



KEY QUESTIONS

GENERATE DEMAND

- ✓ How will you attract brokers to the SHOP?
 - Have you had discussions with brokers in your state? If so, what are their perspectives?
 - What role will brokers play in the SHOP?
 - How will you construct a broker friendly SHOP?
 - How will you compensate brokers for their services?
 - How will you ensure brokers provide unbiased advice?
 - What ongoing customer service role will brokers play?
 - How will the SHOP web portal accommodate broker specific needs?
- ✓ How will you attract employers to the SHOP?
 - Have you had discussions with small employers in your state? If so, what are their perspectives?
 - What features of a SHOP will appeal to employers and differentiate the SHOP from the outside small group market?
 - How will you structure employee and employer choice in the SHOP?

GENERATE SUPPLY

- ✓ How will you attract health plans to the SHOP?
 - Have you had discussions with small group market issuers? If so, what are their perspectives?
 - What factors will influence issuer interest in offering Qualified Health Plans (QHPs) through the SHOP?
 - What might entice new issuers to enter the small group market in your state?
 - What concerns do current issuers have about employee choice?
 - Will you select QHPs based on measures of quality or price, or do you anticipate selecting QHPs through active purchasing negotiations?
 - Will you limit the number of cost-sharing designs an issuer can offer?
 - Have you considered requiring SHOP participation for certain issuers based on earned premiums in the state's small group market or on their interest in participating in the individual market Exchange?



PREVENT ADVERSE SELECTION

- ✓ How will you prevent risk selection resulting from other types of insurance, including self-insurance?
 - When do you expect to expand the small group market to employers with up to 100 employees? Do you expect a risk selection issue?
 - How does your state regulate association health plans? Do they pose a risk selection issue?
 - How does your state regulate low attachment point stop-loss insurance? Will it be a significant source of adverse selection?
 - Do you expect the SHOP will have to compete against a private market group “exchange”?
- ✓ How will you prevent risk selection resulting from decisions to remain uninsured?
 - Do carriers currently employ minimum participation rates for employees?
- ✓ Have you considered merging your small group and individual risk pools, and have you assessed the impact of such a merger on premiums?

OPERATING PLAN

- ✓ How will your SHOP procurement differ from your individual market Exchange procurement?
 - How will you create a web-based front end for employers and brokers that will facilitate employer and employee choices?
 - How do you plan to procure premium aggregation and other back office functions?
- ✓ How will you ensure long term operational cost management of the SHOP as of 2015?
- ✓ How will you provide employer, employee, and broker customer support?

KEY QUESTIONS - RESPONSES

GENERATE DEMAND

1. How will you attract brokers to the SHOP?

New Mexico's vision has always been to develop and build a small group exchange that represents a significant value-add to small employers and will thus entice them to adopt the exchange as their mechanism for administering employer-sponsored insurance. NMHIX will develop an outreach plan aimed at small employers in order to broaden awareness, further understanding, and drive adoption. We believe brokers will be compelled to respond to driving demand from employers.

In addition, NMHIX will develop a plan to implement in-depth and frequent broker training in order to help brokers effectively respond to employer demand. It is anticipated that, when fully operational, the NMHIX will offer monthly training sessions for brokers on both the new market (rules, regulations, etc.) and the technology associated with the use of the exchange in order to certify them to sell products on the exchange.

2. Have you had discussions with brokers in your state? If so, what are their perspectives?

Brokers are always invited to be part of the ongoing broad stakeholder engagement process and OHCR has specifically included brokers as participants on the Work Groups that serve to inform the NMHIX Advisory Task Force. In addition, broker representatives were included among those interviewed as part of Program Integration research.

New Mexico's brokers have indicated they understand the advantage of establishing an exchange designed by New Mexico, for New Mexico, rather than having a Federally-Facilitated Exchange (FFE) imposed on the state. As NMHIX continues to develop policy for exchange operation, we will engage brokers more directly in order to make them aware of how the exchange will operate but also to solicit critical feedback and other input.

3. What role will brokers play in the SHOP?

As in the current small group market, brokers will continue to serve as the primary sales force for small group insurance in NM. However, in the new defined contribution system, we anticipate that brokers' interaction with employees will increase significantly as they take on a role geared more toward "education and advisement" with respect to purchasing health coverage.

4. How will you construct a broker friendly SHOP?

The NMHIX will rely on brokers to continue to offer the high quality service they currently provide. In addition, brokers fees/commissions the NMHIX will be guaranteed at a rate commensurate with what they are paid in the non-exchange market.

5. How will you compensate brokers for their services?

As is currently the practice in the NM small group market, brokers will receive a fee (commission) paid as part of the premium for their services.

6. How will you ensure brokers provide unbiased advice?

By standardizing the fee paid to brokers for selling plans inside the exchange. In addition, broker fees paid for plans sold in the exchange will be transparent to all purchasers.

7. What ongoing customer service role will brokers play?

As is the practice in the current market, brokers will continue to serve as the intermediary between the employer and the carrier to resolve post-enrollment issues; however, in a defined contribution market, brokers should also be prepared to work closely and directly with employees throughout the year to respond to questions about their plan and to assist them with any administrative issues that may arise.

8. How will the SHOP web portal accommodate broker specific needs?

NMHIX technology will enable brokers to be highly responsive to employer and employee needs. Brokers will be able to use the on-board consumer decision support tools and the side-by-side plan comparison display to assist individual employees with selecting and purchasing a plan that best fits their needs.

