

# Legislative Health & Human Services Presentation

Thursday, September 27, 2018



NEW MEXICO'S HEALTH INSURANCE EXCHANGE

[beWellnm.com](http://beWellnm.com)

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THE PLACE TO SHOP, COMPARE AND BUY HEALTH INSURANCE. *Affordably.*

# What operational models are states allowed to adopt?



More Federal Control

More State Control

## Federally Facilitated Marketplace (FFM/FFE)

- Federal government operates both SHOP and Individual technology platforms
- Federal government oversees all outreach efforts
- Federal government has all Plan Management (regulatory) responsibilities
- Federal government has all oversight authority

## State-Based Marketplace on the Federal Platform (SBM-FP/SBE-FP)

- Federal government operates Individual exchange technology platform; state operates SHOP
- State oversees all outreach efforts
- State has all Plan Management (regulatory) responsibilities
- State has shared oversight authority with the federal government

## State-Based Marketplace (SBM/SBE)

- State operates both Individual and SHOP technology platform
- State oversees all outreach efforts
- State has all Plan Management (regulatory) responsibilities
- State has all oversight authority

# Current State of beWellnm

- SBM-FP
  - Increasing Cost
    - Fee: Percentage of Total Premium Collected
      - 0.0% in 2016=\$0
      - 1.5% in 2017=\$2,909,845
      - 2.0% in 2018=\$5,961,235 (Projected)
      - 3.0% in 2019=\$11,846,104 (Projected)
  - Decreasing Service
  - Lack of Flexibility

# How much would New Mexico pay CMS under either Federal Marketplace model going forward?

Fee estimated at 3.0%

YEAR	2019	2020	2021	2022	2023	2024	2025
FFM %	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
FFM Cost	\$11,846,104	\$14,689,169	\$18,214,570	\$22,586,067	\$28,006,723	\$34,728,337	\$43,063,137
Cumulative	\$11,846,104	\$26,535,273	\$44,749,843	\$67,335,910	\$95,342,633	\$130,070,970	\$173,134,107

Fee estimated at 3.5%

YEAR	2019	2020	2021	2022	2023	2024	2025
FFM %	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
FFM COST	\$11,846,104	17,137,364	21,250,332	26,350,411	32,674,510	40,516,393	50,240,327
Cumulative	\$11,846,104	\$28,983,468	\$50,233,800	\$76,584,211	\$109,258,721	\$149,775,114	\$200,015,441

Fee estimated at 4.0%

YEAR	2019	2020	2021	2022	2023	2024	2025
FFM %	3.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
FFM COST	\$11,846,104	\$19,575,559	\$24,286,094	\$30,114,756	\$37,342,297	\$46,304,449	\$57,417,516
Cumulative	\$11,846,104	\$31,421,663	\$55,707,757	\$85,822,513	\$123,164,810	\$169,469,259	\$226,886,775

