HEALTH MANAGEMENT ASSOCIATES

Illinois Navigator Program Design
Final Report

PRESENTED TO
ILLINOIS DEPARTMENT OF INSURANCE

JUNE 27, 2012

Research and Consulting in the Fields of Health and Human Services Policy, Health Economics and Finance, Program Evaluation, Data Analysis, and Health System Restructuring

ATLANTA, GEORGIA • AUSTIN, TEXAS • BOSTON, MASSACHUSETTS • CHICAGO, ILLINOIS • COLUMBUS, OHIO
DENVER, COLORADO • HARRISBURG, PENNSYLVANIA • INDIANAPOLIS, INDIANA • LANSING, MICHIGAN • NEW YORK, NEW YORK
OAKLAND, CALIFORNIA • SACRAMENTO, CALIFORNIA • SOUTHERN CALIFORNIA • TALLAHASSEE, FLORIDA • WASHINGTON, DC

Table of Contents

ILLINOIS NAVIGATOR PROGRAM DESIGN PROJECT

Final Report

I. Executive Summary

This report presents Health Management Associates' (HMA's) findings and recommendations for Illinois' Navigator Program. State Health Benefit Exchanges (Exchanges) are required to institute grant programs to fund "Navigators" to perform outreach functions to support consumers in accessing the expanded subsidized health insurance coverage programs and reformed and re-organized insurance markets that will result from the Patient Protection and Affordable Care Act (ACA).

The Centers for Medicare & Medicaid Services (CMS) promulgated final regulations concerning Navigator Programs and addressing the kinds of organizations or individuals that can qualify to be Navigators. CMS also intends to issue additional guidance on key aspects of the Navigator Program, including model standards for conflict of interest requirements, training standards, and cultural and linguistic competencies.

Navigators can be drawn from varied list of organizations specified in the ACA, but the rules emphasize the importance of utilizing community-oriented organizations (by requiring that an Exchange must include at least one community and consumer-focused nonprofit group in its Navigator Program). Navigators cannot be health insurers or insurer associations, and Navigators cannot receive any direct or indirect compensation from health insurers for enrolling individuals or employees into coverage inside or outside of an Exchange. In effect, the rules prohibit an individual who is being compensated as a licensed producer from receiving a Navigator grant.

The emphasis on utilizing community-based groups as Navigators was a clear preference of the Illinois stakeholders consulted in preparing this report, and is also a component of consumer assistance efforts now in place in Illinois.

Illinois' Existing Consumer-Assistance Programs

Illinois has a number of existing assets that are important programs or initiatives to coordinate with a Navigator Program:

- Department of Healthcare and Family Services (HFS) works with 783 All Kids Application Agents (AKAAs) who provide outreach support for Medicaid in Illinois.[1] AKAAs, including community-based organizations, medical providers, school districts and licensed producers, are charged with promoting Medicaid to families and pregnant women through a variety of outreach strategies. Historically, most AKAAs received $50 Technical Assistance Payments (TAP) for each successful, complete application that resulted in a new case, funded through state General Funds and federal matching payments. However, due to Illinois' budget crisis, the state fiscal year 2012-2013 budget eliminates these payments effective July 1, 2012.
- The Illinois Department of Insurance (DOI) works with 640 active Senior Health Insurance Program (SHIP) counselors to serve Medicare beneficiaries in Illinois. SHIP staff and volunteers assist seniors with questions related to Medicare coverage, mostly focused on Medicare

[1] Because Illinois has fully integrated its Children's Health Insurance Program (CHIP) into Medicaid, for the purpose of this report, we use Medicaid to refer to both programs.

supplemental insurance plans, Medicare prescription drug (Part D) coverage including plan selection and enrollment, and Medicare Advantage plans including plan selection and enrollment. SHIP counselors undergo a certification process that includes initial and ongoing training.

- DOI's Office of Consumer Health Insurance (OCHI) operates consumer assistance programs to serve Illinoisans. OCHI operates a call center, investigates a range of consumer complaints, engages in consumer outreach, and produces educational information about health insurance and consumer rights.
- At the beginning of 2011, there were more than 54,000 agents in Illinois licensed to sell health insurance.[2] These agents are licensed and overseen by DOI. Producers selling health insurance are paid based on commissions from the health insurers with whom they work. Producer commissions are typically based on a percentage of premiums with some opportunities for bonuses. Producer compensation varies by insurer and product sold, and commissions typically decrease incrementally over time with a particular purchaser.

This report discusses integration of the AKAA program with the Navigator Program. The Navigator Program should be designed to build upon successful SHIP efforts, particularly training and certification processes, and Navigators should be well informed about DOI consumer assistance programs. Similarly, Navigators should be informed about and able to access or refer individuals to the resources that producers can provide to insurance purchasers.

Stakeholder Findings

To capture stakeholder input regarding Illinois' Navigator Program, HMA conducted interviews with a diverse group of stakeholders, including government agencies, advocacy groups, business groups, health care providers, and insurance industry representatives. Stakeholders in Illinois consistently saw value in Navigators providing accurate, unbiased information to help uninsured individuals gain coverage and enroll in an appropriate health plan. In terms of the kinds of clients or markets that should be supported by Navigators, virtually all stakeholders envisioned an important role for Navigators to support hard-to-reach populations or communities with relatively high uninsured and underinsured rates, and to serve individuals who qualify for Exchange subsidies or eligibility under Illinois' Medicaid program. However, there was no clear consensus among stakeholders on the question of whether Navigators should be expected to play a substantial role in the small employer market, beyond widespread recognition that doing so would require more specialized training and greater interaction with producers. Many interviewees recognized that the new coverage landscape of the ACA will require fairly detailed training, even if current programs have existing processes to certify skills and capacities of outreach workers like Navigators. Finally, many interviewees stressed the importance of clearly defining the roles of Navigators and producers for the Exchange.

Proposed Navigator Program for Illinois

Specific Navigator Program recommendations for Illinois, which are more fully explained in the full report, are highlighted below, organized by program area.

---

[2] Deloitte. "Review of the Current Illinois Health Coverage Marketplace: Background Research Report," September 2011. Available at: http://www2.illinois.gov/hfs/Documents/ILBackgrounResearchFinalReport_September2011.pdf.

Program Oversight and Administration

The Navigators can potentially play a critical role in helping Illinois realize both Governor Quinn's and the federal vision of a customer-friendly, "one-stop shopping" approach that will allow consumers to enroll in coverage as seamlessly as possible. **Establishing high-level goals for the Program is a critical first step for Illinois.** They should be based on the federal Navigator framework, reflect the state's vision and stakeholder input while also being consistent with the funding approach for the Program. Based on review of the federal Navigator requirements and input from state stakeholders and state agency staff, HMA recommends the following proposed goals for Illinois' Navigator Program:

- Provide unbiased and accurate eligibility and enrollment information for consumers;
- Provide unbiased and accurate information on QHP options to support consumers in choosing the health plan that is the best fit for their needs;
- Promote access to affordable coverage through the Exchange and other insurance affordability programs;
- Identify, educate and enroll hard-to-reach populations;
- Attract and maintain Navigators with experience serving targeted populations;
- Leverage existing state and federal resources;
- Leverage and support current outreach efforts, organizations and resources; and
- Create new outreach channels or resources.

Defining Navigator roles and responsibilities is a critical component of Illinois' overall program design. The ACA requires that Navigators perform, at a minimum, the following duties:

- Maintain expertise in eligibility, enrollment, and program specifications;
- Conduct public education activities to raise awareness about the Exchange;
- Provide information and services in a fair, accurate, and impartial manner;
- Facilitate an Exchange client's selection of a QHP;
- Provide referrals to state consumer assistance or ombudsman programs, or other appropriate agencies, for enrollees with grievances, complaints, or questions regarding their health plan, coverage, or a determination under such plan or coverage; and
- Provide information in a manner that is culturally- and linguistically-appropriate to the needs of the population being served by the Exchange, including individuals with limited English proficiency, and ensure accessibility and usability of Navigator tools and functions for individuals with disabilities.

In addition, HMA recommends that Illinois add expertise in Medicaid eligibility, enrollment, and program specifications to the Navigators' responsibilities. Illinois also should consider giving Navigators responsibility for follow-up and on-going assistance to their clients to ensure they remain enrolled in coverage over time and to assist clients with any customer service issues that may arise. Navigator clients, regardless of their coverage type (Exchange or Medicaid) may prefer to continue working with their local Navigators rather than be "handed off" to someone new once they are enrolled into coverage.

HMA recommends the Illinois Exchange entity oversee the Navigator Program and DOI maintain responsibility for Navigator planning until that entity is created. The Navigator Program will represent a central component of the effort to ensure all Illinoisans have access to health care coverage. The Exchange is best positioned to coordinate with insurance-based consumer assistance services as well as the agencies involved with Medicaid enrollment. Managers of the Navigator Program will need to work closely with state agency program managers, current AKAAs, SHIP volunteers and staff, and producers.

While legislation to create Illinois' Exchange is still pending, HMA recommends that DOI have interim responsibility for Navigator oversight. DOI currently leads much of the Exchange-related planning work and has experience with oversight of producer licensing, the SHIP program and OCHI. Once the Illinois Exchange is operational, HMA envisions that the state would leverage DOI's expertise in areas such as certification/licensing to avoid any duplication of regulatory responsibilities.

