



May 4, 2011

Purchasing Division  
Shelly Murray  
2019 Washing Street, East  
PO Box 50130  
Charleston, WV 25305-0130

**RE: Response to Request for Information No. INS11012 Issued by the West Virginia Office of the Insurance Commissioner**

Dear Ms. Murray:

Health Management Systems, Inc. (HMS) is pleased to submit the attached response to the Request for Information referenced above regarding the State of West Virginia's response to the Patient Protection and Affordable Care Act (ACA). We are confident that our decades of experience serving the needs of Medicaid agencies including our many years of providing comprehensive cost containment services for West Virginia can provide ongoing value to the State as its needs evolve.

We clearly indicate the following:

**Vendor:** HMS  
**Buyer:** Shelly Murray  
**Req#:** INS11012  
**Opening Date:** 5/4/2011  
**Opening Time:** 1:30 PM

Contact Information

**Company:** HMS  
**Address:** 405 Capitol Street Suite 503, Charleston, WV 25301  
**Contact Person:** Richard Leveck, Program Manager  
**Telephone Number:** 304-342-1604  
**Email:** rleveck@hms.com

Thank you for considering the service experience and expertise of HMS. Please contact me with questions and/or requests for more information about HMS and our service capabilities.

Sincerely,

Richard Leveck  
Program Manager

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WEST VIRGINIA  
PURCHASING  
DIVISION



# HMS Expertise for West Virginia: Health Insurance Exchange

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# HMS Expertise for West Virginia: Health Insurance Exchange

## Overview

To support and serve Health Care Reform's eligibility paradigm shift, HMS is developing the ability to provide cost containment information services that support eligibility, premium, and plan decision-making in order to lead the applicant to the right insurance source.

The Patient Protection and Affordable Care Act (ACA) envisions a complete eligibility and enrollment overhaul. No more shoeboxes of documentation, with kids in tow. The creation of ACA Exchanges fosters new solutions to long-standing eligibility problems, supports healthcare expansion to accommodate unprecedented volumes of members and transactions, and the disintermediation of many established methods and vendors. We appreciate the opportunity that the RFI issued by the State of West Virginia initiates for the investigation of efficient methods to support higher eligibility transaction volumes.

HMS's ability to identify Medicaid members who have other healthcare coverage has been our hallmark service since partnering with our first Medicaid agency client in 1985. This service—and others that leverage our data matching competencies and knowledge of who pays for what—are designed to meet both eligibility needs today as well as those envisioned under the ACA.

## Introduction to HMS

For more than 25 years, HMS has assisted Medicaid and other government healthcare programs to enhance their cost containment and compliance results. Today, we serve state agency clients in 41 states, including Medicaid, Children's Health Insurance agencies, Child Support agencies, pharmaceutical assistance programs, and other state-administered healthcare programs. Our services include enrollment integrity, payment integrity, and third-party liability identification and recovery, and cost avoidance. All of these services are complementary and support the goals of efficient and cost effective program administration. As a result of our depth of experience, the Insurance Commission can be assured that it is



partnering with *the* proven and trusted program integrity and cost containment leader for Medicaid agencies.

**Of the nation's 51 Medicaid administrators, 41 of them—including West Virginia Department of Health and Human Resources—currently benefit from HMS's cost containment solutions.** Not only do we understand and adhere to federal requirements, but we understand the specific nuances of individual state programs.

HMS is the national industry leader in operating premium assistance programs. We currently manage 13 premium assistance programs for 10 states, including two of the country's largest programs as well as the one currently deployed in West Virginia. We are experts in maintaining employer healthcare databases and building and operating state websites that gather employer information. **Within these programs alone, HMS performs over 100,000 employer verifications each year.**

In addition to our premium assistance employer verification work, HMS has developed *IntegriMatch*, our proprietary, web-based, real-time solution for eligibility verification and decision support. This platform allows HMS to assist clients in both performing matching and verifying income, identity, residency, citizenship, and assets.

**HMS offers the most cost effective, efficient and comprehensive eligibility verification solution available.**

## Approach

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1.4.1 Medicaid and CHIP Functional Need. The state of West Virginia has the expectation that the Exchange will be developed and coordinated with the eligibility needs of Medicaid and CHIP. What programs and services are available to achieve this objective?

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### **Eligibility Verification Services**

HMS currently assists several Medicaid clients with verifying assets for Medicaid enrollment. We intend to extend these services in order to assist Exchanges and their vendors with the verification of demographic information supplied by applicants. Our efforts will assist clients in identifying available



coverage options for application and benefit receipt. Our initial focus will be on verifying identity, income, citizenship, identity, assets, and other elements to help our clients determine eligibility.

