstance requests are resolved, which often result in retroactive changes to eligibility and enrollment.

| Updated 9/29 | Individual Plans Confirmed (checked out) | Payment Received (Paid) | Enrollment Effectuated (Enrolled) |
|--------------------------------|--|----------------------------|--------------------------------------|
| Individual/Family – QHP | | | |
| January – May Start | 29,613 | 28,223 | 27,320 |
| June Start | 1,074 | 984 | 917 |
| July Start | 1,516 | 1,370 | 1,194 |

| | | | |
|-----------------------------|----------------|--------------------------|----------------|
| August Start | 1,286 | 1,143 | 953 |
| September Start | 1,017 | 732 | 439 |
| October Start | 855 | 531 | 329 |
| Small Business - QHP | | | |
| As of September 2014 | 34,802 | 34,802 | 34,802 |
| Medicaid | | | |
| January – May Start | 81,531 | | 80,899 |
| June Start | 10,817 | | 10,738 |
| July Start | 7,558 | | 7,430 |
| August Start | 3,100 | | 3,000 |
| September Start | 1,240 | | |
| Total | 175,264 | 67,785 (QHP Only) | 168,021 |

Through VHC, many Vermonters received financial help with their health care coverage. Nearly 60% of those shopping for private health insurance through the marketplace as individuals were found eligible for tax credits to make their coverage more affordable. When combined with those accessing Medicaid, over 88% of individuals seeking coverage through VHC benefitted from some form of financial help.

In July, the State became aware that a larger than expected number of members (approximately 14,000) did not renew their Medicaid/Dr. Dynasaur coverage during the months of April, May and June. These were members who were expected to transition into enrollment through VHC for the first time. The State gained federal permission to reinstate individuals whose cases were closed during those months.

The State is currently delaying renewals for this population until agreement is reached with CMS on a new renewal start date. Vermont has asked that Medicaid renewals be delayed into 2015 to allow time for effective noticing and outreach subsequent to completion of all open enrollment activities. The State is exploring additional outreach and application strategies to increase the transition rate once Medicaid renewals resume.

The State is currently focused on Vermont Health Connect's upcoming open enrollment period. Open enrollment runs from November 15, 2014 to February 15, 2015. During this time, Vermonters can newly apply for coverage or make changes to existing coverage. Enrollees who do not wish to change health plans will be automatically re-enrolled into the same plan for 2015 without having to take action, in accordance with federal regulations.

The State is implementing an operational plan to complete this re-enrollment process, also known as "renewals," without automated functionality. Vermont Health Connect's original renewals plan relied on the delivery of automated functionality to map customers to 2015 plans while also providing the ability for customers to make changes through self-service or with assistance. This functionality will not be completed in time for the upcoming open enrollment and re-determination period.

Vermont's contingency plan largely mirrors the approach of the federally-facilitated marketplace. The State will begin sending standard renewal notices in October. These notices will remind Vermonters about open enrollment, encourage them to report changes, and inform them of the State's intention to re-enroll

them into the same insurance plan for 2015 if no new plan selection is made. Between November 15th and December 15th, enrollees will be manually re-enrolled into the equivalent plans for 2015 using the current manual interim change process. The State will engage Optum for this manual process. Optum is currently working with State of Vermont Business Analysts to create end-to-end business processes, training, and standard operating procedures.

Operations

The State has made several important changes with respect to the operations of Vermont Health Connect. First, the Agency has instituted a leadership structure that requires all department and agency resources responsible for portions of VHC to report through a single chain of command. This leadership structure, called an incident command structure, has been used by the Vermont Department of Health to coordinate cross-agency efforts to respond to complex situations. Most recently, it was used to respond to a pesticide incident in the Rutland area.

The incident command structure allows coordination of resources across multiple departments without organizational restructuring. In this case, leadership of all departments involved in VHC will support their staff in the effort organized through a centralized decision-making process that Lawrence Miller, the Governor's senior health care advisor will oversee. Lawrence Miller will report directly to Secretary Chen and the Governor.

