



Brian Sandoval  
Governor

Florence Jameson, MD  
Chairwoman

Heather Korbolic  
Executive Director

## Silver State Health Insurance Exchange

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T: 775-687-9939

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[www.nevadahealthlink.com/sshix](http://www.nevadahealthlink.com/sshix)

December 31, 2017

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 6951.370(1)(b) requires the Board of the Silver State Health Insurance Exchange to submit to the Governor and Legislature a written fiscal and operational report on or before June 30th and December 31st of each year. Attached for your review and use are copies of the required report. The report was reviewed and approved at the December 14, 2017 Board meeting and has been posted on the Exchange's website at [nevadahealthlink.com/sshix](http://nevadahealthlink.com/sshix).

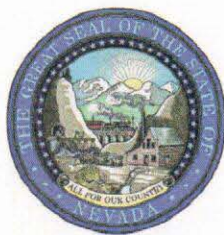
Please do not hesitate to contact me if you have any questions. You may also contact Heather Korbolic, Executive Director of the Silver State Health Insurance Exchange at (775) 687-9939.

Sincerely,

A handwritten signature in cursive script that reads "Florence Jameson".

Dr. Florence Jameson, Chair  
Silver State Health Insurance Exchange Board

cc: Heather Korbolic, Executive Director



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## **FISCAL AND OPERATIONAL REPORT** **PROVIDED TO THE GOVERNOR AND LEGISLATURE** **PURSUANT TO NRS 695I.370 (1) (B) & (C)** **DECEMBER 31, 2017**

The Silver State Health Insurance Exchange (Exchange) is pleased to offer this Fiscal and Operational Report, required pursuant to NRS 695I.370 (1) (b) & (c), to the Governor, the Legislature and the public. It provides information regarding the activities of the Exchange since June 30, 2017.

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### **EXECUTIVE SUMMARY**

During the time period of July through December 2017 the Silver State Health Insurance Exchange (Exchange) endured one of the most unstable periods in its history. Despite federal legislative action to repeal and replace the Affordable Care Act (ACA), significant disruption in the Nevada individual market, and executive branch policy changes, the Exchange managed to build deeper stakeholder relationships, generate positive media attention, and successfully navigate its fifth open enrollment period.



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The United States Congress introduced several pieces of federal legislation that ultimately failed to pass, however Congress and the executive branch of the United States Department of Health and Human Services (U.S. DHHS) continue to introduce legislation and policies to repeal portions of the ACA, and loosen regulations. The Exchange has worked collaboratively and feverishly with Governor Sandoval's office, the Division of Insurance (DOI), and the Nevada Department of Health and Human Services to analyze federal legislation and proposed health policy changes in legislation with a focus on protecting and preserving Nevadans' access to health insurance options.

ACA repeal rhetoric, legislation, and executive branch changes have created volatility and instability in the Nevada individual market. Throughout the summer and fall President Trump's Administration was unwilling to commit to the on-going payments of Cost Sharing Reductions (CSRs) and ultimately decided to cease payments in October of 2017. Additionally, the Administration would not provide a definitive answer on enforcement of the individual mandate until October 2017 when the IRS issued a statement that they will be fully enforcing the mandate for 2018 tax filing season. The disruption created by these unknowns resulted in both Anthem and Prominence exiting the Exchange for plan year 2018, leaving 14 of Nevada's 17 counties without any insurance options on the Exchange.

Through collaboration with Governor Sandoval's office and the DOI, a solution to the bare county issue was identified. Thanks to the unwavering commitment of Governor Sandoval to ensure all Nevadans have access to health insurance options, the Exchange's new carrier SilverSummit, developed qualified health plans for the 14 previously bare counties. The uncertainty remains creating more volatility in the Nevada marketplace where carrier participation is a vital piece to a successful Exchange.

Plan Year 2018 Exchange offerings include 14 Qualified Health Plans from two carriers, Health Plan of Nevada and SilverSummit, along with 21 stand-alone dental plans from five different dental carriers. There are four bronze plans, seven silver plans, and two gold plans. The counties of Clark, Nye, and Washoe will have the choice from all 14 plans offered. The other 14 counties will have the choice of the four plans offered by SilverSummit.