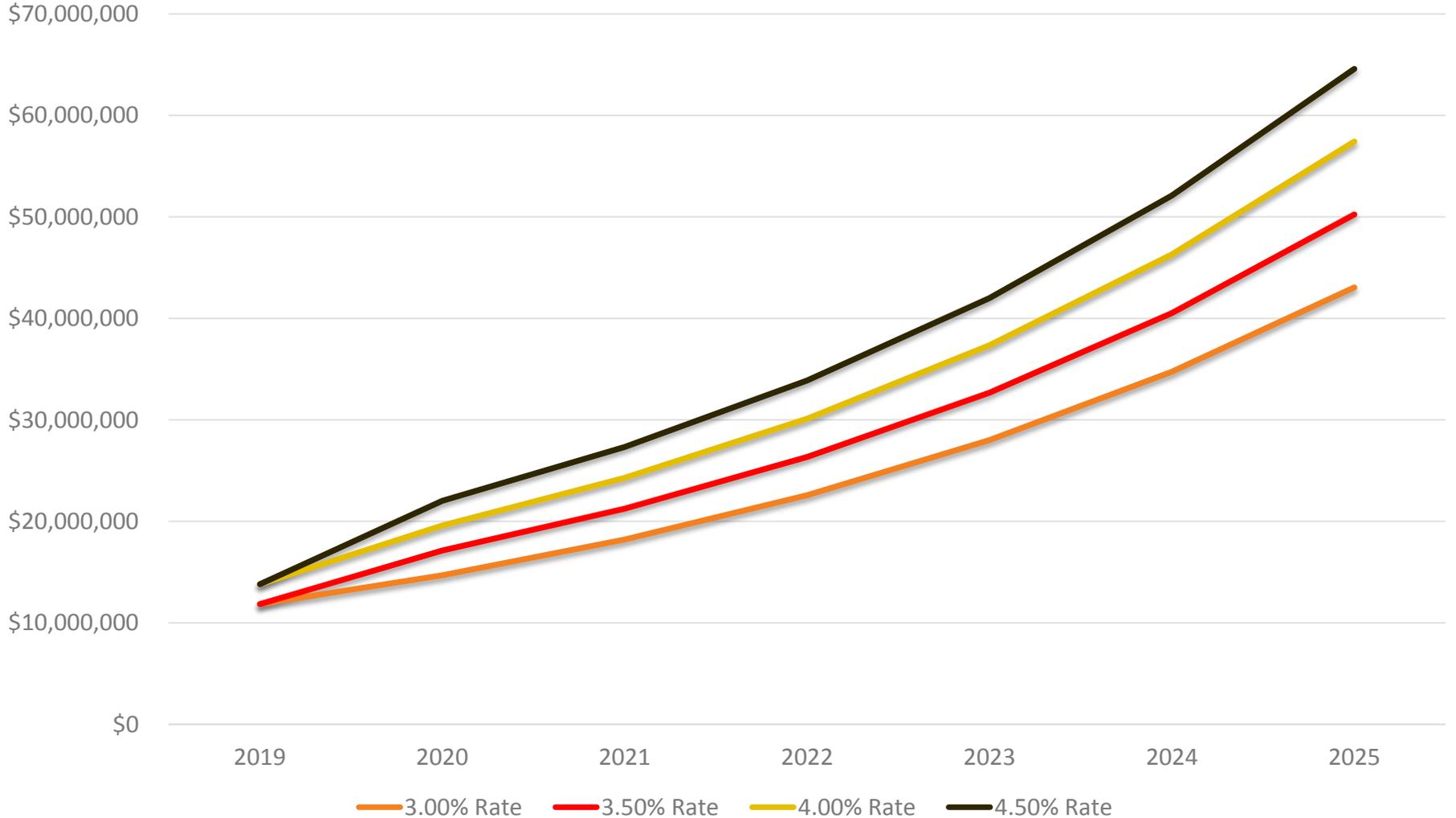
Fee estimated at 4.5%

YEAR	2019	2020	2021	2022	2023	2024	2025
FFM %	3.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
FFM COST	\$11,846,104	\$22,033,754	\$27,321,855	\$33,879,100	\$42,010,085	\$52,092,505	\$64,594,706
Cumulative	\$11,846,104	\$33,879,858	\$61,201,713	\$95,080,813	\$137,090,898	\$189,183,403	\$253,778,109

Assumptions:

- 2019 fee is set at 3.0% for SBM-FP and 3.5% for FFM
- Enrollment is flat
- YOY premium increases are 24%, based on 5-year average (2014-2018) as reported by Kaiser Family Foundation

# Federal Exchange Model Cost Comparison



2019 Rate Already Set at 3.50% (FFM) and 3.00% (SBM-FP)

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# Transition to State-Based Exchange Model

