



Brian Sandoval
Governor

Barbara Smith Campbell
Chairwoman

Jon M. Hager
Executive Director

Silver State Health Insurance Exchange

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exchange.nv.gov

December 13, 2012

Honorable Brian Sandoval
State Capitol Building
101 N. Carson Street
Carson City, NV 89701

Rick Combs, Director
Legislative Counsel Bureau
401 S. Carson Street
Carson City, NV 89701

Dear Governor Sandoval and Director Combs,

NRS 695I.370(1)(b) requires the Board of the Silver State Health Insurance Exchange submit to the Governor and Legislature a written fiscal and operational report on or before June 30 and December 31 of each year. Attached for your review and use are copies of the required report. The report was reviewed and approved at the December 13, 2012 Board meeting and have been posted on the Exchange's website at exchange.nv.gov.

I would like to extend my appreciation to the staff at the Exchange for their efforts in preparing the reports. I would also like to acknowledge the assistance and expertise of our three non-voting ex-officio members, Director Mohlenkamp, Director Willden and Commissioner Kipper as well as the hard work and dedication provided by the staff at the Department of Health and Human Services and the Department of Business and Industry, Division of Insurance. Their assistance has proved invaluable in the process of implementing the Silver State Health Insurance Exchange.

Please do not hesitate to contact me if you have any questions. You may also contact Jon Hager, Executive Director of the Silver State Health Insurance Exchange at (775) 687-9939.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Smith Campbell".

Barbara Smith Campbell, Chair
Silver State Health Insurance Exchange Board

cc: Jon M. Hager, Executive Director



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FISCAL AND OPERATIONAL REPORT **PROVIDED TO THE GOVERNOR AND LEGISLATURE** **PURSUANT TO NRS 695I.370(1)(B)** **DECEMBER 13, 2012**

In June 2011, Senate Bill 440 (2011) was enacted, creating the Silver State Health Insurance Exchange, in response to the requirements of the Patient Protection and Affordable Care Act (ACA). A health insurance exchange is an on-line market place in which individuals can shop, compare and enroll in health insurance coverage. The ACA requires that all states establish an Individual Exchange and a Small Business Health Options Program (SHOP) Exchange by the end of calendar year 2013, or cede the operations of the Exchange to the federal Department of Health and Human Services (HHS). The marketplace must be operational by October 1, 2013 to facilitate open enrollment for health coverage that will take effect on January 1, 2014.

The creation of the Silver State Health Insurance Exchange yields numerous benefits to the State of Nevada and its citizens:

- A system designed by Nevadans for Nevadans. Setting up a state based exchange allows our citizens to have direct input into the creation of the Exchange. While there are thousands of pages of regulations that must be followed, the rules allow flexibility in key areas. Those states that cede operations to the Federal Government must live with a product created thousands of miles away. Additionally, our Exchange will be staffed by Nevadans- from state staff in Carson City working hard to implement the policies provided by our Board, to programmers working in Reno to translate the policies into a useable web portal, to a 50+ call center operation in Las Vegas.
- Nevada business friendly. Because your fellow Nevadans are providing input to this process, we are creating policies that work for Nevada's small businesses. Policies include:
 - Consumer friendly design of the SHOP Exchange that limits adverse selection (a major cause of premium increases);
 - Choosing a free market facilitator approach that maximizes insurer competition on the Exchange;
 - Allowing brokers and agents to sell products on the Exchange. We don't know whether the Federal Exchange will allow our 10,000+ broker community to enroll individuals on the Federal Exchange. In Nevada, they can;
 - Low cost operations that will save Nevadans on the Exchange more than \$3.2 million per year when compared to the fees published for the Federal Exchange.

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- Maintaining regulatory control over Nevada's insurance market. There are hundreds of decisions that must be made as we transition into ACA era coverage. Your insurance regulators at the Division of Insurance know the Nevada market better than anyone else in the country. They have been working hard to shape policies that maintain the integrity of the market which keep premiums as low as possible. Additionally, the Division of Insurance will be able to ensure that Nevada's Navigators and Enrollment Assistants are properly trained and certified to ensure proper consumer protections.
- Ensuring Nevada's voice is heard. As your state officials work to implement the requirements of the ACA and they pore through thousands of pages of Federal regulations, they periodically come across portions of the regulations that could be detrimental to Nevada's market. Your state officials are in constant communication with their counterparts at the Federal level to help shape regulations and ensure Nevada's voice is heard. In fact, Nevada was the first state to raise the alarm regarding a federal misinterpretation of the law that could have cost Silver State Health Insurance Exchange enrollees approximately \$15 million in 2014.

The collaboration of Nevada's various agencies has been impressive. Exchange implementation efforts were initially lead by the Nevada Department of Health and Human Services and its Division of Health Care Financing and Policy. Once the Board was appointed and Exchange staff was hired in early 2012, the Exchange took over actual implementation activities but continued the legacy of communication, consensus building and team work that DHHS started. The Nevada departments and divisions that have worked hard to assist in the implementation of the Exchange include:

- Department of Health and Human Services (DHHS)
 - Division of Health Care Financing and Policy (DHCFP)
 - Division of Welfare and Supportive Services (DWSS)
 - Consumer Health Assistance (GovCHA)
 - Health Division
- Department of Business and Industry, Division of Insurance (DOI)
- Department of Administration
 - Division of Budget and Planning
 - Purchasing Division
 - Division of Enterprise IT Solutions
- Governor's Office
- Attorney General's Office
- Public Employees' Benefit Program

According to the Kaiser Family Foundation, in 2011 there were 588,000 uninsured Nevadans under the age of 65, representing 25% of that population. State staff estimates approximately two-thirds if these individuals are or will be eligible for Medicaid. The remaining third will be eligible for coverage through the Exchange. The state will face multiple challenges as it attempts

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to provide health care coverage to this population. These challenges include:

- Educating and enrolling the insurance eligible population;
- Expanding state services to absorb the Medicaid expansion;
- Shifting costs, especially for State run mental health facilities and indigent care;
- Increased provider demand and potential provider shortages; and
- Market disruption and potential adverse effects.

