

**Health Insurance Exchange
Finance Work Group Report – October 24, 2012
Wakely Budget Model – Budget/Revenue Estimate Tables**

Table 7 – Budget Projections – 2015 and 2016

		2015			2016			Description	Opt	Offset
		Low	Moderate	High	Low	Moderate	High			
Eligibility Determinations and Enrollment	0.19	7,208,897	8,693,523	10,130,683	7,878,740	9,866,519	12,653,083	IT infrastructure, Exchange eligibility and enrollment functionality (Module 1, 2 and 3) communications, verifications and other supports for eligibility and enrollment (\$1,177,518 = Module maintenance)	NO	State and County efficiencies
Website	0.05	1,760,952	2,123,609	2,474,671	1,924,578	2,410,142	3,090,830	IT infrastructure and maintenance for overall Exchange, plan comparison, account management (Module 4, 5 and 7) (\$878,507 = Module maintenance)	M5	
Customer Service	0.25	9,355,058	11,281,672	13,146,689	10,224,320	12,803,879	16,420,032	IT infrastructure and maintenance as well as transactional costs for call centers, notices, and other customer assistance services	NO	State and County efficiencies. Carrier offsets
Premium Billing	0.11	4,044,687	4,877,664	5,684,009	4,420,515	5,535,795	7,099,249	IT infrastructure and maintenance for fund aggregation (Module 6), connections to e-payment and lockbox services including transactional costs, (\$374,000 = Module maintenance).	Individual Prem	Carrier offsets
Subtotal: Systems Dvlpmnt and Support	0.60	22,369,594	26,976,468	31,436,052	24,448,152	30,616,335	39,263,194	\$2,430,025 – Annual Maintenance – Maximus, \$1.5 - \$2 million – IT infrastructure support, \$6 M Equipment maintenance, replacement, software licensing upgrades, etc. (20% of build)		
IT Infrastructure (internal)	0.02	797,931	962,260	1,121,335	872,074	1,092,096	1,400,532	IT support for HIX – includes internal IT infrastructure, user support, equipment, etc.	NO	
Marketing/Advertising/Outreach	0.13	4,849,029	5,847,656	6,814,354	5,299,596	6,636,665	8,511,034	Outreach, Public awareness campaigns, marketing, advertisement	Level is opt	
Consulting/Profession Contracts	0.06	2,146,160	2,588,148	3,016,005	2,345,579	2,937,361	3,766,948	Evaluation, auditing, Health and Commerce regulatory and enforcement. Risk Adjustment not included (optional)	RA – opt.	
Administrative (Personnel, Facility, General Admin)	0.15	6,222,504	7,620,401	8,003,234	7,493,068	8,045,796	9,473,927	55 to 75 FTEs not including IT infrastructure for systems support, regulatory and enforcement staff		
Appeals	0.04	1,348,229	1,625,888	1,894,670	1,473,505	1,845,265	2,366,416	Appeals process – hearings, adjudication, etc.	NO	St/Cty eff.
Subtotal – Program Operations	0.40	15,363,854	18,644,353	20,849,599	17,483,823	20,557,182	25,518,859			
Total Operating	1.00	37,733,448	45,620,821	52,285,651	41,931,975	51,173,517	64,782,053			
Estimate 20% MA		7,546,690	\$9,124,164	10,457,130	\$8,386,395	10,234,703	12,956,411			
Net		30,186,758	36,496,656	41,828,521	33,545,580	40,938,813	51,825,642			

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Table 8 – Exchange Revenue Option Analysis (Wakely Model less 20% Medicaid allocation)

Revenue Options	Revenue Base	2014			2015			2016		
		Low	Med	High	Low	Med	High	Low	Med	High
Total costs as percent of Estimated Revenue										
User Fee	See above	3.87%	3.17%	2.78%	3.15%	2.48%	2.11%	2.64%	2.05%	1.71%
QHP/Premium withhold	See above	3.87%	3.17%	2.78%	3.15%	2.48%	2.11%	2.64%	2.05%	1.71%
Portion of Premium – Fully Insured	6,000,000,000*	0.34%	0.39%	0.44%	0.50%	0.61%	0.70%	0.56%	0.68%	0.86%
Broad Health Care Tax	23,350,000,000**	0.09%	0.10%	0.11%	0.13%	0.16%	0.18%	0.14%	0.18%	0.22%
HMO Premium Revenue	4,000,000,000**	0.51%	0.58%	0.66%	0.75%	0.91%	1.05%	0.84%	1.02%	1.30%
HMO, NFP Health Service Plan, Community Integrated Network Revenue	6,900,000,000 **	0.30%	0.34%	0.38%	0.44%	0.53%	0.61%	0.49%	0.59%	0.75%
Hospital Net Patient Revenue	7,788,500,000**	0.26%	0.30%	0.34%	0.39%	0.47%	0.54%	0.43%	0.53%	0.67%
MCHA Assessment Base	6,049,000,000 **	0.34%	0.39%	0.43%	0.50%	0.60%	0.69%	0.55%	0.68%	0.86%
Broad base – other tax (sin tax)		Dependant on the base of the tax								
General Fund /HCAF Appropriation		Options range from fund portion, select categories or 100%								
Other (grants, advertisement, naming rights)										

*Source: MDH Health Economics Program, 2009

**Source: Summary of Health Care Revenues for State fiscal year 2010-11