HMA recommends the state employ a competitive process to both select Navigators and award grant payments. A competitive (i.e., Request for Proposals, or RFP) process would help the state manage the number of Navigator entities and ensure strong interest and the highest quality among the organizations selected to serve as Navigators. As compared to a more open request for applications, a competitive RFP process can be structured to ensure the program is limited to a defined budget. In addition to this basic element, HMA makes the following related recommendations:

- **Illinois should establish a minimum set of qualifications that entities must meet to participate in the Program.** These qualifications should reflect the federal requirements, any state requirements, the state's goals for the Program, and Navigator roles and responsibilities. Such qualifications should include:
    - Demonstrated experience providing community-based consumer assistance (outreach and application assistance) to the target population and hard-to-reach or "vulnerable populations" (e.g., low-income consumers, persons with disabilities, persons with limited English proficiency);
    - Strong communication skills, including cultural sensitivity regarding the target population;
    - Ability to understand complex topics and communicate information clearly to consumers; and
    - Knowledge of insurance affordability programs and commercial insurance.
- **Illinois should restrict Navigator participation to organizations and prohibit Navigator participation by individuals.** The Navigator entities would be responsible for hiring (or providing) individuals to serve as Navigators and ensuring all Program requirements are met. This approach helps limit the total number of contracts (or grant agreements) the state must manage and is consistent with the AKAA policy to exclude individuals (except medical providers and insurance agents) as AKAA entities.

Assuming the state wishes to leverage the experience of the AKAAs, the state could encourage AKAAs that meet the qualifications of the Navigator Program to apply and consider giving them preference for selection in the first year of the Program. Similarly, the state likely will want to ensure that Illinoisans who reside downstate have access to Navigators and could give preference to entities located in this region when reviewing RFP responses.

Illinois should select initial Navigators in time to be trained and certified in advance of the Exchange's initial open enrollment period (October 2013). This is in contrast to the "rolling admissions" model currently used for the AKAA program in which anyone can become an AKAA at any point. Illinois should plan to finalize Navigator selection by July 1, 2013. Given the uncertainties about how the Exchange launch will proceed and how many consumers will seek assistance during the first few months of operation, Illinois should consider structuring the initial Navigator RFP with the flexibility to release a second RFP during the first year of Exchange operations, in case Illinois determines that additional Navigators are needed to support Exchange consumers. Alternatively, the state could include a provision in the initial RFP to either select additional Navigator entities from the pool of applicants or allow already-selected Navigator entities to increase their staff. This could allow Illinois to increase the number of Navigators more quickly than through another RFP process.

Illinois should consider conducting a "needs assessment" to better define the population the Program is intended to serve. In the final federal Exchange rule, CMS recommends that states conduct such a needs assessment, although it is not required. The purpose of the needs assessment is to better understand the demographics of the population (e.g., geography, race, ethnicity, language, etc.) as well as any issues that may impact enrollment in health coverage (e.g., barriers to obtaining health insurance). Illinois could build on the high-level, descriptive information about the uninsured and underinsured included in the Background Research report prepared by Deloitte in 2011. The results of a Navigator needs assessment could help Illinois determine whether the Navigators should have specific types of expertise or experience as well as identify any areas of the state (or populations) that may not be served by the state's current consumer assistance programs (e.g., the AKAAs).

HMA recommends establishing a formal certification process that balances the complexity of the Navigator Program with the goal of avoiding an unnecessarily burdensome or expensive process that discourages potential applicants. Illinois' current AKAA program requires fairly minimal certification requirements, while Illinois' producers are required to complete a formal, detailed licensing process. Given the breadth of information a Navigator will need to manage and understand, HMA recommends requiring a more intensive certification process than that utilized for AKAAs. However, the Navigator process does not likely need to parallel the requirements for producers. The completion of training requirements, a critical element of the Program, should be designed to support the certification process.

Illinois should construct a certification process that includes, at a minimum, the following requirements:

- Completion of one-time background check;
- Completion of an initial Navigator training program that covers both the Exchange and insurance affordability programs;
- Passage of an initial training exam;
- Completion of retraining every 12 months; and
- Passage of a recertification exam.

Illinois should design a training curriculum, utilizing federally-established model standards. Training modules should be regularly updated to ensure relevance and to allow the state to rely on ongoing training efforts as a component of ongoing Navigator certification. As required by federal regulations, Navigator training should include, at a minimum, the topics below:

- Needs of underserved and vulnerable populations;
- Eligibility and enrollment rules and procedures;
- Exchange Qualified Health Plan (QHP) and Medicaid options;
- Exchange privacy and security standards; and
- Proper handling of tax and other personal data.

Illinois should establish performance metrics for Navigators that are specific and measurable, reflect the state's goals for the Navigator Program, and provide incentive to ensure the Program's success. HMA recommends that Illinois use a compensation structure that would reward Navigators for meeting performance targets. At a minimum, HMA recommends that Illinois use the following measures:

- Applications submitted;
- Individuals eligible for Exchange subsidies or Medicaid;
- New enrollments;
- Changes in enrollment levels over time (e.g., month-to-month); and
- Outreach activities completed.

Navigator Compensation Model and Payment Levels

CMS has not prescribed a specific structure for providing grants to eligible Navigator entities. This report identifies five options for Navigator compensation structure:

1. Block grants-only;
2. Block grants with per enrollment add-on payments;
3. Block grants with a performance-based add-on payment;
4. Per enrollment-only payment; and
5. Per enrollment payment with a performance based add-on payment.

In addition, there are some specific, practical considerations that Illinois should take into account, which affect both the selection of a compensation structure, and the level of Navigator compensation.

Navigator payments should be sufficient to attract Navigator participation and to incentivize high-quality performance. The state will seek to attract a diverse group of Navigators to participate in the Program to meet the needs of the uninsured population in Illinois. This will include an array of individuals or entities with diverse cultural and linguistic expertise. As a result, Illinois must balance the need for sufficient funding to support Navigator recruitment, while recognizing that only limited funds may be available. Funding levels also should be assessed routinely to ensure that Navigator participation is stable over the longer term.

The Navigator Program should leverage existing programs and organizations, and the payment level should reflect an examination of how those programs compensate outreach work. Several interviewees recommended that the Navigator Program recruit individuals or entities that have specific, long-time experience with outreach to hard-to-reach populations, suggesting that Navigator funding could leverage existing Illinois organizations with already-developed capacities and proven outreach approaches. While this should be a goal of the program, the state should consider whether it prefers to maximize existing capacity and experience or to build new capacities in less-experienced organizations. This consideration affects whether and how the Navigator Program needs to cover start-up or core infrastructure costs. The payment level also should reflect examination of similar outreach and enrollment programs and their compensation levels, including compensation for the AKAA program and producers. The historical AKAA program payment level, $50 per successful application, is considered by some stakeholders in Illinois to be too low and not applicable to the Navigator Program. Producer compensation rates, based on a percentage of health insurance premiums, stand in stark contrast to AKAA compensation and reflect different levels of service provided and levels of complexity in the work. The Navigator Program should not attempt to "compete" with producer payments that are common in the current market.

Navigator compensation may be appropriately varied depending on the population being served by Navigators. Both HMA's interviews and a review of outreach-related literature reveal that a goal of outreach programs like the Navigator Program is to support "hard-to-reach" populations. For example, it may be much more time-consuming to provide successful outreach services to persons who are homeless as compared to other populations. Navigator payment could directly recognize that certain populations may be more difficult to locate, engage, and successfully enroll than others. It is also undoubtedly true that the level of service, expertise, and effort required to support enrollment via the Exchange will be different for Navigators dealing with individual purchasers as compared to those dealing with small employers. As a result, Illinois should consider whether to vary payments based on the population served and estimates of differential resources for serving certain populations, including in the following domains:

- Individuals versus employers (depending on whether Navigators serve one or both markets);

- The prevalence of “hard-to-reach” subpopulations of individuals such as persons with disabilities or persons with specific linguistic and cultural characteristics; and
- Eligibility for subsidized programs (i.e., persons eligible for Exchange subsidies, tax credits, or Medicaid) or unsubsidized programs.

Finally, the payment level for Navigators must reflect the scope of Navigator duties and the level of support that the state will provide to Navigators.

HMA recommends that Illinois use block grants to compensate Navigator entities and provide Navigators with the ability to earn a performance-based add-on payment. Given that Navigators may be expected to be knowledgeable about multiple programs (i.e., the Exchange and Medicaid) and may have a broader array of duties to implement compared to AKAAs, HMA does not believe that simply utilizing a $50 payment per applicant is easily justified. More importantly, given the large number of individuals who are currently uninsured and expected to enroll in newly-available subsidized coverage, a per-enrollment payment creates significant uncertainty and budget risk to the state. Considering the state budget situation, a block grant structure provides the budget predictability required by the state, while a per-enrollment structure would not. Block grants can be designed to support both current and new outreach channels, and provide a relatively simple and transparent financing mechanism. **Combined with a performance-based element, HMA considers use of a block grant approach one that is most likely to be effective and efficient at identifying and funding Navigators to support the state’s enrollment efforts.** As a part of this recommendation, HMA recommends that the performance bonus payments be provided to Navigator entities that meet an annual enrollment target specified in their grant agreement (or contract) with the state, in addition to meeting the other ongoing performance measures required by the state.

