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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: August 29, 2014

Re: Vermont Health Connect Report – August 2014

In accordance with Act 179; Sec E.306.3, I am providing the following update on the Health Benefit 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 August 19th, 166,734 Vermonters are covered by Vermont Health Connect plans. About 100,080 enrolled in the newly expanded Medicaid program that is now available to more low-income Vermonters than ever before; about 33,500 of these

Updated 8/19	Individual Plans Confirmed (checked out)	Payment Received (Paid)	Enrollment Effectuated (Enrolled)
Individual/Family – QHP			
January – May Start	31,792	30,529	29,348
June Start	1,071	984	883
July Start	1,513	1,144	912
August Start	1,091	701	501
September Start	375	132	83
Small Business - QHP			
As of June 2014	34,606	34,606	34,606
Medicaid			
January – May Start	82,779		82,149
June Start	10,638		10,539
July Start	7,183		6,986
August Start	1,736		1,637
Total	171,874	67,186 (QHP Only)	166,734

individuals were automatically transitioned from the Catamount (CHAP) or VHAP programs to Medicaid by the State in January 2014.

Additionally, approximately 66,333 Vermonters enrolled in Vermont Health Connect's Qualified Health Plans (private health insurance); 31,727 individuals and families enrolled directly through the marketplace, and 34,606 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.

Through VHC, many Vermonter's accessed financial help. 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.

Between April 2014 and June 2014, approximately 22,000 Medicaid/Dr. Dynasaur recipients were scheduled for their annual renewal in the State's legacy ACCESS eligibility system. As a part of the renewals process, these individuals were required to apply through one of the Vermont Health Connect enrollment channels (i.e. website, navigator, call center or paper application) to maintain coverage. 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 in April, May and June. The State has taken the following actions to quickly remediate the situation:

- gained federal permission to reinstate individuals whose cases were closed and hold renewals until further notice;
- reinstated all who were closed retroactive to their last date of coverage;
- sent notice of reinstatement to affected members;
- outreached to providers and provider associations via direct phone calls, a message on the Medicaid provider web portal and a message on remittance advice; and
- conducted interviews with individuals who did not renew to identify the root cause and contribute to the development of a mitigation plan.

As of August 27th, all but approximately 250 of the Vermonters whose Medicaid enrollment was closed have been reinstated. Reinstatement of the remaining individuals is expected to be complete by the end of August.

There are an additional 50,000 Vermonters who will need to transition from the State's legacy system to Vermont Health Connect over the next six months. The State is actively working with CMS on a renewals mitigation strategy for these individuals and hopes to gain approval to postpone all legacy system renewals until VHC has reached operational stability. This will provide continuity of health coverage for these Vermonters while allowing the State to focus efforts on ensuring the success of 2015 renewals,

verifications, and the successful effectuation for those who transitioned from ACCESS to VHC between April and June of this year. In the coming months, the State is exploring additional outreach and application strategies to increase the transition rate once the transition resumes. Additional updates on the State's mitigation plan will be provided in September.