Nevada recognizes the need to establish infrastructure and business processes that can effectively and efficiently enroll people in health coverage, as well as meet the myriad administrative requirements of the ACA. This Fiscal and Operational Report Report provides information regarding the activities of the Exchange as it prepares to educate and enroll individuals in Qualified Health Plans offered through the various enrollment mechanisms of the Exchange beginning October 1, 2013 with effective dates of coverage beginning January 1, 2014.

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GOVERNANCE

ACA Section 1321(b)(2) requires a state law or regulation be in effect that implements each state exchange. In Nevada, the Exchange was created by Senate Bill 440 (2011), codified as NRS Chapter 695I. The statute establishes the Exchange to:

1. Facilitate the purchase and sale of qualified health plans in the individual market in Nevada;
2. Assist qualified small employers in Nevada in facilitating the enrollment and purchase of coverage and the application for subsidies for small business enrollees;

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3. Reduce the number of uninsured persons in Nevada;
4. Provide a transparent marketplace for health insurance and consumer education on matters relating to health insurance; and
5. Assist residents of Nevada with access to programs, premium assistance tax credits and cost-sharing reductions. (NRS 695I.200)

Additionally, the statute creates the Board of Directors (Board), establishes the Board's composition and duties, allows for the creation of advisory committees, and requires the Board submit various reports, allows the Board to adopt regulations, provides staff and requires other state agencies to work with Exchange.

THE BOARD

In accordance with 45 CFR § 155.110(c), the State must ensure that the Exchange has in place a clearly defined governing board. The Board is responsible for creating and administering the Exchange. The Board has been tasked with developing the operations and business model for the Exchange and must perform all other duties required of the Exchange under the ACA. The Board may adopt such rules and regulations necessary to carry out the duties and powers of the Exchange. The Exchange is exempt from the requirements of the Nevada Administrative Procedures Act. (NRS 695I.370; 233B.039)

The Board consists of seven voting members and three non-voting members. The seven voting members must have expertise in the individual or small employer health insurance market, health care administration, health care financing or health information technology or administration of health care delivery systems, or have experience as a consumer of the Exchange services, or as a consumer advocate. The three non-voting ex-officio members are State executives who will provide advice and expertise as needed. (NRS 695I.300)

Of the seven voting Board members, five appointments to the Board were made by the Governor, one by the Speaker of the Nevada Assembly, and one by the Nevada Senate Majority leader. The Board members are:

- Voting Members
 - Barbara Smith Campbell (Chair since October 26, 2011)
 - Lynn Etkins (Vice-Chair since November 8, 2012)
 - Leslie A. Johnstone (Vice-Chair, October 26, 2011 – November 8, 2012)
 - Judith P. Ford, MD
 - Marie Martin Kerr
 - Ronald M. Kline, MD
 - E. Lavonne Lewis
- Ex-Officio – Non-voting
 - Department of Administration, Jeff Mohlenkamp, Director
 - Director, Business and Industry

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- Scott Kipper, Commissioner of Insurance, (Director's Designee since 11/27/12)
- Bruce Breslow, Director (11/12/12 – 11/27/12)
- Terry Johnson, Director (6/11 through 11/12/12)
- DHHS, Michael Willden, Director

Since our last report there have been 13 Board Meetings. The Board, required to meet at least once a calendar quarter, currently meets on a monthly basis as directed by the Chair or majority of members (NRS 695I.340). Board Meetings will begin to be held less frequently as the Board completes its policy making process. Board Meetings are held in Carson City and are video-conferenced to Las Vegas as well as streamed over the internet. All Board Meetings include time for public comment, discussion for possible action items, Advisory Committee updates, Executive Director's Report, etc.

The Advisory Committees have made 27 substantial recommendations to the Board, of which the Board has approved 23. The following is a summary of approved and pending Committee recommendations. For more detailed information, please see the [Committee Recommendations Approved by the Board](#).

APPROVED:

A. Finance and Sustainability

1. Key Principles – Approved April 12, 2012
 2. Budget – Expenditures – Approved April 12, 2012
 3. Supplemental Revenue – Approved May 10, 2012
 4. Tax Exemption on Exchange Fees – Approved June 14, 2012
 5. Charge Carrier Based on Exchange Enrollment – Approved August 16, 2012
 6. Finance and Sustainability Plan – Approved August 16, 2012
- ~Committee Work Complete~*

B. Plan Certification and Management

1. Key Principles – Approved April 12, 2012
2. Division of Insurance Conduct Rate Review – Approved April 12, 2012
3. Offering the different QHP's in the Individual and SHOP Exchanges – Approved September 13, 2012
4. Standardization of Plan Design Cost Sharing Benefits – Approved September 13, 2012
5. Number of QHP's Offered by each Carrier in a Given Tier – Approved September 13, 2012

C. Consumer Assistance

1. Outreach Strategy – Approved April 12, 2012
2. Types of Consumer Services for Enrollment – Approved April 12, 2012
3. Exchange Conducts Individual Billing – Approved September 13, 2012

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4. Do Not Allow Exchange Enrollment in QHP's, Advance Premium Tax Credit and Cost Sharing Reductions through Brokers' Web-Based Systems – Approved October 11, 2012

D. Small Business Health Options Program (SHOP) Exchange

1. Key Principles – Approved April 12, 2012
2. Merging the Individual and Group Markets – Approved September 13, 2012
3. Offering the same QHPs in the Individual and SHOP Exchanges – Approved September 13, 2012
4. Standardization of Plan Design Cost Sharing Benefits – Approved September 13, 2012
5. Number of QHP's Offered by Each Carrier in a Given Tier – Approved September 13, 2012
6. Employer / Employee Purchasing Model – Approved September 13, 2012
7. Minimum Contribution and Participation Requirements – Approved September 13, 2012

