



Proven Strategies
for Creating
a Financially
Sustainable Health
Insurance Exchange

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Health Insurance Exchanges: Improving Care in Your State

States across America are embarking on a new mission – implementing healthcare reform. Not since the passage of Medicare in 1965 has the U.S. made such sweeping changes to the nation's healthcare delivery systems and provided such significant opportunities for states to rationalize their programs. It will be impossible, however, to harness the full power of this evolution without flexible and cost-effective technology.

Many in the healthcare industry and in state governments see health insurance exchanges (HIXs) as an innovative and efficient way to help individuals and companies purchase insurance. These exchanges are online marketplaces where customers can shop and purchase health insurance from payers who compete for new business. The [Affordable Care Act](#) (ACA) provides a great deal of flexibility for states to develop HIX solutions that best serve their citizens. These insurance exchanges should not be confused with health information exchanges (HIEs), in which medical information is shared between those on the exchange, but the goal of the ACA is to have both HIEs and HIXs work together in the future.

The true value of an HIX can be clouded by political and governance discussions. Concerns around the expansion of the Medicaid program, the levels of subsidies available to lower-income individuals and the role of federal and state governments in regulating insurance markets have become part and parcel of any discussion related to insurance exchanges. Yet the true potential, and ultimate success, in achieving the mission of an exchange can be realized through the right technology and a programmatic platform. The ACA provides an important opportunity for states to take advantage of the most current technologies in the form of cloud computing and mobile and open-source applications in ways that had not been possible in the past. This is a rare instance where technology can truly play a transformative role.

When establishing an HIX, each state must ensure its eligible citizens and small-business owners are able to easily gain access, understand the options available to them, compare prices and buy health insurance. For those states that choose to implement an exchange, the planning process needs to begin now. The complexities around governance, administration, technology, operations, marketing and infrastructure cannot be underestimated. Additionally, while federal guidelines afford states much latitude on building out an exchange to meet their particular needs, they also did not provide much in the way of best practices, key challenges to address or how best to make the exchange sustainable and cost efficient.

Many states are currently at different stages of planning for HIX implementation, ranging from those who have yet to decide whether they will establish an exchange, to others who have passed legislation to create one. In Massachusetts, they have created an HIX called the [Connector](#). It is the first successfully established state exchange, and Dell significantly helped in its implementation.

There are a number of critical issues and needs that must be considered when looking at the creation of a HIX, including:

- Since the ACA requires either the local establishment of an exchange or the state participation in a federal exchange, does the state want to control its own destiny – with all the required effort – or work with the federal government?
- Does the state have the desirable level of competition in the insurance market to support an exchange?
- Are individuals and small business able to access quality, affordable insurance offerings?
- How high is the level of uninsured, and can the state provide coverage to those who need it most?
- Are there efficiencies that could be achieved among state agencies through streamlining programs and systems?
- Does the current system platform meet the needs of all subsidized programs, and does it meet the current technology standards of being vendor-neutral, highly secure and inexpensive to maintain?

The implementation of an exchange is not exclusive to the ACA legislation. Rather, it is an opportunity for states to address the needs specific to the local population and businesses.

Planning, Scoping, and Outreach of an HIX

Dell Services has proven expertise in building and managing HIXs

The concept of a health insurance exchange is familiar in Massachusetts, where the passage of an innovative state health reform bill in 2006 required universal healthcare insurance coverage for all residents who can afford to purchase it. This bill combined the concept of individual responsibility through an individual mandate on the purchase of health insurance with government subsidies to ensure affordability and led to the creation of the Commonwealth of Massachusetts Health Insurance Connector Authority (Connector). An independent public authority, the Connector helps these uninsured individuals and small businesses compare, select and purchase health insurance plans. Largely because of the Connector, Massachusetts currently enjoys the lowest rate of uninsured in the nation.

Dell Services (formerly Perot Systems) has deployed and is managing a number of the critical platforms and applications the Connector uses for enrollment, processing and communicating with its enrollees. Our extensive expertise in the healthcare and insurance industries enabled us to quickly implement an advanced IT system customized to meet the Connector's needs in record time. We also operate its multilingual customer call center, staffing the center with representatives well-versed in the process Commonwealth residents need to follow to obtain insurance and understand which policy best meets their needs.

We are proud to have helped the Connector provide insurance coverage to more than 400,000 residents. Notably, our proven technology and commercial best practices helped the Connector realize significant cost savings as they served their members.

