Maryland Health Benefit Exchange Board of Trustees

April 1, 2014
5:00 PM – 8:00 PM
Maryland Department of Transportation
7201 Corporate Center Drive
Hanover, MD 21076

Members Present

Joshua M. Sharfstein, M.D.
Darrell Gaskin, Ph.D.
Thomas Saquella, M.A.
Georges Benjamin, M.D.
Kenneth Apfel, M.P.A. (by phone)
Jennifer Goldberg, J.D., LL.M.
Ben Steffen, M.A.
Enrique Martinez-Vidal, M.P.P. (by phone)

Members Absent

Therese Goldsmith, J.D., M.S.

Also in attendance: Carolyn Quattrocki, Interim Executive Director at the Maryland Health Benefit Exchange (MHBE).

Opening and General Updates

Chairman Sharfstein welcomed everyone and thanked the Maryland Department of Transportation (MDOT) for hosting the meeting. He reported that, as of March 31, 2014, 293,000 individuals have enrolled in coverage through Maryland Health connection (MHC), which is 10 percent more than the goal of 260,000 individuals. From this total, 63,002 individuals have enrolled in a qualified health plan (QHP). The remaining individuals enrolled in Medicaid, either as a new enrollee or through the Primary Adult Care (PAC) program. As individuals who had technical difficulties are still enrolling, the total number of individuals could potentially exceed 300,000. Chairman Sharfstein thanked everyone involved in the open enrollment process: MHBE staff, navigators, certified application counselors, and supporters of health reform in Maryland. Dr. Benjamin also commended the MHBE staff on all of their hard work.

Approval of Meeting Minutes

The Board voted unanimously to approve the minutes for the following Board meetings that went directly into closed session: February 29, 2012; June 20, 2012; July 9, 2012; August 29, 2012; and June 14, 2013.

MHBE Special Enrollment Policy

Jonathan Kromm, Acting Deputy Director at the MHBE, provided an overview of the life events and special enrollment period policies being developed. Dr. Kromm explained that only certain life events or changes in circumstances can trigger a special enrollment period for an individual to enroll in a QHP outside of the open enrollment period. He noted that an individual can apply for Medicaid or the Maryland Children's Health Program (MCHP) at anytime. Dr. Kromm stated that the MHBE is adjusting the policy based on guidance and bulletins issued by the federal government, and the MHBE is still waiting for a final rule. Triggering life events include birth, marriage, certain types of loss of coverage, change in income, or change in citizenship. A special enrollment period can also be triggered by other circumstances, such as application or enrollment errors and carrier misconduct. Dr. Kromm reported that special enrollment period interim procedures will be posted in the next few days for public comment, and he will present the interim procedures at the next Board meeting.

Dr. Kromm outlined the process for a special enrollment period. A consumer will need to work with a consumer assistance worker; a self-help method will not be available initially. A consumer will report a qualifying life event to a call center representative, navigator, or other assistance worker who will then talk the consumer through the needed documentation. The consumer will then send the documentation to the call center, and the assistance worker will help the consumer complete an application and shop for a plan. Once the MHBE verifies the application and supporting documentation, and a plan is selected, the consumer's information will be sent to the carrier.

- Dr. Benjamin asked whether individuals currently waiting for their application to be processed would be eligible for the special enrollment period. Dr. Kromm responded that this process is only for individuals beginning their application outside of open enrollment and will not affect those who tried to apply before open enrollment ended, experienced technical difficulties, and are waiting to be processed.
- Mr. Martinez-Vidal asked whether plan selection still involves the MHC website. Dr. Kromm explained that the consumers will be able to search for plans through the website.
- Mr. Steffen asked whether call center personnel will receive training on the special enrollment period policies. Dr. Kromm responded that personnel have been trained on special enrollment periods and templates have been created.
- Dr. Kromm noted that these interim procedures will not cover appeals for application denials.
- Dr. Kromm also noted that this policy will apply to consumers moving from Medicaid to a QHP.

Enrollment Numbers

Chairman Sharfstein reported that as of 5:20 pm, the number of people who had enrolled in insurance coverage through MHC had risen to 295,000.

- Mr. Steffen asked if the Evergreen Health Cooperative, Carefirst Blue Cross Blue Shield (BCBS), or Kaiser Permanente had reported enrollment numbers. Chairman Sharfstein explained that the MHBE received those enrollment numbers. He noted that those enrollment numbers include the entire market (including the Exchange).

Recommendation for Upgrading Maryland's IT System

Isabel Fitzgerald, Secretary of the Department of Information Technology (DoIT), provided an overview of a study analyzing options for the IT platform of the MHBE, the results of which can be found in a memo.[1] Despite improvements in the functionality of the IT system since December, the system remains deeply flawed. It has serious architectural flaws, in part because the commercial product is not as mature as initially represented, and the system struggles to work properly. Three principle options to resolve these problems were considered: (1) remediating the existing architecture; (2) migrating to the federally facilitated marketplace (FFM); or (3) upgrading the system by leveraging another existing product. Fixing the current system would take over 12 months and cost more than $66 million, and the resulting product would likely still be flawed. The FFM would support QHP enrollment but not Maryland's business model or Medicaid. The state would still have to build or transfer an eligibility and case management solution for Medicaid, which would take longer and be more costly. Based on this review, Ms. Fitzgerald recommended that the MHBE leverage the Connecticut IT platform to upgrade MHC for 2015 open enrollment. This would allow for rapid implementation of a proven IT solution for enrollment, is feasible given the timeline, and maximizes the re-use of existing hardware and software.