~Committee Work Complete~

E. Reinsurance and Risk Adjustment

1. Analysis of Nevada – Specific Factors for Risk Adjustment Model – Approved April 12, 2012

PENDING:

A. Finance and Sustainability

- NONE -

B. Plan Certification and Management

6. Plan certification processes – For approval at December 13, 2012 Board meeting
7. Carrier accreditation timeline – For approval at December 13, 2012 Board meeting
8. Network Adequacy Standards – For approval at December 13, 2012 Board meeting

C. Consumer Assistance

5. Appeals processes – For approval at December 13, 2012 Board meeting
6. Call center hours of operation – For approval at December 13, 2012 Board meeting
7. Plan for Navigators, Enrollment Assistants and Producers – For approval at December 13, 2012 Board meeting

D. Small Business Health Options Program (SHOP) Exchange

- NONE -

E. Reinsurance and Risk Adjustment

2. DOI Defer the Administration of the Risk Adjustment Program to the US Department of Health and Human Services – For Approval at January 10, 2013 Board meeting

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STAFF

Prior to the appointment of the Exchange Board and its hiring of an Executive Director, the Director of DHHS served as the acting Executive Director of the Exchange. During this period, DHHS took the lead role in coordinating all activities regarding the implementation of Federal Health Care Reform and the establishment of the Exchange. The Health Care Reform work group, established by DHHS, led the State's efforts with regard to the planning and establishment of the Exchange and the Health Care Reform Unit (HCRU) within DHCFFP conducted the day to day operations.

The first official staff member of the Exchange was a Grants and Project Analyst, hired by DHHS staff to assist the HCRU beginning in October 2011. On December 29, 2011, the Board hired an Executive Officer who began work in this capacity on January 23, 2012. The Operations Officer and Executive Assistance started with the Exchange on January 31 and February 1. In April, the Interim Finance Committee (IFC) approved four additional positions: Information Technology (IT) Officer, Finance & Research Officer, Communications Officer and Administrative Assistant. Three of the positions were filled on May 1, 2012. The IT Officer position was filled in July of 2012. IFC approved an IT Analyst position on October 25, 2012 and Recruitment is currently underway. All employees of the Exchange are in the unclassified service of the state. (NRS 695I.380)

The Exchange continues to enjoy a wide range of support from many of the various departments and divisions of the state including DHHS (especially DHCFFP, DWSS, GovCHA and the Health Division), DOI, Department of Administration (especially Purchasing Division, Division of Enterprise IT Solutions and Division of Budget and Planning), Attorney General's Office and the Governor's Office.

ADVISORY COMMITTEES

The Board may appoint subcommittees and advisory committees with persons who have experience with or knowledge of matters related to health care (NRS 695I.350). The Board created the following five advisory committees to assist in making policy decisions regarding the establishment and operation of the Exchange of which some have completed their duties (see The Board section above):

- Financial Sustainability
- Plan Certification and Management
- Small Business Health Options Program (SHOP) Exchange
- Reinsurance and Risk Adjustment
- Consumer Assistance

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REGULATORY OR POLICY ACTIONS

NRS 695I creates the Exchange administrative structure and authorizes the Board to perform the duties necessary to develop the operations of the Exchange. The statute provides the Board broad regulatory authority that should be sufficient to implement a fully-functioning Exchange for Nevada. However, the following items may require regulatory action by another state agency or statutory change:

- Network adequacy – NRS 695C.080(2), NAC 695C.125 and NAC 695C.1255 indicate that the State Board of Health will report to the Commissioner whether an HMO satisfies certain network adequacy standards. This report is part of the current licensing process for HMOs. There are no network adequacy standards for PPOs. The ACA requires all QHPs meet network adequacy standards set by the state. If the Exchange were to implement network adequacy standards for QHPs, it may create an adverse selection issue in which certain plans outside of the Exchange would not have to comply with the same standards. The Health Division and the DOI are working on creating standards and processes that would apply to all HMOs and PPOs in the Nevada market.
- Reinsurance and Risk Adjustment – The Board has yet to recommend to the DOI whether the State should run these programs or cede this authority to the Federal Government. Because these programs impact the entire Nevada health insurance market, these programs may be best positioned within the DOI. Should the DOI run these programs, it is likely it would require statutory authority.

A Workshop was held on November 8, 2012 to solicit comments from the public and provide information regarding proposed regulation changes to NRS 695I regarding the setting of fees for the products offered on the Exchange. Another Workshop on this matter will be held on December 13, 2012 with an adoption hearing scheduled for January 10, 2013.

If the Exchange identifies any State legislative barriers to addressing any ACA requirements, the Exchange will work closely with the Governor's Office and the Legislature to draft and introduce the necessary legislation in an expedited manner when the Legislature returns in February 2013.

MARKET RESEARCH

Nevada has compiled a compendium of background research on the commercial insurance market, publicly-subsidized medical assistance programs, and the uninsured in the following reports:

- *An Overview of the Uninsured in the State of Nevada*, August 3, 2011, Bob Carey, Public Consulting Group
- *An Overview of Nevada's Publicly-Subsidized Health Coverage Programs*, August 4, 2011, Bob Carey, Public Consulting Group
- *An Overview of the Commercial Health Insurance Markets in Nevada*, August 8, 2011, Bob Carey, Public Consulting Group

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- *Tribal Interaction and Impact Assessment Report*, January 27, 2012, Public Consulting Group
- *Nevada Health Insurance Market Study*, March 2012, Gorman Actuarial, LLC
- *Summarized Results from Health Insurance Reports (DRAFT)*, April 23, 2012, Thomson Reuters
- *Actuarial Assessment of the Ten Benchmark Plan Options (DRAFT)*, June 2012, Aon-Hewitt

The above reports include an overview of the applicable market segments and detailed information regarding:

- Detailed demographics;
- The regulatory environment and the number of carriers offering coverage in Nevada's individual and group insurance markets;
- Medicaid and Children's Health Insurance Program (CHIP) eligibility criteria;
- Enrollment in publicly-subsidized medical assistance programs;
- The State's rules and regulations;
- Relative costs of markets and the effects on markets in the new regulatory environment beginning 2014 and the effects on the various markets if the State were to make certain decisions; and
- Relative costs of various benchmark plans.

