



January 25, 2021

The Honorable Guy Guzzone
Chairman
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West
11 Bladen Street
Annapolis, MD 21401

The Honorable Maggie McIntosh
Chairwoman
House Appropriations Committee
House Office Building, Room 121
6 Bladen Street
Annapolis, MD 21401

Re: Joint Chairmen's Report – Evaluation of Funding Needs for the Maryland Health Benefit Exchange

Dear Chairman Guzzone and Chairwoman McIntosh:

Pursuant to page 47 of the Joint Chairmen's Report for the 2020 Session, the Maryland Health Benefit Exchange (MHBE) submits this report on the appropriate funding level necessary for the agency, taking into account current activities and available federal funding.

MHBE was established in 2011 to administer the Maryland Health Connection (MHC), the state-based marketplace for Marylanders to shop for and enroll in health and dental insurance, as well as determine eligibility for Medicaid and the Maryland's Children's Health Program (MCHP). Since its inception, the agency has grown in size and scope and developed into a mature unit of the state government. MHBE presents this report as a new evaluation of its needs to support the future operation of the agency.

If you have any questions regarding this report, please contact Johanna Fabian-Marks, Director of Policy and Plan Management at (443) 890-3518 or at johanna.fabian-marks@maryland.gov

Sincerely,

A handwritten signature in black ink that reads "Michele Eberle".

Michele Eberle
Executive Director

Cc: Dennis Schrader
Chair, MHBE Board of Trustees



Joint Chairmen's Report:

Evaluation of Funding Needs for the Maryland Health Benefit
Exchange

Maryland Health Benefit Exchange

January 25, 2021

Contents

- I. Executive Summary 1
- II. Introduction 4
- III. Current and Past Funding Overview 6
 - A. Funding Overview 6
 - B. Support for Medicaid Program 6
- IV. Future State Funding Overview..... 7
 - A. Staffing and Operations 7
 - B. Small Business Program..... 9
 - C. Marketing 11
- V. Conclusion 13
- Appendix 1. MHBE FY 2020 Actual Expenditures 14
- Appendix 2. Summary of Services and Staffing by Functional Area..... 15
- Appendix 3. Detailed List of Additional IT State Positions to Support Mature Operations 22

I. Executive Summary

The Maryland Health Benefit Exchange (MHBE) operates Maryland Health Connection (MHC), used by one in five Marylanders to enroll in health coverage. The agency has emerged during the past seven years to become one of the leading and most innovative state health exchanges in the nation. The state's investments in MHBE's IT, marketing, and customer service have helped to make it the premier gateway to health coverage in the state and helped to lead Maryland to a historically low uninsured rate last year of 6%.

The COVID-19 public health emergency has further demonstrated the importance of MHBE's role in facilitating access to coverage. Since March, tens of thousands of Marylanders have lost jobs and job-related health coverage. In response, MHBE offered one of the first and longest special enrollment periods related to the public health emergency in the nation. More than 90,000 Marylanders have used this opportunity to enroll in coverage.

Despite these and other important accomplishments to expand health care access and reduce health care costs, MHBE has not yet fully achieved its statutory mission to reduce the number of uninsured and help small businesses enroll their employees in coverage. Other states' examples, our own analyses, and conversations with constituents across the state show us that we can do better. Maryland's uninsured rate is double that of Massachusetts, the state with the lowest uninsured rate.¹ At least half of the remaining uninsured in Maryland are estimated to be eligible for free or low-cost coverage, but survey results show that many of them don't know this.² And nationally, we see that about half of businesses with fewer than 25 employees don't offer health insurance to their employees, even as we hear from small businesses around the state that they would like to do so.³

Given the evolution of MHBE and the broader health care landscape over the years, in 2020 the General Assembly asked MHBE to evaluate the appropriate future State funding level for fiscal year (FY) 2022 and beyond. Under state law, MHBE's operations are funded through the state premium tax at an appropriation not less than \$35 million per year. For state FY 2021 only, that amount was reduced to \$31.29 million. MHBE leverages state funding to draw down federal funding to support operations dedicated to the more than 1.16 million Maryland residents who use MHC to enroll in Medicaid. In FY 2020, state funding was matched by \$42.3 million in federal funding. Federal funding can only be used to support Medicaid activities. Commercial insurance and small business operations are funded with State money.

¹ Katherine Keisler-Starkey and Lisa N. Bunch U.S. Census Bureau Current Population Reports, P60-271, Health Insurance Coverage in the United States: 2019, U.S. Government Publishing Office, Washington, DC, 2020. <https://www.census.gov/library/publications/2020/demo/p60-271.html>

² MHC Strategic Messaging Survey, July 21 –Aug 11, 2020. Summary available at https://www.marylandhbe.com/wp-content/uploads/2020/09/MHBE_2020-Strategic-Messaging-Survey_-Board-Report-09.21.20.pdf

³ Kaiser Family Foundation. Employer Health Benefits: 2020 Annual Survey. October 8, 2020. <https://www.kff.org/health-costs/report/2020-employer-health-benefits-survey/>

State funds that are unspent at the end of the fiscal year revert to the General Fund. In recent years, MHBE has reverted funds, prompting questions of whether MHBE's traditional funding floor of \$35 million is higher than necessary. However, these reversions are not an indication that MHBE was funded in excess of its needs; rather, they indicate a cautious approach to budgeting as a maturing agency was gaining experience with its call volumes and other operating costs. These past reversions were primarily due to MHBE's success in reducing the cost of its call center contract, combined with conservative estimates of call center costs, leaving MHBE without sufficient time to reallocate unspent call center funds before the end of the fiscal year. Going forward, MHBE expects to use this experience to more accurately project call center costs, allowing the agency to more effectively allocate funding at the beginning of the fiscal year in order to achieve previously unmet goals. Over the last six months, MHBE carefully considered the agency's statutory purposes, activities, organizational structure, and budget in order to provide the General Assembly with an evaluation of the appropriate future state funding level for the agency. MHBE identified three key areas in which additional investment would allow the agency to fully support current required activities and achieve its statutory purposes: staffing and operations, the small business portal, and marketing.

MHBE accomplishes its work with a team of 67 state staff positions and 129 procured IT resources who support the MHC website and mobile application. Using this method of IT staffing for development, project management, system operations and support, MHBE had reduced the blended rate of IT contract resources by more than 25%, translating into savings of \$5 million to \$7 million annually. Although MHBE is focused on using effective contracting mechanisms and technology to steward resources, reduce manual processes, and increase efficiency, MHBE projects an additional 23 state positions are optimal to fully support mature operations. Of the additional state staff, the majority, 17, would support the IT department. Currently, the MHBE IT department employs only 13 state staff to oversee 129 procured resources. The additional IT staff would provide a set of mid-level managers who could provide more oversight of procured resources and bring more stability to the department.

MHBE is charged by statute with serving not only the individual market, but also small employers and their employees. In FY 2019 and 2020 MHBE started work to roll out an easy-to-use website for employers, employees, and producers to compare small business plans, enroll in coverage, and pay premiums. MHBE also began work to apply for a federal State Innovation Waiver to administer the federal Small Business Health Care Tax Credit on a prospective basis, pursuant to House Bill 1098 of 2019. However, due to the reduction in MHBE's budget in FY 2021, MHBE had to put full implementation of the small business portal and completion of the waiver application on hold. In calculating its future state funding needs, MHBE incorporated the funding required to fully launch these activities and support them going forward.