Operations

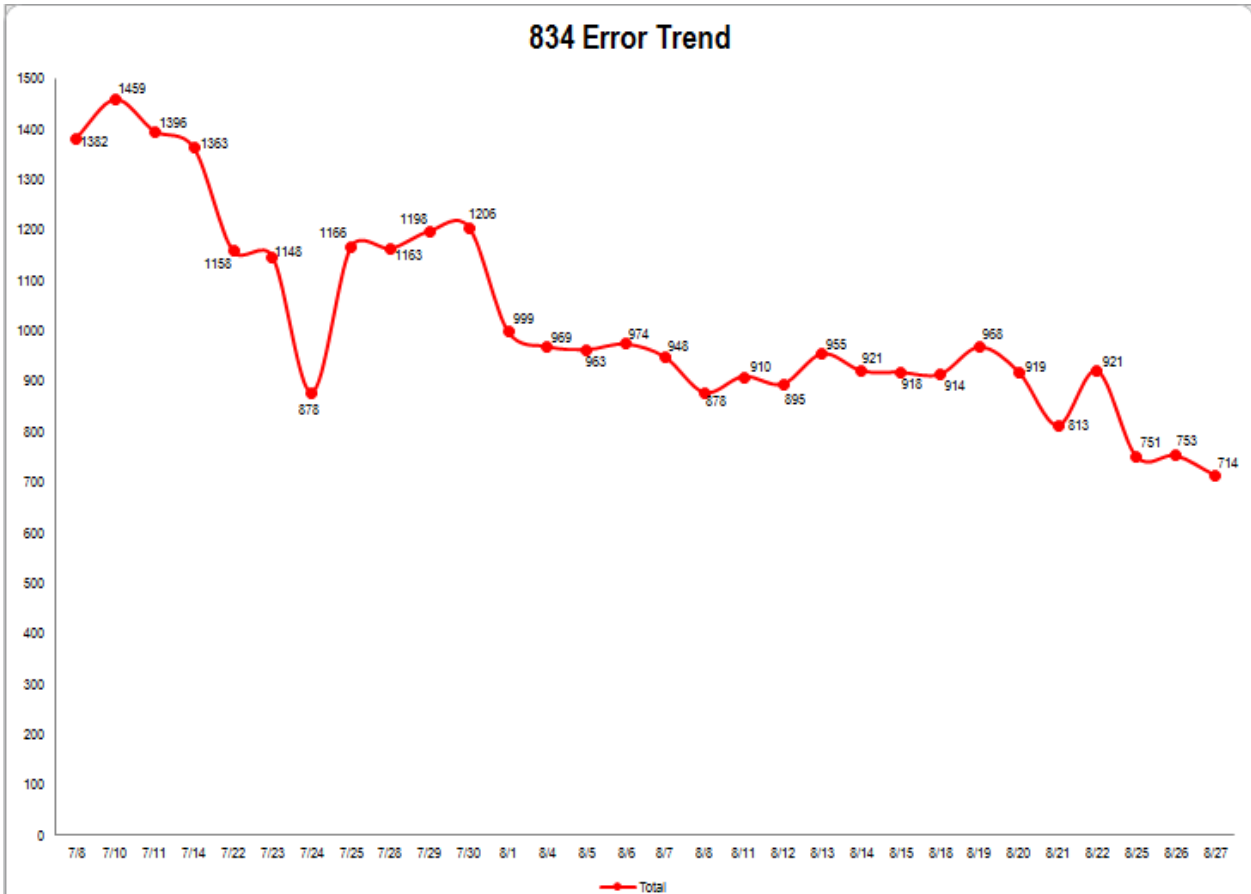
Vermont Health Connect continues to work with its external vendor, Optum Insight, to perform staff augmentation, reduce backlogs, and improve operational efficiency. On August 1, Optum delivered a comprehensive Operations Assessment and Stabilization Plan to the State. The Assessment reviewed eight functional areas identified by Optum as priorities for Operational Stabilization. These areas include:

- (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
- (8) Renewals

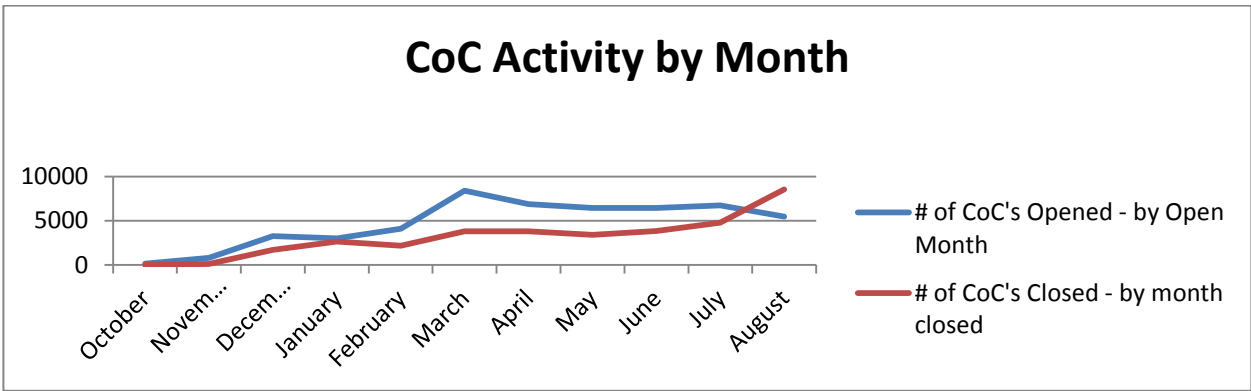
Many steps have already been taken to address the recommendations of the assessment. In addition, VHC continues to develop a comprehensive Operational Stabilization and Renewals Plan based on Optum's recommendations with a primary goal of ensuring a successful open enrollment and renewals process beginning November 15, 2014. The State agrees that addressing current operational backlogs, documenting end-to-end business processes, developing meaningful metrics to track performance, and providing comprehensive training to State and Contractor staff are among the elements necessary to ensure success. The State has engaged Optum to provide staff augmentation to reduce backlogs and support the development of efficient business processes. This includes continued work on the COC backlog, processing paper applications, and enrollment services support, which includes addressing the 834 enrollment transaction backlog, premium processing issues, and enrollment and payment reconciliation processes between VHC and Carriers.

With Optum support, the State has already seen success in resolving 834 transaction errors and reducing the Change of Circumstance backlog. 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. On July 10th, the 834 error rate reached a high of 1,459. As of August 28th, this number had been reduced to 714. 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.



Vermont Health Connect is currently operating with a total of 13,700 change requests, down from a high of over 15,000 on August 11th. This includes the original backlog of requests as well as new requests that are submitted on a regular basis. The chart below indicates that with the additional assistance from Optum, the total CoCs resolved have started to exceed the total new cases per month.



