



# SMALL GROUP MARKETPLACE OPTIONS

FINANCE & OPERATIONS COMMITTEE MEETING

AUGUST 28, 2017

# SHOP Marketplace – Current State

**As discussed previously, at the local level, we are experiencing cost and customer experience issues:**

- The average monthly cost for running the SHOP back office since January 2017 has been around \$125,000 (includes accounting and call center staff, and trouble ticket processing) against an average monthly revenue of approximately \$39,000.
  - Even if the current growth rate is maintained in the SHOP Marketplace, there is no foreseen break-even point.
- Customers are having difficulty with account maintenance issues such as waiting too long to enroll new hires or COBRA, which causes more cost for Connect for Health Colorado in manual workarounds.
- The technology is not aligned with policies such as not allowing the enrollment of a business group of one. Fixing the platform is costly.

# SHOP Marketplace - Options

## **At the 06/26/2017 Finance & Operations Committee Meeting, we discussed:**

- Option 1 – Status Quo
  - We will continue to fund the maintenance of the system without sufficient revenue to cover costs
- Option 2 – Identify a More Advantageous Model
  - Connect for Health Colorado can provide new functionality for shopping and quoting, employer application/account set-up, and employee enrollment.
- Option 3 – Provide Steerage Elsewhere
  - Potential customers would be directed through C4HCO's web portal to a carrier, managing general agent, broker, or other entity
- Option 4 – Create a Private Exchange
  - Same model as Option 2, but is beneficial if CMS eliminates tax credit entirely, or provides credit to everyone off exchange, or no carriers participate on exchange

# SHOP Marketplace - Staff Decision

**After discussion with multiple vendors, carriers and other stakeholders, C4HCO Staff is pursuing:**

- Option 1 – Status Quo, combined with appropriate cost reductions in the SHOP Back Office
  - We will fully support the one carrier that has filed to remain in the SHOP Marketplace (per DOI press release 07/14/2017).
  - We are researching Defined Contribution/HRA strategies and other options for potential communication with current and potential small group business.
  - We are clarifying our response to current SHOP groups that request to change their renewal date (from January 2018 to November or December 2017) in order to ‘lock-in’ current carriers and 4Q premium rates.
  - We continue to explore ways to reduce back office costs associated with the maintenance of SHOP over the short and long term.

# SHOP Marketplace - Contingencies

**It was determined that the Capital and Human Resources required to pursue other options were too risky at this time relative to:**

- Option 2 – Identify a More Advantageous Model
  - CMS has not yet released definitive guidance regarding the availability of tax credits for those employers participating in the SHOP Marketplace
  - Lack of commitment from carriers to file their current off-exchange plans as on-exchange plans without seeing the new model in action.
- Option 3 – Provide Steerage Elsewhere
  - C4HCO Staff felt it was best to continue supporting SHOP, as long as any one carrier filed to participate.
- Option 4 – Create a Private Exchange
  - Eliminated as an option due to length of time required to further develop the PBC and potential conflicts with the private market.