Lastly, despite progress in the public's recognition and favorable opinion of MHC in recent years, there remains significant room for growth in public awareness of MHC and the availability of financial assistance. More than one-third of those eligible to enroll in coverage through MHC are unaware of it.⁴

⁴ MHC Strategic Messaging Survey, July 21 –Aug 11, 2020. Summary available at https://www.marylandhbe.com/wp-content/uploads/2020/09/MHBE_2020-Strategic-Messaging-Survey_-_Board-Report-09.21.20.pdf

In addition, about half of those eligible to enroll are unaware of Advance Premium Tax Credits (APTCs), which reduce premiums for individuals below 400% of the federal poverty level.⁵ The pool of uninsured people is constantly changing; therefore, marketing is essential to ensure that the newly uninsured are aware of their options for coverage. Marketing is particularly important to reach healthy individuals, who are less motivated to enroll. MHBE estimates that increasing state funding dedicated to marketing would allow MHBE to significantly increase awareness of MHC and the availability of financial assistance, further stabilizing the individual market. Additional marketing resources would help the state further focus on communities hardest to reach and most in need of coverage: Hispanic and Black Marylanders, rural areas, and small businesses. Maryland has devised nationally lauded innovative approaches such as the “Easy Enrollment” tax-return checkoff, but MHBE has few resources to advertise it following open enrollment. This year drove home the point that when people suddenly lose their employer-sponsored coverage, they don’t automatically know where to turn. While as many as 75,000 Marylanders may have lost coverage through COVID-related job loss, an estimated 50,000 of them could qualify for free or low-cost coverage. MHBE leveraged press releases, earned media and social media to get the word to them, but many remain unaware.

MHBE determined that a budget of approximately \$37.5 million in state funds would allow the agency to continue to support mature operations in FY 22 and future years, while also enabling important investments to strengthen the IT department, launch the small business portal, and expand marketing to improve Marylanders’ awareness of MHC. This report provides further detail on these activities and the funding envisioned to support MHBE operations in future years.

⁵ MHC Strategic Messaging Survey, July 21 –Aug 11, 2020. Summary available at https://www.marylandhbe.com/wp-content/uploads/2020/09/MHBE_2020-Strategic-Messaging-Survey_-Board-Report-09.21.20.pdf

II. Introduction

The MHBE, a public corporation and independent unit of the state government, was established in 2011. It administers Maryland Health Connection (MHC), the state-based marketplace for Marylanders to shop and enroll in health and dental insurance, as well as determine eligibility for Medicaid and the Maryland Children's Health Program (MCHP). It is the only place where Marylanders can access financial help such as tax credits to make coverage more affordable.

Since its inception, the agency has grown in size and scope and developed into a mature unit of the state government. MHBE maintains a sophisticated, secure, and nimble technology platform, oversees a call center and network of community outreach and enrollment assistance programs, directs award-winning marketing campaigns that have grown awareness of MHC, administers the State Reinsurance Program, and carefully monitors compliance with state and federal laws across the organization. The state's investments in IT, marketing and customer service have put Maryland in the one-quarter of states that have experienced both exchange enrollment growth and no increase in the uninsured rate the past two years.

In pursuit of its mission to reduce the number of uninsured, a goal even more important during the COVID-19 pandemic, MHBE has helped to lead Maryland to a historically low uninsured rate of 6%.⁶ As of October 31, 2020, more than 1.3 million Marylanders use MHC to enroll in and maintain their health coverage, including 1.16 million enrolled in Medicaid and 156,000 enrolled in private plans.⁷ That means one in every five Maryland residents uses MHC to access coverage.

Maryland also has much to be proud of when considering health care affordability and enrollment among populations historically more likely to be uninsured.⁸ After years of double digit rate increases and insurers pulling out of the individual market, the State Reinsurance Program, championed by Governor Larry Hogan and the General Assembly, approved by the federal government in 2018, and implemented by MHBE starting in 2019, successfully stabilized the market and reduced premiums by more than 30% compared to the year preceding its implementation. Much progress has been made in reaching communities most lacking in coverage, including Black, Hispanic and rural communities. Black enrollment in MHC private plans has grown 20% since 2015, to about 27,000, and Hispanic enrollment has tripled since 2015, up to roughly 18,000.

⁶ Katherine Keisler-Starkey and Lisa N. Bunch U.S. Census Bureau Current Population Reports, P60-271, Health Insurance Coverage in the United States: 2019, U.S. Government Publishing Office, Washington, DC, 2020. <https://www.census.gov/library/publications/2020/demo/p60-271.html>

⁷ Maryland Health Connection. Data Report. October 31, 2020. <https://www.marylandhbe.com/news-and-resources/reportsdata/>

⁸ Information on MHBE's work to improve health care access and affordability can be found in our 2020 annual report at <https://www.marylandhbe.com/news-and-resources/reportsdata/>

Although these accomplishments should be celebrated, there is still substantial progress to be made. At 6%, Maryland’s uninsured rate puts it behind 12 states and the District of Columbia, as shown in Table 1.⁹ Affordability, including out-of-pocket costs such as deductibles and coinsurance as well as premiums, remains a challenge. More than 75% of currently uninsured Marylanders cited affordability as one of the reasons they are uninsured.¹⁰ Meanwhile, uncompensated care costs (UCC) at state hospitals, which dropped 40% from 2013 to 2016,¹¹ saw a recent uptick¹² from consumers unable to pay their bill for hospital care. As the Maryland Health Services Cost Review Commission reported, “the continuing reductions in UCC that resulted from the implementation of the Affordable Care Act and the lowering of the uninsured population may have slowed.” And growth in Black and Hispanic enrollment in MHC has flattened the past two years. Young adult enrollments through MHC, which improve the risk pool and reduce overall rates, have also been flat at 28-30% for years.

Table 1. 2019 Uninsured Rates by State

Rank	State	Uninsured Rate (%)
1	Massachusetts	3.0
2	District of Columbia	3.5
3	Rhode Island	4.1
4	Hawaii	4.2
5	Vermont	4.5
6	Minnesota	4.9
7	Iowa	5.0
8	New York	5.2
9	Wisconsin	5.7
10	Michigan	5.8
11	Pennsylvania	5.8
12	Connecticut	5.9
13	Maryland	6.0

As these statistics show, remarkable though the state’s efforts have been, we are not at the finish line. More work is needed before we can rest confident that every Marylander has access to, is aware of their eligibility for, and ideally is enrolled in, affordable, high-quality health coverage.

In recognition of the changes in the health care landscape and MHBE itself in the years since it was first established, the 2020 Joint Chairmen’s Report on the Fiscal 2021 State Operating Budget (SB 190) and the State Capital Budget (SB 191) and Related Recommendations requests that the Maryland Health Benefit Exchange (MHBE) provide a report on MHBE’s future State funding needs. Specifically, the MHBE must submit “a report that evaluates the appropriate future State funding level of MHBE, taking into account the available federal funding to support activities of the agency, for fiscal 2022 and beyond. The report should take into account the current required activities of the agency and any activities related to legislation enacted in 2020.”¹³ MHBE presents this report as a new evaluation of its needs to support the future operation of the agency.