Throughout July and August, Optum processed Stage 1 and Stage 2 COC requests. On August 25th, the State expanded their work to include Stage 3 cases. State of Vermont staff is providing ongoing support for Optum's work, including performing a quality assurance review of resolved cases. The definitions of these stages are as follows:

Stage 1: The customer has submitted an application for coverage but has not yet confirmed their plan choice.

Stage 2: The customer has confirmed a plan and their information has been transmitted to the premium processor, but not to the insurance carrier. They are not yet enrolled because they have requested a change to their application.

Stage 3: The customer is fully enrolled in a plan and has requested a change to existing coverage.

Since Optum began their work on June 23rd, they have been assigned 14,491 CoC Service Requests, and have called over 18,000 Vermonters. Their progress to August 20th includes:

2,138 Change Requests completed

2,081 Change Requests closed due to a lack of customer response

1,319 Change Request forms submitted for final processing by Benaissance (the State's premium processor) and our carrier partners

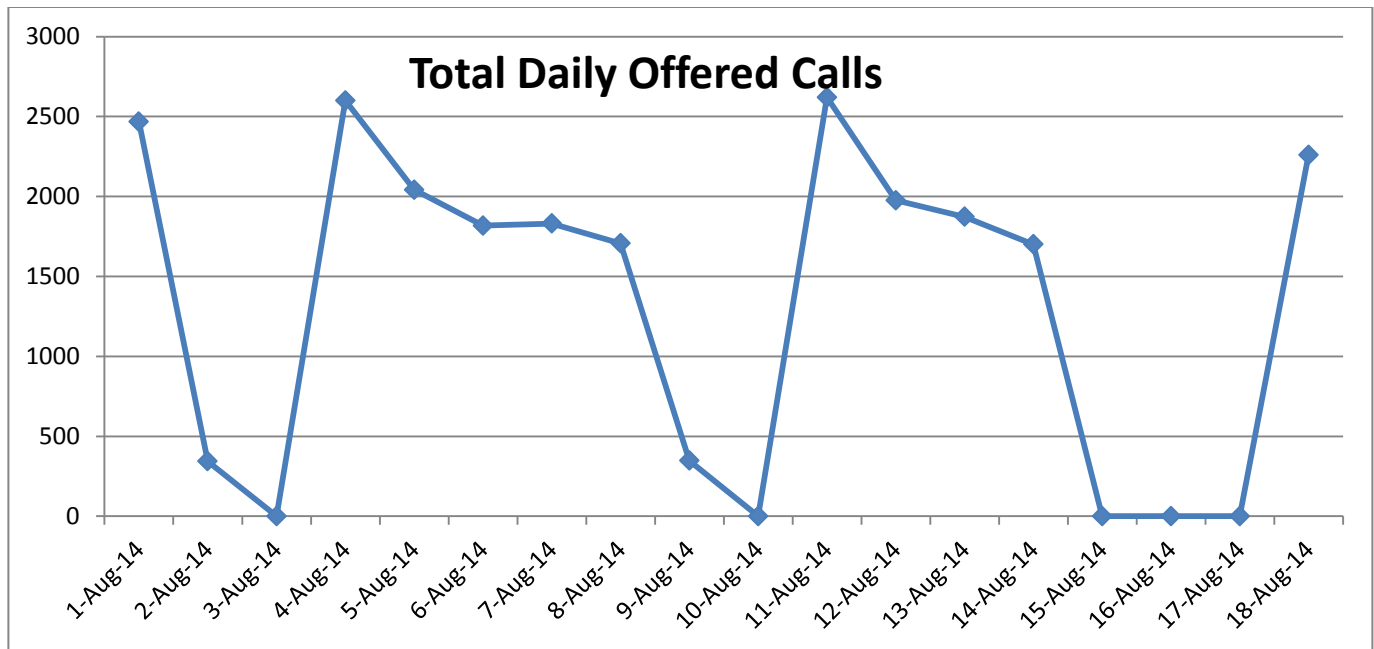
1,330 Change Requests in progress – waiting on additional information/decision from customers

~1,000 letters sent to Vermonters who requested changes but have no phone number

The target completion of processing the backlogged requests is the mid-October.

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. This month, call volumes leveled, with a peak of 2,600 calls. On Saturdays, calls tended to range below 300 between 8am and 1pm. The call center was closed on August 15th and 16th for a State holiday and will be closed again on September 1st for Labor Day. The average wait time to date in August is 24 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.



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. With the transition to a new systems integrator, the State is assessing functional gaps and prioritizing the delivery of additional technological capabilities. In parallel to this process, the State is building an operational readiness plan for 2015 renewals based on existing system functionality.

We will provide an update as soon as we have additional information about the advancement of our website functionality.

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. 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.