These reports will be updated on an on-going basis. The analyses will enable the State to refine its initial estimates of the number of people who may purchase coverage through the Exchange, the impact on the Medicaid program from the expansion of eligibility to all non-elderly citizens with income up to 100% (or 138% if the State expands Medicaid eligibility) of the federal poverty level, the health status of those who may purchase coverage through the Exchange, and the potential effect on the commercial markets, particularly the individual and small group markets, from the regulatory changes that will take effect in 2014.

CONSUMER AND STAKEHOLDER ENGAGEMENT AND SUPPORT

Nevada recognizes the importance of consulting with stakeholders on an ongoing basis throughout the research, development, and implementation stages of the Exchange. Developing an Exchange that meets the needs of Nevada's residents is our highest priority, which is why stakeholder input is a critical component of our planning efforts.

Completely updating and improving our informational website was one of our first methods for keeping the community engaged and up-to-date on our activities. The website, www.exchange.nv.gov, contains the latest information on all news and documents related to health reform and the Exchange planning process. The public can access all of the Board and Advisory Committee meetings, agendas, and packets as well as watch the meetings live via video conference. Recordings of most meetings are also available on YouTube. The website will continue to be updated with items of interest to Nevadans.

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Since the beginning of 2011, Nevada has sought to engage stakeholders and the public through a series of community and individual meetings with a range of groups, including insurance carriers, tribes, brokers, consumer advocates, providers, and businesses. To engage stakeholders and the general public on the Exchange planning process, the Division of Health Care Financing and Policy (DHCFP) held a series of forums throughout Nevada to begin to educate Nevadans about health care reform and the potential role of the Health Insurance Exchange. The forums provided an opportunity for the State to receive input from key constituencies and the general public regarding the plan, design and operations of an Exchange in Nevada. The Health Care Reform Workgroup member conducted the meetings over a four month period in Reno and Carson City in the north, Las Vegas in the South and Elko in eastern Nevada.

To ensure key constituency groups were aware of the monthly forums, the Health Care Reform (HCR) unit gathered contact information from a variety of sources and added them into a comprehensive, statewide list of stakeholders. This list continues to grow as more people have become aware of the Exchange planning activities. In addition, public notices were posted before each meeting, invitations were e-mailed to all stakeholders and announcements were sent to the media. Over 900 total attendees participated in the series of forums. Before each forum, a meeting agenda and issue brief discussing the agenda were sent to all stakeholders. All of the meetings began with a presentation on the specific Exchange topic. Participants were then encouraged to provide comments or ask questions related to the issues reviewed in the presentation. This feedback was captured by a transcriber, summarized and posted on the Exchange website, along with all meeting documents.

In addition to the comments we documented at the forums, we have also received a variety of written issue papers and briefs from various stakeholders including independent brokers, The Association of Chief Human Resource Officers, UnitedHealth Care, AmeriGroup, AARP, and America's Health Insurance Plans (AHIP). We will analyze all of the stakeholder input and summarize the information for the Board and Exchange staff to use for planning and development purposes.

Board and Advisory Committee Meetings have been instrumental to development of the various operating and planning documents that will provide the basic structure of the Exchange.

Other Support:

Bi-Monthly Meetings with Insurance Carriers – In addition to the public forums, which provided an opportunity for insurance carrier representatives to hear from the State and raise issues with regard to Nevada's Exchange planning efforts, State staff and our consultants from Public Consulting Group met with a number of health insurers. These meetings have been replaced by bi-monthly carrier meetings in which the Exchange discusses all activity the Board and Advisory Committees are conducting that relate to the operations and plan offerings of the carrier. Additionally, Exchange and DOI staff receive input from the carriers regarding various policies.

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Tribal - Nevada's Tribal community plays a vital role in the development of the Exchange. There are 19 Federally recognized Tribes comprised of 28 separate Tribal bands, and community councils in Nevada. Representatives from the Indian Health Board of Nevada, the Washoe Tribal Health Center, and other tribal organizations have participated in the community stakeholder meetings. The State plans to further engage the Tribes in the planning process, mainly the Indian Health Board of Nevada, through a series of formal consultations.

All of these tasks will provide Nevada with a strong foundation for establishing an exchange that works for Nevada. As we complete the planning phase stakeholders will continue to play a vital role in the implementation of the Exchange. The Exchange will look to stakeholders as partners across the State to perform marketing, outreach, and enrollment activities.

Below are the Stakeholder Outreach efforts from the Exchange from May 2012 through December, 2012

<p><i>JUNE 6, 2012 - NEVADA INSURANCE COMMISSIONER'S HEALTH CARE REFORM STEERING COMMITTEE MEETING</i></p> <p>The Exchange was represented by Jon Hager at the Nevada Insurance Commissioner's Health Care Reform Steering Committee meeting in Carson City. The Exchange presented a brief report that outlined its progress to date and the steps the Exchange was taking to ensure it will be operational for the first open enrollment period in 2013. An audience of approximately 32 members of the insurance industry ranging from Brokers and Agents to carriers, hospital administrators, insurance lobbyists, and Health Care CO-OP staff were in attendance. Question from the public centered on the Exchange's proposed plan for Navigators and Brokers. Staff was able to take notes on public comment and incorporate them into revisions of the Navigators and Brokers report that was presented to the Consumer Assistance Advisory Committee.</p>
<p><i>JUNE 11, 2012 - LOCAL INSURANCE BROKERS MEETING</i></p> <p>Exchange Staff met with approximately 15 local insurance agents and brokers to discuss their questions and concerns regarding the Silver State Health Insurance Exchange's Navigator Program. Discussions during the meeting centered on the roles and responsibilities of brokers and Navigators in the Exchange. The meeting was held in Carson City.</p>
<p><i>JUNE 14, 2012 - INDIAN HEALTH BOARD OF NEVADA BOARD OF DIRECTORS</i></p> <p>The Exchange was invited to attend the Indian Health Board of Nevada Board of Directors Meeting and give a presentation focusing on the benefits that the ACA provides for Native Americans. This presentation included the special provisions afforded to Native Americans and the unique assistance</p>

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that is available through the exchange including eligibility, enrollment and cost sharing assistance.