⁹ Katherine Keisler-Starkey and Lisa N. Bunch U.S. Census Bureau Current Population Reports, P60-271, Health Insurance Coverage in the United States: 2019, U.S. Government Publishing Office, Washington, DC, 2020. <https://www.census.gov/library/publications/2020/demo/p60-271.html>

¹⁰ MHC Strategic Messaging Survey, July 21 –Aug 11, 2020. Summary available at https://www.marylandhbe.com/wp-content/uploads/2020/09/MHBE_2020-Strategic-Messaging-Survey_-_Board-Report-09.21.20.pdf

¹¹ Center on Budget and Policy Priorities (CBPP), ACA Medicaid Expansion Drove Large Drop in Uncompensated Care, Nov. 6, 2019 <https://www.cbpp.org/blog/aca-medicaid-expansion-drove-large-drop-in-uncompensated-care>

¹² Maryland Health Services Cost Review Commission, “Rate Year 2020 Uncompensated Care Report,” June 12, 2019 <https://hsrc.maryland.gov/Documents/Hospitals/gbr-tpr-update/FY-2020/UCCCareReport.pdf>

¹³ Chairmen of the Senate Budget and Taxation Committee and House Appropriations Committee. Report on the Fiscal 2021 State Operating Budget (SB 190) and the State Capital Budget (SB 191) and Related Recommendations. April 16, 2020. <http://mgaleg.maryland.gov/Pubs/BudgetFiscal/2020rs-budget-docs-jcr.pdf>

III. Current and Past Funding Overview

A. Funding Overview

Under state law, MHBE's operations are funded through the state premium tax at an appropriation not less than \$35,000,000 per year.¹⁴ For state fiscal year (FY) 2021 only, that amount was reduced in statute to \$31,500,000. That amount was further reduced by the legislature to \$31,290,000 to reflect that FY 21 costs to use the federal EDGE server to support the reinsurance program were expected to be lower than initially estimated. A summary of MHBE's budget for the most recently completed state fiscal year, FY 2020, is presented in Appendix 1.

Any funds allocated to the Exchange that remain unspent at the end of a fiscal year revert to the General Fund. In FY 2017, 2018, and 2019, MHBE had unspent funds that were reverted. These reversions were primarily due to MHBE's work to renegotiate and reduce the cost of its call center contract, combined with conservative estimates of call center costs each fiscal year, as MHBE gained experience with estimating annual call volume and costs. Going forward, MHBE expects to use this experience to more accurately project call center costs, allowing the agency to more effectively allocate funding at the beginning of the fiscal year in order to achieve previously unmet goals.

MHBE also receives state and federal funding to support the reinsurance program. The remainder of this report does not go into detail on the state and federal funding for and costs of the reinsurance program, as the vast majority of funding is intended to be paid directly to insurance companies to offset their claims costs. Federal funding was sufficient to cover the full cost of the reinsurance program for 2019, so no state dollars were expended. More information on costs and funding of the reinsurance program may be found in the report submitted to the legislature on September 1, 2020.¹⁵

B. Support for Medicaid Program

It is important to note MHBE not only supports the 158,000 individuals who enroll in private plans through MHC; MHBE also supports the more than 1.16 million individuals who enroll in Medicaid programs through MHC. Specifically, the MHBE IT and Marketing departments support MHC, which is used by Medicaid enrollees to enroll in and maintain Medicaid coverage. In addition, the Customer Service, Training, and Appeals department provides an array of services to the Medicaid program: call center support to Medicaid enrollees; training services for caseworkers with the Maryland Department of Health (MDH) and Department of Human Services (DHS); and appeals, constituent services, and escalated case resolution related to Medicaid enrollments through MHC. The Compliance department oversees and participates in required federal and state audits of the Medicaid program. In turn, the MHBE Finance, and Human Resources departments support the MHBE staff that provide these services.

Approximately \$30.7 million of MHBE FY 20 state funding (98% of state funding) was dedicated to supporting the Medicaid program, and as previously noted MHBE leverages this funding to draw down

¹⁴ MD Code, Insurance, § 31-107.2

¹⁵ Available under Joint Chairmen's Reports at <https://www.marylandhbe.com/news-and-resources/reportsdata/>

\$42.3 million in federal matching funding to support the Medicaid program. Consequently, reductions in MHBE state funding can lead to substantial reductions in federal funding.

MHBE secures federal Medicaid funding through the MDH. As the State Medicaid agency, MDH quarterly submits a funding request to the Centers for Medicare and Medicaid (CMS). The MHBE budget supports the state match required for these Federal funds. Should CMS and/or MDH reduce the Medicaid funding provided to MHBE, MHBE would require significantly more State funding to provide current levels of service.

IV. Future State Funding Overview

To determine the agency's appropriate future State funding level, the MHBE leadership team analyzed all operations of the exchange in line with the agency mission and statutory purposes, as shown in Figure 1, to determine where required activities are not being optimally achieved.¹⁶ MHBE identified three key areas in which additional investment would allow the agency to fully support current activities and achieve its statutory purposes: staffing and operations, the small business program, and marketing.

Figure 1. Purposes of the Exchange under MD Insurance Code § 31-102(c)

The purposes of the Exchange are to:

- (1) reduce the number of uninsured in the State;
- (2) facilitate the purchase and sale of qualified health plans in the individual market in the State by providing a transparent marketplace;
- (3) assist qualified employers in the State in facilitating the enrollment of their employees in qualified health plans in the small group market in the State and in accessing small business tax credits;
- (4) assist individuals in accessing public programs, premium tax credits, and cost-sharing reductions; and
- (5) supplement the individual and small group insurance markets outside of the Exchange.

A. Staffing and Operations

MHBE accomplishes its work with a team of 67 state staff positions and 129 procured IT resources who support MHC system enhancements, Electronic Data Interface (EDI) Operations, Mobile Application development, system security, and maintenance and support. Unusual for a state-based marketplace, or indeed for a state agency, MHBE hires and manages its IT resources directly through an Indefinite Delivery Indefinite Quantity (IDIQ) procurement vehicle rather than contracting out all IT work to a large consulting company. This allows MHBE access to the right talents from a pool of 98 master vendors, provides equal opportunity for small businesses to provide talented resources, facilitates better quality control, enables MHBE to respond to changing needs with agility, and ensures

¹⁶ A summary of FY 20 expenditures is included for reference in Appendix 1.

that MHBE is not dependent on a third party that understands the technical underpinnings of the MHC website better than the agency itself does. Using this method of IT staffing for development, project management, system operations and support, MHBE had reduced the blended rate of IT contract resources by more than 25%, translating into savings of \$5 million to \$7 million annually.

At the same time that MHBE has reduced IT costs, the agency has earned national recognition for leading-edge technology adoption that has led to increased efficiencies elsewhere in operations, including by helping to reduce call center volumes roughly 10% through new technologies that can quickly and accurately respond to customers by means other than the call center and in-person support. The agency's artificial intelligence (AI) Chatbot, launched in late 2018, has answered 400,000 consumer questions to date, many of which would have prompted phone calls at \$10 per call. Robotic Process Automation, added in 2020, is able to review hundreds of enrollments a day with 98% accuracy, requiring only 1/10th the prior human review needed. That system is being improved to to perform even more functions to speed the customer experience, which will save the state in personnel and contractor costs as it progresses.