Financing the Navigator Program

To ensure the success of the Navigator Program, it will be necessary for Illinois to identify a strategy to finance the Program beginning in mid-2013 or early 2014 that is sustainable over the long-term. This may lead the state to combine a variety of financing mechanisms.

Given Illinois’ continuing budget crisis, it is unlikely the state will be able to appropriate sufficient General Fund dollars for the Navigator Program. While it may be possible to secure “seed money” from the General Fund (e.g., for start-up activities and/or initial grant payments), a more stable and sustainable source (or sources) of funding likely will be necessary. Similarly, while the state should seek grant opportunities to support the Navigator Program, grant funding is not particularly stable as it is time-limited and, usually, intended for a specific or limited purpose. Utilizing grant funding from external foundation sources for the Navigator Program over long-term also would be administratively burdensome for the state.

While the ACA prohibits states from using Exchange establishment funding to support the Navigator grant payments, it appears these funds can be used for operational costs (e.g., training, oversight). Illinois has already applied for Exchange funding to support development of the Navigator training, and the state should look for additional opportunities to seek federal Exchange funding to support Navigator operations at least in the short-term. Over the long-term, however, it is reasonable to assume that states will be expected to finance the on-going operational costs associated with the Navigators in addition to the grant payments.

To fund the Navigator Program over the long-term, HMA recommends utilizing a portion of the Exchange operating budget, from whatever source that budget is drawn. In most states, Exchange operating budgets will be drawn from some form of assessment on QHPs or a more broad-based assessment. In addition to accessing any combination of new funding for the Navigator Program, **we recommend maximizing federal Medicaid funding to offset a portion of the costs of the Navigator Program as Navigators will necessarily identify and enroll eligible individuals into Medicaid**. To claim Medicaid match, the state would need to specify in the Navigator contract (or other agreement) a method to identify the Medicaid-related costs or expenditures. Private foundation funding, while a poor option for long-range Navigator revenue, as noted above, could also serve as a short-term, non-federal source of funds while Exchange operating funding structures are put in place.

Navigator Program Model

Given the recommended compensation structure and financing for the program, this report identifies two specific questions that are critical elements of designing a program that suits Illinois best.

- Should Navigators serve the individual market, the SHOP market, or both?
- What should be the relationship between the Navigators and the AKAA Program?

Should Navigators serve the individual market, the SHOP market, or both?

While the ACA requires that each state establish a Navigator Program, the decision about which market (or markets) Navigators will serve is a state-level decision. A model in which Navigators serve either the individual or SHOP market would recognize the different activities, types of support, and experience needed to assist individuals and small employers. Specialized Navigators, however, would not be able to serve all clients who are seeking assistance. Alternatively, Navigators could be "generalists" and serve both the individual and SHOP markets. This would allow Navigators to serve "all comers" but would also require more extensive Navigator training due to the differences between the individual and small employer markets and clientele. Based on input from state staff and information gathered during the stakeholder interviews, **HMA recommends that, for the initial phase of the Program, Navigators serve consumers in the individual Exchange but not the SHOP Exchange (in which producers would assist employers to purchase coverage for their employees).** By pursuing this option, Illinois would leverage the producers' existing expertise with serving small employers, while also focusing its initial Navigator Program on cultivating current and new outreach efforts, organizations, and resources through entities already working with low-income uninsured individuals. This recommendation would in no way preclude Illinois from expanding the Navigator Program to serve the small employer market in the future. Furthermore, this recommendation in no way suggests that the Exchange would pay the producers for their assistance provided to small employers or individuals; it is the expectation that producers would be paid by the health insurers for QHP enrollments.

What should be the relationship between the Navigators and the AKAA Program?

Illinois will need to determine whether the AKAA and the Navigator Programs will be integrated or operate side-by-side. One alternative is to effectively eliminate the AKAA program and re-constitute it as a part of the Navigator Program; the other is to retain the AKAA program and ensure the programs are coordinated with one another. **HMA recommends that Illinois fully integrate the AKAA Program with the Navigator Program.** In the post-ACA environment, the state will not need to operate two separate programs focused on providing consumer assistance and support for low-income populations. While initially it may be complicated to integrate the AKAAs with the Navigator Program, integrating the two programs will lead to a more streamlined consumer-assistance approach over time. A single, integrated program also should maximize the ability of the state to leverage federal Medicaid administrative funding to support the Navigator Program. An integrated program also offers the potential to create new outreach and enrollment channels by attracting Navigator entities from outside of the traditional AKAA community.

Navigator Grant Structure

HMA recommends that Illinois award Navigator grants using the following tiered grant structure:

- Level 1 grants – up to $25,000 per Navigator entity per year;
- Level 2 grants – between $25,001 and $75,000 per Navigator entity per year; and
- Level 3 grants – between $75,001 and $150,000 per Navigator entity per year.

To differentiate between the three funding levels, HMA recommends establishing incremental expectations for grantees. This approach is similar to Massachusetts' outreach and enrollment grant program, which was developed to support state health care reform implementation. The grant program provided four types of grants ranging between $20,000 and $390,000 for an array of grant activities in fiscal year 2007.[3] Similarly, California's Exchange considered compensating Navigators through grants that would have ranged from $6,000 to $200,000 per year.[4]

Given budget constraints and experience with successful volunteer-based programs such as the Illinois SHIP Program, **HMA recommends Illinois offer grants that would provide modest support to identify and enroll individuals into coverage for the first year of the Navigator Program.** The lowest grant tier (Level 1) would allow entities not interested in engaging in significant outreach and education activities to participate as Navigators, particularly if those organizations are likely to encounter the uninsured in the course of ordinary business. By contrast, the middle and highest tiers would offer grants to entities with well-established outreach and education competencies and/or experience covering a broader reach within the state to participate in the Program. In addition, as Illinois is interested in building additional outreach capacity as part of the Navigator Program, potential entities that wish to use some portion of a Navigator grant to develop or expand their outreach capabilities should be encouraged to submit a grant application.

All grantees would be expected to complete the initial and on-going Navigator trainings and to assist individuals with the following eligibility and enrollment-related activities:

- Identify and support eligible individuals with gaining coverage through the Exchange or Medicaid using the Exchange's web portal;
- Assist eligible individuals with selection of an Exchange QHP; and
- Provide post-enrollment support, including customer service support as well as assistance with coverage renewal.

In addition, grantees would be expected to provide increasing amounts of outreach in return for receiving higher grant amounts.

Summary of Key Navigator Program Design Recommendations

- Illinois should create a Navigator Program in which Navigators are selected competitively.

[3] Massachusetts implemented health care reform beginning in 2007.
[4] California has adopted a per-enrollment approach to compensate Navigators in conjunction with a separate outreach and education grant program. For more information about the design of California's Navigator Program and the alternatives considered by the state, please see: http://www.healthexchange.ca.gov/StakeHolders/Documents/CHBE,DHCS,MRMIB_StatewideAssistersProgramDesignOptionsRecommendationsandWorkPlan_6-26-12.pdf.

- Navigators would be required to complete specific and fairly sophisticated training and certification requirements.
- Navigators would receive grant payments, which could vary based on the needs of either the type of organization seeking the grant or the population targeted by a particular Navigator entity.
- Navigators would have the opportunity to earn incentive payments, for which standards would be established in advance.
- Navigators would initially serve consumers in the individual Exchange (and the Medicaid market) but not the SHOP Exchange.
- Navigators would be able to (1) enroll individual consumers in the insurance affordability programs and (2) facilitate QHP enrollment *or* refer consumers to producers for assistance with QHP enrollment. Under this model, producers would not serve as Navigators and would instead be compensated directly by health plans for any consumers they assist with QHP enrollment. Producers also would be able to assist consumers with eligibility and enrollment for the insurance affordability programs or refer them to Navigators for assistance with these programs. This model creates the potential for a true "one-stop shop" for consumers seeking coverage in the individual market as both Navigators and producers would be trained to provide assistance with coverage options offered through the Exchange and insurance affordability programs.
- The AKAA program would be fully integrated into the Navigator Program. Rather than continue to operate a separate outreach and consumer assistance program for Medicaid and All Kids, AKAAs could apply to become Navigators.

Funding Scenarios for the Navigator Program

HMA recommends that the funds required for grants to Navigator organizations would vary, depending on the number of grantees and the level of the grants. For the purpose of developing the Navigator Program budget, HMA anticipates that the majority of grantees will apply for Level 2 grants, recognizing that many Navigator entities will be existing, mission-driven, community-based organizations that already provide some level of outreach, education, and application assistance to uninsured and underinsured Illinoisans. Three budget scenarios are presented below in which the total number of grantees range from 65 (low scenario) to 215 (high scenario) and result in grant budgets ranging from $2.9 million to $10 million.[5] These scenarios should be considered illustrative, and the state should plan to revisit them once the budget for grant funding is determined. The total number of grantees for each scenario reflects what HMA considers to be a reasonable number of grantees that can be managed by the state. In comparison, California, which is a larger state than Illinois, anticipates needing a total of 300 grantees. In Massachusetts, which is smaller than Illinois, the number of grantees has fluctuated between 22 and 58 (over a six-year period) depending on the state's outreach priorities and the available budget.