The U.S. Department of Health and Human Services (HHS) has made a number of resources available to states designed to facilitate exchange development and implementation. First and foremost, however, is determining the objectives of the state and whether or not the creation of an exchange is consistent with those goals. As an independent state entity, HIXs can drive innovation, create competition and provide an environment to fast-track ideas. For some states, however, it may not be necessary to work outside the existing government infrastructure, and there are core questions to consider in the decision-making process to address resource needs.

- What are the state’s over-arching goals in regards to the health insurance market? Some common priorities include providing affordable options for small businesses, increasing competition in the existing market and/or reducing the overall number of uninsured in the state. Those goals that require expertise outside of most state agencies, such as innovative contracting models and influencing and working directly with the commercial sector, will want to consider an exchange.
- How flexible and integrated is the existing state government agency structure? The work required to implement the changes required for insurance reform will generally reside in two agencies: Insurance and Medicaid. Success will require a high degree of coordination and collaboration, which can be very challenging to achieve given most agencies are already very burdened and under-resourced.
- Can the state draw the talent required into the exchange program? One of the reasons the Massachusetts exchange was so successful was because the state was able to draw from expertise across industries and organizations into the Connector.

State Goals for the Health Insurance Market:

Provide affordable options for small business

Increase competition in the existing market

Reduce the overall number of uninsured in the state

Once a state decides to create an exchange, preliminary steps should include:

- Conducting a legislative and regulatory review to better understand the scope of work required to meet federal demands. Also, states will need to designate or establish an organization that will manage the exchange. That organization will need to work closely with legislative leadership, and it will be critical to understand their priorities and objectives.
- Establishing exchange governance to effectively achieve key implementation goals. As early as possible in the process, it is critical to determine key stakeholders and begin engaging them in discussions. One of the hallmarks of the Massachusetts effort was broad stakeholder support, which was critical in the second and third years of the program when difficult policy and financial decisions had to be made.
- Providing charter and implementation principles. This roadmap for development and implementation is an important tool in ensuring there is a common understanding around goals and deadlines. A well-crafted charter can serve as an invaluable communications tool.

Further, states must anticipate how they will determine eligibility, choose and certify exchange plans and oversee premium rates. These processes will be heavily dependent on IT and operational platforms, and in many cases, the existing IT platforms and healthcare insurance assistance programs will not meet a state’s needs. The end result will enable individuals and businesses to make informed decisions through accessible, comparative and easily-understood information on all coverage options. In this way, healthcare reform provides an unprecedented opportunity to improve both systems and business processes in ways that can benefit states far beyond the requirements of the ACA.

Preliminary Steps for an HIX

Legislative / Regulatory Review

Designate Managing Organization

Establish Exchange Governance

Determine Key Stakeholders

Provide Charter and Implementation Principles

Legislative and Regulatory Review

Each exchange will need to abide by certain laws and regulations within the states they operate in. These are also critical elements in ensuring the level of transparency stakeholders will expect from an organization with the broad responsibilities of an exchange. The regulations should act as the foundation on which the HIX is built around and provide a clear roadmap for decision-making. Attention will need to be paid towards HIPAA compliance for both personal information protection and information transaction standards (5010), as well as other regulations of data exchange. A thorough review of legislative and regulatory requirements within the realm of operation should be conducted in order to ensure compliance and avoid unnecessary complications. State legislators across the country are engaged in challenging discussions around both the ACA and healthcare reform. It is critical these conversations are informed by as much data as possible, particularly around the demographics of the uninsured, pricing trends in the non/small-group markets and statewide premium costs. Information of this nature will help to ensure decisions are based on the particular needs of the state, and not just political considerations.

Establishing Exchange Governance

Once the regulatory parameters are understood, the next step will be developing an efficient governance structure to guarantee all efforts are geared towards the completion of the HIX. It is essential to identify and outline key roles in the development and implementation stages. Many complex initiatives will work in conjunction to ensure the success of the exchange, and an appointed task force along with an advisory panel will help eliminate redundancies and process gaps. Any proposed governance structure should take into account both internal and external stakeholders. The interactions that will occur within state agencies will be among some of the most challenging an exchange will undertake.

Buy-in from key stakeholders and the general public will provide greater insight into the functionality needed to create the proper HIX. Given there are many different “definitions” for an exchange, having a common set of goals and objectives will set expectations and ensure all interested parties are similarly informed.