# BeWellnm Board Changes

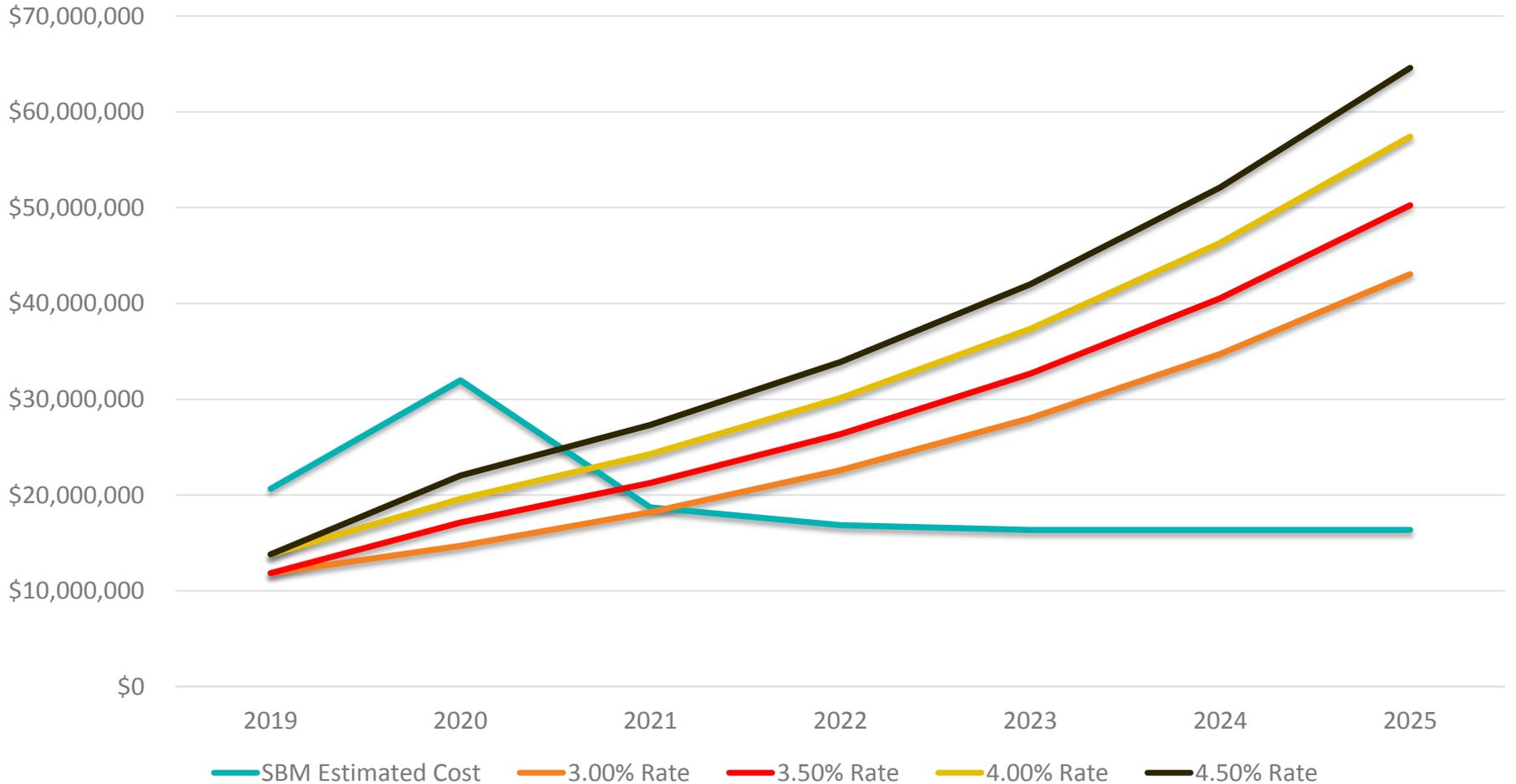
## BeWellnm Board votes unanimously to transition to full State-Based Marketplace

- Timeframe
  - Process to begin October 2018
  - Launch in Fall 2020 for Plan Year 2021
- This transition will cost approximately 20% of what it did when beWellnm was first formed
- Build is projected to have lower maintenance and operations costs by 2022
- Expanded local regulatory control
- Expanded access to data

