Statement of

Mila Kofman, J.D.

Executive Director, DC Health Benefit Exchange Authority

Before the
Council of the District of Columbia
COMMITTEE ON HEALTH
COUNCILMEMBER YVETTE M. ALEXANDER, CHAIRPERSON

PUBLIC OVERSIGHT ROUNDTABLE
On
The District of Columbia Health Benefit Exchange Authority
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Washington, D.C. 20004

Madame Chair, members of the Committee, I'm pleased to appear before you to provide an update on the activities of the District's Health Benefit Exchange Authority. I'd like to brief the committee on five areas:

- Efforts to staff the Exchange Authority;
- The work of our policy working groups;
- Discussions to transition to a more competitive insurance market for residents and employers in the District;
- Our work with community-based organizations; and
- Progress on information technology.

Introductions of New Staff

I'm pleased to tell you that on Monday, we announced the addition of five talented men and women to the Exchange Authority staff. I'd like to introduce to you and ask them to stand as I do:

Jeff Gabardi is the Authority's new General Counsel. Jeff comes to us with a great deal of experience working with the health insurance industry, having served for 10 years as the senior vice president of state affairs for America's Health Insurance Plans (AHIP), the health insurance industry's Washington DC based trade association. Earlier, he was General Counsel at the Health Insurance Association of America and was the Deputy Commissioner of Insurance for the State of Utah.

Sara Cormeny is our new director of information technology. Sara has spent the last 14 years developing online software to help consumers learn more about health insurance for such organizations

as the American Cancer Society and the Center for Consumer Information and Insurance Oversight, where she worked on launching and managing healthcare.gov, the highly-acclaimed website providing Americans with information about the Affordable Care Act and coverage options in their communities.

Sandra Robinson is our Senior Deputy Director for Operations/Chief Operating Officer. I am sure Sandra is a familiar face to many of you, having served as the Chief Operating Officer for the District's Department of Health, where she oversaw the day-to-day operations of one of the largest agencies within District government. From October of 2012 to January of this year, Sandra was the interim Executive Director of the Exchange Authority and has done terrific work in setting up this organization.

Bonnie Norton is the Director for Program Implementation, Policy, and Strategic Alliances and will lead our work to get the right policies in place. Bonnie comes to us from the Department of Health Care Finance, where she served as Acting Director of the Health Care Reform and Innovation Administration.

Finally, **Brendan Rose** has joined us from the Department of Insurance, Securities, and Business to be our program manager for plan management.

Policy Working Groups Update

As I discussed with the Committee last month, we have launched an extensive community-based policymaking process involving diverse stakeholders. These working groups are chaired by members of our Board, often with a vice-chair from our Standing Advisory Board. The goal of these groups is to discuss specific policy questions, identify areas of consensus, try to reach consensus on other areas, and identify issues where consensus isn't possible. Consensus policies go to our Executive Board for approval. Non-consensus positions are reviewed by a Committee of our Board.

The first of these work groups to act focused on essential health benefits and was chaired by Dr. Saul Levin and Kevin Dougherty. After many intensive meetings in January, that group reached consensus on three important benefit issues: parity of behavioral and physical health benefits, prescription drug formularies, and whether or not benefit substitution should be allowed. These recommendations went to the Exchange Board and were unanimously approved on February 13. One benefit issue dealing with the definition of habilitative services and the inclusion of Applied Behavioral Analysis was referred to a Board Committee for further consideration.

Several other groups are completing their work and expect to present their recommendations to the Board on March 7. These include: network adequacy, premium collection in the individual market, plan offerings and benefit standardization, employer and employee plan choice, and certification of qualified health plans. On March 14th, we expect the Exchange Board to vote on the consensus recommendations from these groups.

In coming weeks, work groups will begin to consider issues focused on financial sustainability, quality, and the offering of dental plans.

Given the importance of building an IT system that works well, we have had four working groups focused on various elements of IT including ensuring that insurance brokers are built into the IT system to allow businesses and consumers to access brokers easily and at no additional cost. Other IT

workgroups are focused on carrier connectivity technical areas, as well as ensuring that assisters are appropriately built in to the current off-the-shelf model.

Finally, the Executive Board has approved the appointment of the members of three advisory committees. These recommendations came from our Standing Advisory Board, Chaired by Chris Gardiner and Vice Chaired by Clair McAndrew. They engaged in extensive recruitment and review of potential candidates. These committees will focus on brokers, plan management, consumer assistance and outreach.

Creating a Competitive Marketplace for the District

Let me take a few minutes to update you on our work to create a competitive private health insurance market for the District.

