LAWRENCE MILLER
Chief of Health Care Reform

State of Vermont
OFFICE OF THE GOVERNOR

TO: HCHC, SCHW, SCF, HROC, JFC
FROM: Lawrence Miller, Chief of Health Care Reform
Date: June 27, 2016
RE: Vermont Health Connect Report

I am pleased to submit this Vermont Health Connect's report in conformance with Section C.106 of the budget bill passed in 2015.

As we approach the end of the State's fiscal year, I think it's important to take stock of where we've come over the past year, where we are now, and where we expect to go in the months ahead.

Let's start with the reason that Vermont chose to pursue a state-based marketplace in the first place: to increase access to quality health care for all Vermonters by ensuring access to quality health coverage.

Health coverage

By all accounts, Vermont Health Connect has helped drive down the state's uninsured rate. At the start of 2015, the Vermont Household Health Insurance Survey revealed that Vermont's uninsured rate was cut nearly in half from fall 2012 to fall 2014 (from 6.8% to 3.7%). The survey also reported that Vermont had done particularly well in terms of covering children in the state. The number of uninsured children in Vermont fell from nearly 2,800 in 2012 to fewer than 1,300 in 2014.

In early 2016, the National Center for Health Statistics used U.S. Census Bureau data to estimate that Vermont's uninsured rate was driven even lower in 2015, down to 2.7%. This followed late 2015 reports from the Census Bureau that Vermont had passed Hawaii and Washington, D.C. to attain one of the two lowest uninsured rates in the nation.

Vermont's enrollment success can be attributed to an integrated approach to QHP and Medicaid enrollment to ensure that Vermonters don't fall through the cracks or face multiple applications, a commitment to state programs to reduce the cost of health insurance, and a strong consumer assistance program that offers telephone support and online tools while collaborating with community partners and stakeholders across the state.

More than one in three Vermonters is now covered by a Vermont Health Connect health plan, either a qualified health plan (QHP) or Medicaid for Children and Adults (MCA). As of May 2016, over 220,000 Vermonters possessed such coverage. QHP enrollment consisted of more than 77,000 Vermonters

covered either as individuals through the exchange or direct-enrolled through a small business employer. MCA enrollment included more than 82,000 adults and 62,000 children.

Partnerships

Vermont Health Connect's Assister Network consists of more than 230 Navigators, Brokers, and Certified Application Counselors. These Assisters provide in-person enrollment assistance in all 14 counties of the state. They also coordinate with Vermont Health Connect's outreach campaign to promote health insurance literacy, help customers understand the total cost of insurance, and ensure that Vermonters are aware of the increasing federal fee for not having health insurance.

In fall 2015, Vermont Health Connect partnered with community libraries and pharmacies to hold a series of "Health Insurance 101" workshops across the state. The sessions were free to the public and designed to help customers and potential customers better understand health insurance terms, financial help, and how to interact with the Vermont Health Connect system.

During open enrollment, Vermont Health Connect launched a new online Plan Comparison Tool to help Vermonters better understand their subsidies and assess how various plan designs and out-of-pocket costs could impact their total health care costs. The tool was created by the non-profit Consumers' Checkbook and was named the nation's best plan selection tool by Robert Wood Johnson. It has engaged Vermonters in nearly 30,000 sessions since its launch and played a key role in equipping individuals and employees of small businesses to choose the best health plan for their families' needs and budgets.

Health plans

In terms of health plan offerings, the Department of Vermont Health Access (DVHA) maintained the same benchmark plan that has been in place for Vermont since 2014. Minimal changes were made to enrollee cost-share amounts in order to remain within required actuarial values (AVs) for all 2016 standard plans. Also for 2016, Blue Cross Blue Shield of Vermont and MVP Health Care were asked to prepare one additional non-standard plan at the Gold metal level with equal deductible and maximum out-of-pocket values. This plan design had been popular among small businesses in Vermont and was determined to be a valuable addition to the array of QHPs offered in the marketplace.

In compliance with state law and the original guidance of the Affordable Care Act, Vermont Health Connect expanded availability of qualified health plans to small businesses with up to 50 employees to those with up to 100 employees for 2016. This expansion contributed to the 18 percent increase in QHP enrollment by small business employees over the last year.

Operations and System

Technology-wise, Vermont Health Connect faced major challenges and has made significant progress.

Consider where we were at this time last year.

Because of a lack of automated functionality, 2015 had started with time-intensive contingencies for processing renewals and making changes to accounts. While processes were in place to ensure that all

customers had access to care, many customers experienced delays. Renewals weren't completed until May 2015 and the queue of customers awaiting change requests topped 10,000 at that time.