9. How will you attract employers to the SHOP?

The intention of the NMHIX small group exchange is to provide employers and employees with a defined contribution shopping experience. We feel the numerous benefits of a defined contribution exchange (including simplified administration, predictable and controllable costs, and a preservation of the tax treatment) will be advantageous to both employers and employees.

10. Have you had discussions with small employers in your state? If so, what are their perspectives?

The NMHIX intends to reach out to the small employer community regarding the NMHIX small group exchange to discuss their needs, concerns and answer their questions.

11. What features of a SHOP will appeal to employers and differentiate the SHOP from the outside small group market?

The intention of the NMHIX small group exchange is to provide employers and employees with a defined contribution shopping experience. We feel the numerous benefits of a defined contribution SHOP exchange will be advantageous to both employers and employees.

12. How will you structure employee and employer choice in the SHOP?

Through defined contribution, employees will be able to choose any plan available from any carrier participating in the NMHIX small group exchange.

GENERATE SUPPLY

1. How will you attract health plans to the SHOP?

One way to attract health plans is to be a true market facilitator model; no selective contracting and no active purchasing. The NMHIX small group exchange is and will continue to collaborate with health plans on all aspects of the NMHIX.

2. Have you had discussions with small group market issuers? If so, what are their perspectives?

The NMHIX has reached out to the small group issuers in an effort to understand their willingness and readiness to participate in the NMHIX small group exchange. For the most part, the issuers are very enthusiastic about participating but they also understand there are many challenges that still need to be addressed to ensure a seamless integration path with the NMHIX small group exchange. The NMHIX small group exchange is working with and will continue to work with the issuers to address these challenges.

3. What factors will influence issuer interest in offering Qualified Health Plans (QHPs) through the SHOP?

There are many factors that will influence issuers, most importantly is the additional regulations and guidance that carriers are waiting for from HHS.

4. What might entice new issuers to enter the small group market in your state?

The level of participation (enrollment) in the NMHIX from the small employer community will be a factor that new issuers will look at when evaluating possible exchange participation.

5. What concerns do current issuers have about employee choice?

Adverse selection in a true defined contribution exchange is one of the biggest concerns that issuers have regarding employee choice. However, adverse selection can be mitigated with a robust and proven risk adjustment mechanism. The NMHIX is evaluating several different risk adjustment solutions.

6. Will you select QHPs based on measures of quality or price, or do you anticipate selecting QHPs through active purchasing negotiations?

All plans meeting the minimum requirements for QHP participation (as specified in the ACA) should be certified to offer products on the exchange.

7. Will you limit the number of cost-sharing designs an issuer can offer?

No decision yet.

8. Have you considered requiring SHOP participation for certain issuers based on earned premiums in the state's small group market or on their interest in participating in the individual market Exchange?

No decision yet.

PREVENT ADVERSE SELCTION

1. How will you prevent risk selection resulting from other types of insurance, including self-insurance?

The NMHIX is evaluating several different risk adjustment solutions.

2. When do you expect to expand the small group market to employers with up to 100 employees? Do you expect a risk selection issue?

The NMHIX would anticipate engaging this market once the NMHIX small group exchange is in production and has addressed and corrected any policy, operational and technical issues.

3. How does your state regulate association health plans? Do they pose a risk selection issue?

Association plans are regulated in the same way non-association plans are regulated. It is hard to determine if they pose a significant risk selection issue because risk is determined by the carrier. NMDOI does not track association health plans separately.

4. How does your state regulate low attachment point stop-loss insurance? Will it be a significant source of adverse selection?

New Mexico only has a small number of self-insured plans, so it should have only a negligible impact.

5. Do you expect the SHOP will have to compete against a private market group "exchange"?

The private exchange space has seen some tremendous growth. It is always a possibility that the NMHIX may have to compete with a local or regional small group private exchange.

6. How will you prevent risk selection resulting from decisions to remain uninsured?

NOT ADDRESSED.

7. Do carriers currently employ minimum participation rates for employees?

Carriers typically require a 75% of all eligible employees participate. In the Alliance we require 50%. This participation requirement (whether 50% or 75%) will help minimize adverse selection in and outside the exchange.

8. Have you considered merging your small group and individual risk pools, and have you assessed the impact of such a merger on premiums?

Most studies have shown that merging these markets would drive up premiums (15 %+) in the small group market space both inside and outside the exchange. With this in mind we recommend not merging the individual and small group markets.

OPERATING PLAN

1. How will your SHOP procurement differ from your individual market Exchange procurement?

Procurement for the NMHIX small group exchange will happen in tandem with the NMHIX individual exchange. However, it is anticipated that the NMHIX small group exchange may be up and running prior to the NMHIX individual exchange.

2. How will you create a web-based front end for employers and brokers that will facilitate employer and employee choices?

There are many vendors that currently provide front end enrollment and back end administrative exchange functionality. It is anticipated that one or more vendors will be chosen to provide this functionality for the NMHIX small group exchange.

3. How do you plan to procure premium aggregation and other back office functions?

No decision yet. There are many vendors that currently provide premium aggregation services for exchanges. One or more vendors may be chosen to provide this functionality for the NMHIX small group exchange.

4. How will you ensure long term operational cost management of the SHOP as of 2015?

No decision yet, but various opportunities are being explored.

5. How will you provide employer, employee, and broker customer support?

Customer service will be provided by a call center, health plans, etc.