Rates on the Exchange have also been impacted by the continued federal uncertainty and instability. The average approved rate increase for Health Plan of Nevada is 36.8%. Because SilverSummit Health Plan is new to the Exchange there is not a 2017 rate for comparison. For 2018, there are seven insurance companies offering plans on and off the Exchange in the individual market in Nevada. The approved rate change in the individual market on and off the Exchange, on average, is 31.6%. Over 87 percent of Exchange consumers receive a subsidy, or financial assistance to help pay for their monthly premium. When rates increase, so does the amount of financial assistance thus the impact of rate changes on the majority of Exchange consumers will be minimal to none.

Planning and strategizing for the Exchange's fifth open enrollment period required Exchange staff and contractors to be nimble and flexible due to significant changes and challenges. The U.S. DHHS truncated the fifth open enrollment period (90 days down to 45 days), significantly



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cut federal spending on marketing and outreach, created instability and confusion by not paying CSRs, and provided no definitive statements on the enforcement of the individual mandate. Despite these challenges, the Exchange focused on developing a robust marketing and outreach campaign focusing on the shortened enrollment timeframe and the importance of getting insurance as a tool to protect individuals and their families from the steep costs of medical care. The Exchange aggressively messaged Nevada Health Link's ability to help Nevada consumers navigate the confusion and connect to qualified health plans and financial assistance.

In the lead up to open enrollment the Exchange focused on deepening community partnerships and leveraging existing stakeholder relationships to spread the word about open enrollment throughout the state. The Exchange's year-over-year growth in enrollment can be directly attributed to the depth of partnerships with navigators, brokers, and community stakeholders. As a part of the Exchange's on-going effort to leverage existing partnerships and increase the scope of collaboration to educate Nevadans about Nevada Health Link, the Exchange hosted a "Prep Rally" in both Las Vegas and Reno. The goal of the event was to update, inform, and activate brokers, navigators, providers, lawmakers and other community influencers in preparation for open enrollment. The event included an update on the Nevada Exchange marketplace including clarification on myths versus facts regarding the Affordable Care Act. Attendees were provided with information about 2018 plans, in-person assistance services, and a flash drive including all of the Exchange's open enrollment campaign and promotional material.

The events were decidedly successful generating larger than anticipated attendance and earned media coverage. Attendees were complimentary of the event and commented on the momentum and energy the rally provided to get the word out and help the Exchange reach Nevadans. Each challenge the Exchange has faced has offered an opportunity for our community to strengthen its resolve to ensure the on-going reduction of uninsured Nevadans.

The combined efforts of the State Based Marketplaces utilizing the Federal Platform (SBM-FP) to obtain consumer data from CMS resulted in some member level data being provided to SBM-FP states. The Exchange used this data to send direct mail to every member household introducing Nevada Health Link, and informing consumers of open enrollment dates and how to access free in-person assistance. For consumers who were previously insured by Anthem or Prominence, the letter noted the need to change carriers by actively shopping the marketplace. Consumers were notified that should they not shop the marketplace, they would be automatically re-enrolled into the most similar plan available, with the emphasis on actively shopping using a certified enrollment professional. These letters generated a significant number of calls to the Nevada Health Link consumer assistance call center. In addition to direct mailers, the Exchange used the data to import email addresses for those consumers who opted in to receiving email communications. Nevada Health Link sends emails on a weekly basis about open enrollment driving them to our NevadaHealthLink.com website. The data will be used through the next year to educate consumers about potential special enrollment periods they may be eligible for and other related Nevada Health Link events and blog content.



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In September, the Exchange's Chief Operations Officer, Information Technology Manager, and Executive Director met with CMS officials to present a proposed technology transition model for eligibility and enrollment purposes. The Exchange outlined a plan that is in full compliance with existing laws and regulations which will allow Nevada to transition from HealthCare.gov to an established and functioning eligibility and enrollment technology platform. This platform will offer Nevada consumers and the Exchange a better user experience at a significantly lower cost. CMS granted the Exchange approval to move forward with a State Based Marketplace Blueprint application. The Blueprint is the first step to getting the Exchange on a technology platform with sustainable cost structures and regular access to consumer information. Thousands of collaborative hours and dedicated work went into developing a model that limits impacts on sister state agencies, is compliant with all state and federal regulations, and will lend itself to efficiencies that will benefit Nevada's consumers and the Exchange. Exchange staff has begun to work on the Blueprint application and will begin meeting with a team from CMS to ensure on-going progress.

