

Arkansas Insurance Department

Update on Health Benefits Exchange Planning – July 7, 2011

An update of three primary health benefits exchange planning efforts administered by the Arkansas Insurance Department under the DHHS-Center for Consumer Information and Insurance Oversight (CCIIO) are outlined below.

UAMS Intergovernmental Agreement – UAMS Partners for Inclusive Communities and College of Public Health will complete their listening tour of 16 Communities (64 meetings) on July 13, 2011. A written report will be available at the end of July. UAMS did a press release announcing the remaining tour dates following the recommendation by the Joint Interim Public Health Committee. Other methods of announcing community meetings have included personal outreach by members of six Exchange Planning Workgroups and Steering Committee members and outreach by community-based organizations, Arkansas Insurance Department website, Bureau of Legislative Research, Arkansas TEA Party, and interested volunteers.

UAMS is also designing a web-based survey that will be made available to the public in mid-July. The purpose of this survey is to help inform Arkansas Exchange planning. The anonymous survey will be open for approximately one month. UAMS is finalizing the survey instrument and methods for announcing its availability. A copy will be forwarded upon completion.

First Data for Government Solutions - First Data administered a *Governance Survey* to the Arkansas Exchange Planning Steering Committee and Six Exchange Planning Workgroups. The full, 72 page report can be found on the AID website at www.hbe.arkansas.gov. A summary follows:

An early decision that the State of Arkansas must make is the governance model for the Health Benefits Exchange (HBE). At the direction of the HBE planning team and to provide information to Arkansas decision-makers, First Data conducted an online survey of selected individuals who are involved in groups that are addressing various aspects of the HBE. The results of that survey will be submitted to the HBE Steering Committee as it crafts a recommended governance model for the Arkansas Insurance Commissioner, Governor and Legislature.

The survey instrument consisted of a background statement explaining why the survey was being done. The statement also informed participants that Exchange discussions to date have indicated Arkansas does not prefer to participate in an exchange operated by the Federal government nor does Arkansas plan to partner with another state to create an exchange. This opening statement was followed by a series of questions where the participant was asked to choose the model most appropriate to handle that area of concern. Participants were given an opportunity after each question to add comments. All responses were anonymous.

The options were:

- **Government-Led Model** – Creating the Exchange as a part of a new or existing State agency. Placing governance for the Exchange within an existing State agency allows the exchange to leverage existing administrative systems and procedures, while a new state agency would be able to devote its full energies to establishing the exchange. However, a state agency, whether new or existing, may encounter difficulties in exercising the procedural flexibility necessary to operate an exchange.

- **Public Trust Model** – A public authority overseen by a Board of Directors, that operates as a government agency, with authority to issue rules and operate the exchange. By including on its board consumers, small employers, and other outsiders, as well as state officials, this model can be effective in gaining broad support while maintaining some political independence. It can also be exempt from contracting and personnel rules that can constrain state agencies. As a government agency, however, it could still be subject to the state’s rulemaking and open meetings requirements.
- **New Non-profit Model** – Creation of a non-profit entity, separate from state government. Such an entity may have more political independence and more flexibility in operational matters; however, it may become isolated and have difficulty in coordination with other state agencies critical to the success of the Exchange. Since the State is ultimately responsible for performance of the Exchange, it may be difficult for the State to assign governance to an entity over which it has little to no control.

An online survey tool was used for the Governance Survey. At the HBE planning staff’s direction, an invitation to participate in the survey was sent to each member of the Steering Committee and each member of the six HBE Workgroups.

The table below provides the number of surveys distributed and the number (by Workgroup/ Steering Committee and in total) that responded. If an individual serves on both a Workgroup and the Steering Committee (17 individuals fall into this category), the response is reflected as participating in the Steering Committee Survey.

<u>Name of Group</u>	<u># Surveys Distributed</u>	<u># Survey Responses</u>	<u>% Responding</u>
Consumers	20	6	30%
State Agencies	10	3	30%
Outreach	19	4	21%
Small Business / Community Leaders	18	5	27.8%
Healthcare Industry	26	6	23%
IT	10	4	40%
Steering Committee	20	7	35%
Total	123	35	28.4%

This response rate is considered acceptable for an online survey available to participants for five days. Survey results were reported for each Workgroup and for the entirety of those responding

and these can be found in the full report. There was no overall summarization of results. However, we can report that a vast majority of respondents preferred a Public Trust Model of Governance. Outliers were the State Agency and Outreach/Education Workgroups that preferred a Government Led Governance. If a Public Trust Model is chosen, a vast majority (78.8%) of respondents preferred it be connected with the Arkansas Insurance Department (other choices were DHS– 6.1%, DF&A – 6.1%, and ADH – 9.1%).

A further breakdown of participant responses, pairing “governance option selected by most participants and percentage selecting” with “specific issue/concern” questions, showed the following:

Public Trust Model

- Ability to meet Arkansas’s long and short term needs (60.6%)
- Supports likely accountability to responsibility (60%)
- Identify risks associated with the Exchange authority solution selected (57.6%)
- Responsiveness to change in the market (55.9%)
- Feasibility of enacting necessary policy or legislative changes (54.5%)
- Supports operational flexibility (54.3%)
- Flexibility to respond to market conditions (52.9%)
- Ease of oversight (51.5%)
- Provides administrative manageability (51.4%)
- Implementation timeline (48.5%)
- Lowest maintenance costs (47.1%)
- Scalability of technology to accommodate volume of Exchange participants (44.1%)
- Lowest implementation costs (41.2%)

Government Led Model

- Ease of continued compliance with State and Federal requirements (48.6%)
- Amount/complexity of required policy and legislative change required to implement (48.5%)

New Non-Profit

- Lowest impact on State Staff resources (48.5%)
- Lowest impact on State Staff resources dedicated to other state initiatives such as Health Information Exchange (SHARE) (39.4%)

First Data is also conducting more than twenty interviews with a cross section of involved stakeholder groups. Through subcontracts with Arkansas-based Powell and Associates and Arkansas Foundation for Medical Care, First Data is studying and analyzing the insurance marketplace/financial models and community education and outreach models respectively.

AID-staffed Planning Groups. Six Exchange Planning Workgroups continue to meet monthly and the Steering Committee meets bi-weekly. All meetings are open to the public with public comment periods. A schedule of meetings and meeting summaries can be found at www.hbe.arkansas.gov. The first two quarterly reports to CCIIO can also be found at this website. A third quarterly report is due to CCIIO on July 15, 2011.

We look forward to providing routine updates as we progress in planning the best solution for Arkansas’ Health Benefits Exchange. Please don’t hesitate to contact Exchange Planning staff at Cynthia.Crone@Arkansas.Gov (501-683-3634) or Bruce.Donaldson@Arkansas.Gov (501-683-7077) with any questions or suggestions.