Representatives of fifteen Nevada tribes were eager to learn about the new provisions of the ACA and how it can help tribal members and tribal health care providers. The meeting was also attended by Wendy Helgemo of Senator Harry Reid's office.

The Exchange proposed helping the Tribes create a central electronic database to house enrollment records for all 19 federally recognized Tribes residing in Nevada. This data base would allow the Exchange to assess eligibility regarding Native American status in real time versus a drawn out US Postal Service option.

To date, this was the most successful meeting the Exchange has conducted with the Tribes.

JULY 11, 2012 – LOCAL INSURANCE BROKERS MEETING

Exchange Staff met with 11 local insurance agents and brokers to discuss their questions and concerns regarding the Silver State Health Insurance Exchange's Navigator Program. Discussions during the meeting centered on the roles and responsibilities of brokers and Navigators in the Exchange. The meeting was held in Las Vegas.

JULY 26, 2012 – SMALL BUSINESS ESSENTIALS SEMINAR

Jon Hager delivered a presentation with Small Business Majority to approximately 40 business men and women in Las Vegas. The presentation centered on the information small businesses should know about the Affordable Care Act, small business tax credits, options for owners and the Silver State Health Insurance Exchange. The event was sponsored by Consumer Assistance and Resource Enterprise (CARE)

AUGUST 7, 2012 – NEVADA'S EXCHANGE

The Retired Public Employees of Nevada invited the Exchange to provide the 25 attendees with basic information concerning Nevada's Exchange. The participants were able to actively engage Exchange Staff and evaluate the benefits that the Exchange may provide to each of them and their extended families.

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AUGUST 16, 2012—LAS VEGAS CHAMBER OF COMMERCE HEALTH CARE FORUM

The Las Vegas Chamber of Commerce held a Health Care Forum to help their members understand the impacts of the Affordable Care Act and how the Silver State Health Insurance Exchange can help individuals and Small Businesses comply with the new law. The Forum was attended by 43 local business men and women.

AUGUST 28, 2012 – AFFORDABLE CARE ACT FORUM

Approximately 200 interested individuals attended the Forum sponsored by Rising Above Partisanship (RAP) in Carson City. The speakers consisted of Dr. Susan Pintar, Steven Wiener of CMS and Jon Hager. The forum presented information on all aspects of the ACA including changes made to current insurance carrier practices, changes made to preventative services and changes made to the way consumers will be able to purchase health insurance in the future. The spirited audience was able to engage in a Q&A session to help clear up some common misconceptions regarding the ACA.

SEPTEMBER 15, 2012 – WHAT TO EXPECT IN NEVADA FROM THE AFFORDABLE HEALTH CARE ACT: CHANGES IN INSURANCE, CARE AND INFORMATION

Assembly Woman Dina Neal and City of North Las Vegas Mayor Pro Tempore, Pamela Goynes Brown sponsored this community benefit to inform the residents of North Las Vegas of the changes the Affordable Care Act will make to their health insurance choices. Nevada Insurance Commissioner Scott Kipper and Jon Hager addressed the audience of 25 and helped them understand how the insurance landscape would differ in the coming year.

SEPTEMBER 15, 2012—COMMUNITY CARE MEETING

The Silver State Health Insurance Exchange gave a presentation to 31 minority owned businesses in Las Vegas, Nevada along with Small Business Majority. The audience was able to learn about the requirements of the new health care law and what Nevada is doing to help its individuals and businesses comply.

SEPTEMBER 19, 2012 – NEVADA’S SHOP EXCHANGE

The Exchange was invited to attend the Carson Valley Chamber of Commerce’s September meeting and give a presentation focusing on the SHOP Exchange. This presentation included the special provisions afforded to small businesses in the form of tax credits and addressed the penalties that employers that do not comply with the law will face. Representatives from

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approximately 50 local businesses were in attendance to gain insight on the SHOP Exchange and the regulations that will go into effect in 2014. The Exchange was represented by Jon Hager.

SEPTEMBER 24, 2012 – NEVADA PRIMARY CARE/ BEHAVIORAL HEALTH INTEGRATION MEETING: UPDATES FROM THE STATE- PANEL PRESENTATION

Shawna DeRousse delivered a presentation focusing on Nevada’s choice to establish a State Based Exchange. The audience consisted of more than 40 health care professionals and representatives from the State’s Department of Health and Human Services. During the presentation, it became clear that the insurance policies issued on the Exchange will alter the way care is currently administered in the State. The question and answer session centered on the topic of Navigators and the role they will play in the Exchange’s outreach to consumers.

SEPTEMBER 27, 2012 – A STATE BASED EXCHANGE HERE? IN NEVADA?

The Risk and Insurance Management Society (RIMS) opened their September meeting with a presentation by Jon Hager outlining the structure and operations of the Exchange. The meeting was attended by more than 30 industry professionals, Producers and Risk Managers. Each of the different attending groups was able to engage in a lengthy question and answer session that provided valuable information on the ACA, business purchasing options and employer penalties and tax credits. The Exchange will continue to work with RIMS coordinating future presentations on the Exchange.

OCTOBER 3, 2012—SPARKS CHAMBER OF COMMERCE

The Exchange was invited to attend the Sparks Chamber of Commerce’s October meeting and give a presentation focusing on the SHOP Exchange. This presentation included the special provisions afforded to small businesses in the form of tax credits and addressed the penalties that employers that do not comply with the law will face. Representatives from approximately 40 local businesses were in attendance to gain insight on the SHOP Exchange and the regulations that will go into effect in 2014. The Exchange was represented by Jon Hager.