While CMS has not yet made final enrollment numbers available to the Exchange, the significant increase in our community partner promotion, consumer assistance call volume, and website traffic indicates that the Exchange's message to consumers was heard. The Exchange remains focused on the agency's mission to increase the number of insured Nevadans by facilitating the purchase and sale of health insurance that provides quality health care through the creation of a transparent, simplified marketplace of qualified health plans. The Exchange will continue to collaborate with federal and state partners in an effort to stabilize the Nevada individual market and find innovative solutions to shape the future of healthcare reform.

## **THE BOARD**

In accordance with 45 CFR § 155.110(c), the State must insure that the Exchange has in place a clearly defined Governing Board.

The Board consists of seven voting members and three non-voting members. 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 current Board members are:

- Voting Members
  - Florence Jameson, MD, Chair
  - Valerie Clark, Vice-Chair
  - Jonathan Johnson
  - E. Lavonne Lewis
  - Quincy Branch
  - Jose Melendrez
  - Dr. Daniel Cook
- Ex-Officio – Non-voting
  - Bessie Wooldridge - Department of Administration, for Patrick Cates, Director



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- Barbara Richardson– Commissioner, Division of Insurance
- Marta Jensen – Department of Health & Human Services, for Richard Whitley, Director

Since our last report there have been three Board meetings. The Board, required to meet at least once a calendar year, will change the frequency of its meetings from monthly to quarterly, with additional meetings as needed immediately leading up to and during open enrollment, or as directed by the Chair or majority of members (NRS 695I.340). Board meetings are held in Carson City and Henderson as well as streamed over the internet.

## **STAFF**

The Exchange staff currently consists of thirteen full-time employees. Nevada has the lowest Exchange employee count in the nation. Pursuant to NRS 695I.380, all employees of the Exchange are in the unclassified service of the state, with three non-exempt employees.

## **MARKETING & OUTREACH OFF-SEASON CAMPAIGN HIGHLIGHTS**

Despite a tumultuous six months of marketplace instability, the Nevada Exchange along with marketing partner, Penna Powers, successfully implemented a two-part off-season marketing campaign that launched in July 2017 - October 2017. Healthcare.gov, the federal technology platform used for the Exchange's enrollment and eligibility determinations, cut marketing, advertising, and outreach dollars significantly (90%) for plan year 2018. Although healthcare.gov ads help fortify the Nevada Health Link messaging, the Exchange has its own robust campaign, however as a result of the federal cuts, the Exchange's marketing and outreach was more important than ever in order for consumers to hear the message about the importance of getting covered.

The two core marketing messages developed for plan year 2018 were used for both the off-season and open enrollment campaigns. The first message: *You can't afford not to have health insurance* evolved from consumer sentiment that straightforward yet impactful messaging was most effective. As a result, the marketing campaign featured three real-life health emergencies highlighting various target audiences that could realistically lead to serious financial and related consequences as a result of not having health insurance coverage. Additionally, the spots promoted Nevada Health Link as *the* health insurance marketplace resource for Nevadans (i.e., institutionalize Nevada Health Link). While the spots centered around very serious, real-life scenarios, they were intentionally produced in an upbeat, playful manner to avoid coming off too heavy-handed and allow the reality of potential consequences to resonate with the consumer.

In the off-season, the spots developed included: a soccer-playing boy who meets a soccer ball head-on resulting in a broken nose; a fun-loving 50-something woman innocently slipping on water ending in the need for back surgery; and a millennial couple excited to see the ultrasound of their first baby (which turns out to be twins!)—each ad associated the costs of the medical treatment should the consumer be without health insurance. The goal was to create an added shock value on the importance of protecting your family and the benefits of insurance.



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The second message developed into the marketing ad campaign, while it was creatively treated more simply and straightforward, was nonetheless as important. This message was the significantly shortened enrollment period for plan year 2018 -just 45 days beginning Nov. 1 – Dec. 15. All messages were infiltrated, produced and implemented in both English and Spanish.