As a way of background, it is important to recognize that our current market is not considered competitive. In fact, one carrier dominates with approximately 75% of the market share. Such market domination makes it difficult for people and businesses to get the best price and makes it hard for new insurers to come into the market.

The best way to create much needed competition in the health insurance market is to create a large, transparent private marketplace (the DC Exchange) in which all insurance options are available to all eligible individuals, families, and businesses. This approach is particularly important in places like the District that have small populations and a non-competitive health insurance market.

While we have many important goals for the exchange, one critical objective is to create a marketplace for people and small businesses where insurers compete for business based on price and quality, not on creative marketing and cherry picking better risks to insure. We also want to make sure that prices are stable year after year so that coverage that is affordable today won't be priced out of reach in a year or two.

To improve the marketplace for small businesses and individuals, we need to have as many insurers in the market as possible. That is why we are fully committed to including all insurers that meet the standards for qualified health plans in the DC Exchange. All carriers in the market today are encouraged to participate in the new marketplace in 2014. And any new carriers can enter the market and increase competition even further. To facilitate market entry, we are using the same software as the Maryland exchange so that any qualified insurer participating in the Maryland Exchange can easily participate in our Exchange, without having to create multiple new IT-related systems.

Transparency is a powerful tool in pricing premiums fairly and appropriately. In a unified exchange marketplace all insurers and all their health insurance policies will be displayed through the Exchange web portal, allowing individuals, families, and small businesses to compare prices and shop for the best possible options. Thus, through a unified Exchange marketplace, the District will have the widest possible choice of insurers, as well as having clear information about the costs of insurance and benefits available to them.

We know that 2014 will be a year of significant change in the private insurance market. Changes required under the Affordable Care Act will affect benefits, premiums, consumer protections, and other significant factors. These changes will affect all insurance sales, wherever they occur. Unless a person or an employer has a grandfathered policy, their health insurance policy will have to change to comply

with the ACA. This will occur no matter what decisions we make for the Exchange. Change brings uncertainty, but we believe that ultimately, a stronger, more vibrant marketplace will emerge.

That is why it is vitally important to focus on how we transition from our current market to this new, more competitive market.

At the Committee's January roundtable, the Chair and some Councilmembers noted that a transition should be considered. Several members of the DC business community also spoke to the need for a transition period. I had also testified about meetings with stakeholders to discuss a transition period to help us implement a unified marketplace exchange.

Immediately after that meeting, I asked our Standing Advisory Board to examine several approaches to a transition to a large, transparent private market through the Exchange web portal. Earlier this week the Standing Advisory Board made decisions about a transition. Their formal recommendations will come to me later today. They unanimously recommended that the individual market should not have a transition. The Advisory Board, through a majority vote, recommended a two-year transition for small businesses with existing coverage and no transition for newly insured businesses. They also recommended that all plans sold outside of the DC Marketplace Exchange during the two-year transition period should be required to comply with all of the requirements of the Marketplace Exchange. I intend to present a transition plan to the Exchange Board on March 7, and fully expect we will have a detailed transition plan for the Council as part of our legislative package.

I want to say a few words about the role of brokers in the new Exchange marketplace. Brokers play a vital role in helping small business owners find and purchase coverage for their employees. Brokers are among the most knowledgeable experts in the insurance market and they must play a central role in the new Exchange marketplace.

Toward that end, the DC Exchange will take steps to preserve and strengthen the role of brokers in helping small businesses obtain the best coverage and price for their workforce.
  - o Employers who use brokers today will be able to maintain that relationship;
  - o Employers who don't currently use brokers will be able to choose among qualified brokers as they shop through our web portal. Brokers can help them review the options available to them and, if the employer wishes, complete the selection and purchase for them.
  - o Finally, brokers will also be available to the thousands of DC residents buying individual coverage in the Exchange. This will provide those residents with new assistance and provide brokers with new business.

Working with our Community

I am extremely pleased with our work to date in reaching out to and partnering with leaders in the DC community. On February 12, the Exchange Authority held a very successful all-day communications summit at the Mt. Vernon Place Conference Center focused on how we can work together to inform District residents about the rights and responsibilities they will have in 2014 under the Affordable Care Act. More than 300 government, community and industry stakeholders registered and attended including participants from every ward in the city and professional fields ranging from health care, to insurance, law, community outreach and advocacy , education, and faith-based organizations. We received terrific input on ways for us to partner with stakeholders to reach our diverse communities and to identify ways government agencies can work together with community stakeholders to achieve the critical goals of the Exchange.