[5] By comparison, from a budget perspective, the AKAA program spent approximately $1.25 million in 2011, assuming the state made payments for all 25,000 Medicaid/All Kids applications submitted by AKAAs. In Massachusetts, the total funding for the state's outreach grants ranged from $500,000 to $2.5 million per year, with funding during initial implementation years of health reform at the high end of the range. Given that Illinois is larger than Massachusetts, with a significant population of uninsured individuals, it is reasonable to assume that Illinois' Navigator Program grant budget would need to be larger than Massachusetts' health reform outreach program.

Table 1. Low Navigator Budget Scenario

Grant Level	Grant range	Average grant	# of grants	Total Grant
Level 1	up to $25,000	$ 25,000	25	$ 625,000
Level 2	$25,001 - $75,000	$ 50,000	35	$ 1,750,000
Level 3	$75,001 - $150,000	$ 100,000	5	$ 500,000
All Levels			65	$ 2,875,000

Table 2. Medium Navigator Budget Scenario

Grant Level	Grant range	Average grant	# of grants	Total Grant
Level 1	up to $25,000	$ 25,000	50	$ 1,250,000
Level 2	$25,001 - $75,000	$ 50,000	70	$ 3,500,000
Level 3	$75,001 - $150,000	$ 100,000	10	$ 1,000,000
All Levels			130	$ 5,750,000

Table 3. High Navigator Budget Scenario

Grant Level	Grant range	Average grant	# of grants	Total Grant
Level 1	up to $25,000	$ 25,000	60	$ 1,500,000
Level 2	$25,001 - $75,000	$ 50,000	140	$ 7,000,000
Level 3	$75,001 - $150,000	$ 100,000	15	$ 1,500,000
All Levels			215	$ 10,000,000

HMA recommends that the grant amounts awarded to Navigator entities be *all inclusive*, annual amounts. The annual awards would include a with-hold for the performance-based payments, which could be calculated as a percentage of the total grant amount. For example, in the case of a $25,000 grant, the state could set aside 5 percent ($1,250) of the total grant for the performance bonus. Of the remaining $23,750, the state could pay 50 percent ($11,875) within a month of the initial grant award and the other 50 percent ($11,875) at the end of the first six months of the grant period (assuming the grantee met the established performance standards for the first six months of the program). The $1,250 performance bonus would be paid at the end of the grant year if the grantee met the performance targets established for the entire year.

Program Operations and Ongoing Stakeholder Involvement

This report outlines a detailed set of tasks that are necessary for Illinois to design, plan, and operationalize its Navigator Program by October 2013. Operational planning includes both planning for the selection of Navigator entities and for establishing the training and certification processes that the Program will require – and these task areas must be undertaken in parallel.

Finally, we note that the state, in planning its Navigator Program, has to-date prioritized seeking the input of stakeholders in Illinois. The success of the Navigator Program will be defined largely by how successfully it accesses resources in the health care and health insurance community to provide outreach to uninsured and underinsured Illinoisans. Accordingly, HMA's final recommendation is that

Illinois continue to consult with affected stakeholders to ensure the Navigator Program becomes a part of, and a support to, the existing community of organizations that are dedicated to supporting the state's health care consumers.

II. Introduction

The Patient Protection and Affordable Care Act (ACA) is a comprehensive reform of health care and health insurance in the United States. A central element of the ACA is the creation of Health Benefit Exchanges (Exchanges), which are organized marketplaces for the purchase of health insurance by individuals and small businesses. The ACA is designed to overhaul the individual and small-group insurance market in Illinois, require individuals to buy insurance, and incentivize employers to purchase insurance for their employees. The ACA also expands Medicaid eligibility and establishes new tax credits to subsidize the purchase of insurance for low-income individuals who do not qualify for Medicaid. Those subsidies are only available to individuals who purchase insurance through an Exchange.

Recognizing the large numbers of uninsured individuals in the United States and the need to assist them with managing the complexities of health insurance enrollment, the ACA includes requirements for extensive consumer assistance and marketing and outreach activities, including Section 1311(i), which requires all Exchanges to establish a Navigator Program. This Program provides grants to eligible public and private entities to assist consumers as they seek services from an Exchange.

Health Management Associates (HMA) was awarded a contract with the Illinois Department of Insurance (DOI) to assist DOI and the Illinois Department of Healthcare and Family Services (HFS) with health insurance exchange planning, including identification of potential options for the design of the Navigator Program. The purpose of this report is to present HMA's findings and recommendations for Illinois' Navigator Program, including an operational plan, budget, and implementation timeline. The report is divided into the following sections:

- Section III provides an overview of the federal Navigator requirements based on the ACA and the final federal Exchange regulations published on March 27, 2012. These requirements help to frame the information presented in this report.
- Section IV describes Illinois' current consumer assistance programs.
- Section V presents the high-level findings from the stakeholder interviews conducted in March 2012 to inform Navigator Program design.
- Section VI provides the recommended framework and key components for Navigator roles and responsibilities as well as Program structure and administration.
- Section VII discusses compensation options for Navigator entities and recommended approach.
- Section VIII outlines the options for overall Program financing.
- Section IX presents Navigator model evaluation criteria, key decision points, a suggested model, and recommended grant structure.
- Section X provides an estimated budget for the Navigator grants (presented as a range) as well as a discussion of state staffing needs.
- Section XI provides a timeline that details how the different components of the Navigator Program will need to be implemented to be ready to launch by October 2013.
- Section XII provides some concluding thoughts for Illinois' consideration.

III. Overview of Federal Navigator Requirements

While ACA Section 1311(i) provides a broad framework for the Navigator Programs, the federal Centers for Medicare & Medicaid Services (CMS) has promulgated final regulations[6] that provide additional detail regarding how Navigator Programs will be structured. CMS also has indicated they intend to issue additional guidance on key aspects of the Navigator Program to further guide states in the design of their programs. Specific requirements for the Navigator Program, a discussion of Navigator Programs in the context of a federally-facilitated exchange, and key Navigator considerations and design issues are discussed below.

Navigator Program Requirements

Eligible Entities

Entities eligible to receive Navigator grants include:

- Community and consumer-focused nonprofit groups;
- Trade, industry, and professional associations;
- Commercial fishing industry organizations, ranching and farming organizations;
- Chambers of commerce;
- Unions;
- Resource partners of the Small Business Administration;
- Licensed agents and brokers; and
- Other public or private entities including but not limited to Indian tribes, tribal organizations, urban Indian organizations, and State or local human service agencies.

Exchanges cannot contract solely with community-based nonprofits. While the Exchange must provide a Navigator grant to at least one community and consumer-focused nonprofit organization, the Exchange also must provide a grant to at least one other type of organization listed above. In addition, entities cannot be a health insurer (or subsidiary) or an association that includes members of, or lobbies on behalf of, the insurance industry. Further, Navigator entitles cannot receive any direct or indirect compensation from health insurers for enrolling individuals or employees into coverage inside or outside of an Exchange.

Navigator Duties

Navigator duties include at least the following:

- Maintain expertise in eligibility, enrollment, and program specifications;
- Conduct public education activities to raise awareness about the Exchange;
- Provide information and services in a fair, accurate and impartial manner;
- Facilitate an Exchange client's selection of a health plan (i.e., Qualified Health Plan, or QHP);
- Provide referrals to state consumer assistance or ombudsman programs, or other appropriate agencies, for enrollees with grievances, complaints, or questions regarding their health plan, coverage, or a determination under such plan or coverage; and
- Provide information in a manner that is culturally- and linguistically-appropriate to the needs of the population being served by the Exchange, including individuals with limited English proficiency, and ensure accessibility and usability of Navigator tools and functions for individuals with disabilities.

[6] 77 Fed. Reg. 18310 (March 27, 2012).

This constitutes the minimum set of duties for Navigators, and CMS urges states to consider whether Navigators should assume any additional duties or responsibilities.

Additional Requirements

To receive a Navigator grant, an entity must:

- Perform the required Navigator duties (described above);
- Demonstrate they have existing relationships, or could readily establish relationships, with individuals or employers likely to be eligible for Exchange enrollment;
- Meet any licensing, certification, or other standards prescribed by the state or Exchange, if applicable;
- Not have a conflict of interest; and
- Comply with the Exchange privacy and security standards.

Conflict of Interest Standards and Training

Depending on the design of a state's Program, Navigators could help consumers and/or small employers understand their coverage options and make important decisions about which coverage to elect (including understanding any tax implications of their choices). Given the sensitive nature of the Navigators' role, Exchanges must establish standards to be met by Navigator entities and individuals designed to eliminate potential conflicts of interest (both financial and non-financial). While CMS intends to issue model conflict of interest standards, Exchanges are encouraged to develop conflict of interest policies that, at a minimum, cover:

- Financial and non-financial considerations;
- The impact of a family member's employment or activities with other potentially-conflicted entities;
- Disclosure of financial and non-financial relationships with other entities; and
- Monitoring of Navigator-based enrollment patterns by Exchanges.