On March 3, 2014, Optum/QSSI, the MHBE General Contractor, delivered an Options Feasibility Study. Initially, five options for moving forward with the IT platform were examined: remediating the current system; partnering with the FFM, transferring another state solution into Maryland; creating and joining a state consortium; and building an entirely new system. The options of joining a state consortium or building a new system were eliminated because they were infeasible. The remaining three options were evaluated based on several key factors: (1) functionality of the target system; (2) reusability and

[1] *Recommendation for Maryland Health Connection IT Platform*, March 31, 2014, http://governor.maryland.gov/documents/033114healthitmemo.pdf.

compatibility with current MHBE infrastructure; (3) amount of customization or retrofits required to meet Maryland's needs; (4) timeline for migration or remediation; (5) rough order of magnitude for cost; (6) total cost of ownership long-term; (7) whether the system delivery of key components can be completed by the next open enrollment; and (8) risks, including delivery of the solution within the current time, functionality/compliance, financial constraints, and availability of skilled resources to complete the work.

Ms. Fitzgerald noted that evaluation of the federally facilitated marketplace did not examine Maryland's need for a Medicaid eligibility and enrollment system; Maryland would have to build an eligibility and case management system. Optum evaluated several states' IT systems; Connecticut was identified as having the best system because it was a simple and effective design that had been proven to work. It was also technically feasible, had reusable software and hardware, had the potential for later expansion, and was a reasonable cost compared to alternatives.

Ms. Fitzgerald then provided an overview of the key parts of a table from the memo comparing the potential options for the MHC: (1) remediate the current system, (2) partner with the FFM, or (3) leverage the Connecticut IT system.

- Both the Connecticut system and federal exchange support QHP functionality, while the current system does not.
- The Connecticut system is more supportive of Medicaid functionality than the other two options. The Medicaid timeline for the Connecticut system is 7 months compared with 12-18 months for the federal marketplace, and 12 months to remediate the current system.
- The Connecticut system is also best equipped to manage the churn between Medicaid and QHPs compared with the other two options.
- Regarding the use of Maryland's consumer assistance program, it would be easiest to integrate that with the Connecticut system, though it could still assist with enrollment with the federal marketplace with modifications.
- Only the Connecticut system would support Maryland's business model and integration with social services.
- Both the Connecticut system and federal marketplace would require interfaces to be built, and interfaces would be problematic for the current system.
- The federal marketplace's technology does not have a modified adjusted gross income (MAGI) rules engine or case management system; this would have to be built or transferred from another state. In comparison, the technology in Connecticut's system uses MAGI rules, so fewer modifications would be needed.
- Remediating the current system would take at least 12 months. It would take 12-18 months for the federal marketplace to achieve the required Medicaid functionality, and it would take 7 months for the Connecticut system to achieve core functionality.
- The development cost to remediate the current system would be greater than $66 million. It would cost approximately $43-$53 million to migrate to the federal marketplace. The development cost for the Connecticut system would be roughly the same at approximately $40-$50 million.
- The total cost of ownership for the current system would be $18 million, while the cost for both the federal marketplace and the Connecticut system would be $6 million.

Ms. Fitzgerald noted that $55 million was paid to Noridian to develop MHC. The MHBE can seek to recoup these expenditures through litigation. It is also expected that there will be additional development costs for the new prime contractor, Optum/QSSI, during the transition. Across the country, states have spent $100-$180 million to develop their own exchanges, which is comparable to the total cost of Maryland's IT development. Ms. Fitzgerald explained that Maryland has worked closely with the Centers for Medicare & Medicaid Services (CMS) throughout the development of MHC. If the Board approves leveraging Connecticut's IT technology to upgrade MHC, then it would be part of a corrective action plan. CMS will review this plan, and it is anticipated that the plan would be approved, making Maryland eligible for continued federal funding for IT development in 2014.

Ms. Fitzgerald reiterated that remediation of the current IT system would be unacceptably costly, long, and ineffective and that Maryland does not have the modern Medicaid eligibility and enrollment system needed to support a partnership with the FFM. In conclusion, Ms. Fitzgerald recommended leveraging Connecticut's IT platform and code base to upgrade MHC. Maryland will have to accept the IT system "as is" with only minor retrofitting in order to be ready by open enrollment in November. In addition, Maryland would work with Deloitte, the creator of the Connecticut system.

Chairman Sharfstein thanked Ms. Fitzgerald for her hard work and in-depth analysis and welcomed questions from the Board.