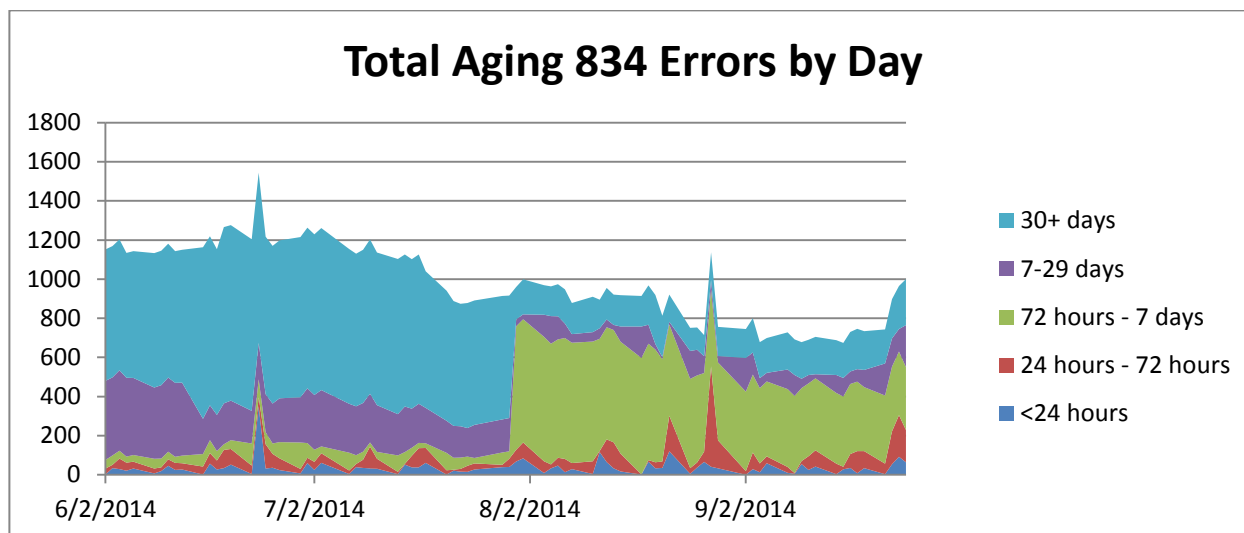
Second, in preparation for the critical months ahead, the State continues to utilize Optum Insight for staff augmentation to reduce operational backlogs, improve the efficiency of manual processes, and to develop processes for key business requirements, including IRS reporting, reconciliation, and renewals. The State has utilized the Optum Operations Assessment, delivered on August 1, to implement a comprehensive stabilization plan, focused on the following seven key functional areas:

- (1) 834 Enrollment Transactions
- (2) Change of Circumstance (COC) Process
- (3) Premium Processing
- (4) Other Backlog Elimination
- (5) Training & Knowledge Management
- (6) Escalations
- (7) Reporting

The State has engaged Optum in several Task Orders to provide staff augmentation to reduce backlogs and support the development of efficient business processes. These Task Orders include continued work on the COC backlog, processing paper applications and enrollment services support. Enrollment services support includes addressing the 834 enrollment transaction backlog, premium processing issues, and enrollment and the payment reconciliation process between VHC and Carriers.

834 Enrollment Transactions & Premium Processing

The State continues to work with Optum to resolve 834 transaction and premium processing errors. An 834 is an electronic file sent from VHC to an insurance carrier with information about an individual or family's enrollment information. An 834 error indicates that this electronic file has not yet been successfully processed for some reason. Optum is assisting the State in streamlining the resolution process and identifying mechanisms for reducing the generation of errors. In August, the State was successful in reducing 834 errors from a high of 1,459 to 714.



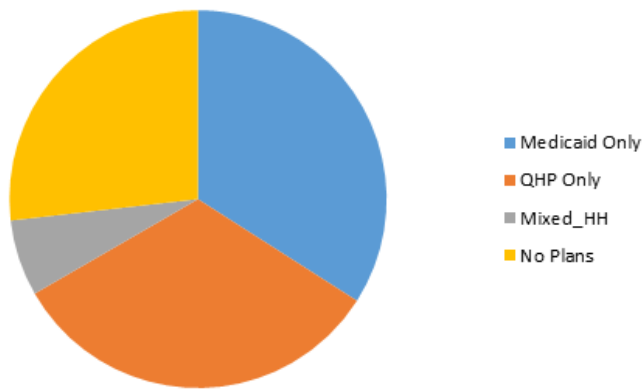
In September, however, 834 errors spiked to 1,000 because a required security certification for transmission of 834s expired between the carriers and VHC. MVP discovered the issue which resulted from a security firewall put in place by CGI. The State worked with MVP and Delta to quickly update security certificates, and communications with these carriers have been restored to normal. BCBS updated its certificate late last week but continues to have transmission issues. Optum is assisting the State in troubleshooting this issue and restoring communications is a top priority. It is important to note that as VHC continues to enroll Vermonters into coverage there will always be some number of electronic enrollment files that have been sent but not yet fully processed so the number of 834 errors will never reach zero.