CMS also urges states to implement legal and financial recourses for consumers adversely affected by a Navigator with a conflict of interest as well as civil and criminal penalties for Navigators who violate the conflict of interest requirements.

Exchanges also must develop training standards for all Navigators that ensure expertise in the following areas:

- Needs of underserved and vulnerable populations;
- Eligibility and enrollment rules and procedures;
- Range of QHP options and insurance affordability programs[7] available to consumers; and
- Exchange privacy and security standards.

In addition, Navigator training must cover the proper handling of tax data and other personal data. To assist states, CMS intends to issue model training standards in forthcoming Navigator guidance.

---

[7] The insurance affordability programs include Medicaid, the Children's Health Insurance Program (CHIP), and the Basic Health Program (BHP).

Navigator Program Funding

The ACA does not allow states to use the federal funds available to establish state Exchanges to fund the Navigator grants. Instead, states must identify alternative sources of funding. Funding for Navigator grants could include state General Funds, a broad-based assessment on insurers, fees charged to QHPs participating in the Exchange, Medicaid[8] administrative matching funds, and/or public or private grants.

Implementation Timeline

The federal government encourages state Exchanges to commence operations of their Navigator Programs at the start of the initial open enrollment period for the Exchanges (i.e., October 1, 2013 for state-based Exchanges approved, or conditionally approved, by January 1, 2013).

Navigator Programs and Federally-Facilitated Exchanges

Rather than create a state-based Exchange, states can defer operation to a federally-facilitated exchange (FFE)[9] or utilize an option to partner with CMS to administer selected functions of the FFE, known as State Partnership. In an FFE, the federal government will establish the Navigator Program. Under the State Partnership Model, the state can take responsibility for consumer assistance, including oversight and management of Navigators.

Federal guidance to-date indicates that CMS would select the Navigators and award the grants, while the state would administer the Program on a day-to-day basis. The state would be required to apply the minimum federal Navigator training and conflict of interest standards, although CMS is still considering whether to allow states to expand on these standards. Within these parameters, HMA believes that specific mechanisms through which states will coordinate on Navigator activities will become clearer as State Partnership approaches become more concrete. It is also unclear how, if at all, federal selection of the Navigators would coordinate with state certification or licensing requirements.

Design Considerations and Future CMS Guidance

While the ACA and accompanying federal regulations provide the framework for the Navigator Programs, states have significant flexibility in designing their programs. These include:

- Navigator Program goals;
- Navigator roles and responsibilities;
- Qualification for entities/organizations best suited to serve as Navigators;
- Navigator Program administrative structure;
- Licensing, certification, and/or training requirements;
- Navigator performance monitoring;
- Navigator compensation structure; and
- Navigator Program financing structure.

In addition to the key design considerations outlined above, Illinois also will need to be mindful that CMS intends to issue additional, sub-regulatory guidance on the following topics: model standards for conflict of interest requirements, training standards, and cultural and linguistic competencies.

---

[8] Because Illinois has fully integrated its Children's Health Insurance Program (CHIP) into Medicaid, for the purpose of this report, we use Medicaid to refer to both programs.

[9] The ACA directs the U.S. Department of Health and Human Services to implement an FFE in any state that does not operate its own Exchange or will not have an Exchange in place by 2014.

IV. Illinois' Existing Consumer-Assistance Programs

Illinois has a number of existing programs or initiatives that could serve as models to inform the Navigator Program. Irrespective of whether the state uses components of these initiatives as models in designing the Navigator Program, the state will need to determine how to appropriately coordinate their operations with the Navigators.

All Kids Application Agents (AKAAs)

As of April 2012, HFS works with 783 AKAAs (both individuals and organizations) who provide outreach support for Medicaid in Illinois. Entities permitted to enroll as AKAAs include:

- Community-based organizations, including faith-based organizations, day care centers, local governments, and unions;
- Medical providers of any kind in good standing with HFS;
- School districts; and
- Licensed insurance agents.

Other than licensed insurance agents and medical providers, individuals cannot participate as AKAAs. State agencies also are prohibited from participating as AKAAs.

The AKAAs are charged with promoting Medicaid to families and pregnant women through a variety of outreach strategies. AKAAs activities include:

- Explaining the benefits of coverage to consumers;
- Assisting consumers to complete an application and gather all required documentation;
- Recording AKAA information on the application to allow processing of AKAA payment; and
- Submitting the application to the state within specified timeframes.

In 2011, AKAAs submitted approximately 25,000 applications or 36% of the total applications received by HFS.[10] One-fifth of AKAAs (154) submitted 20 or more applications in 2011.

To become an AKAA, interested individuals or organizations submit a letter on their organization's letterhead requesting to participate. No formal licensing or certification process is required. Instead, AKAAs must sign an agreement with HFS and complete training prior to approval. HFS assigns a unique provider number to new AKAAs.

Initial AKAA training consists of a half-day session for Chicago-area AKAAs and a full day of training for downstate AKAAs. No test is required at the end of the initial training. Training is available in both English and Spanish. The state also offers "refresher" trainings at the request of AKAAs and notifies AKAAs about policy changes via e-mail. In addition, the AKAA manual is posted on-line. The AKAA manual is intended to be an important resource for AKAAs and is designed to serve as a comprehensive, in-depth resource for AKAAs.

Historically, most AKAAs have received $50 Technical Assistance Payments (TAP) for each successful, complete application that resulted in a new case (e.g., AKAAs did not receive TAP if an application resulted in the addition of a child to an existing case). These payments incentivized AKAAs to submit applications that did not require any follow-up by state staff before determining an applicant's eligibility. Under Illinois law, AKAAs cannot charge individuals for assisting them to submit or complete an application. The TAP amount was set at $50 for more than 10 years and was financed by state

[10] The majority of Medicaid applications are submitted to the Illinois Department of Human Services' local offices.

General Funds and federal matching payments. Due to Illinois' budget crisis, the state fiscal year 2012-2013 budget eliminates these payments effective July 1, 2012.

To process TAP, the Department of Human Services' Client Information System (which serves as the eligibility system for Medicaid, TANF, SNAP, etc.) records whether an AKAA has earned a TAP. The HFS Medicaid Management Information System (MMIS) then makes the payments through remittance advices, which are recorded as a payment to a provider.

HFS's oversight of the AKAA program does not include a formal performance monitoring process. However, all AKAA applications are worked by state staff upon receipt, which provides HFS with good oversight of the program by providing an easy way to identify AKAAs who are not submitting applications using the procedures required to receive TAP.

Senior Health Insurance Program (SHIP)

DOI oversees the SHIP to assist seniors with issues related to the Medicare program. For the purpose of the SHIP, Illinois is divided into four regions: Cook County; Northern Illinois; Southern Illinois; and Central Illinois. Within each region, SHIP counselors are organized into units for a specific service area (usually defined by county).

Other than the 15 SHIP staff employed by DOI, all SHIP counselors are volunteers. Approximately half work for community-based organizations around the state, while the others serve strictly on a volunteer basis. Currently, DOI works with 640 active SHIP counselors who are affiliated with a SHIP sponsoring organization. Each sponsoring organization must designate an individual as the SHIP Program Coordinator and provide office space and office support services to the volunteer SHIP counselors. The SHIP Program Coordinator is responsible for the administrative aspects of the SHIP program, which include publicizing SHIP services, recruiting volunteers, scheduling counseling sessions, and responding to counselors' needs.

In 2011, SHIP volunteer counselors and state staff reported 137,000 unduplicated client contacts. SHIP staff and volunteers assist seniors with questions related to Medicare coverage, mostly focused on Medicare supplemental insurance plans, Medicare prescription drug (Part D) coverage including plan selection and enrollment, and Medicare Advantage plans including plan selection and enrollment. Questions about Part D coverage are most common, and counselors help individuals choose the Plan D plan that best meets their needs (e.g., depending on the individual drugs covered). SHIP counselors also refer non-seniors to a variety of state agencies for assistance with health care coverage issues as appropriate. In addition, SHIP counselors conduct information and training sessions for seniors and community groups around the state, place advertisements on radio, in newspapers and on television (although the latter are fairly rare), and conduct webinars and "train the trainer" sessions. The SHIP counselors use the federal Medicare website (www.medicare.gov) as their main resource when assisting consumers, and DOI also operates a toll-free hotline to support SHIP counselors.

To be certified, SHIP counselors must:

- Complete a five-day initial training course that includes homework;
- Pass a test at the end of the initial training;
- Pass a pre-screening process prior to initial training to ensure they are not certified to sell insurance (SHIP counselors are prohibited from receiving any payments from insurers);
- Complete retraining every six months;
- Complete 12 hours of continuing education each year; and
- Complete an annual on-line recertification test (30 questions), as of Spring 2012.

DOI SHIP staff includes eight trainers for the program, and DOI compensates counselors for any travel costs related to SHIP training. In addition, the various Illinois state departments that work with seniors (e.g., DOI/SHIP, HFS, DHS, Department on Aging) all conduct cross-trainings to make sure each knows what services and programs are offered by the others.

