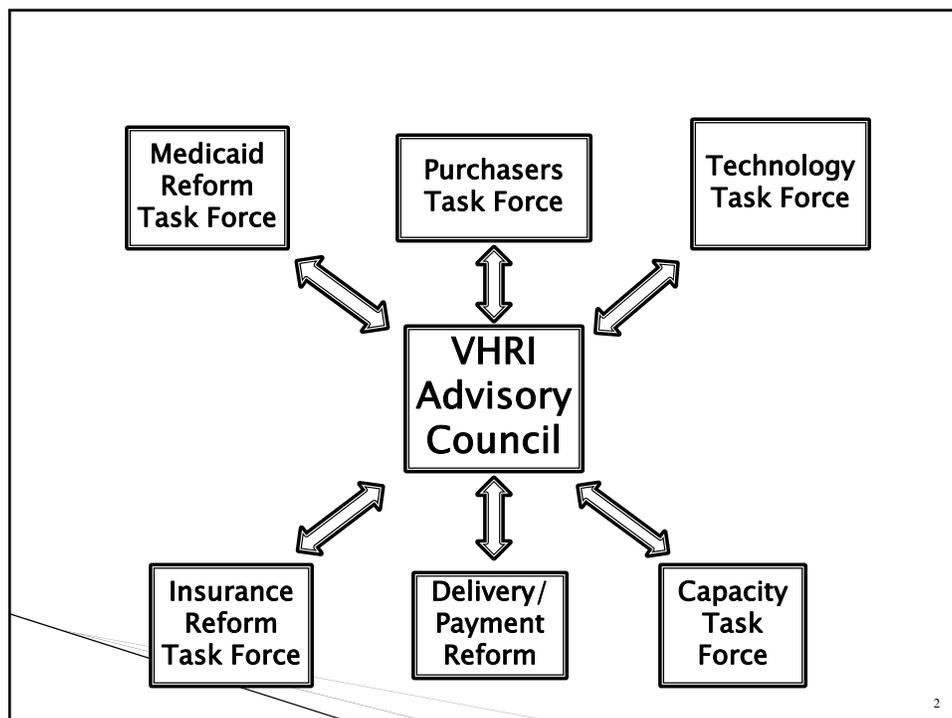


2011 Plans for the Virginia Health Reform Initiative

*Secretary of Health and Human Resources
Dr. Bill Hazel
June 14, 2011*



A Commonwealth of Opportunity



Work Continues on Advisory Council Recommendations by Task Forces

Service Delivery and Payment Reform

- ▶ Continue creation of a private, non-profit Innovation Center to promote and spread best practices in service delivery and payment reform

Technology

- ▶ Completed Broadband survey of health care providers
- ▶ Continue Health Information Technology efforts, including examining the potential for HIT and behavioral health
- ▶ Continue the expansion of telemedicine
- ▶ Continue work on the electronic gateway to our health and human services, which lays the groundwork for the eligibility/enrollment requirements of the Health Benefit Exchange

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Work Continues on Advisory Council Recommendations by Task Forces

Capacity

- ▶ At their meeting in May, the Board of Health Professions recommended a research project to identify barriers to safe healthcare access and effective team practice.
- ▶ Other professional groups are meeting to discuss similar issues.

Medicaid

- ▶ Continue to expand Medicaid funded care coordination models as laid out in Budget language 297.1, MMMM
- ▶ Continue to implement and plan for changes to the Medicaid program as the result of federal health care reform.
- ▶ Work with other State Leaders and Congress on Potential Changes to the Current and Future Medicaid program

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Work Continues on Advisory Council Recommendations by Task Forces

Purchaser

- ▶ Conduct focus groups and a survey to gain employers' perspective on the Exchange and health care reform in general.
- ▶ Virginia Health Care conference on June 9th, which is sponsored by the Virginia Chamber of Commerce.

Insurance Reform

- ▶ Bureau of Insurance develops regulations to implement the insurance market legislation (HB 1958).
- ▶ Plan for Health Benefit Exchange (HB 2434).

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Focus Over the Next Few Months Will be on the Planning for a Health Benefit Exchange

A Health Benefit Exchange (HBE) is the new marketplace for small group and individual insurance that Virginia is developing a plan for and it is also required by the Patient Protection and Affordable Care Act (PPACA). The intent of the HBE is to: improve small group and non-group insurance market performance through transparency, provide consumer education about various insurance choices, and provide assistance with eligibility determinations for Medicaid, premium assistance tax credits and cost-sharing reductions.

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The Charge: VHRI Recommended a Virginia Health Benefit Exchange

Virginia should create and operate its own health benefits exchange to preserve and enhance competition. We suggest the Governor and legislature work together to create a process to work through the various issues in detail, with broad stakeholder input, in time for implementation to satisfy the timing requirements of the federal law

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2011 General Assembly States its Intent to Create and Operate a Virginia Health Benefit Exchange

- ▶ House Bill 2434 directs the Secretary of Health and Human Resources and the State Corporation Commission's Bureau of Insurance, to work with the General Assembly, relevant experts, and general stakeholders to provide recommendations by October 1, 2011, for consideration by the 2012 General Assembly regarding the structure and governance of the Health Benefit Exchange.
- ▶ Requires, at a minimum, that it meet the relevant requirements of the PPACA

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Questions We Need to Answer On Health Benefit Exchange

Based on the HB 2434 legislation, the recommendations should address at a minimum:

1. Whether to create the Exchange within an existing governmental agency, as a new governmental agency, or as a not-for-profit private entity;
2. The make-up of the governing board for the Exchange;
3. An analysis of resource needs and sustainability of such resources for the Exchange;
4. A delineation of specific functions to be conducted by the Exchange; and
5. An analysis of the potential effects of the interactions between the Virginia Exchange and relevant insurance markets or health programs, including Medicaid

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What Other States Are Doing

- ▶ **Health Exchange Planning Grants**
 - 49 states received grants; some states are ceasing activities (including, FL, LA, NH)
- ▶ **Early Innovator Grants for HBE**
 - 7 States received (KS, MA for CT, ME, RI and VT, MD, NY, WI, OK, and OR; OK has returned its grant)
- ▶ **Legislation**
 - Exchange established by law :
 - Pre-PPACA, operating state exchange now (2): UT, MA
 - Post PPACA (7): CA, MD, WV, CO, CT, VT, WA
 - Passed by legislature and awaiting Governor's signature (3): HI, NV, OR
 - Passed by both houses, vetoed by Governor (1): NM

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What Other States Are Doing

▶ Legislation

- Implementation analysis/Plan Required (4): VA, WY, IL, ND
- In one house and/or pending in other (8): IA, NC, RI, ME, NH, NJ, NY, PA
- Dead for 2011 (20): AK, AL, AR, AZ, FL, GA, ID, IN, KS, KY, MN, MO, MS, MT, NE, OK, SC, SD, TN, TX
- No legislation introduced (5): DE, LA, MI, OH, WI

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Virginia's Process for Planning

▶ Three meetings of the full Advisory Council (Task Force Members provide input)

- May 26, 2011
- July 15, 2011
- September 9, 2011 (may need a fourth meeting in September)

▶ Public Comment:

- Written public comment on three memorandums on governance and other HBE topics
 - 39 different comments on the first memo (April 15) on governance structure which represented constituents; advocates; underwriters, independent agents, and health plans; health care organizations, associations, and systems; and business, information technology, and general consultant
- Oral public comments at meetings

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Background Work Being Conducted to Inform Our Decisions

- ▶ **Conduct analysis of health insurance markets**
 - By purchaser size and income level
 - By size of enrollment, geographic coverage area and domicile
 - By the change in premiums that may be expected
 - Model risk pooling options (individual and small group combined or separate)
 - Model likely size of HBE by group size and income level
 - Assess options for minimizing adverse selection among health plans and between the HBE and external market
 - Assess the role of agents/brokers in the HBE, including compensation models and areas of potential cost savings

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Background Work Being Conducted to Inform Our Decisions

- ▶ **Conduct analysis of health insurance markets**
 - Develop a staffing model for the HBE
 - Identify options for ongoing financing of the HBE, including funding models
 - Assess the effect of implementing a Basic Benefit Plan
- ▶ **Individual Market**
 - Identify the uninsured population, those enrolled in non-group or limited benefit plans, those covered by small employers plans and the underinsured, those in expanded Medicaid population
 - Develop model simulations based upon potential policy decisions

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Background Work Being Conducted to Inform Our Decisions

- ▶ **Employers**
 - Conduct focus groups and survey of employers to gain their input to the HBE, health reform in general and wellness programs

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Timeline for Exchange

- ▶ **September 2010**
 - Virginia receives a one year planning grant for strategic planning for development of an Exchange
- ▶ **April 2011**
 - HB 2434 sets intent of the General Assembly to create and operate a health benefit exchange
- ▶ **October 2011**
 - Recommendations on Exchange will be presented to Governor and General Assembly for consideration during the 2012 Session of the General Assembly

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Timeline for Exchange (continued)

- ▶ **January 2013**
 - HHS approves that Virginia is willing and able to implement a grant by January 2014 (fallback is federal exchange)
- ▶ **January 1, 2014**
 - Exchange must be operational
- ▶ **2015**
 - Exchange must be self-funded
- ▶ **2017**
 - Virginia option: Exchange can choose to add large employers

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Summary of May 26th VHRI Meeting on Governance Issues

Advisory Council discussed the following governance questions

1. Where should the governance structure of the Exchange be located?
2. Should there be a Governing Board and/or Advisory Committee?
3. Who should have the authority to appoint members to the Board/Advisory Committee?
4. What should be the size of the Board/Advisory Committee?
5. What should be the composition of the Board/Advisory Committee?
6. Who should hire the Executive Director for the Exchange?
7. Should the Governing Body of the Exchange be given administrative flexibility?

Preliminary Decisions on Governance Issues

- ▶ The Governance Structure will have administrative flexibility in hiring, compensation, procurement, and transparency
- ▶ The Executive Director will be hired by the Governing Board/Advisory Committee
- ▶ Conflict of interest guidelines will be laid out and voted on at future meeting
- ▶ Members will be appointed to the board/committee by Governor and the General Assembly

Preliminary Decisions on Governance Issues

- ▶ The size of the membership will be 11-15, staggered terms of 2 years, not to exceed 4 consecutive years
- ▶ The board/committee should be chaired by the Secretary of Health and Human Resources
- ▶ Also a non-binding show of hands was taken on the location of the Governance Structure for the Exchange.
 - ❖ 10 members preferred a Quasi Public Agency, similar to the Virginia Housing Development Authority
 - ❖ 2 Members preferred an Existing State Agency, such as the State Corporation Commission
 - ❖ 2 members preferred a Not for Profit Private Entity, similar to the Virginia Health Quality Center

Questions?

Information on the Virginia Health Reform Initiative's health benefit exchange meetings, other activities and reports can be found at:

<http://www.hhr.virginia.gov/Initiatives/HealthReform/>

Next Advisory Council Meetings:

**July 15, 2011
September 9, 2011**