OCTOBER 9, 2012—NEVADA HEALTHCARE FORUM

The Silver State Health Insurance Exchange was invited to participate in a healthcare forum held in Henderson, NV. The forum was attended by approximately 45 individuals and business owners. Attendees were able to get answers to questions relating to the Exchange and the Affordable Care Act in general.

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OCTOBER 11, 2012—IMMUNIZATION BILLING STAKEHOLDER MEETING

Jon Hager of the Silver State Health Insurance Exchange gave a presentation to approximately 45 individuals in the immunization provider network. The presentation focused on the Exchange and the preventative services that will be offered as a result of the ACA.

OCTOBER 18,29,31—INTER-TRIBAL COUNCIL OF NEVADA

The Exchange is continuing outreach to Nevada's 27 federally recognized tribes. Indian Health Board of Nevada was dissolved and the Exchange has worked closely with ITCN to ensure that Nevada's Tribal community has stakeholder input into the development of the Exchange. This series of three meetings resulted in a signed Tribal Consultation Agreement between the Exchange and ITCN. The Exchange was represented by CJ Bawden in these meetings.

OCTOBER 19, 2012—LAS VEGAS CHAMBER OF COMMERCE

The Exchange gave a presentation to 43 business owners, health care professionals and health care providers at the Las Vegas Chamber's office. The presentation focused on the requirements of businesses to offer health care coverage to their employees and the functions of the Exchange. The Exchange was represented by CJ Bawden.

NOVEMBER 1, 2012—IMMUNIZE NEVADA HEALTH CONFERENCE

The Exchange delivered a presentation to 365 individuals focusing on the operations of the Exchange and the availability of immunizations under the preventative care provisions put in place by the ACA. The Conference was held in Las Vegas, NV and the Exchange was represented by CJ Bawden.

NOVEMBER 2, 2012--GOVERNOR'S CONFERENCE ON SMALL BUSINESS

The Exchange participated in the Governor's Conference on Small Business by hosting a trade show booth that held information on how the Exchange will help Nevadans comply with the provisions of the Affordable Care Act in 2014. The Exchange handed out informational brochures to interested parties. Approximately 400 attendees were present at the event.

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<p><i>NOVEMBER 8, 2012--METHODIST MEN'S DINNER</i></p> <p>The Exchange presented to approximately 20 interested individuals at a Methodist Men's Dinner function. The attendees were able to gain insight into the operations of the Exchange and why Nevada is implementing a State Based Exchange.</p>
<p><i>NOVEMBER 16, 2012—NEVADA HEALTH CARE FORUM</i></p> <p>The Silver State Health Insurance Exchange was invited to participate in a healthcare forum held in Las Vegas, NV. The forum was attended by approximately 50 individuals and business owners. Attendees were able to get answers to questions relating to the Exchange and the Affordable Care Act in general. The Exchange was represented by Jon Hager.</p>
<p><i>NOVEMBER 16 AND 28, 2013—INTER-TRIBAL COUNCIL OF NEVADA</i></p> <p>The Exchange participated in two training sessions for individual tribe health clinic directors. The presentations focused on the special provisions for American Indians and Alaska Natives in the Exchange.</p>
<p><i>NOVEMBER 27, 2012—LATINO SMALL BUSINESS AND HEALTH CARE</i></p> <p>The Exchange partnered with Small Business Majority to present to 13 individuals interested in the insurance options that the Exchange will provide. The presentation was held in Las Vegas, NV and the Exchange was represented by CJ Bawden.</p>
<p><i>DECEMBER 5, 2012—NEVADA AUTISM COMMISSION</i></p> <p>The Exchange was asked to make a presentation to the Nevada Autism Commission on the progress it has made to date and any legislation it was proposing regarding Autism Spectrum Disorder treatment benefits for the 2013 legislative period.</p>
<p><i>DECEMBER 6, 2012—FRESHMAN LEGISLATOR MEET AND GREET</i></p> <p>The Exchange met with the 16 incoming Legislators and gave a brief presentation on the progress the Exchange has made to date.</p>

Proposed Approach Going Forward

The Silver State Health Insurance Exchange will continue our campaign to educate all Nevadans on the Exchange. We will identify relevant meetings and conferences scheduled over the next year and offer to conduct presentations on Nevada's Exchange. In addition, we are sending

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meeting notices of every Board and Advisory Committee meeting to our e-mail list of more than 200 stakeholders.

Additionally, the Exchange is planning a series of technical implementation meetings with Nevada's insurance carriers to help familiarize carriers with the Exchange on-boarding process and to get input from the carriers to help the Exchange avoid potential pitfalls. Finally, an Exchange Summit, likely to be held in June 2013, is in the initial phases of planning. The summit will include multiple information tracks for carriers, brokers, navigator entities, small businesses, etc.

Marketing Request for Proposal (RFP #3006)– The State of Nevada Purchasing Division, on behalf of the Silver State Health Insurance Exchange, sought proposals from integrated marketing and advertising firm(s) to facilitate the Exchange's Marketing and Outreach Campaign and meet the goals of awareness and enrollment listed herein. The resulting contract is anticipated to begin January 9, 2012, and continue through March 31, 2014, subject to Board of Examiners approval, with the option for one (1) extension upon mutual agreement of both parties.

GOALS AND OBJECTIVES

- By September 30, 2013, the Exchange's goal is to have 85% of eligible Nevadans aware of the following:
 - October 1, 2013, is the beginning of open enrollment;
 - Subsidies will be available to make insurance more affordable;
 - Eligible Nevadans will be able to access the Exchange's web portal to obtain coverage.
 - The Exchange has set a goal of 145,000 enrollees for the first open enrollment period.