In coming weeks and months, we will continue these efforts to develop a comprehensive plan to conduct outreach, education, and marketing of the Exchange and its benefits. That work will include detailed market research to help us understand our target audiences; development of a namebrand and logo to communicate our mission and purpose; creation of factual material to be shared with people throughout the District as they learn more about the health care benefits to come, and a multi-pronged marketing campaign that will take advantage of a diversity of approaches and media.

Information Technology Progress Report

Finally, I'd like to update you on progress in setting up the Health Benefit Exchange's information technology support system, as well as provide you with an overview of next steps and actions that will make sure we are ready for open enrollment in the Fall.

The District has already made significant progress in implementing the DC Access System, also known as DCAS.

Our team has maintained consistent contact with our liaisons in the Federal government and has achieved conditional approval of our Blueprint Certification. The team includes subject matter experts from DHS, DHCF and DISB. The Independent Verification & Validation team is in place. The team completed required steps to modernize DC's legacy eligibility system in order to interface with the new DCAS modules.

In addition, the systems implementation vendor contract for DCAS has been finalized and the vendor has already ramped up a team of 62 people. The vendor has also installed an out-of-the-box version of the Eligibility Determination software to validate eligibility workflow and requirements, and has confirmed many of the over 1,100 requirements of DCAS through several internal and external working groups.

To successfully implement the system by fall 2013, the DCAS team must meet a number of major milestones.
- By March 11, we must conduct a Data Center site visit with the IRS and CMS.
- Between April 1 and September 15, we must conduct CMS-mandated testing of the interface with the Federal Data Hub.
- We must hold a Detailed Design Review with CCIIO by April 15 to demonstrate that the District's system design will meet all Federally-mandated requirements.
- We need five IRS/CMS Approvals for Privacy and Security including:
  - a Privacy Impact Assessment by May 15;
  - a System Security Plan by July 1;
  - a Safeguard Procedures Report by July 1;
  - an Interconnection Security Agreement by September 1; and
  - Business Partner Agreements by September 30.

Another review, the CCIIO Implementation Review, must take place by August 15, at which time the District will be required to demonstrate that we're on track with build, test, and operational readiness for our IT system, and that we have a clear plan for its implementation.

While we have made significant progress, this is a very complex project with an aggressive timeline and many moving parts. Three major software platforms and more than a dozen data sources must be integrated within DCAS, including the Federal Data, Local Data Hub and legacy District health and human services systems.

To address challenges and smooth the implementation process, our team has already completed a number of major interventions. These have included:

- hiring a Senior IT Consultant;
- expediting staffing processes and funding transfers; and
- introducing accountability and rigor to project management.

Moving forward, our team has a concrete plan to mitigate risks and achieve an operational Exchange by Fall of 2013. We have three overarching immediate goals for how to achieve successful IT implementation:

- filling project management and oversight positions and addressing necessary required skill sets;
- implementing best practices; and
- providing technological tools to team members.

We'll fill open positions and address required skills set by bringing in sufficient new senior consulting and project management staff pursuant to our project blue print submitted to CCIIO, using OCTO processes for IT procurement, by clearly defining roles, and by working with sister agencies.

We'll implement best practices by:

- implementing project management rigor and collaboration tools, defining how the tools should be used, and enforcing their use;
- establishing a comprehensive, integrated project plan;
- establishing baseline delivery and financial metrics and regularly measuring these metrics;
- creating a Change Control Board and a rapid escalation path for resolving disputes; and
- increasing our focus on high-risk work streams.

We'll provide necessary technological tools to every team member by:

- instituting SharePoint as the universal standard for team communications and collaboration;
- establishing a full set of security technology standards;
- obtaining closure on MOUs with sister agencies to allow access to the District's local data; and
- obtaining independent verification and validation of District security controls.

In addition to these overarching project goals, we plan to build momentum and achieve immediate progress through:

- staffing 30 DC and 44 Vendor positions immediately in critical focus areas;
- focusing on immediate cures to any undelivered/under-delivered contractor work products;
- tracking in detail contractor application development progress against weekly schedules;
- instituting greater accountability throughout the project; and
- fast tracking a fully implemented, independent data center architecture.

In summary, the IT implementation challenges we face are many but can be addressed successfully. Our success depends on sticking to the implementation plan we've set for ourselves, on meticulous execution of the risk mitigation.

Finally, I would like to again express my gratitude to all partner sister agencies including DHS, DHCF, DOH, and DISB.

Madam Chair, this concludes my remarks. I would be pleased to respond to any questions you or members of the Committee have. Thank you.