- Dr. Benjamin asked how the Connecticut system will impact Maryland, as Connecticut is a smaller state. Ms. Fitzgerald responded that the system will be scaled up as needed to support a larger volume. Chairman Sharfstein also remarked that the Connecticut exchange director told him that the system has been able to handle a large volume of users in the last days of open enrollment.
- Mr. Saquella asked about the problems Connecticut has had with their system. Ms. Fitzgerald responded that Connecticut did have defects initially but was able to go into the code to resolve these problems, while Maryland could not. A list of defects provided by Connecticut did not include any severe defects.
- Mr. Saquella also asked what would happen if Connecticut decided to partner with the FFM. Ms. Fitzgerald responded that Maryland would have its own system and would not be dependent on Connecticut.
- Mr. Martinez-Vidal asked whether Maryland is contracting or buying the product from Connecticut or Deloitte. Ms. Fitzgerald responded that Maryland will receive the code from CMS and would sign a memorandum of understanding with Connecticut because the code was developed with federal money and is in the public domain. Therefore, Maryland will not be paying for the code itself—just development.
- Ms. Goldberg asked how the Connecticut system will work with Medicaid enrollment. Ms. Fitzgerald responded that MHC will do an initial screening for Medicaid eligibility of consumers and will receive a Medicaid determination. An interface between Medicaid eligibility and the exchange system needs to be built.
- Dr. Gaskin asked about the consumer experience with the Connecticut exchange website. Chairman Sharfstein responded that this would be a good time to go through a slideshow showing Connecticut's website.

<u>Slideshow of Sample Exchange Website</u>

Ms. Fitzgerald provided an overview of a slideshow showing Connecticut's exchange website with MHC branding to illustrate how this IT system would work. Ms. Fitzgerald explained that the website would have easy navigation with tabs. Creating a user account would be simpler and consumers would be allowed to browse plans anonymously. An application would have four stages: input data, browse plans, apply for health coverage, and confirm application. A consumer would be able to see which stage they are on and would be able to go back to an earlier stage. Consumers would have an inbox where they receive notices and information. Consumers would also be able to upload documents online rather than mail the documents or submit them in person; this was a very popular feature in Connecticut. There would be a tool on the website that consumers could use to search for in-person assistance in their area. Assistance workers and navigators would have their own page, which would list their tasks and would allow supervisors to oversee their employees work. A Spanish version of this website will be available.

- Professor Apfel asked whether Deloitte would have the human resources to develop the new MHC website. Chairman Sharfstein responded that this was an important consideration. Deloitte successfully built the Connecticut IT platform and attested that they would be able to complete this project. Furthermore, individuals who have experience developing the exchanges of other states would be involved. Chairman Sharfstein noted that there is always some risk, but they feel the risk regarding the timeline will be manageable.

- Mr. Steffen asked whether there are any risks involved with reusing the Connecticut system and simultaneously developing a new system while still running the old system. Ms. Fitzgerald responded that there is no risk associated with adopting Connecticut's software and hardware; it will allow Maryland to save costs. Maryland will prioritize running the current system while developing the new system. Each system will be managed by different teams, minimizing the risk.
- Ms. Goldberg asked why Connecticut's IT platform was chosen over other states. Ms. Fitzgerald responded that Connecticut's system had a simple and effective design. It also had necessary key parts, aligned with Maryland's existing technology, supported a more global process around call centers and navigators, and provided a Spanish version.
- Dr. Gaskin asked how existing consumer data and documents in the current system will migrate to the new system. Ms. Fitzgerald responded that it will use the same document repository used today and will be able to retrieve documents already uploaded. People's data will be migrated into the new system in phrases. There will not be an electronic conversion in any major format because of risk. Chairman Sharfstein noted that consumers will have to go back to the MHC website to renew their coverage during the next open enrollment, so their data can be transferred to the new system at that point.
- Mr. Steffen asked about the plans for Small Business Health Options Program (SHOP). Chairman Sharfstein responded that this question will be addressed in the future.

Closed Session[2]

Chairman Sharfstein discussed that the purpose of the closed session was to obtain legal advice on the terms of a potential contract with Deloitte Consulting. Professor Apfel motioned to move into closed session, which was seconded by Mr. Saquella. All members present voted unanimously to move into closed session. For topics discussed and actions taken, please see Statement for Closing a Meeting, dated April 1, 2014.[3]

Voting Session

Chairman Sharfstein noted that there is a minor procurement procedure that relates to contracts that is going to be waived in the coming motion. Chairman Sharfstein read the emergency justification that will authorize the Chairman to finalize the contract with Deloitte Consulting to leverage Connecticut's IT system to update the MHBE IT platform.

The Board then adopted a resolution reflecting the Board's decision to adopt the Deloitte eligibility and enrollment system and authorizing the Chairman of the Board to finalize the contract with Deloitte Consulting, LLC.

Adjournment

Chairman Sharfstein commended the continued dedication of the entire Board and adjourned the meeting.

[2] State Government Article 10-508(a)(7) – to consult with counsel to obtain legal advice; (8) to consult with staff, consultants, or other individuals about pending or potential litigation; and (14) before a contract is awarded or bids are opened, discuss a matter directly related to negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

[3] Statement for Closing a Meeting, 4/1/2014. *Available at:* http://marylandhbe.com/wp-content/uploads/2014/04/BdStatement040114.pdf.