Change of Circumstance Process

Vermont Health Connect is currently operating with a backlog of 1,548 change requests, down from a high of 15,378 on August 11th. Of the original inventory transferred to Optum prior to August 13th, 7,261 requests are still being worked and 6,349 have been closed. The chart below shows the total current inventory of COCs through September 29th.

| | Medicaid Only | QHP Only | Mixed_HH | No Plans | Grand Total |
|---------------------|---------------|----------|----------|----------|-------------|
| All COC's | | | | | |
| Backlog | 527 | 505 | 101 | 415 | 1,548 |
| Being Worked | 4,177 | 4,322 | 752 | 1,120 | 10,371 |
| Waiting on Customer | 993 | 1,347 | 270 | 822 | 3,432 |
| Closed | 2,792 | 1,435 | 304 | 1,835 | 6,366 |

Total Backlog



While significant progress has been made in reducing the State's inventory of requests over the past three months, new COC requests continue to come in at a rate of approximately 130 per day. Between August 11 and September 29, the State received an additional 6,726 COC requests. Optum staff are now processing all change of circumstance requests, with the State providing ongoing operational support and performing quality control checks on all COCs performed. In addition, State staff continue to be responsible for working with the premium processor and carriers on final resolution of all Stage 3 COC requests. While the State is working aggressively to resolve the COC inventory by the time open enrollment begins on November 15th, there is a risk that it will not be completely remediated by this time. As a result, the State is developing a mitigation plan to prioritize COCs associated with individuals who have not yet obtained coverage or who are enrolled in a qualified health plan. This mitigation strategy includes exploring the possibility of processing change requests for current Medicaid enrollees in the State's legacy ACCESS system. The State is also increasing the number of Optum resources dedicated to change of circumstance processing over the next six weeks to improve throughput.

Other Backlog Elimination

The State has engaged Optum to assist in remediating the State's backlog of 1,600 paper applications. Optum is on target to complete this application entry by November 14. Once the backlog is processed, the State will assume responsibility for entering paper applications on an ongoing basis.

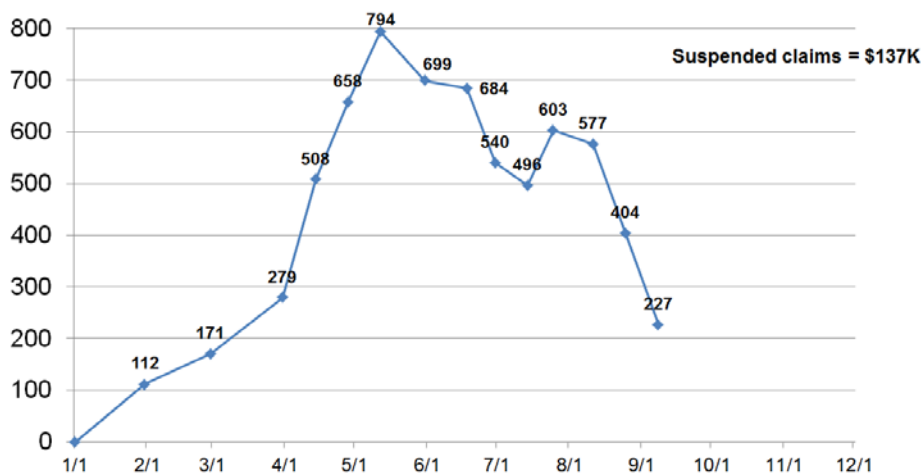
Training & Knowledge Management

The State is currently working with Optum to develop training and a staff management plan in support of the renewals process. Because the renewals process utilizes the existing Interim Change Process, the State can leverage existing materials and training modules. Following open enrollment, the State will revisit Optum's training assessment and develop an ongoing plan for employee support and skill development.