Although MHBE is focused on using technology to reduce manual processes and increase efficiency, MHBE projects an additional 23 state positions are needed to fully support mature operations. Table 1 compares current MHBE state and procured IDIQ resources with projected staffing levels to support mature operations. Of the additional state staff, 17 would support the IT department, offset by a reduction of 7 procured resources. Currently, the MHBE IT department employs only 13 state staff to oversee 129 procured resources. The additional IT staff would provide a set of mid-level technical supervisors and managers who could provide more oversight of procured resources and bring more stability to the department, improving the retention of institutional knowledge and succession planning.

Apart from IT, MHBE projects that an additional 6 state positions are necessary to support mature operations: three in the area of Customer Service, Training, and Appeals, and one each in Compliance, Finance, and Marketing. The three additional state positions in Customer Service, Training, and Appeals would be used to support the monitoring of quality assurance at the call center, improve the quality and timeliness of training for customer assistance workers, and provide administrative support for special projects and to provide department managers time to focus on process improvement and strategic planning. The additional Compliance position would be used to hire a financial auditor, allowing MHBE to expand internal and external review scope, breadth and frequency and support process improvement. The Finance position would provide Finance Staff more time to devote to making sure that the Agency's funds are spent optimally. Lastly, the Marketing position would be used to hire an outreach manager in order to expand statewide outreach through community and grassroots initiatives focused on increasing enrollment among historically underinsured populations.

The total state cost of the additional state positions is estimated at \$1.1 million. Appendix 2 provides further detail on the current services and staffing of each functional area, as well as the services and staffing requested to support mature operations, and Appendix 3 provides additional detail on the 17 state positions envisioned in the IT department.

Table 2. Comparison of MHBE Current Staffing and Projected Staffing to Support Mature Operations

Functional Area	Current Staffing		Projected Staffing if Fully Funded to Support Mature Operations		Difference	
	State Positions	IDIQ Resources	State Positions	IDIQ Resources	State Positions	IDIQ Resources
Policy & Plan Management	8	-	8	-	-	-
Compliance	4	-	5	-	1	
Marketing	5	-	6	1	1	1
Customer Service, Training, and Appeals	20	-	23	-	3	-
Information Technology	13	129	30	122	17	(7)
Administration (Executive, Legal, Finance, and HR)	17	-	18	-	1	-
Total	67	129	90	123	23	(6)

B. Small Business Program

MHBE is charged by statute with serving not only the individual market, but also small employers and their employees, as illustrated in Figure 2. Like most state-based marketplaces and the federal government, MHBE initially prioritized launching and stabilizing the individual market marketplace. As that marketplace steadied in recent years, MHBE turned its attention to the small group market. Data shows that, nationally, the smallest businesses are least likely to offer health insurance: 48% of businesses with 3-9 workers offer coverage, compared to 59% of businesses with 10-24 workers, 70% with 25-49 workers, and 92% with 50-199 workers.¹⁷ MHBE has heard from legislators and small business owners that small businesses want to offer health insurance to their employees, but they struggle to do so.

¹⁷ Kaiser Family Foundation. "Employer Health Benefits: 2020 Annual Survey." October 8, 2020. <https://www.kff.org/health-costs/report/2020-employer-health-benefits-survey/>. Note that a business that offers coverage may not offer it to all employees, e.g. part-time employees.

Figure 2. Focus of SHOP Exchange under MD Insurance Code § 31-111(b) and (c)

The SHOP Exchange shall be designed to balance:

- (1) the viability of the SHOP Exchange as an alternative for qualified employers and their employees who have not been able historically to access and afford insurance in the small group market;
- (2) the need for stability and predictability in employers' health insurance costs incurred on behalf of their employees;
- (3) the desirability of providing employees with a meaningful choice among high-quality and affordable health benefit plans; and
- (4) the need to facilitate continuity of care for employees who change employers or health benefit plans.

The SHOP Exchange shall allow qualified employers to:

- (1) as required by regulations adopted by the Secretary under the Affordable Care Act, designate a coverage level within which their employees may choose any qualified health plan; or
- (2) designate a carrier or an insurance holding company system, as defined in § 7-101 of this article, and a menu of qualified health plans offered by the carrier or the insurance holding company system in the SHOP Exchange from which their employees may choose.

To both improve access and affordability, in fiscal years 2019 and 2020 MHBE started work to launch an easy-to-use website for employers, employees, and producers to compare small business plans and enroll in coverage. MHBE convened a Small Business Health Options Advisory Committees, and began work to apply for a federal State Innovation Waiver to administer the federal Small Business Health Care Tax Credit on a prospective basis, pursuant to House Bill 1098 of 2019.

However, due to a reduction in MHBE's budget in FY 2021, MHBE had to put implementation of the small business portal and completion of the waiver application on hold. In FY 20, prior to halting work due to the budget cut, MHBE launched phase one of the MHC for Small Business website, which allows employers and insurance producers to create and connect accounts, determine eligibility to enroll in a plan certified by MHC for Small Business, and generate and save preliminary quotes for coverage. Employers or their producers must still contact insurance carriers directly to enroll in and renew coverage. The lack of enrollment functionality particularly hampers the "employee choice" model contemplated in MHBE statute. Under the employee choice model, an employer selects one or two tiers of plans (e.g., silver and gold plans) from all carriers, designates the amount they will contribute toward employee premiums, and then employees can enroll in the plan that best suits their needs within those tiers. This model was meant to allow small businesses to offer their employees an experience similar to that offered by large businesses that provide employees with a choice of carriers and plans. Without a portal to simplify the enrollment and payment process for producers, employers, and employees, however, the employee choice model is not practical for most small businesses.

The second stage of implementation, originally intended for FY 21, is intended to add enrollment and payment functionality, so that an employer can designate the plan(s) available to employees and the employer contribution, employees can enroll in coverage, and the employer and employees can pay their portions of premium to a single entity, which would then route premium payments to different carriers as necessary, if employees are enrolled with multiple carriers. This will require further development and testing of the website and contracting with a vendor to collect and route premium payments. MHBE envisions that launch of this phase two would also be accompanied by marketing to increase awareness of MHC for Small Business among small businesses. Given the limited functionality currently offered by MHC for Small Business, MHBE has not invested marketing resources in publicizing the website to date. Lastly, MHBE envisions that this second phase would include completing and submitting the waiver application to administer the federal Small Business Health Care Tax Credit prospectively, and, if the waiver is approved, putting in place the infrastructure necessary to administer the federal funding.

MHBE estimates that full phase two implementation of MHC for Small Business would require approximately \$2 million annually in state funds to support hosting, development, maintenance and operations, marketing, and, if approved, implementation of the federal waiver. No federal matching funds are available for small business efforts.

C. Marketing

According to surveys commissioned by MHBE of the currently and recently uninsured, awareness of Maryland Health Connection and the availability of financial assistance has improved substantially in recent years, but more than one-third of those eligible to enroll in MHC remain unaware of it.¹⁸ In addition, only about 51% of those eligible to enroll in coverage through MHC are aware of Advance Premium Tax Credits (APTCs), which reduce premiums for individuals below 400% of the federal poverty level. This is up from 34% three years ago but indicates that there is still significant room for improvement. Building awareness of financial assistance is particularly important given that more than three-quarters of uninsured Marylanders said that they were uninsured because they can't afford health insurance or they don't think they're eligible for affordable health insurance.