## **Eligibility Simplification and Comprehensive Eligibility Decision Support**

### **The 100% Solution**

With an eligibility policy that will most likely be dependent on last year's Federal tax filings, the Internal Revenue Service (IRS) has stated that this approach is only successful about 50% of the time. HMS intends to perform those transactions on behalf of Exchange clients to the IRS, Social Security Administration (SSA), and the Department of Homeland Security (DHS), as well as supplement those Federal sources with state and private sources of information. Further, HMS will leverage our data matching ability to ensure the highest match rates obtainable. We are the leader in matching and verifying data for our state clients today. We attempt over four *quadrillion* demographic matches to identify other coverage and then verify over 1,000,000 matches each month. HMS will use our expertise with common names, sound-alike names, nicknames, and even suspect-misused SSNs to make eligibility determinations as comprehensive as possible.

### **A True Real-Time Solution**

HMS will adhere to Medicaid Information Technology Architecture (MITA) standards to make verified eligibility information available to our Exchange clients in real time.

### **Accurate and Fraud-Proof**

HMS will present the information available from state and Federal sources as-is. This straightforward presentation of findings will be unencumbered of applicant or employee (state, HMS, or Federal) modifications.

The components that we will deploy are:

- 1. Verified Income Data.** HMS will query, in real-time, three data sources, using a tiered approach to verify income:
  - a. IRS.** We will use a real-time call to the IRS for the applicant's last year's annual Adjusted Gross Income.

- b. **State.** We propose to use the AGI from the state tax file, the quarterly state wages, and/or the state new hire files. HMS will house one or all three state sources of income information to facilitate a robust real-time match.
    - c. **Private.** We will partner with the leading private sources of actual pay stub income information.
  2. **Citizenship.** We are able to interface to E-verify (Department of Homeland Security) to check citizenship.
  3. **Residency.** We are able to interface with public records data or LexisNexis, pending our discussions with them, for a residency check.
  4. **Identity/Age.** We are able to verify identity through our proprietary National Insurance Database, LexisNexis, and/or SSA.
  5. **Assets.** We are able to match with financial institutions for all liquid asset information.
    - ▶ **Timeline Need.** HMS is readying our clients to provide connectivity by July 2012 and be fully functional for CMS certification by 2013.
    - ▶ **Eligibility verification requirement comment.** Either the Exchange vendor or their sub-vendor should have experience matching to both public and private sources of income information. Further, the vendor or their sub-vendor should also have experience with successful proprietary demographic matching algorithms.

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1.4.3 Questions to Consider. How can the state ensure continuity of care for individuals who fluctuate between the Medicaid program and private coverage through the Exchange?

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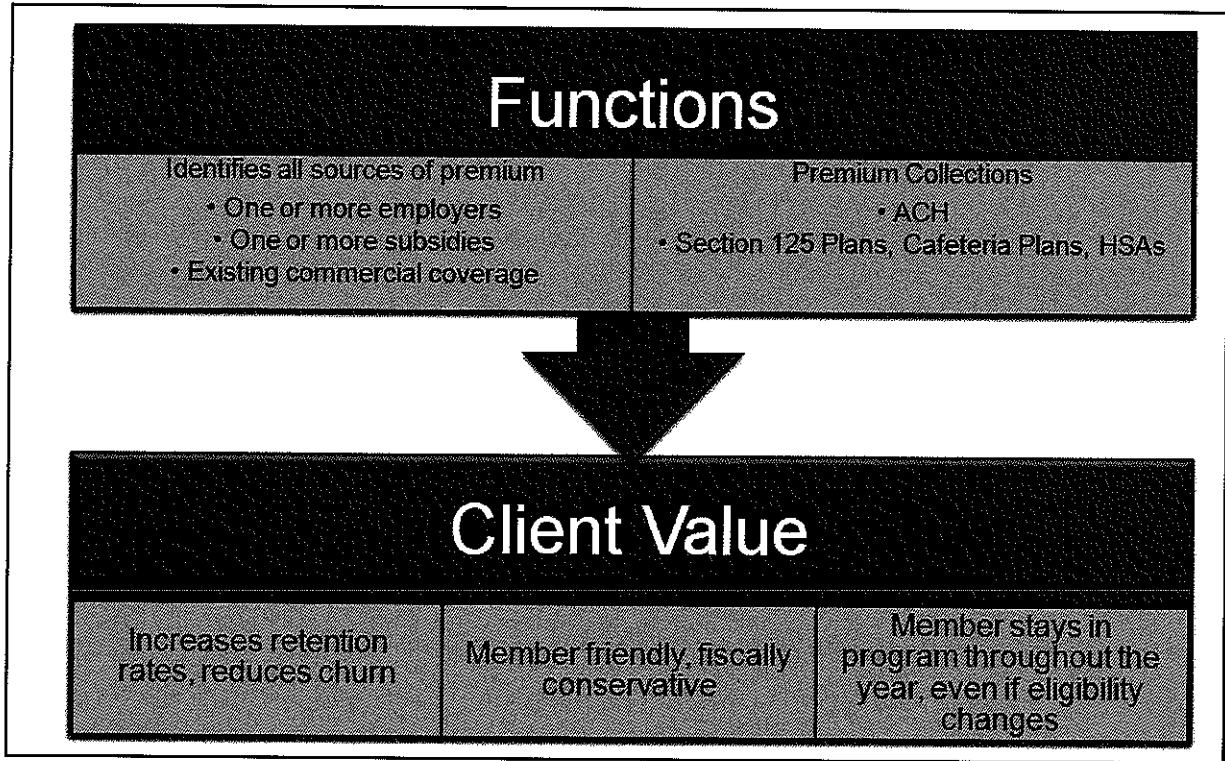
HMS believes that we can assist Exchanges in providing continuity of care as individuals fluctuate between programs by providing information that supports premium aggregation transactions, as well as to initiate certain premium processes such as premium assistance (HIPP) and Medicare Buy-in processes.