As marketing research dictates, the Exchange's off-season campaign continued to target uninsured and underinsured Nevadans. Strategically, the advertising was concentrated in the areas of online digital content and social media, a truly effective and measurable medium that continues to net significant response. In addition, the campaign included the more traditional elements of outdoor billboards and television. The Exchange's advertising spend for the off-season was intentionally conservative for two specific reasons: 1) position the campaign pace at a "steady trickle" to maintain off-season awareness of Nevada Health Link without a specific call to action and 2) reserve the majority of media dollars for a robust, integrated ad campaign open enrollment campaign for plan year 2018.

**Off-Season ad campaign metrics:**

- TV advertisements reached approximately 55% of the entire targeted viewing audience and each of the viewers saw the message approximately 8 times throughout the campaign's duration.
- Outdoor ads reached approximately 58% of the entire targeted viewing audience and each of the viewers saw the message approximately 5 times throughout the duration of the campaign.
- Digital/Online Content – YouTube views of the advertisement spots netted 30.87% for English and 36.55% for Spanish viewing completion rates (meaning viewers watched through the entire spot to the end) the advertisement industry benchmark completion rate for viewership is 18 %, thus the Exchange's spots performance outperformed the average.
- There was an 11% increase in individuals who visited [www.NevadaHealthLink.com](http://www.NevadaHealthLink.com), up from 10% in the previous year.

**OPEN ENROLLMENT 5 MARKETING CAMPAIGN**

Open enrollment began November 1, 2017 and runs through December 15, 2017. It was the Exchange's fifth open enrollment period year using the federal platform, [healthcare.gov](http://healthcare.gov), for eligibility and enrollment purposes.

The core marketing messages developed and used throughout the off-season campaign were expanded with additional creative development that was used to segue into the open enrollment campaign. *You can't afford not to have health insurance* carried its theme via two additional ad spots which feature a group of millennial-aged friends on a hiking excursion where someone takes a tumble and heads to the emergency room, and the other where avid 30-40-something mountain bikers wind up with a bit more than they bargained for, falling over the handlebars and having to get shoulder surgery. The same upbeat approach was applied creatively to avoid the heavy-handed treatment of a potentially serious emergency and the final spots reiterated the Exchange's foundational conviction that there is intrinsic value in having health insurance.



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The same *shortened enrollment period* (Nov. 1 – Dec. 15) message was carried directly over from the off-season campaign and ran at a higher frequency rotation throughout the open enrollment campaign. Additionally, another 30-second spot promoting the open enrollment period and featuring Governor Sandoval was the third creative inclusion to the campaign.

Another campaign element that was developed and implemented into the Exchange's advertising was consumer testimonials. During the off-season, a strategic marketing approach was designed to tell consumer stories relating to the Affordable Care Act (ACA) and Nevada Health Link and the benefits of having health insurance on the Exchange. The Exchange was able to find two Las Vegas residents to share their experiences. The first two testimonials were both composed in 30-second video formats which the 30 second spots were incorporated into the open enrollment campaign. The long-form videos reside on NevadaHealthLink.com and were used on all social media platforms. The Exchange will continue to find and produce additional stories that demonstrate the importance of health insurance coverage.

The bulk of the Exchange's advertising media dollars were spent to promote the open enrollment period. In addition to increased television ads, outdoor and online digital content, the Exchange also incorporated streaming radio, digital search, display and digital online retargeting, radio, targeted print, and cinema advertising. Media included both general market and Hispanic market stations statewide. To compensate for the shorter enrollment period and the fact that the last two weeks of open enrollment falls within the prime retail holiday advertising time, TV and radio were ongoing throughout all weeks, as opposed to flighting, meaning the ads were run at with higher frequencies to ensure messages were seen multiple times. To assist in the effort to rise above the holiday chatter, the media mix incorporated cinema and transit advertising (bus stations ads) and a much heartier online video and streaming radio programs featuring YouTube, Facebook, Pandora and Spotify.

The Exchange continued to focus on the millennial population, families and individuals, the 50+ community, self-employed, rural and tribal areas, and Hispanic/Latino populations as well as multicultural ethnicities. The call to action was consistent with prior years, encouraging consumers to visit NevadaHealthLink.com to find a licensed enrollment professional and take advantage of free, local in-person assistance to help navigate through the confusing process of enrolling in a health insurance plan. Social media provided an important vehicle as a means for consumers to ask and have their health coverage related questions answered via a specialized hashtag: #HealthLinkHelp

The last key marketing enhancement carried out to support open enrollment for plan year 2018 was the home page and navigational updates for NevadaHealthLink.com. This included a complete modification of the homepage to be more consumer-facing and allow easier access to information related to the ACA, subsidies, health-related tips, consumer testimonials, and new health insurance plans offered on the Exchange. The homepage restructure has proven to be effective as the Exchange saw a 40% increase in website traffic, higher click rates, and longer page sessions overall.