The pool of uninsured people is constantly changing as individuals lose and gain employer-sponsored coverage, move, and experience other life events. Therefore, ongoing marketing and outreach is critical to ensure that the newly uninsured are aware of their options for coverage. In addition, getting healthy individuals to buy insurance requires persuasive marketing to overcome biases that discourage people from enrolling, such as the tendency to underestimate the risk of future negative events and to value avoiding a certain loss (e.g., paying premiums) over a potential gain (e.g., care paid for by insurance).^{19, 20} An analysis by the state-based marketplace in California concludes that investing in marketing is key to increasing enrollment of healthy individuals, estimating that the state's

¹⁸ In 2020, 63% of Marylanders surveyed were somewhat or very aware of MHC. In 2017, 43% of Marylanders surveyed were somewhat or very aware of MHC.

¹⁹ Sharot, Tali. "The optimism bias." *Current Biology* 21, No. 23 (2011): R941-R945.

²⁰ Schneider, Pia. "Why should the poor insure? Theories of decision-making in the context of health insurance." *Health Policy and Planning* 19, no. 6 (2004): 349-355.

marketing expenditures yield a three-to-one return on investment by increasing enrollment of healthier individuals, resulting in lower average rates.²¹

In FY 19, 20, and 21, the MHBE Board set the marketing budget at \$3 million, up from \$2 million in previous years. For context, this equates to about 0.2% of total individual market premium. MHBE invests the majority of this funding in a marketing campaign during the annual open enrollment period at the end of each year. This leaves little room for paid media to highlight other enrollment opportunities during the year, such as the Easy Enrollment program during tax-filing season, the Coronavirus Emergency Special Enrollment Period launched in March 2020, or the availability of standard special enrollment periods due to qualifying life events outside of open enrollment.

The pandemic may have increased the state's uninsured population by tens of thousands.²² An estimated one-half to three-quarters of uninsured Marylanders are eligible for free Medicaid or subsidized private plans through Maryland Health Connection, but getting that message to those who have recently lost employer-sponsored coverage remains a challenge.²³

The current budget allows for 1.8 million devoted to a paid media buy. The remainder is spent on traditional and digital creative design and implementation, and outreach to reinforce open enrollment messaging. Additional resources would allow us to enhance the spend during open enrollment to drive Marylanders to the marketplace at a time where the majority can enroll, as well as enhance the almost nonexistent advertising during the rest of the year to target those who are eligible for Medicaid and special enrollment. Additional resources would also allow us to invest more to target outreach and marketing for key audiences such as Hispanic residents, who have an uninsured rate of 21.4%, putting Maryland in the bottom half of states for that population.²⁴

MHBE estimates that an additional \$2 million per year in state funding for marketing would support a comprehensive, appropriately scaled marketing plan, enabling the agency to mount a more aggressive campaign during open enrollment and to expand marketing efforts beyond open enrollment to highlight the year-round availability of special enrollment opportunities. MHBE would be able to leverage this state funding to draw down approximately \$1.57 million in additional federal funding. This investment would support MHBE's mission to reduce the number of uninsured in the state by improving awareness of, and enrollment in, MHC and financial assistance and further stabilize the individual market by boosting enrollment of healthier individuals.

²¹ Lee, Peter V., Vishall Pegany, James Scullary, and Colleen Stevens. (2017). "Marketing Matters: Lessons from California to Promote Stability and Lower Costs in National and State Individual Insurance Markets."

²² MHBE analysis of 2018 5-year American Community Survey data,

²³ Families USA. "The COVID-19 Pandemic and Resulting Economic Crash Have Caused the Greatest Health Insurance Losses in American History." July 17, 2020. <https://familiesusa.org/resources/the-covid-19-pandemic-and-resulting-economic-crash-have-caused-the-greatest-health-insurance-losses-in-american-history/>

²⁴ Kaiser Family Foundation. "Uninsured Rates for the Nonelderly by Race/Ethnicity (2019)." <https://www.kff.org/uninsured/state-indicator/nonelderly-uninsured-rate-by-raceethnicity/?currentTimeframe=0&sortModel=%7B%22collid%22:%22Location%22,%22sort%22:%22asc%22%7D>

V. Conclusion

Maryland's investment in MHBE has enabled the development of an innovative, flexible state-based health insurance marketplace, Maryland Health Connection, that has worked to simplify and expand enrollment opportunities such as through the Easy Enrollment Program and a Coronavirus Special Enrollment Period. Seven years after launch, Maryland Health Connection has become embedded in the healthcare delivery system: it is now used by one in five Marylanders to enroll in health coverage. Yet the state still has progress to make - 6% of our residents are uninsured, double the percentage in the best-performing state; small businesses continue to struggle to offer coverage to their employees; and about half of uninsured individuals eligible to enroll in Maryland Health Connection don't realize that they might qualify for financial assistance to reduce the cost of their premiums. In addition to providing health coverage options, MHBE through its health plan designs further advances the State's public health priorities by offering health coverage that addresses diabetes, substance use disorder and makes drugs more affordable.

After a comprehensive review of MHBE's activities, organizational structure, and budget, MHBE determined that approximately \$37.5 million, slightly more than the amount allocated to MHBE in fiscal years prior to 2021, would support achievement of MHBE's statutory purposes and sustain mature operations in fiscal year 2022 and future years. This funding level would allow MHBE to build on current operations to expand oversight of procured resources and provide additional stability to the agency, particularly in the IT department, develop a comprehensive platform to support small businesses, and expand marketing to better reach the uninsured.

MHBE recognizes the state budget has come under strain in the unpredictable fiscal environment brought on by the coronavirus public health emergency and it may not be feasible to accommodate the vision laid out in this report in the near future. However, MHBE understands the legislative direction is to provide an evaluation of the funding and staff necessary to support mature operations of the agency independent of any particular fiscal environment. Moreover, we know that the administration and the General Assembly have made a priority of helping Marylanders rebound from the worst health and economic crisis of our lifetime: access to affordable health coverage is essential to that effort. Regardless of MHBE's funding level, the agency will continue to efficiently assist Marylanders in accessing affordable, high-quality health coverage.

Appendix 1. MHBE FY 2020 Actual Expenditures

Budget Area	FY 20 Actual Spend (thousands)		
	State	Federal	Total
Salaries	4,809	3,267	8,076
Rent, building expenses, equipment, supplies, and postage	965	572	1,537
Legal, HEAU, OAH	582		582
Call center	6,001	7,520	13,521
Fulfillment	1,464	1,145	2,609
Grants to Navigators	4,508	5,157	9,665
Marketing	2,037	1,446	3,483
Procured resources	7,099	17,207	24,306
Hosting and MDTHINK	2,230	4,053	6,283
Software/Hardware - MDTHINK, MHBE, and CRM	1,618	2,721	4,339
Small business program: website development, maintenance, and operations	1,391		1,391
Actuarial and policy/research services	80		80
Other			
One-time Medicaid adjustment	(1,417)	1,417	
Total	31,367	44,505	75,872

Appendix 2. Summary of Services and Staffing by Functional Area

A. Policy and Plan Management

1. Current Services and Staffing

The Policy and Plan Management department currently consists of one director and six supporting staff: A Senior Health Policy Analyst, Policy Analyst, Policy Data Specialist, and a Program Manager, two Account Managers, and shared Administrative Assistant.