In Massachusetts, this proved to be an ongoing challenge. Most people can agree the goal of an exchange is to be an efficient marketplace that provides comprehensive insurance coverage and engages stakeholders through a user-friendly, transparent and stable environment. However, the means of getting there depend on your perspective. Consumer advocates will have a very different viewpoint than a provider, and the views of both must be taken into consideration.

Stakeholder outreach and engagement also is very important in understanding if the HIX is “getting it right.” Knowing the needs and expectations of your core constituents will help build the right products and solution. Significant insight into the versatility and “nature” of HIXs, information on various plans offered and price will make reviewing and purchasing a new health plan transparent and easy. The best way to achieve this is working through payers and small business to understand what they are looking for in an HIX. Consumer advocates, payers, providers, small businesses, brokers and community leaders are all

important participants that should be invited to the discussion. As a starting point, reaching a common understanding on what the exchange is and its short and long-term goals will provide the necessary foundation for success.

Core Exchange Functions

Creating a successful exchange will provide a stronger insurance marketplace, especially where choice is currently limited, eligibility for employer or public contributions is hard to understand and comparison shopping is difficult. To be successful, an exchange will need to cleanly implement seven main operational components:

1. An Internet-based online portal that connects consumers to individual plans. This portal is essential to provide a single interface for comparison between various individual and family health insurance plans and further serve as a virtual “shopping mall.”
2. A streamlined eligibility determination device for the consumer. Without the right tools in place to streamline eligibility processing, the portal will grind to a halt.
3. Robust technology to manage enrollment. This would be an application designed to address enrollment, billing and reimbursement processes for the HIX. It can be tailored to meet the unique needs of every state and produce accountability metrics and reports for the stakeholders.
4. An embedded, user-friendly decision support toolbox to expedite online applications and approvals and assist in physician choice.
5. An easy-to-use, multilingual call center to provide personalized assistance to each consumer and offer more details on coverage to ease the selection of relevant plans. This is a component that cannot be overlooked or minimized because many of those enrolling will be multilingual and will, in many cases, need help enrolling for their first time in an insurance program.
6. Marketing and communications of the exchange, its benefits and mission. It is particularly important that efforts are made to reach the un/under-insured residents, as they are critical customers of an exchange.
7. A module to allow employers, brokers and navigators to easily set up employees and individuals to shop and enroll, including tools to support employer choice and contributions to their employees’ insurance.

The proper development of these components is vital in guaranteeing the exchange is as user-friendly as possible, which in turn will drive participation and ensure sustainability.

Improving Healthcare With The Massachusetts Connector

- More than 98 percent of its residents have high-quality and comprehensive health insurance, the lowest rate of uninsured in the nation.
- More than 400,000 newly insured, since 2007.
- Of the newly insured, 35 percent have private insurance (rather than Medicaid or a subsidized form).
- Reform only added an estimated \$350 million to annual state budget.



Sustainability and Enhanced Offering Opportunities

Exchanges are not a new idea and have been tried before. In many cases, they followed an “If we build it, they will come” philosophy. But hope is not a business strategy, and it is not a recipe for a successful, sustainable exchange. To be sustainable, exchanges must provide value to all its customers — not just those purchasing insurance. It must attract and maintain:

- Health Plans, through reduced administrative burden and better access to customers
- Employers, with an easier, more flexible way to provide benefits to employees
- Individuals, by providing a clear, easy way to purchase affordable, quality insurance and take advantage of public subsidies
- Brokers, with a clear plan comparison interface and tools for servicing employer and individual clients
- States, by providing easy access to purchasing insurance and “no wrong door” for other public programs like Medicaid

The long-term sustainability of the exchange is critical. Based on our experiences in Massachusetts and with our commercial payer clients, Dell knows how to use its powerful platform to create an exchange that can support meaningful administrative and program cost savings. It is one thing to launch an exchange and quite another to ensure the financial and programmatic stability to serve residents on an ongoing basis.

Massachusetts, utilizing the Dell operations and IT exchange platform, was able to reach significant milestones, while at the same time creating a sustainable and flexible model. To date, the Connector has reported some important accomplishments:

- Massachusetts currently enjoys the lowest rate of uninsured in the nation, with more than 98 percent of its residents having high-quality and comprehensive health insurance.
- Since the implementation of healthcare reform in 2007, there are more than 400,000 newly insured in the Commonwealth.
- Of the newly insured, 35 percent have private insurance (rather than Medicaid or a subsidized form).
- Healthcare reform only added an estimated \$350 million to the annual state budget.