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The Exchange was able to swiftly produce a direct mailer in response to receiving some consumer enrollment data from the Centers for Medicaid & Medicare Services (CMS). Those individuals who were included in this information received a letter from Nevada Health Link about plan changes, carrier options, and getting in-person assistance to shop the marketplace. The Exchange was able to input email opt in subscribers to our existing email consumer database through Mailchimp which prompted more ideas on email marketing. Consumers receive one to two emails per week from Nevada Health Link with prompts to assist on how to enroll and important enrollment information as well as health tips, and events that we will be at around the community in order to help answer any questions.

Community partner engagement and consumer outreach has, and will continue to be, a foundational component to the Exchange's marketing strategy and plan. Outreach is an effective, ongoing means for one-to-one community level interaction and communication. Throughout the year, the Exchange continued to concentrate attendance at state-wide events and community activities where enrollment assisters are on-hand to alleviate consumer confusion, shape favorable perceptions, educate, and build brand awareness of Nevada Health Link.

As of December 2017, the Exchange has attended over 200 events with hundreds of additional events planned through August of 2018. New outreach educational materials, and literature were printed to engage audiences and provide a clear understanding of how to enroll in a health insurance plan and receive in-person assistance. The emphasis of printed material was focused on why it is important to be covered. The Exchange's outreach strategy included using Navigators as primary event staff, attending community-based events where there was a better likelihood to engage consumers, create interactive outreach booth activities to attract and engage more consumers.

## **STAKEHOLDERS**

Ongoing community partner and stakeholder efforts have resulted in fruitful outcomes this year with dozens of new active alliances formed both in the north and south. Face-to-face communication with groups, associations and chambers allowed the Exchange to penetrate key target audiences by leveraging various databases and contacts of partners who agreed to educate on behalf of Nevada Health Link and the Exchange.

Stakeholders and partners included groups such as REACH Mexican Consulate in Las Vegas, Salvation Army in rural Mesquite, Catholic Charities in the north and Churchill County Social Services in rural north. Tools in the forms of email templates, printed literature and in-person presentations were made available to stakeholders.

A proud addition to the Exchange's stakeholder development this year was the creation of the pre-open enrollment "Prep Rally" event where stakeholders, partners, navigators and other allies were brought together at a breakfast rally in late September to engage with Exchange staff, listen to empowering presentations from Senator Cancela and Mike Willden from Governor Sandoval's office and inspirational speaker, Simon Keith. Most importantly, attendees heard first-hand from Exchange Director, Heather Korbolic that the Exchange is moving forward full-force with a solid



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foundation and mission to offer health insurance options and related federal subsidies to eligible Nevadans.

Events were held both in the north and south with over 100 attendees in the south nearly 75 in the north. Guests were sincerely engaged and enthusiastic about aligning forces with Nevada Health Link. They were provided a flash drive of all available marketing and outreach resources as well as a goodie bag of NHL outreach swag to help retain top of mind awareness and build marketing momentum. The Prep Rallies are intended to become an annual team and partner building initiative. The Exchange also hosted a kick-off (Nov. 1 ) and close-out (Dec. 15) enrollment events in both Las Vegas and Reno as an opportunity for consumers to enroll face to face with licensed enrollment professionals and get their questions answered by enrollment facilitators. Success of these open enrollment events will be measured and analyzed for future years.

## **BROKERS**

The Exchange saw a decrease in the number of brokers selling on the Exchange during plan year 2017 open enrollment period due in part to a decrease in commissions paid out by Exchange carriers. Recognizing the value of broker and agent partnerships, the Exchange released a Request for Application (RFA) in May of 2017 which offered a grant to start a pilot Broker and Agent Storefront program. Three grants of up to \$10,000.00 for each brokerage were awarded to insurance professionals for this upcoming plan year to assist with marketing, outreach and operational costs related to enrolling consumers in qualified health plans (QHPs). It should be noted that all three brokers received HealthCare.gov's Circle of Champions Seal for their enrollments.