CMS tracks SHIP performance across a variety of metrics though the web-based National Performance Report (NPR). Performance data collected includes:

- Unduplicated client contacts;
- Number of individuals reached via media events;
- Numbers of consumers receiving Part D low-income subsidy assistance;
- Percentage of consumers with incomes under 150% FPL;
- Percentage of consumers with a disability;
- Percentage of consumers that speak English as a second language; and
- Percentage of consumers needing help to apply for Medicaid.

In addition, for the SHIP sponsoring organizations to receive continued grant funding, they must meet several administrative and outreach requirements, including:

- Spending all grant funds within the allowable time line;
- Completing and submitting all client contact and public media activity forms on a timely basis; and
- Conducting at least two outreach events (e.g., educational speaking events or health fairs) each month during the fiscal quarter and documenting the activity in the NPR system.

DOI also tracks whether contacts are increasing or decreasing for each grantee and program-wide since enrollment trends affect Illinois' level of the federal grant funding.

SHIP grantees are eligible to receive grant funding every six months, and DOI staff use the information collected above to determine whether they qualify for the next round of funding. For each six-month grant period, SHIP staff divides the available SHIP funding by the number of grantees to determine the amount of funding they will each receive. As long as a grantee meets the minimum productivity requirements established by the state, they will qualify for a new grant. As a result, there is no variation in payment among grantees, regardless of their size or productivity.

DOI's Office of Consumer Health Insurance (OCHI)

DOI's Office of Consumer Health Insurance (OCHI) operates consumer assistance programs to serve Illinoisans. OCHI activities include:

- Investigating written complaints from consumers about health plans;
- Operating a call center that assists consumers with health insurance issues, questions, and complaints;
- Assisting uninsured or underinsured consumers with medical claims issues (i.e., the uninsured ombudsman program);
- Staffing a "Rapid Response" team (which includes representatives from various state agencies including OCHI) to go onsite to assist individuals when a company is going out of business or is laying off a large number of employees; and
- Producing fact sheets and brochures, attending health fairs, and visiting TV and radio talk shows.

In addition, all health insurance-related materials (e.g., member handbooks, service denials) must include the DOI consumer assistance toll-free phone number.

OCHI employs a total of six full-time staff: one program director and five analysts. No certification or licensure is required for OCHI staff, although staff receive on-going training on relevant issues. Many OCHI staff has worked at DOI for more than 20 years and has a wealth of experience and knowledge on which to draw during the course of their work.

Producers

At the beginning of 2011, there were more than 54,000 agents in Illinois licensed to sell health insurance.[11] DOI is charged with responsibility for producer licensing and oversight. To sell accident and/or health insurance in Illinois, producers meet the following licensing requirements every two years:

- Complete 20 hours of pre-licensing education with 7.5 of those hours to be completed in the classroom;
- Pass a licensing exam;
- Complete 24 hours of continuing education, including 3 hours on classroom ethics;
- Pay the following licensing fees:
    - Pre-license education fees (these vary by provider);
    - Insurance exam fee of $103;
    - License fee (for Illinois residents) of $185 (includes $5 transaction fee);
    - Continuing education fees (these vary by provider); and
    - Renewal fee of $185 (note that the renewal fee increases to $360 for late renewals).

Producers with limited health insurance licenses (for Medicare Advantage) must meet the following requirements every year:

- Licenses are issued by the insurance company that the individual is working for and must be paid for by the appointing insurance company;
- Licenses are renewed and paid for by issuing company (licenses expire each year on December 31); and
- A $50 licensing fee is paid.

No exam is required for a limited health insurance license.

Producers are paid based on commissions from the health insurers with whom they work. Producer commissions are typically based on a percentage of premiums with opportunities for bonuses based on various factors (e.g., volume, meeting established targets). Producer compensation can vary by insurer with different insurers having different arrangements with a given producer. In addition, the following key variables impact producer compensation:

- Type of product sold (e.g., major medical coverage);
- Initial versus renewal policy (typically, initial policies require more time and effort and compensation levels are higher);
- Individual versus group policy;
- Type of product (e.g., major medical); and
- Whether health insurance coverage is grouped with other insurance coverage (a producer might receive higher compensation if multiple insurance products are sold simultaneously).

[11] Deloitte. "Review of the Current Illinois Health Coverage Marketplace: Background Research Report," September 2011. Available at: http://www2.illinois.gov/hfs/Documents/ILBackgrounResearchFinalReport_September2011.pdf.

In general, producer commission rates usually decrease incrementally over time with initial compensation higher than renewals, and renewal compensation that decreases over time.

In terms of monitoring producer performance, DOI has eight investigators who follow-up on complaints about specific producers. Due to limited resources, no random monitoring is conducted by the state.

V. Illinois Stakeholder Findings

This section of the report summarizes the findings from the stakeholder interviews conducted by HMA during March 2012. It also provides an overview of our methodology. The full report on the interview findings, including a copy of the interview guide and list of interviewees, is attached at Appendix A.

Methodology

To capture stakeholder input regarding Illinois' Navigator Program, HMA conducted a series of interviews with a diverse group of stakeholders. A total of eighteen interviews with 23 organizations[12] were conducted by phone from March 7-27, 2012. HMA worked with DOI and HFS to select interviewees that represented several distinct types of stakeholder groups, including government agencies with oversight of consumer assistance or producer programs, advocacy groups, business groups, health care providers, and insurance industry representatives. The key themes identified during the course of the interviews are summarized below.

Navigator Roles and Responsibilities

Navigator Program Goals

A consistent message among the interviews was that Navigators should play a crucial role in providing accurate, unbiased information to help uninsured individuals gain coverage and enroll in an appropriate health plan. As "trusted advisors," Navigators also have an important role to provide outreach and support for hard-to-reach populations or communities that have previously not been served by insurance agents.

Target Population for Navigators

There was consistent support for the idea that Navigators should be able to serve individuals who might be eligible for the Exchange or Medicaid, supporting a "no wrong door," seamless approach for consumers. Several interviewees noted the importance of having Navigators understand both the Exchange and Medicaid since many individuals will move between the programs over time and the Exchange portal technology should support streamlined eligibility and enrollment for all of these programs. In terms of which market the Navigators should serve (individual, small employer, or both), interviewee responses were mixed. Stakeholders representing the group insurance market and producers generally indicated they do not see a role for Navigators in the small employer market, while other interviewees felt Navigators should be able to target both individuals and small employers (although this may result in different training needs).

Experience of Navigators

While the interviews did not yield consistent recommendations about the required experience for participating Navigators, several interviewees suggested the following types of experience or capacities:

[12] Interviews with Illinois Agricultural Organization/Illinois Farm Bureau and Illinois Public Health Association were not scheduled, following multiple outreach attempts by e-mail and phone by HMA and DOI staff.

- Experience acting as an independent and objective advisor;
- Ability to establish trusted relationships with the target population;
- Experience providing community-based outreach to "vulnerable populations" (e.g., low-income clients, persons with disabilities, persons with limited-English proficiency);
- Strong communication skills, including cultural sensitivity and ability to speak the language of the target population;
- Ability to understand and communicate about complex topics, with particular familiarity with public benefit programs; and
- Experience as AKAAs.

Navigator Entities/Organizations

Most interviewees suggested that community-based organizations would be appropriate to serve as Navigator entities. A number of other ideas were suggested by interviewees, including the following organizations or types of entities:

- Supplemental Nutrition Assistance Program (SNAP) outreach partners (Catholic Charities, Food Banks, Chicago Public Schools, Illinois Hunger Coalition);
- Tax assistance program agencies;
- Hospitals and community health centers ;
- Faith-based organizations;
- Chambers of Commerce;
- Labor organizations; and
- Current AKAAs or other Medicaid outreach grantees.

Program Structure and Administration

Program Administration

Regarding program administration, interviewees provided an array of responses. The Illinois Exchange (once it is established), DOI, and HFS were the most commonly cited options, although no clear consensus emerged.

Licensure and Certification

Most interviewees were in favor of some form of certification, rather than formal licensure, for Navigators. There was wide support for the idea that a certification process could ensure that all Navigators have a core set of competencies, given the complexity of the program and the challenges of the target population. Some interviewees specifically noted that the Navigator Program would require a more robust certification process than currently used for AKAAs, given the greater complexity of the Navigator roles and responsibilities.

Training

All interviewees agreed on the need for initial and ongoing training for the Navigator Program, although interviewees had wide-ranging and differing ideas about the content of the training curriculum. Interview responses also were inconsistent regarding whether trainings should be offered on-line or in-person. Several interviewees commented on the need for the Navigator training program to include testing for comprehension, given the importance and complexity of the advice that Navigators will provide. A few interviewees suggested an experiential component of the trainings, including role-playing exercises.

Performance Measurement/Monitoring

Interviewees provided a variety of suggestions for monitoring Navigators. Several interviewees suggested tracking the number of successful applications and consumer satisfaction surveys, while others suggested using “secret shopper” surveys in which Navigator performance would be measured without their knowledge by “mock” consumers. Another suggested that the state could identify the geographic areas with high rates of uninsured or underinsured individuals and track how Navigators were impacting those rates over time. One interviewee suggested including an assessment of how individuals have managed “downstream challenges” such as finding a primary care provider and managing personal health goals as well as measures of successful applications.