PROGRAM INTEGRATION

Exchange staff has met with Nevada's Office of Health Information Technology (OHIT) and the State Health Information Technology Coordinator (State HIT Coordinator) to assure alignment of the State Health Information Exchange (HIE) activities with the Exchange planning processes. Exchange staff and the State HIT Coordinator are identifying how the Exchange can leverage and utilize the services and capabilities of the State's HIE system.

Exchange staff is gathering and analyzing information on programs that have functions, services and resources that may be leveraged by the Exchange and programs that will be coordinated with the Exchange. The most significant program integration opportunities are with the Medicaid and CHIP programs. Staff have identified the following key areas of integration; (1) outreach, education and enrollment; (2) covered benefits; (3) provider networks; (4) transition of care; (5) health carriers; and (6) state and local governments.

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Program integration with GovCHA is important, given the Division's central role in providing assistance to individuals and employers. Exchange staff has identified the following areas, in particular, in which the Exchange will need to coordinate its activities with GovCHA: (1) outreach, education and enrollment; (2) assisting individuals with eligibility, coverage appeals and complaints; and (3) helping small businesses with their health insurance options.

The Exchange is working very closely with the DOI on issues such as reporting requirements for carriers, health insurers' marketing standards, provider networks adequacy standards (which will need to be coordinated with the State's Health Division), rate review and approval, criteria for determining qualified health plans, health insurer underwriting requirements, and consumer complaints and appeals.

The project to plan, design and build a HCR Eligibility Engine has begun (see **TECHNICAL INFRASTRUCTURE**). A steering committee was created to assure that processes and procedures are integrated between the Exchange and the publicly-subsidized programs (Medicaid and CHIP) and DWSS for a seamless operation.

BUSINESS OPERATIONS

The following are some of the key requirements of the Exchange:

- Consumer assistance, including outreach and education
- Eligibility, enrollment and appeals
- QHP evaluation, management, certification, recertification and decertification
- Maintenance of a web portal that assists individuals in the purchase of health insurance and includes a SHOP Exchange and premium aggregator
- Reporting

The Exchange's core business requirements have been itemized and included in staff's implementation plan. The implementation plan has been cross-referenced to the Exchange Blueprint issued by the Centers for Medicare and Medicaid Services (CMS), Center for Consumer Information & Insurance Oversight (CCIIO); as well as the ACA, its associated regulations and NRS. On November 16, 2012, staff submitted the Exchange Blueprint required by CCIIO to ensure certification by CCIIO of the Exchange by January 1, 2013. Certain aspects of the implementation plan have been included in the Board's Calendar and the Advisory Committee Calendars to guide the policy making process.

As new guidance is provided by CMS and policies are made by the Board, staff will revise the detailed overview of the Exchange, develop specific business requirements for each of the core functions and update the implementation plan as needed. The initial framework of a Project Management Plan (PMP) has been developed that builds off existing infrastructure and resources, both public and private, to the greatest extent possible. The PMP will use a modularized approach that enables the Exchange to adapt to changes in the environment, both in terms of evolving technology as well as policy and regulatory modifications. The Exchange recognizes that much of the Exchange's functionality and services are not currently available

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through Nevada's public programs. However, many of the systems are available in the private sector (e.g., enrollment processes, consumer decision support tools, health plan rating engines, independent agents/brokers, call center technology and resources). The Exchange plans to leverage as much of these functions as possible.

RESOURCES & CAPABILITIES

In addition to staff within the Exchange (see **STAFF**) and the assistance received from the various departments and divisions within the State, Nevada continues to receive assistance from:

- CCIIO;
- The Board and Advisory Committees;
- Public comment; and
- Contracted consultants and actuaries.

Continued viability of the Exchange will depend on ongoing grant funding from the ACA and an approved sustainability plan (see **FINANCE** and **FUNDING**).

TECHNICAL INFRASTRUCTURE

ELIGIBILITY ENGINE

DWSS has hired Deloitte as the vendor to design and build a HCR Eligibility Engine that will be accessed by the Exchange for enrollment purposes. The eligibility engine will house all of the business rules to determine whether an individual is eligible for publicly subsidized programs such as Medicaid and CHIP or subsidized or unsubsidized insurance through the Exchange. The eligibility engine will be designed to communicate with the federal data hub which will gather income, citizenship and other data from the various federal agencies. It will communicate with the various front-end applications such as Access Nevada (for access to state assistance programs) and the Exchange web portal.

BUSINESS OPERATIONS SOLUTION

Since the approval of the Xerox contract in August, the team, including Choice Administrators, KPMG and Natomas, has been participating in system development sessions with staff from the Exchange and the Division of Welfare and Supportive Services. Xerox has established temporary offices in Reno with plans to move to Carson City as soon as office space is leased and available for move in. The first contract deliverable has been accepted by the Exchange. Additional deliverables are arriving almost daily and are under review. Meetings are taking place on a weekly basis as requirements are worked out for the interfaces with Exchange business partners. More information is also coming forward concerning the connectivity to the Federal Hub and what information will be available.

Since the execution of the Business Operations Solutions (BOS) contract in August, staff has worked with Xerox, DWSS and Deloitte to ensure the operational implementation plan is

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synchronized with the IT implementation plan. The Exchange has completed the first of three Requirements and Configuration (RAC) sessions. RAC sessions are 4 to 6 week work sessions in which the Exchange-Xerox-DWSS-Deloitte team meet for 16 hours per week to provide the technical teams with the business requirements.

FINANCE

The Exchange budget for State Fiscal Years (SFY) 2013 through 2015 has been vetted by the Finance and Sustainability Advisory Committee and the Board. The vision for the budget exercise is to develop budgets for start-up costs and on-going operations, revenue sources for continued operations and recommended reserve cash balances to maintain long term solvency. The cost areas that will be developed include:

- Staff salaries and benefits;
- General operating administrative services (travel, supplies, rent, etc.);
- Consultants and professional support (actuarial, audit, general consulting);
- Information technology and communication;
- Navigators and Enrollment Assisters;
- Marketing and outreach;
- Eligibility, enrollment and premium billing services (design, development and implementation; maintenance and operating); and
- Enrollment appeals and hearings.