It took far more than simply good customer service and a user-friendly web portal to meet these milestones. Rather, it took a flexible back-end infrastructure and a comprehensive understanding of healthcare reform writ large to ensure lasting success. As the program matured, there were specific solutions Dell developed for Massachusetts to meet their goal of long-term sustainability.

Some of the solutions we have successfully implemented include:

- A data management model and technology solution that allows for immediate co-pay adjustments, letting the state manage plan cost-sharing with minimum time and expense
- Sophisticated data and demographic analysis, giving the exchange the ability to project enrollment at a detailed level and understand the cost implications of member shifts as quickly as possible
- A powerful member management system that supports collection of health risk assessment (HRA) information at the time of initial enrollment, while the exchange is in direct contact with the member rather than having to try to connect with them after enrollment
- Through our workflow and data management solutions, we track member activity in order to help manage costs. For example, by aggregating claims, encounter and provider data, we can develop a profile of a member and the services they are utilizing, allowing for early intervention and front-line case and care management.

In order for an exchange to be sustainable, but also credible, transparency is key. Open sharing of information and decision-making is necessary to build trust both with stakeholders and members. By providing our clients with the ability to access their data and perform the analysis they require, exchanges can not only keep the public informed, but better manage costs and quality as well.

Implementing the Exchange: The Dell Experience

Dell, one of the world's largest IT hardware and services vendor, is in a group of only a few services providers with extensive experience in managing not only a successful insurance exchange, but one that aligns with Federal ACA requirements. This experience provides us invaluable insight into the challenges and opportunities the creation of an exchange presents. The concept of our solution was born out of recognition that the inflexibility and complexities inherent in many state systems do not allow for the program and policy changes health reform demands. This is even more important than ever, as programs that are under increasing pressures must have the ability to make real-time program changes. As such, we have created a solution that overcomes these hurdles and allows a state to build a system that meets their particular needs and requirements.

The implementation of healthcare reform brings the opportunity to streamline eligibility and enrollment processes, while at the same time taking advantage of the administration simplification inherent in this new model. To help states take full advantage of this new landscape, Dell has brought together the industry's leaders in eligibility systems, cloud computing and healthcare policy to create the only exchange platform that both meets ACA requirements and gives the state options and efficiencies to radically transform their programs.

Systems Design, Implementation and Portal Deployment

Our team can help design, price and implement an exchange that is cost-effective, operationally efficient and fully compliant with HHS guidelines and regulations. We have more than 21 years of experience successfully building complex healthcare IT systems that meet a myriad of performance and interoperability requirements. Our first-hand knowledge in building the necessary portals and applications to manage an HIX allows our customers to avoid many of the pitfalls that could arise during implementation.

Enrollment Processing Services, Billing and Reimbursement Solutions

The robust and proven application created by Dell specifically addresses exchange enrollment, billing and reimbursement processes, as well as data elements. It is flexible enough for customization and ensures each exchange is producing the accountability metrics and reports required by key stakeholders, regulators and the federal government to validate compliance with mandates and regulations.

Customer Contact Centers

Effective customer relationship management depends on trustworthy communications. That's why a high-quality call center using best practices and procedures that effectively and efficiently address customer needs is critical to any exchange program. Many call centers fail to meet the service expectations of both the business and its customers, primarily because of high employee turnover. Inadequate processes and service tools can also impact performance.



Dell successfully manages call centers around the country and globe and can help states handle exchange customer needs. Our call center solutions provide both the technology and the human resources needed to achieve effective customer relationship service. We also optimize existing infrastructure and resources through extensive training and manpower management.

Portal Design and Implementation

Our HIX portal uses a methodology that ensures the flexibility and scalability necessary to handle both the immediate demands of a surge in enrollment and the infrastructure necessary to manage your current and future exchange requirements. The portal creates that ever-important "one-stop shop" customers desire in today's fast-paced, information-on-demand world, and our solutions are designed to fully leverage those on-line resources that a state has already implemented. For example, if significant web traffic is being driven to a particular existing site, we can integrate the exchange functionality, immediately increasing the exposure consumers will have to the information.

Let Dell Help

As states begin planning how they will establish their own HIX, it's important they realize it does not need to start from scratch. One of our core operating principals is that our goal is to leverage as much that is already in place as possible. Not only does this model reduce costs, but helps to minimize disruption to existing state programs. With our extensive experience and insights into the necessities of establishing an exchange, we can help guide states in creating a system that is sustainable and helps improve the care of its citizens.

For more information about solutions for your organization, contact your Dell account representative or visit dell.com/services.