Role of Producers

Stakeholders expressed a wide range of opinions on the role producers should play. On the one hand, several interviewees felt producers could serve as Navigators as long as they followed the Navigator rules. However, others were adamantly opposed to producer participation due to concerns about conflict of interest. Many interviewees stressed the importance of clearly defining the roles of Navigators and producers for the Exchange.

Navigator Compensation Options

Interviewees expressed a range of opinions on how Navigator compensation should be structured including enrollment-based payments (e.g., for successful applications) or block grants. Regardless of which compensation structure is ultimately selected, interviewees commented on the importance of considering the incentives inherent in the compensation structure. For example, an enrollment-based approach could reward “efficiency over quality,” by providing an incentive for Navigators to enroll consumers in lower cost plans to gain a quick enrollment even though these plans might have a more limited network and could impede access to care. While a block grant approach would help cover the infrastructure costs related to the Navigator duties, the primary concern raised about this approach was the need to develop and closely monitor outcomes metrics to make sure that Navigators do not “get complacent.”

Several interviewees commented on the level of payment that should be used to compensate Navigators. The AKAA Program payment level was specifically discussed by several interviewees. Some though that $50 per successful application was sufficient, although there was some concern that the level may be too low or should be examined for its applicability to the Navigator Program. They also noted that the AKAA fee has not been raised in many years.

Navigator Program Funding Options

Among interviewees, a carrier assessment was most commonly supported as an option to fund the Navigator Program (as well the overall Exchange). Several interviewees recommended pursuing federal matching funds for Medicaid program expenditures as a funding opportunity for the Navigator Program, because Navigators can target individuals eligible for Medicaid in addition to Exchange-eligible individuals. Several interviewees also noted that the use of state General Funds was not desirable, given the need for stable funding. One interviewee recommended thinking “out of the box” for funding ideas, including selling advertisements on the Exchange website, pursuing foundation opportunities, or exploring the use of a volunteer staffing model (similar to SHIP).

VI. Navigator Program Design

This section of the report provides a proposed framework and key components for Illinois' Navigator Program, including program goals, Navigator roles and responsibilities, program administration, and structure, and Navigator compensation.

Program Goals

The Navigators can potentially play a critical role in helping Illinois realize both Governor Quinn's and the federal vision of a customer-friendly, "one-stop shopping" approach that will allow consumers to enroll in coverage as seamlessly as possible. Establishing high-level goals for the Navigator Program is a critical first step for Illinois. These goals should be based on the framework outlined in the ACA and federal regulations as well as input from Illinois' stakeholders. They should address the roles of the Navigators as well as the state's desired outcomes for the program and long-term program vision. They need, however, to be consistent with the funding approaches.

Stakeholders interviewed for this report consistently supported that Navigators should play a crucial role in providing accurate, unbiased information to help consumers gain coverage and enroll in an appropriate health plan. Navigators also will play an important role in providing outreach and support for hard-to-reach populations or communities that may not have been served previously by producers. In addition, Navigators can help consumers understand the implications of their coverage decisions (e.g., financial and tax implications of the Exchange subsidies, health plan networks, and access to certain health care providers).

Based on HMA's assessment of federal expectations and discussions with state stakeholders and state agency staff, HMA's proposed goals for Illinois' Navigator Program include:

- Provide unbiased and accurate eligibility and enrollment information for consumers;
- Provide unbiased and accurate information on QHP options to support consumers in choosing the health plan that is the best fit for their needs;
- Promote access to affordable coverage through the Exchange and other insurance affordability programs;
- Identify, educate and enroll hard-to-reach populations;
- Attract and maintain Navigators with experience serving targeted populations;
- Leverage existing state and federal resources;
- Leverage and support current outreach efforts, organizations and resources; and
- Create new outreach channels or resources.

Navigator Roles and Responsibilities

- Defining the Navigators' roles and responsibilities is a critical component of Illinois' overall program design. As noted above (see Section III), the ACA defines the minimum set of duties that Navigators are required to perform.

In addition, CMS encourages the use of federal Medicaid administrative funds as a source of funding for Navigator programs, recognizing that Navigators will need to be knowledgeable about the insurance affordability programs if the Exchanges are going to provide a "one-stop shopping" experience for consumers. Both for financing and for customer-service reasons, Illinois should add expertise in Medicaid eligibility, enrollment, and program specifications to the Navigators' responsibilities.

Illinois also should consider giving Navigators responsibility for follow-up and on-going assistance to their clients to ensure they remain enrolled in coverage over time and to assist clients with any customer service issues that may arise (e.g., questions about health plan notices, provider billing issues).

Navigator clients, regardless of their coverage type (Exchange or Medicaid) may prefer to continue working with their local Navigators rather than be "handed off" to someone new once they are enrolled into coverage. While Medicaid eligibility staff could assume responsibility for case maintenance and assistance for Navigator clients who enroll in those programs, Navigators, at a minimum, could be responsible for working with Exchange clients on an on-going basis.

Program Structure & Administration

This section describes the proposed administrative structure for Illinois' Navigator Program and certification requirements. Navigator training and performance measurement also are addressed. As is more fully discussed in this section, HMA recommends that Illinois limit participation in the Program to organizations and not select individuals as Navigators. As it relates to the Navigator certification and training requirements, also discussed in this section, HMA assumes that the state will ensure the qualifications and obligations of the Navigators at the organizational level, and that, in turn, these Navigator entities will identify individuals who will perform the Navigator functions.

Program Oversight

The ACA requires state Exchanges to establish Navigator Programs, and HMA recommends that the Exchange entity oversee the Program. As legislation to create Illinois' Exchange is still pending, HMA recommends that DOI have the responsibility for oversight in the interim. DOI is currently leading much of the Exchange-related planning work and has experience with oversight of producer licensing, the SHIP program and the OCHI. Once the Illinois Exchange is operational, HMA envisions that the state would leverage DOI's expertise in areas such as certification/licensing to avoid any duplication of regulatory responsibilities. While the new Navigator Program will represent a critical component of the consumer assistance services provided by Illinois as part of ACA implementation, the Navigators will need to work closely with the current AKAAs, SHIP volunteers and staff, OCHI staff, and producers as well as Exchange call center staff (once the call center is established) to create the "culture of coverage" envisioned in the ACA and ensure all Illinoisans have access to health care coverage.

Navigator Selection Process

The final federal Exchange regulations identify the following entities that are eligible to receive Navigator grants:

- Community and consumer-focused nonprofit groups;
- Trade, industry, and professional associations;
- Commercial fishing industry organizations, ranching and farming organizations;
- Chambers of commerce;
- Unions;
- Resource partners of the Small Business Administration;
- Licensed agents and brokers; and
- Other public or private entities including but not limited to Indian tribes, tribal organizations, urban Indian organizations, and State or local human service agencies.

Further, Illinois must include at least one community and consumer-focused nonprofit group as a Navigator plus at least one other type of entity. Allowing individuals to participate as Navigators, while technically allowed, could dramatically increase the amount of state oversight required for the program. For administrative simplicity, HMA recommends that Illinois restrict Navigator participation by individuals to help limit the total number of contracts (or grant agreements) that the state must manage. Under this arrangement, the Navigator entities would be responsible for hiring (or providing) individuals to serve as Navigators and ensuring all Program requirements are met. This recommendation is consistent with the AKAA policy to exclude individuals as AKAA entities, unless the individual is a medical provider or a licensed insurance agent. In addition, the state will want to engage the Navigator entities to help oversee the individual Navigators and ensure the quality of services provided to consumers, and this can be done more efficiently and cost-effectively through agreements with organizations rather than individuals.

While Illinois could choose the Navigator entities on a non-competitive basis (e.g., through a Request for Applications process), HMA recommends the state employ a competitive process to select the Navigators and award grant payments through a competitive process (e.g., through a Request for Proposals, or RFP, process). A competitive process would help manage the number of Navigators that the state would oversee as well as ensure strong interest and the highest quality among the organizations selected to serve as Navigators. The state also may need to use a competitive process if the Program's budget only can support a limited number of Navigators.

Rather than follow the "rolling admissions" model currently used for the AKAA program in which anyone can become an AKAA at any point, HMA recommends that Illinois consider synchronizing selection of the initial Navigator entities with the Exchange's initial open enrollment period (October 2013). To ensure the Navigators are certified and trained in advance of the start of open enrollment, Illinois should plan to finalize Navigator selection by July 1, 2013. Given the uncertainties about how the Exchange launch will proceed and how many consumers will seek assistance during the first few months of operation, Illinois may want to conduct an initial Navigator RFP process with the understanding that a second RFP could be released during the first year of Exchange operations if Illinois determines that additional Navigators are needed to support Exchange consumers. Alternatively, the state could include a provision in the initial RFP to either select additional Navigator entities from the pool of applicants or allow already-selected Navigator entities to increase their staff. This could allow Illinois to increase the number of Navigators more quickly than through another RFP process.