# Individual Exchange Model Cost Comparison

## Financial Consequences of Transition

SBM vs SBM-FP vs FFM

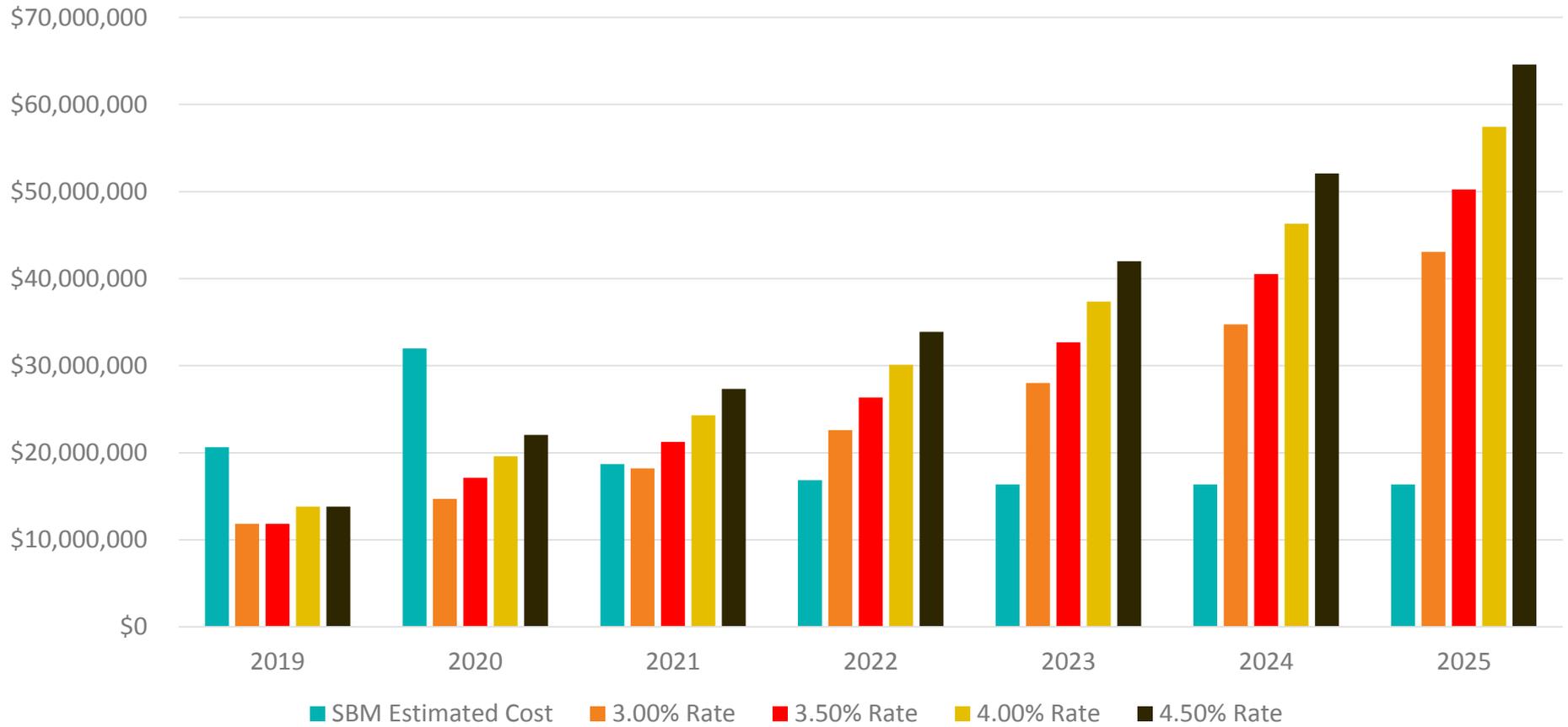


2019 Rate Already Set at 3.50% (FFM) and 3.00% (SBM-FP)

# Individual Exchange Model Cost Comparison

## Financial Consequences of Transition

SBM vs SBM-FP vs FFM



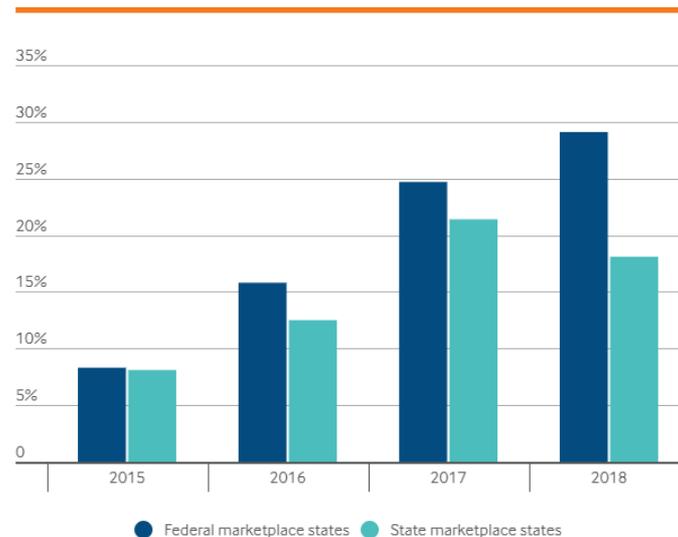
2019 Rate Already Set at 3.50% (FFM) and 3.00% (SBM-FP)

# Support for States Running Their Own Exchange

## Non-Financial Consequences of Transition

- “Lower ACA Individual Market Premiums, Claims, and Costs in States with State-Run Marketplaces” (SBMs)**
  - SBM states had 9% lower premium increases and 5% lower cost of medical claims.
  - SBM states also had lower administrative costs, causing 4% less premium going to plan overhead.
- State-Based Marketplaces are More Prepared to Manage Changes in Health Reform**
  - “...insurance markets in states with their own marketplaces appear to be more resilient than those in states using the federal marketplace.”
- Premiums in State-Based Marketplace states are 21% lower than Federal Facilitated States**

ACA-Compliant Rate Increases by Year and Type of Marketplace



Note: For this exhibit, the analysis is based on all insurers reporting rate changes in 2018 or in any of the three prior years.

Data: Authors' analysis of 2018 Uniform Rate Review Template data for the individual market. Calculations are based on mean values weighted by each product's projected premium volume.

Source: M. A. Hall and M. J. McCue, "Health Insurance Markets Perform Better in States That Run their Own Marketplaces." *To the Point*, The Commonwealth Fund, Mar. 5, 2018.

Source: <https://www.commonwealthfund.org/blog/2018/health-insurance-markets-perform-better-states-run-their-own-marketplaces>

# Support for States Running Their Own Exchange

## Non-Financial Consequences of Transition

- **State-Based Marketplaces Had More Stable Enrollment**