Escalations: Vermont Health Connect has an escalation path in place for individuals who need access to care or have other urgent issues. The State has worked with Blue Cross Blue Shield over the past year to

set up shell cases, which allow individuals with an urgent medical need to receive coverage before their COC has been processed or their 834 error resolved. As the issue associated with each case is resolved, the State works with BCBS to close the associated shell. BCBS continues to be concerned about the existence of shell cases and their potential impact on carrier liability. To mitigate these concerns, the State has prioritized shell cases for resolution. Over the past eight months, VHC has worked with BCBS to close 1,452 of these cases. As of 9/30/14, there are 126 individuals remaining in shell cases through VHC. MVP does not have a shell case process, but rather fully enrolls individuals associated with escalated cases and assumes associated liability.

Members on “Shell Plan” - a/o 9/8



Reporting

The State is in the process of signing a 6 month contract directly with Archetype Consulting to support the development of consolidated operational dashboards, which will include benchmarks and key performance indicators. Archetype has worked with the State consistently over the past year as a subcontractor to CGI. The State believes that working directly with Archetype is the most expedient way to deliver the operational dashboards needed for executive and leadership decision-making during open enrollment. Archetype will also support the State in meeting its IRS reporting requirements. The State will send its first report to the IRS in October. This work will culminate in a final file sent to CMS in January, along with the mailing of 1095A notices to Vermonters receiving APTC by January 31st to support their tax filing. The State does not currently anticipate any challenges in meeting these timelines.

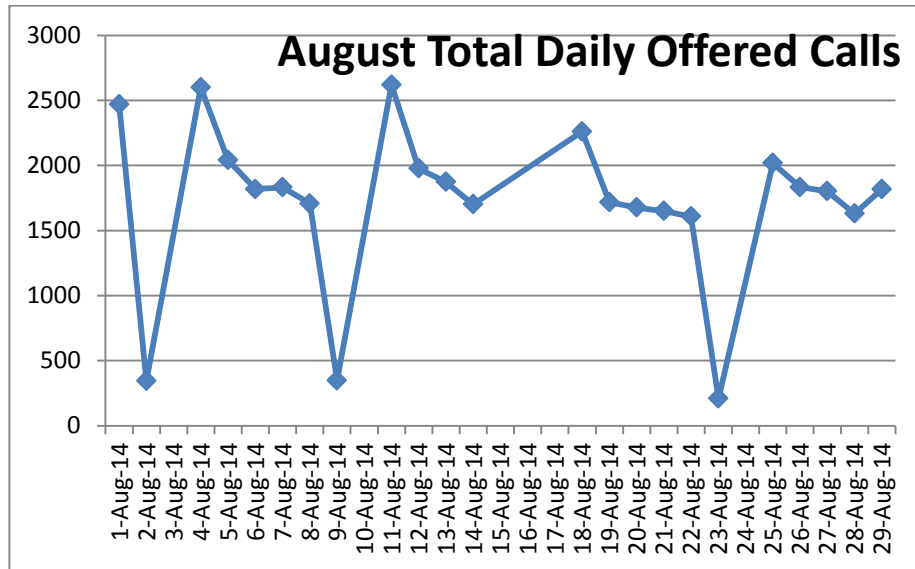
Customer Support

The Vermont Health Connect Customer Support Center (call center) continues to be managed by Maximus and is operating at full capacity with 90 seats in Vermont, and 25 seats in Chicago. The call center serves Vermonters enrolled in both public and private health insurance coverage, providing Level 1 call center support, which includes phone applications, payment, and basic application questions.

Maximus is also the entry point for individuals requiring greater levels of assistance with case resolution.

They transfer calls to HAEU for resolution and log service requests which are escalated to appropriate resolver groups, which may include HAEU, SSU, or the State's payment support team.