The policy team tracks and analyzes relevant state and federal laws and policies, works with the state legislature on legislation and policy issues that impact the Exchange, manages implementation of State Reinsurance Program and associated federal Section 1332 State Innovation Waiver, and develops new policies, programs, and regulations to help the Exchange increase the number of Marylanders with affordable, high-quality health coverage. The plan management team manages MHBE's relationship with insurance carriers participating on Maryland Health Connection, oversees the annual insurer and plan certification process to certify that insurers and their plans meet the requirements to be sold on Maryland Health Connection, and develops and communicates guidance to insurers. The Policy and Plan Management department also leads MHBE's work to gather input on policy and operational matters from external stakeholders, including by overseeing two stakeholder committees, the Standing Advisory Committee and the Plan Management Stakeholder Committee, and ad hoc committees as needed.

The department holds two outside contracts, one with University of Baltimore County (UMBC)/The Hilltop Institute (Hilltop), for policy research and support, and the second with Lewis and Ellis Actuaries and Consultants, for actuarial support necessary to administer the State Reinsurance Program and to evaluate other potential federal 1332 waiver programs.

2. Services and Staffing to Support Mature Operations

The Policy and Plan Management department projects needing one additional state staff position to support mature operations. The additional Policy position would be dedicated to tracking legislation and serving as a liaison with the General Assembly and county and local governments. In addition, the Policy team has identified a need for additional contractual funding to support actuarial work and increased engagement with insurers and partner state agencies on improving the quality of healthcare for enrollees in private plans sold through Maryland Health Connection. MHBE's current actuarial contract is not sufficient to cover both the work needed to support the waiver and analysis necessary to enable the legislature and Board to make informed decisions about potential policies to improve affordability and increase enrollment. In addition, MHBE does not have any contracted resources with clinical and health care quality expertise dedicated to working with insurers and state agencies to coordinate health care quality efforts at this time, even as MHBE takes on a large role in the individual market health financing system through the reinsurance program. Consequently, MHBE proposes to increase the budget for contracted actuarial and policy/research services to \$300,000 in state funds.

B. Compliance

1. Current Services and Staffing

The Compliance department currently consists of one Chief Compliance Officer/Privacy Officer, an Audit Compliance Manager, a Privacy Compliance Analyst, and an Administrative Assistant that also supports the Policy & Plan Management and Legal departments.

The Compliance department works with MHBE employees, Board members, contractors and vendors to ensure effective controls and best practices are in place to detect and prevent fraud, waste and abuse. The department also investigates potential and actual privacy incidents involving consumers' personally identifiable information as well as allegations of potential or actual fraud, waste and abuse. Additionally, Compliance coordinates record retention and policy and procedure development, implementation and monitoring. The department coordinates MHBE responses to state and federal audits and performs internal reviews to assess adherence to internal controls and processes and to identify areas of improvement. Using information obtained from auditing, monitoring, and reporting activities, the Compliance department helps the agency determine risk levels, prioritize risk areas, and take actions to mitigate risks.

2. Services and Staffing to Support Mature Operations

The department has identified a need for one additional state position, a Compliance Financial Auditor to assist in expanding internal and external review scope, breadth, and frequency and to support process improvement. In addition, the department has identified a need for two contracted resources, a contracted technical writer to rewrite policies and procedures for the agency, and a project manager with Lean or Agile certification to review internal processes and facilitate more efficient workflows.

C. Marketing

1. Current Services and Staffing

The Marketing department currently consists of a Director of Marketing and Web Strategies, as well as four and a half state positions: a Communications Manager, Social Media Specialist, Web Content Specialist, Outreach Coordinator, and a Business Operations Specialist shared with the Finance department.

The Marketing department writes and updates the content on our consumer-facing website, MarylandHealthConnection.gov; our stakeholder-focused website, MarylandHBE.com; and our internal employee-focused website, MHBEhive. They also oversee redesigns of these sites as needed, and work closely with IT to ensure that the enrollment site is user friendly. To build awareness about MHC, the Marketing department coordinates a variety of activities, including annual tv, radio, and print marketing campaigns primarily focused on making the public aware of MHC during open enrollment, and events across the state to generate recognition and educate consumers, key stakeholders, grassroots partners, media and elected officials. The department also communicates with stakeholders and consumers through email marketing campaigns to notify them of upcoming events and to remind consumers to finish enrolling, submit documents, or pick a health plan. In addition to advertising, social media and events, the department provides marketing tools to, and supports outreach partnerships with, other state agencies, nonprofits and community organizations, elected officials, health officials, associations and coalitions that work with uninsured populations.

The Marketing department oversees 3-4 contracts, including: a translation service for marketing and other agency departments; a full-service marketing, research and outreach firm; a printing company; and a promotional items company. The latter sometimes takes the form of bids per item.

2. Services and Staffing to Support Mature Operations

The Marketing department has identified a need for an Outreach Manager to expand statewide outreach, especially to audiences who respond to more grassroots or community-based initiatives. The department has also identified a need for a procured resource to support web content updates to expedite complex changes and offer support for MHBE's three websites, and a contract for graphic design support for internal and external communications.

D. Customer Service, Training, and Appeals

1. Current Services and Staffing

The Customer Service, Training and Appeals departments currently consists of 19 full time positions, including a Director of Consumer Assistance, Eligibility Policy & Business Integration and 18 staff: a manager for the Producer Operations and the Application Counselor Program, plus one operational support for these two programs; a manager for the Connector Entity program; one manager plus two operational support positions dedicated to training services for consumer assistance workers and MHBE staff; a manager for the Consolidated Services Center and Fulfillment Center contracts; a manager of the Appeals and Constituent Services Program, which includes 3 appeals coordinators and 3 staff for constituent services; and one supervisor for Escalated Cases, who leads a team of three for escalated case resolution.

The department is responsible for consumer assistance programs, including Producer Operations and the Application Counselor Sponsoring Entity program, the Connector Entity program, the Call Center and Fulfillment Center, Escalated Cases, Constituent Services and Appeals, and Training. The consumer assistance groups provide application and enrollment assistance, in person or by phone, to consumers who seek health and dental coverage through Maryland Health Connection. The group works closely with caseworkers at the local departments of social services and local health departments. The fulfillment center prints and delivers notices and receives mail from consumers used for additional verification in applications.

Complex cases or cases with system or other errors are managed by the Escalated Cases, Constituent Services and Appeals teams. These groups work closely with our IT staff to resolve system issues, and often work directly with the private health plan carriers to resolve enrollment issues. If a case is appealed to the Office of Administrative Hearings, an appeals coordinator represents MHBE at the hearing.

The training team develops and delivers training content to credential the consumer assistance workers and to provide, track and report on annual on-line or in person training. The team also develops and distributes additional job aids throughout the year to reflect system changes after each release.

The goal of Business Integration is to align technology with business strategy. Members of the department work closely with the IT teams, particularly with requirements, design development, testing, and operations, to ensure that the system work reflects policy priorities, minimizes defects, and enhances the user experience.

The Customer Service, Training and Appeals department also oversees 10 separate grants for the Connector Entity program totaling \$10,000,000 annually; the contract for Call Center services totaling \$13,000,000 annually; the contract for printing and mailing services, totaling \$3,000,000 annually; the contract for Language Line services in the amount of \$380,000 annually; and a contract with the Office of Administrative Hearings totaling \$110,000 annually.