Optum, which Vermont had hired to replace its previous System Integrator, delivered its first deployment at the end of May 2015. These system upgrades supported automated changes of circumstance (COC). Staff were able to enter changes into the Vermont Health Connect system using a simple wizard tool with pre-populated data, and then have those changes updated automatically into the insurance carriers' and payment processor's systems. Prior to this upgrade, requested changes required staff to re-enter entire health insurance applications – often more than one hundred fields of data – and then work with additional teams of workers to transmit and update the information into as many as six different systems over a period of weeks. The new functionality greatly reduced the amount of time it took to process change requests.

At the beginning of October, Optum deployed a system upgrade to support automated renewal functionality for QHP customers. When open enrollment began in November, this automated process took care of four out of five renewing households. State staff assisted with the completion of the remainder of the cases, which typically needed additional information before they could be processed into 2016 health plans.

In early November, key subcontractor Exeter announced that it was going out of business. The State quickly secured the license to Exeter's OneGate software and moved to transition key personnel to Optum and other contractors. Prior to closing its doors, Exeter delivered code to support such additional upgrades as Medicaid redetermination integration, Department of Labor verifications, billing and payment functionality, and notices.

The State and its contractors focused on testing the code and preparing multiple deployments in order to manage scope and deliver the best service for Vermonters. The final upgrade, deployed in March 2016, enabled Medicaid renewals for enrollees already in the VHC system. It also marked the conclusion of major system development activities. This meant that the State, Optum, and other partners no longer had to manage continual cycles of major code changes. Instead they could focus on identifying and remediating defects and making process improvements within a stable system. This effort came to be known as the Maintenance and Operations (M&O) Surge. The M&O Surge began in March and is scheduled to wind up over the coming weeks. Work to continuously improve the customer experience and to address the remaining punch list items will continue under the regular Maintenance and Operations contract as well as small contracts for specific work, such as premium processing enhancements.

The results of the Surge are already visible and can be seen in the charts and graphs of the attached report. Escalated cases are down 80 percent. Integration errors are also down 80 percent. Customer requests are being processed in an increasingly timely manner. The Level 1 Customer Support Center is resolving more phone calls themselves without having to transfer. All of this is happening at a time that, with Medicaid renewals, the Customer Support Center and Health Access Eligibility and Enrollment Unit are experiencing customer service volumes even higher than during QHP open enrollment.

Medicaid renewals

Redeterminations for Medicaid for the Aged, Blind and Disabled (MABD) beneficiaries began in October and have continued through the winter and spring. In January, Vermont Health Connect began redeterminations for Medicaid for Children and Adults (MCA), also known as "MAGI Medicaid" because federal eligibility rules are based on Modified Adjusted Gross Income (MAGI) criteria. The first stage, transitioning MAGI Medicaid households from the State's legacy ACCESS system to Medicaid or qualified health plans in the Vermont Health Connect system, is drawing to a close. The second stage, focusing on Medicaid households that are already in the Vermont Health Connect system, began in April and will run until October.

For the renewal, Vermont Health Connect contacts 9,000 MCA households per month and requests that they update their household and income details. Eligibility is based on current income and can change as Vermonters' incomes change. Of the renewing Vermonters who have had their new information entered into the system and received an eligibility determination, nearly nine in 10 are still eligible for Medicaid. Most of the rest qualify for subsidies to bring down the premium and out-of-pocket costs of a QHP.

Next steps

Goals for the summer and fall include: 1) continuing to improve system performance by performing root cause analysis of errors, remediating existing issues, and preventing future incidents, 2) providing quality customer service, 3) completing Medicaid renewals, 4) working with stakeholders to finalize a comprehensive state rule detailing policies and procedures for recertification of existing QHPs and issuers, as well as the processes for new medical and dental issuers wishing to become certified, 5) providing a smooth 2017 renewal/open enrollment process for QHP customers and supporting their plan selection process, and 6) advancing the state's progress toward universal coverage by continuing to enroll Vermonters and drive down the uninsured rate.

As we embark on these next steps, I want to thank Vermonters for their patience with this major transition in how health insurance works in our country. I also thank the state staff, contractors, and Assisters who worked tirelessly to make sure that every Vermonter who needed health coverage was able to find and enroll in the right plan. And I thank all the community partners and individual Vermonters who helped us connect to family, friends, and neighbors and get them covered.

You are the reason we are putting in the work necessary to complete Vermont's integrated system for Medicaid and QHP Enrollment, when the seemingly easy path would have been to call it quits, go to the federal marketplace, and let customers deal with the higher fees, inconvenience of multiple applications, and frustration of out-of-state customer service. You are the reason that Vermont has one of the highest insured rates in the nation. You are the reason we will achieve virtually universal coverage.