



Washington State Auditor's Office Performance Audit Description

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Washington Health Benefit Exchange Operations Performance Audit

Program Background

The Washington Health Benefit Exchange was established as a public-partnership by the Legislature in May 2011, as a result of the federal Affordable Care Act. The Exchange is designed to make healthcare insurance more affordable to Washington state residents. Its on-line market place, called "Washington Healthplanfinder" (www.WAHealthPlanFinder.org), allows individuals, families and small business to find, compare and enroll in qualified health plans.

The Exchange provides access to public and private health insurance:

- **Apple Health** – enrollment for qualifying low-income residents through Medicaid.
- **Qualified Health Plans** – state-certified health insurance plans made available to individuals who do not qualify for Medicaid. Depending on their income, some people can obtain federal help to pay premium costs.
- **Small business** – the Small Business Health Options Program (SHOP) offers small businesses with fewer than 50 employees access to health insurance.

Federal and state laws require the Exchange to be self-sustaining beginning January 1, 2015. Self-sustaining funds include premium taxes, carrier assessment charges, and reimbursements from the Health Care Authority for providing Medicaid eligibility and enrollment services. Before 2015, the Exchange's development and operating costs were funded by federal grants. In 2014, the Exchange spent \$115 million on system development and operating costs; it has 149 full-time employees.

Scope and objectives

This audit is required by state law. It will include a review of the Exchange's operational costs as well as potential opportunities to lower them.

The performance audit will seek to answer the following questions:

1. Are there opportunities to reduce the Exchange's operating costs, including partnering with other states or the federal exchange to become more self-sustaining?
2. Can the Exchange significantly improve its self-sustainability in the next three years?

We will also look at other related issues as they arise in the course of our work.

Timing

The report is due to the Legislature by July 1, 2016.