The goal of this grant program was to increase the number of enrollees in qualified health plans by brokers servicing Nevadans in person at storefront locations. The program has shown promise as the three awardees have been extremely busy with enrollments and have indicated the grant allowed them to hire additional employees to service consumers, have a more robust outreach and marketing program, and improve office efficiencies to allow for more consumers to enroll in QHPs faster. The Exchange will review projected and actual enrollment metrics after open enrollment to measure the cost benefit of the program. This post open enrollment analysis will determine extension of the pilot program into future plan years.

## **NAVIGATORS, IN-PERSON ASSISTERS, AND CERTIFIED APPLICATION COUNSELORS**

To be compliant with federal regulations, the Exchange must have consumer assistance resources and functions, including a Navigator program; and must refer consumers to appropriate state resources when available. In April 2017, the Exchange published a RFA for the Navigator and In-Person Assistance (IPA) program. The Exchange awarded contracts to two entities to serve as state wide Navigators and seven IPA entities. Navigator and In Person Assister organizations are responsible for outreach, education, and enrollment for Nevada's uninsured and underinsured populations. Certified enrollment assisters are comprised of private entities that have been trained by Nevada Health Link and work closely with Nevada Health Link to educate consumers on the resources available in the health insurance marketplace. Navigators are the primary event staff in regard to our outreach and community events which continues to be an intricate and



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important part of our marketing campaign. Since February, Navigators and IPAs have attended over 200 outreach events to promote this open enrollment. Navigators and IPAs have also been, and will be, integral staff assisting consumers with real-time enrollment at the Exchange's November 1 kick-off and December 15 close out events.

**NAVIGATOR ENTITIES**

- Dignity Health - St. Rose Dominican (Southern Nevada)
- State of Nevada - Office for Consumer Health Assistance (Statewide)

**IN PERSON ASSISTER ENTITIES**

- Asian Community Resource Center (Southern Nevada)
- Consumer Assistance Resource Center (Southern Nevada)
- Three Square (Southern Nevada)
- Community Health Alliance (Northern Nevada)
- First Med Health & Wellness (Southern Nevada)
- Hope Christian Health Center (Southern Nevada)
- Nevada Health Centers, Inc. (Statewide)

In order for the Exchange to ensure there are adequate resources for consumers wishing to have assistance with their enrollment applications, our Navigators, IPAs, and Certified Application Counselors (CACs) across the state will augment the enrollment force. The Exchange has provided additional training and support to Navigators, IPAs, and CACs to prepare them to enroll consumers.



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**FINANCE**

**Current State Fiscal Year 2018 BUDGET:**

<b>B/A 1400 Silver State Health Insurance Exchange</b>				
<b>SFY18 Fund Map Before Work Program</b>				
<b>Includes WPs: C39786</b>				
		<b>GL 3510</b>	<b>GL 3601</b>	
		<b>Federal Receipts</b>	<b>QHP Fees</b>	
		<b>Est. Grant</b>		<b>TOTAL</b>
		<b>Level One # 5</b>		
<b>Revenue</b>				
Balance Forward	From Prior Year		\$ 13,701,569	\$ 13,701,569
RGL 3510	Federal Receipts - Level #5	\$ 2,184,758		\$ 2,184,758
RGL 3601	QHP Fees		\$ 11,043,697	\$ 11,043,697
				\$ -
		<b>\$ 2,184,758</b>	<b>\$ 24,745,266</b>	<b>\$ 26,930,024</b>
<b>Expenditures</b>				
Cat 01	Personnel	\$ -	\$ 1,303,576	\$ 1,303,576
Cat 02	Out-of-State Travel	\$ -	\$ 22,221	\$ 22,221
Cat 03	In-State Travel	\$ -	\$ 28,798	\$ 28,798
Cat 04	Operating (supplies and other, less IT)	\$ -	\$ 1,430,004	\$ 1,430,004
Cat 11	Transfer to CMS	\$ -	\$ 6,160,916	\$ 6,160,916
Cat 26	Information Services	\$ -	\$ 31,712	\$ 31,712
Cat 30	Training	\$ -	\$ 4,453	\$ 4,453
Cat 67	Fifth Level One	\$ 2,184,758	\$ -	\$ 2,184,758
Cat 70	Establishment Implementation Grant	\$ -	\$ -	\$ -
Cat 71	Navigators	\$ -	\$ 1,343,489	\$ 1,343,489
Cat 82	DHRM Cost Allocation	\$ -	\$ 5,555	\$ 5,555
Cat 85	Cash Reserve	\$ -	\$ 14,360,261	\$ 14,360,261
Cat 87	Purchasing Assessment	\$ -	\$ 17,220	\$ 17,220
Cat 88	SWCAP	\$ -	\$ 19,449	\$ 19,449
Cat 89	AG Cost Allocation Plan	\$ -	\$ 17,612	\$ 17,612
	<b>Total Expenditures</b>	<b>\$ 2,184,758</b>	<b>\$ 24,745,266</b>	<b>\$ 26,930,024</b>