Some of these functions will be outsourced and others performed in-house or with current vendors. The Exchange has the following contracts

- Consulting & Actuarial Contract -
 - Public Consulting Group
 - Milliman
 - CSG
- Business Operations Solution (IT web portal, call center, premium aggregation and billing, financial transactions) – Xerox State Healthcare LLC
- Independent Verification and Validation (for the BOS implementation) – Public Consulting Group
- Marketing & Outreach – Currently under negotiations

NRS 695I provides for several financial management functions, including:

- Advance from the State General Fund – If it is determined that expenses exceed the amount of money available due to a delay in the receipt of funds from federal grants or other sources, the Exchange may request an advance from the Director of the Department of Administration in an amount not to exceed 25% of the expected revenues for the fiscal year. Any advance must be paid back to the State General Fund no later than August 31 immediately after the end of the fiscal year. (NRS 695I.510)

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- Exemption from State Administrative Rules – The Board may adopt such rules and regulations necessary to carry out the duties and powers of the Exchange. The Exchange is exempt from the requirements of the Nevada Administrative Procedures Act. (NRS 695I.370; 233B.039)
- Receipt of other funds – The Exchange may apply for and accept any gift, donation, bequest, grant, or other source of money to carry out the duties and powers of the Exchange or the Board. (NRS 695I.210(2))

The Exchange will leverage various resources of other State agencies and State other state agencies will utilize some of the Exchange services. The Exchange has reviewed (and continues to review) operational activities to determine which activities are allocable thorough various federal programs, including Medicaid and Nevada Check Up. Cost allocation recommendations have taken into consideration State Medicaid Director Letters released on this particular topic as well as foundational cost allocation plan regulations and guidance, including OMB A-87, ASMB C-10, OGAM 98-2 and the DCA Best Practices Review Guide. Therefore, the Exchange, in coordination with DHHS has developed a cost allocation plan to account for these shared and leveraged services. The cost allocation plan has been approved by CMS and can be found in the latest version of the Exchange’s I-APD.

Grant funding was used to conduct a comprehensive assessment of the State’s ability to support the Exchange, including assumption development and budget forecasting. Grant funding supported, and will continue to support, development tasks associated with the financial management work plan through December 2014. The Board approved the Exchange’s business plan in August 2012. The business plan includes expense and revenue estimates, organizational charts, and policies and procedures for the Exchange, including but not limited to waste, fraud and abuse policies.

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FUNDING

The chart below represents the funding established for SFY13 which consists of funding from the First, Second and Third Level One Grants and the Level Two Grant – as of 12/7/2012.

		Current SFY 2013 Budget							
		Federal	Federal	Federal	Federal				
		Receipts	Receipts	Receipts	Receipts				
		GL 3507	GL 3501	GL 3502	GL 3508	Budget	Total	Percent	
		1st LI	2nd LI	3rd LI	Level II	Total	Expended YTD	Expended	
Revenue		<u>2,390,372</u>	<u>15,295,271</u>	<u>4,397,926</u>	<u>50,016,011</u>	<u>72,099,580</u>			
Expenditures									
Cat 01	Personnel	42,308	-	797,517	-	839,825	261,823	31%	
Cat 02	Out-of-State Travel	32,851	-	40,560	-	73,411	13,183	18%	
Cat 03	In-State Travel	16,629	-	95,836	-	112,465	5,245	5%	
Cat 04	Operating	90	-	76,800	35,604	112,494	27,389	24%	
Cat 05	Equipment	7,603	-	49,500	141,850	198,953	-	0%	
Cat 26	Information Services	573	-	26,990	6,956	34,519	1,430	4%	
Cat 70	Contracting/Consulting	208,328	-	3,195,228	16,890,430	20,293,986	245,460	1%	
Cat 73	Transfer to AG	-	-	115,495	-	115,495	-	0%	
Cat 74	Transfer to GovCha	525,704	-	-	318,971	844,675	-	0%	
Cat 75	Transfer to Welfare	1,556,286	15,295,271	-	260,000	17,111,557	5,843,006	34%	
Cat 86	Reserve for Future	-	-	-	32,362,200	32,362,200	-	0%	
Total Expenditures		<u>2,390,372</u>	<u>15,295,271</u>	<u>4,397,926</u>	<u>50,016,011</u>	<u>72,099,580</u>	<u>6,397,535</u>	9%	

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Acronyms

ACA	Affordable Care Act
BOS	Business Operations Services
CCIIO	CMS Center for Consumer Information & Insurance Oversight
CFR	Code of Federal Regulations
CHIP	Children's Health Insurance Program
CMS	Centers for Medicare and Medicaid Services
CY	Calendar Year
DHCFP	Department of Health and Human Services, Division of Health Care Financing and Policy
DHHS	Nevada Department of Health and Human Services
DOI	Division of Insurance
DWSS	Division of Welfare and Supportive Services
Exchange	Silver State Health Insurance Exchange
FPL	Federal Poverty Level
GovCHA	Department of Health and Human Services, Division of Consumer Health Assistance (formerly, the Governor's Office of Consumer Health Assistance)
HCRU	Health Care Reform Unit
HHS	Federal Department of Health and Human Services
HIE	Health Information Exchange
HIT	Health Information Technology
HMO	Health Maintenance Organization
I-APD	Initial Advanced Planning Document
IT	Information Technology
NAC	Nevada Administrative Code
NOGA	Notice of Grant Award
NRS	Nevada Revised Statute
OHIT	Office of Health Information Technology
PPO	Preferred Provider Organization
Producers	Agents and Brokers licensed by the DOI
QHP	Qualified Health Plan
RFI	Request for Information
RFP	Request for Proposal
SaaS	Software as a Service
SFY	State Fiscal Year
SHOP	Small Business Health Options Program