2. Services and Staffing to Support Mature Operations

The department has identified a need for three additional state positions in Customer Service, Training, and Appeals. One position would be used to support the monitoring of quality assurance at the call center in order to support better compliance and improved customer service. A second position would be used to improve the quality and timeliness of training for customer assistance workers, with the goal of improving the handling time at the call center and reducing escalated cases across consumer assistance worker groups. A third position would provide administrative support to develop or deliver special projects in customer service and to provide department managers time to focus on process improvement and strategic planning.

E. Information Technology

1. Current Services and Staffing

The IT department currently has 13 state staff positions, consisting of a Chief Information Officer, seven IT directors, a network specialist, a testing and quality assurance manager, a testing and quality assurance specialist, an IT systems technical specialist, and a data informatics manager. The state staff are responsible for overseeing and coordinating the work of 129 contracted positions that perform the core development and maintenance work necessary to make Maryland Health Connection function. The Information Technology department is divided into 14 teams, detailed at the end of this section.

The department is responsible for the development and maintenance of the Exchange platform, known as HBX, which consists of the Consumer Portal - which is utilized by more than 1.2 million consumers; the Worker Portal, used by the Call Center team and Department of Health, and Department of Human Services to support consumers; the Marketing Portal, which assists enables the Marketing team's outreach to MHC enrollees and stakeholders; and the Chatbot "Flora", an Artificial Intelligence based Bot solution for assisting consumers. The HBX solution comes in both Web Application and MobileApp options. The "EnrollMHC" MobileApp is the flagship mobile solution for consumers, attracting more than 50% of consumer traffic. In addition to the HBX platform, the IT department has built an integrated Customer Relationship Management solution on the Salesforce platform for the call center team to help provide faster and efficient customer support. In addition, the department is working on an emerging solution called MHC for Small Business to help small businesses seeking health coverage for their employees and families.

The department works closely with several external partners including insurers, Medicaid managed care organizations, federal agencies including the Center for Medicare and Medicaid and the Internal Revenue Service, as well as state agencies including the Maryland Department of Health, Department of Human Services, Department of Labor, Comptroller's Office and the State Board of Elections.

IT Department Teams

1. Office of the CIO (8 state positions, .5 procured resources): Oversees all Information Technology functions of the agency led by the Chief Information Officer.
2. Project Management Office (10.5 procured resources): Manages project and program management functions for all IT initiatives and provides/guides/enforces project teams with policies, standards and best practices.
3. IT Policy/Requirements (7 procured resources): Gathers the policy requirements, analyses, documents business processes, and assesses policy impacts to the systems and draft business and functional requirements for system implementation
4. Infrastructure & Security (1 state position and 7 procured resources): Provides technical operations which involve hardware, software, and networking in both physical and virtual environments, and ensures the overall security and protection of all MHBE systems, applications and data.
5. Applications Development (20.5 procured resources): responsible for systems architecture, design, coding and enhancement of all HBX and associated systems, applications and solutions.
6. Mobile Apps (3.5 procured resources): responsible for systems architecture, design, coding and enhancement of all Mobile applications, associated systems, and solutions.
7. Special Projects (13 procured resources): Responsible for delivering a unique set of solutions using innovative and cutting-edge technology for establishing business resilience to industry changes and providing high value to our consumers and stakeholders through novel, cost-efficient technical ideas.
8. CRM & Salesforce Apps (7 procured resources): Develop and enhance Customer Relationship Management (CRM) solutions to provide greater ability to address consumer and call center worker needs, and also deliver various functional applications through Salesforce Apps to meet MHBE's internal operations.
9. Testing & Quality Assurance (2 state positions and 24 procured resources): Ensures all MHBE systems, products, and applications meet the highest level of quality, compliance and performance standards, interfaces with external stakeholders to conduct testing and acceptance functions, ensure products meet agreed upon requirements, and signs-off on all IT software releases.
10. EDI Operations (1 state position and 16 procured resources): Responsible for ensuring seamless operation of the Exchange's all EDI functions, QHP and MA transactions, external data interfaces such as the Federal, State and Carrier system interfaces.
11. Database Management (4 procured resources): Ensures all HBX and related data in all systems and applications are accurate, available and accessible, performs database monitoring and tuning to maintain acceptable response times, and performs database administrative tasks including database design, configuration, installation and updates, data security, database backup and recovery.
12. Reporting (1 state position and 6 procured resources): Provides analytical information to help drive operational decision-making and strategic planning by stakeholders and MHBE Leadership team. Responsible for all data extraction, reporting and facilitating accurate data transfer to external/federal/state agency systems.
13. Applications Deployment (8 procured resources): Develops, monitors and deploys all IT Releases and software build pipelines. Creates packages, builds, releases and patches as well as software deliverables. Also, creates deployment plans and playbooks. Automates all deployment configurations. Serve as a pre-authorization requirement for CIO to release major products to the public on behalf of the Exchange.

14. System Operations (DMI) (8 procured resources): Monitors and controls HBX system operations services as well as the underlying configuration items required to deliver those services. This includes overseeing the daily and routine tasks, such as batch scheduling, creating data back-ups, restoring systems after outages, providing support for IT Releases and other regular maintenance activities.

2. Services and Staffing to Support Mature Operations

MHBE has identified a need for 17 additional state positions to provide more oversight of procured resources, bring more stability to the department and improve maintenance of institutional knowledge, improve succession planning by creating succession pathways into the senior roles, allow for more long-term strategic planning, and provide improved IT help desk support to the agency. A detailed listing and explanation of the 17 additional staff positions is included in Appendix 3.

The 129 contracted positions that provide the bulk of the labor in the IT Department are procured through an Indefinite Duration, Indefinite Quantity (IDIQ) contract and MHBE would continue to procure 122 contracted positions, a reduction of 7 from the current level due to the increased state staffing contemplated. The IDIQ positions would continue to form the majority of labor, as this model has successfully allowed MHBE to find staff with highly specialized technical skills that would be difficult to hire into a state position, and provides MHBE with the flexibility to shift staffing as particular technical skills become necessary for a specific project.

IT Staffing to Support a Mature Agency

- Project Management: One project manager and one project management specialist to oversee this team, which is currently completely composed of procured resources. (Reduce 1 procured resource on this team.)
- IT Policy / Requirements: One lead business analyst to oversee this team, which is currently completely composed of procured resources. (Reduce 1 contracted position on this team.)
- Infrastructure: One COMPUTER NETWORK SPECIALIST MANAGER to plan, integrate and maintain software and hardware for networks and operating systems (Reduce 1 procured resource on this team.)
- Help Desk: Three help desk support specialist to build a formal IT Help Desk function for MHBE staff
- Applications Development: One technical manager to oversee this team, which is currently completely composed of procured resources.
- Special Projects: One technical manager to oversee this team, which is currently completely composed of procured resources.
- CRM and Salesforce Apps: One programmer analyst supervisor dedicated to administering Salesforce applications.
- Testing & Quality Assurance: One salesforce administrator to oversee interface testing and other areas, and two testing/quality assurance specialists to replace procured resources and bring more stability to core technical operations. (Reduce 2 procured resources on this team.)
- EDI Operations: One system specialist supervisor to oversee procured resources and two IT systems technical specialists to replace procured resources and bring more stability to core technical operations. (Reduce 2 procured resources on this team.)
- Database Administration: One database administrator to design, develop, implement, maintain and control database management systems in order to meet the increasing needs of the HBX.