  - Federally facilitates states saw a decrease of about 14% last year, whereas SBMs stayed about even.
  - New Mexico saw a slight decrease, but outperformed Federally Facilitated States.
- **State-Based Marketplaces Have More Carrier Stability**
  - Carriers are less likely to exit the market in SBM states.
  - New Mexico has had at least four carriers participate every year since it's inception. Every count is covered by all carriers.
- **State-Based Marketplaces Have More Consistent Outreach Programs**
  - While the Federally Facilitated Marketplace has scaled back its outreach, SBMs continue to have a vision and commitment their outreach and education.
- **State-Based Marketplaces Have More Local Carriers**
  - SBMs are more likely to attract and support local carrier participation.
  - Half of New Mexico's participating carriers (New Mexico Health Connections & CHRISTUS) are local or regional.

Source: <https://idi.upenn.edu/brief/state-based-marketplaces-outperform-federally-facilitated-marketplaces>

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# Supplementary Information

## List of terms and acronyms

- SBM/SBE: State Based Marketplace/State Based Exchange
- SBM-FP/SBE-FP: State Based Marketplace-Federal Platform/State Based Exchange-Federal Platform
- FFM/FFE: Federally Facilitated Marketplace/Federally Facilitated Exchange
- CMS: Centers for Medicare & Medicaid Services
- CCIIO: Center for Consumer Information and Insurance Oversight
- HSD: Human Services Department

# SBM Implementation Timeline & Activities

- Implementation activities anticipated to last 20-24 months; including but not limited to:
  - Procurement
  - Blueprint development
  - Policy discussions/decisions
  - Stakeholder engagement
  - Additional research
  - Technology design and development
  - System testing
  - Compliance assurance
- Assuming SBM Open Enrollment for 2021, first stage for major technology procurements would need to commence **October of 2018**