**BALANCE FORWARD**

State Fiscal Year 2017 (SFY) closed with the Exchange carrying forward \$13,701,569 in cash reserves into SFY 2018. This is slightly down from a projected carry forward balance of \$14,347,846 in the Legislatively (L01) Approved Budget. The two main reasons for this shortfall were due to; 1) PMPM collections in Plan Year (PY) 2016 coming in lower than projected and, 2) Navigator cost actuals being higher than projected. The adjustment to L01 was made via Work Program C39786 at budget closing.



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**CARRIER PREMIUM FEES (CPF)**

Moving forward the Exchange will no longer refer to revenue collections as Per Member Per Month (PMPM) fees. The Exchange no longer charges a fee for each effectuated member reported by the carriers. Instead, the Exchange charges 3.15% of total premiums reported by carriers; this methodology was changed as per the Exchange's Board of Director's vote on February 12, 2015. The Exchange will now refer to revenue collection fees as Carrier Premium Fees (CPF).

As of November 2017, the Exchange has collected \$9,647,973.14 in CPF. With one month to go in PY17, the projected yearend total for CPF will be approximately \$10,447,973. This projected amount is \$274,063 short of our projected total of \$10,722,036 used for the L01 budget. This short fall should not affect the operations of the Exchange moving forward because CMS user fees are directly related to the amount of revenue collected.

PY18 revenues are budgeted at \$11,365,358. This represents a 6% increase over projected PY17 revenue, as opposed to actual revenue collected. PY18 collections will start in January. Premium rates increased for PY18 by an average of 36.8%. This does not mean the Exchange should expect revenues to increase by the same. Enrollment and plan section has a significant impact on revenue collection, as well as enrollment erosion throughout the year. The Exchange will monitor this closely before the PY19 Carrier Premium Fee is approved.

The Carrier Premium Fee for PY19 will be submitted to the Exchange's Board for approval in February 2018. The Exchange does not anticipate increasing this fee at this time. However, once actual enrollment and premiums collected for January are received, the Exchange will have a better understanding of enrollment numbers and will submit a rate accordingly.

**GRANTS**

As of November 2017, the Exchange has exhausted \$758,081 of its remaining \$2.1 million dollars of federal 1311 Establishment grant funds. Grant funding is used for outreach and education which includes marketing and the In-Person Assistors program. These funds expire on December 31, 2017, at which point the Exchange will no longer have access to federal 1311 Establishment Grant funds and will rely solely on CPF collections to fund outreach and education.

**TRANSITION FROM HEALTHCARE.GOV TO A PRIVATE EXCHANGE**

The Exchange will be submitting a work program to the Governor's Finance Office for the February Interim Finance Committee (IFC) to move forward with a transition away from healthcare.gov to a private enrolment and eligibility solution. This work program will move \$1,000,000 from Exchange reserves to cover the cost of implementation of a private platform. The Exchange anticipates the private platform to be operational for open enrollment starting November 1, 2019, with work beginning July or August of 2018. While a Request for Proposal in March of 2018 will solicit best and most current pricing, the annual cost of a private platform has previously been estimated to be \$5.8 million per plan year. This fee is separate from the



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\$1,000,000 and will be requested by the agency to be built into our bi-annual budget starting SFY 2020.

As of today, a transition away from healthcare.gov would save the Exchange approximately \$5-\$6 million dollars a year in user fees paid to CMS. This saving could be passed along to the carriers by reducing the carrier premium fee. Furthermore, this drop in fee could help offset future premium increases charged to consumers by the insurance carriers.