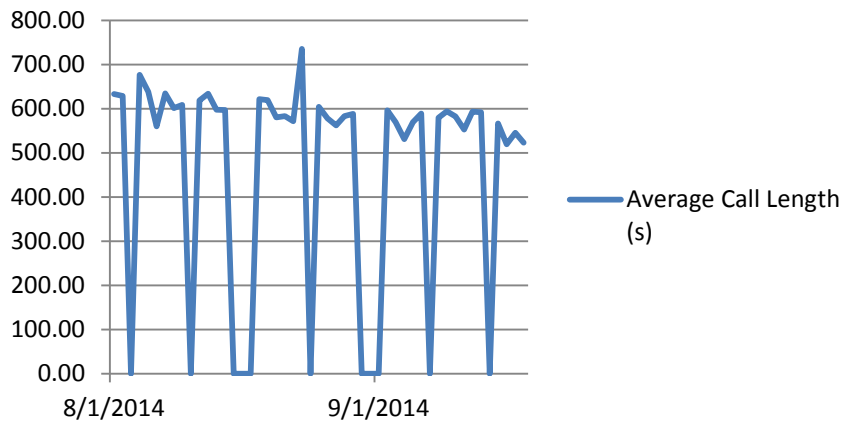
September calls have peaked at 2,483. On Saturdays, calls tended to range below 300 between 8am and 1pm. For State Holidays, the call center was closed on August 30 and September 2.



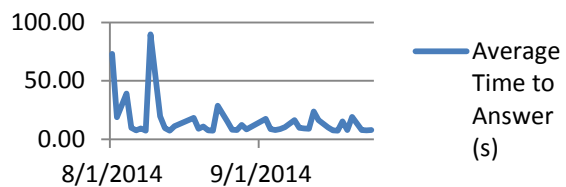
In September the average wait time is 11.51 seconds. This is consistent with the Contract Service Level Agreement of average wait times below 24 seconds over a one month period. The State is working closely with the vendor to continue to improve call interval forecasting methodology, and associated scheduling of staff.

| Call Center Metric | Month | Number |
|----------------------------|-------------|--------|
| Avg Call Volume | Sept 2 - 24 | 1577 |
| Peak Call Volume | Sept 2 - 16 | 2483 |
| Saturday Avg Volume | Sept 2 - 16 | 220 |
| Avg Wait Time – in Seconds | Sept 2 -16 | 11.51 |

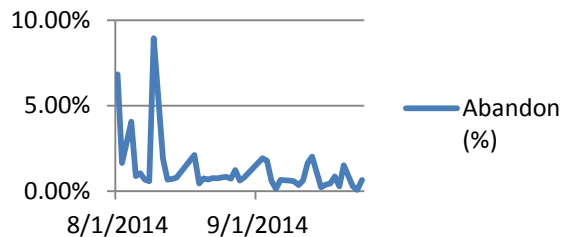
Combined Average Call Length for Maximus and HAEU (seconds)



Average Time to Answer (s)



Abandon (%)



Website Functionality

Vermonters can and have been using the Vermont Health Connect system to determine their eligibility for public health plans and financial help to make coverage more affordable, compare health coverage options, select and enroll in coverage and pay for their health insurance premiums.

As has been reported, significant functionality is not available through Vermont Health Connect including the small business marketplace, self-service renewals, and change of circumstance functionality. In addition, the State voluntarily closed the site to consumers in September to allow for system upgrades ahead of open enrollment. During this time, Vermonters can apply and pay for coverage via postal mail or over the phone. The State is on track to have the portal up and running again for consumers in time for open enrollment.

After many months of working with the previous systems integrator (SI) to advance deployment of needed functionality and improve performance and delivery, in August, the State announced its plan to transition this work to a new SI vendor, Optum Insight. The State is currently negotiating an SI agreement with Optum to complete the work that was not delivered under the original contract.

Optum provided the state with an IT assessment on August 29. The State is currently analyzing functional gaps and prioritizing the delivery of additional technological capabilities. We expect to be able to provide a timeline for the delivery of additional website functionality in our next report.

Administration

In August, the State submitted a No-Cost Extension request to CMS for current grants that would allow for continued funding for necessary additional design, development, and implementation of Vermont Health Connect through 2015. This was fully approved by CMS on September 30. VHC is currently engaged in discussions both internally, and with CMS, on the need for additional federal resources to support the development of remaining functional enhancements and operational stabilization. On September 30, the state submitted a supplemental funding request under its Level 2 establishment grant. The State intends to submit a supplemental funding request for its Level 1C establishment grant to CMS in the coming weeks. These funds will cover additional IT development with the State's new System's Integrator, as well as continued staff augmentation through open enrollment to support ongoing manual work.