F. Administration

1. Current Services and Staffing

I. Human Resources

The human resources (HR) department consists of four positions: a Director of Human Resources & Organizational Effectiveness, an HR administrator, an HR Business Operations Specialist, and a Facility Service Administrator. The department performs a variety of administrative tasks, including initiating and processing all agency personnel actions in the State Personnel System, conducting recruitment and staffing requests on behalf of hiring officials, and conducting new hire orientation and tasks associated with onboarding/exiting staff. Staff also coordinate timekeeping and payroll administration, as well as facilitating employee engagement programs.

II. Finance & Procurement

The finance and procurement departments consist of seven positions: a Chief Financial Officer, a Budget officer, a Fiscal officer, a Senior accountant, an Administrative officer that is shared with the Marketing department, a Procurement Officer, and a Procurement Officer I. The finance department ensures efficient financial management and financial control to support all business operations. The procurement department oversees all MHBE procurements.

III. Legal

The legal division is a unit of the Maryland Office of the Attorney General and consists of three assistant attorneys general. The MHBE legal division acts as general counsel to the MHBE Board of Trustees and to MHBE staff. Critical legal advice is provided regarding developments in federal and State law to the Board of Trustees and to the Executive Director. The legal division also advises and counsels MHBE in all aspects of its operations including regulatory compliance, privacy and security of data, data sharing agreements, inter-agency agreements, personnel matters, drafting of proposed regulations and legislation, procurement and contract review, IT contracting, and public information and open meetings act matters.

2. Services and Staffing to Support Mature Operations

The Finance department has identified a need for one more state position. In the past three years, transactions have doubled. This doubling of transactions not only increases several levels of approvals in the finance department and processing of invoices, it also doubles the work required for Medicaid Reimbursements since each transaction has to be adjusted for actual CHIP rates. In addition, we now have a grant that has to be managed by the Finance Department. The additional position would support this increased workload.

Appendix 3. Detailed List of Additional IT State Positions to Support Mature Operations

Service Provided	Staff Requirement	Explanation	Contract impact (Future)
Project Management	<p>1 Project Manager Grade 20, ADMINISTRATOR V (#003184)</p> <p>1 PMO Specialist Grade 18, ADMINISTRATOR III (#002588)</p>	<p>IT does not currently have a State project manager position to perform several key functions under the Project Management Office. The position will assist the PMO Director in overseeing project management functions including Project and Release Management, IT Process Improvement, IT Audit & Compliance, Special Projects, Procurement Management, IT Policies, Standards and Processes, IT Deliverable Management, Timesheet Management, Vendor and Invoice Management, etc.</p> <p>This position will assist the PMO Director in validating IT IDIQ invoices, timesheets, software license procurements, vendor communication, and project administration functions. Currently, some of these functions are performed by contract staff. We seek to replace the contract staff with a State staff for this position.</p>	<p>N/A</p> <p>Reduce 1 contract PMO Specialist position</p>
IT Policy / Requirements	<p>1 Lead Business Analyst Grade 18, IT FUNCTIONAL ANALYST SUPERVISOR (#004501)</p>	<p>Currently, we do not have a direct supervisory State staff to oversee 7 business analyst contractors. The exchange policies translate into technical requirements for the Health Benefit Exchange (HBX) applications. This a critical position that will lead the IT Requirements function reporting to the IT Director for Policy & Requirements, to facilitate/manage gathering business requirements from internal and external stakeholders, and oversee development of functional requirements for the HBX applications and Salesforce CRM and internal applications.</p>	<p>Reduce 1 contract Business Analyst position</p>

Service Provided	Staff Requirement	Explanation	Contract impact (Future)
Infrastructure and Network Services	<p>1 Network Manager Grade 20 COMPUTER NETWORK SPECIALIST MANAGER (#004415)</p> <p>3 Help Desk Support Specialist Grade 18 IT TECHNICAL SUPPORT SPECIALIST II (#006697)</p>	<p>In order to supervise the Exchange’s internal system/network infrastructure, we require a State position, replacing a contract position, to plan, integrate and maintain software and hardware for local or wide area computer networks, operating systems software and network communications software and resources.</p> <p>MHBE provides 100% of technical, business and administrative staff the ability to work remotely with hardware inventory of more than 400 devices. In order for the Exchange to support the 200 staff utilizing various internal systems and applications, timely implement software patches/upgrades, support external users and VPN functions, we require 3 Help Desk technical specialists to build a formal IT Help Desk function for the Exchange.</p>	<p>Reduce 1 contract Network Manager position</p> <p>N/A</p>
Applications Development	<p>1 Technical Manager Grade 20 IT PROGRAMMER ANALYST MANAGER (#004473)</p>	<p>MHBE Applications Development team does not currently have a State technical supervisor position to oversee a team of 20 contract application developers. Overseeing these contract staff in the areas of system architecture, design, development, business rules update and system changes are critical for the IT organization to effectively utilize contract technical resources and set clear direction for agency technical maturity.</p>	<p>N/A</p>
Special Projects	<p>1 Technical Manager Grade 20 IT PROGRAMMER ANALYST MANAGER (#004473)</p>	<p>Special Projects function is the Innovation Hub of IT which delivers software solutions using cutting-edge technology with a focus to providing better consumer engagement. The Special Projects team does not currently have a State technical supervisor position to oversee a team of 15 technology specialists contractor staff performing design and development of technology solutions in the areas of Artificial Intelligence, Robotic Process Automation, Responsive Design and Mobile App solutions. A state technical manager position is critical to effectively utilize contract technical resources and set clear direction for agency technical maturity.</p>	<p>N/A</p>

Service Provided	Staff Requirement	Explanation	Contract impact (Future)
EDI Operations	<p>1 Systems Specialists (Supervisor)</p> <p>Grade 20 IT SYSTEMS TECHNICAL SPECIALIST SUPERVISOR (#004489)</p> <p>2 IT Systems Technical Specialist Grade 18 IT TECHNICAL SUPPORT SPECIALIST II (#004476)</p>	<p>There are over 15 contract staff performing various critical EDI functions related to 834 EDI QHP transactions, 8001 Medicaid transactions, Carrier data reconciliations, and daily datafix update functions. We require a State supervisor to lead this team's variety of critical exchange operational functions. As the agency is expanding its data interfaces with external agencies such as the Comptroller of Maryland (Easy Enrollment and State tax subsidy programs), Maryland Department of Health (presumptive eligibility applications), this position is critical for the IT organization.</p> <p>Some of the critical daily EDI transactions such as the 834 QHP transactions, 8001 Medicaid transactions, and Carrier data reconciliations tasks are currently performed by contractors. We seek to replace these positions with State staff positions to bring more stability to core operations of the Exchange.</p>	<p>N/A</p> <p>Reduce 2 contract IT EDI Specialist positions</p>
Database Administration	<p>1 Database Administrator</p> <p>Grade 20 DATABASE SPECIALIST MANAGER (#004482)</p>	<p>This position is required to design, develop, implement, maintain and control database management systems in order to meet the increasing exchange data in its HBX Postgres database, and more than 25 million consumer documents in MongoDB. The position will also be responsible for designing and developing QlikSense dashboards to share enrollment data across agencies and data reporting to external stakeholders.</p>	<p>N/A</p>