- ▶ **Premium Assistance / Aggregation Services** are HMS information tools that allow an applicant to be enrolled while identifying one or more sources of premium support.

This cost-sharing tool enables the Commission to pay the qualifying employee's monthly premiums to enroll in the alternative plan when it is more cost effective than other coverage options. Among the options would be a Health Insurance Premium Payment (HIPP) program, a service that HMS performs for 13 states including West Virginia. Premium aggregation reduces churn and allows an applicant to stay on a plan throughout the year even though the sources of premium support may change. This provides a more stable program ensuring a longer-term benefit consistency.

- ▶ **COB Support Services** HMS can assist our clients with determining what types of coverage/ plans are available to applicants. The eligibility decision may be dependent on whether there is commercial coverage or not, if there is access to ESI, or if another government-sponsored program is available. A disenrollment may be necessary or a secondary enrollment may have to be initiated, such as Medicare Buy-in.

**Exhibit ▶ Product Discussion: Premium Aggregation**



**1.4.4.a Uninsured and underinsured.** We could use our understanding of uninsured and underinsured population to talk about the following topics:

- Open enrollment strategies
- Risk strategies
- Impact of reforms on premiums
- Define success for exchange

**HMS's Outreach Services** help identify households that are potentially uninsured. Using a data source such as a school district's student rolls or a direct mail list that focuses on income criteria, we can filter out those with commercial insurance, Medicaid, Medicare, and CHIP eligibility. The result is a list of potentially uninsured households (or households that include uninsured children). Since the ACA



mandates coverage, HMS's Outreach Services help states target residents with no known coverage, avoiding postage and other expenses associated with unnecessary outreach.

HMS has partnered with the West Virginia CHIP in a recent grant submission. Our grant application detailed a program: WVKidsFind. This initiative will help determine West Virginia children without insurance for marketing and targeting efforts for CHIP enrollment.

There are many media choices in which one can perform outreach to the uninsured: billboards, television commercials, direct mail, outbound calls, or even going door-to-door. HMS's unique ability to filter out those with healthcare coverage allows our clients to direct efforts to just those households that are most in need. Our clients can save funds by communicating only to the target audience and then use those funds saved to increase those targeted efforts.

Our process will help identify and then refine large populations to obtain specific targets for outreach efforts. Based on published data, we estimate **126,000** households with children in West Virginia. Our team can further refine this population by using various income limits. For example, using \$50,000 and less would eliminate more than half of those households, leaving **52,000** households. HMS is able to continue refining by reviewing those already on Medicaid and CHIP. An additional filter possessed **only** by HMS is a review of commercial insurance, leaving approximately **15,000 – 16,000** households.

- ▶ **Outreach timeline comment.** HMS has performed these matches in the past, allowing the State to be able to direct those most in need to the Exchange early in the first year of operation.
- ▶ **Outreach requirement comment.** In order to minimize the Insurance Commissioner's outreach expenditures, either the Exchange vendor or their sub-vendor should have the experience of identifying the potentially uninsured or underinsured households within the appropriate income range. The vendor or their sub-vendor should also have access to not only the Medicaid and CHIP populations, but also those that are already commercially insured.
- ▶ **Outreach quantitative comment.** Filtering on those that already have coverage allows the State to focus on the **one-third that are potentially uninsured**. This leaves room to decide whether or not to devote **up to three times more dollars to outreach efforts** than other methods.
- ▶ **Defining Success.** Several measures of Exchange success would be the periodic quantification of households that are potentially uninsured. In addition, we propose specific metrics to measure the success of each outreach effort.