As part of developing the Navigator RFP, HMA recommends establishing a minimum set of qualifications that entities must meet to participate in the Program. These qualifications should reflect the federal requirements, any state requirements, the state's goals for the Program, and Navigator roles and responsibilities. In addition, Illinois should consider whether certain types of expertise will be important for Navigators. For example, the state may wish to leverage the experience of the AKAAs, and the selection process could give preference to these organizations. Similarly, the state likely will want to ensure that Illinoisans who reside downstate have access to Navigators and could give preference to entities located in this region when reviewing RFP responses.

HMA recommends the following minimum qualifications for Navigator entities:

- Demonstrated experience providing community-based consumer assistance (outreach and application assistance) to the target population and hard-to-reach or "vulnerable populations" (e.g., low-income consumers, persons with disabilities, persons with limited English proficiency);
- Strong communication skills, including cultural sensitivity regarding the target population;
- Ability to understand complex topics and communicate information clearly to consumers; and
- Knowledge of insurance affordability programs and commercial insurance.

In the final federal Exchange rule, CMS recommends that states (if they have not already done so as part of their Exchange planning grant process) conduct a needs assessment of the populations that the Navigator Program is intended to serve, and HMA recommends that Illinois consider doing so as part of the initial Navigator planning to further tailor the Program's design or consider conducting a needs assessment during the second year of the Program to better target harder-to-reach populations.

The needs assessment should build on the valuable information included in the Background Research report prepared for the state by Deloitte[13] in 2011 that provides high-level descriptive information about the uninsured and underinsured in Illinois. While the information provided in the Background Research report informs the Navigator Program design and procurement strategy, a Navigator needs assessment would capture additional detailed information, including details about the demographics of the population as well as issues impacting enrollment for certain subpopulations (e.g., barriers to obtaining health insurance for part-time employees). For example, the Background Research report provides an analysis of the uninsured on a regional basis, with each region comprised of multiple counties. To better target Navigator Program resources, it could be helpful to understand if uninsured individuals are concentrated in specific counties, so that Navigator selection could focus on organizations with experience in these particular geographic areas. The Background Research report also identifies persons with African American and Hispanic race as more likely to have lower incomes and be uninsured and also indicates that part-time employees had higher rates of being uninsured. The needs assessment could expand on these findings by analyzing whether certain racial or ethnic subgroups are more likely to be uninsured or whether certain industries are more likely to have part-time employees who could benefit from outreach. In addition, the Background Research report identified the subgroup of individuals aged 18-35 years old as least likely to be insured, and the Navigator needs assessment could gather information about specific barriers to care for this population.

Navigator Certification Requirements

Under the final federal Exchange regulations, states cannot require Navigators to be licensed as producers, but they can require an alternative licensing or certification process for the program. The design of Illinois' Navigator certification requirements will impact the types of organizations that will participate and, potentially, the overall number of Navigators. It is important that the state balance the need to ensure that all Navigators are knowledgeable about the coverage options available through the Exchange and the insurance affordability programs against the need to create a certification requirement that is not overly burdensome (in terms of costs or resources) for potential participants. Finally, Illinois' certification requirements should be closely coordinated with the Navigator training requirements discussed below.

Across Illinois' current consumer assistance programs, the AKAA program requires fairly minimal certification requirements, SHIP includes a relatively substantial certification process, and producers are required to complete a formal licensing process. Given the breadth of information a Navigator will need to understand, coupled with the sensitive nature of the information consumers will be sharing with them, HMA recommends that Illinois require a more intensive certification process than the AKAAs', although it is unlikely that Navigator certification needs to parallel the requirements for producers. Specifically, suggested Navigator certification requirements include:

- Complete one-time background check;
- Complete initial Navigator training program that covers both the Exchange and insurance affordability programs;
- Pass initial training exam;
- Attend retraining every 12 months. As an alternative, retraining could be required less frequently but Illinois may wish to add a continuing education component to ensure Navigators have access to, and knowledge about, the most current developments related to the Exchange and/or insurance affordability programs; and

[13] Deloitte, "Background Research Report," September 2011.

- Pass a recertification exam.

Navigator Training Requirements

Under the final federal Exchange regulations, states are required to create training standards for Navigators that cover, at a minimum, the following topics:

- Needs of underserved and vulnerable populations;
- Eligibility and enrollment rules and procedures;
- Range of QHP options and insurance affordability programs;
- Exchange privacy and security standards; and
- Proper handling of tax and other personal data.

Many Illinoisans who will access the Exchange will be unfamiliar with the health insurance market and will need assistance with enrolling in coverage (whether through a QHP or Medicaid) and understanding the tax implications of the Exchange subsidies. A carefully-designed training program will prepare Navigators to assist Exchange clients with these issues. The Navigator training also should ensure the Navigators are prepared to conduct outreach and education activities as well as adhere to the Exchange's privacy and security standards since they will be handling sensitive personal and tax data on behalf of their clients.

While CMS intends to issue model training standards in upcoming, sub-regulatory guidance, Illinois has already begun planning for Navigator training and included a request for external resources to develop Navigator training materials as part of the state's recently-approved Exchange Establishment Grant proposal. As the state moves forward, HMA recommends that the training curriculum reflects the state's goals for the Program and the Navigators' roles and responsibilities, and include the following topics:

- Commercial insurance – this training module would focus on providing an overview of the relevant Illinois insurance code requirements and the coverage options available through the individual Exchange, including the tax implications of the low-income subsidies;
- Exchange and Medicaid eligibility – this module would cover eligibility and enrollment information related to the Exchange and Medicaid as well as procedures to support eligibility and enrollment, including use of the new Exchange portal and other eligibility systems;
- Choosing an Exchange QHP – this module would cover how to assist consumers to select the best health plan considering their individual circumstances (e.g., to ensure access to a consumer's primary care provider, maximizing coverage, etc.);
- Consumer assistance support – this module would provide information about post-enrollment support activities (e.g., assisting consumers with issues related to their health plan, provider billing questions, etc.). It would also provide information regarding referrals to appropriate resources (e.g., state consumer assistance or ombudsman programs) when necessary;
- Coverage renewal – this module would cover the renewal process for Exchange and Medicaid coverage;
- Exchange privacy and security requirements – this module would provide information about the Exchange-specific privacy and security requirements and could also cover the handling of tax and other sensitive consumer personal data; and
- Needs of the uninsured and vulnerable populations – this module will help ensure Navigators are knowledgeable about the populations they are most likely to serve.

HMA recommends that the initial training be classroom based and offered in-person to ensure attendees are paying attention and can interact with the trainer in real-time. However, if the costs of in-person training are prohibitive, web-based training could be used as an alternative. Illinois also could choose to offer both in-person and web-based training, which would maximize the training avenues available to potential Navigators. Regardless of how the training is offered, Navigators should be required to complete an exam following the initial training to ensure maximum retention of the content presented.

As discussed above, HMA recommends that Navigators be recertified every 12 months. The annual recertification requirement would include refresher training which could be conducted in-person or online. Similar to the initial training, HMA recommends that Navigators pass an exam following the completion of the recertification training.

Some stakeholders recommended that Navigator training include a field training component. HMA is not recommending the addition of an experiential component to the training curriculum at this time, given that the organizations most likely to apply to serve as Navigators are already providing similar services to the target population and the resources to conduct field training for a large number of grantees could be prohibitive. HMA does recommend that the Navigator contracts allow for observation at any time by program staff of Navigators while they work; program and Navigator training staff could identify grantees who might benefit from onsite observation, including those with less experience, those who may have struggled with certain aspects of the training, those where productivity is less than expected, or those grantees requesting such support.

Finally, while producers may not choose to participate in the Navigator Program, producers who opt to sell Exchange coverage will require additional training and information about Exchange-specific topics (e.g., subsidies available through the Exchange and their associated tax implications). Accordingly, Illinois will need to consider how to incorporate this information into the existing producer licensure and/or training requirements.

Performance Measurement

HMA recommends that Navigator performance metrics be specific and measurable, reflect the state's goals for the Navigator Program, and provide incentives to ensure the Program's (and the Exchange's) success. Navigators are charged with conducting outreach and education as well as providing eligibility and enrollment assistance, and the metrics should reflect both kinds of activities. Navigator performance measurement could be utilized as a part of how Navigators are compensated, but, in general, measuring progress and activities funded by Navigator grants will be important regardless of the form and structure of the grants themselves.

As discussed below, HMA recommends that Illinois use a compensation structure that would reward Navigators for meeting performance targets. Accordingly, HMA recommends that Illinois select a manageable number (no more than 10) of performance measures to keep this component of the Navigator program simple to administer. The Navigator performance measures could assess Navigators across a range of potential areas, including: productivity; return on investment; customer service and quality; and outreach activities. At a minimum, HMA recommends that Illinois use the following measures:

- Applications submitted;
- New enrollments;
- Individuals eligible for Exchange subsidies or Medicaid;
- Changes in enrollment levels over time (e.g., month-to-month); and
- Outreach activities completed.

If Illinois includes a formal grievance or complaints process in the Navigator Program, we would recommend including a measure that tracks grievances and complaints at the individual Navigator level.

In defining any additional Navigator performance measures, Illinois may want to consider whether to tailor them based on factors such as:

- Whether Navigators are responsible for new applications only or also for assisting clients with post-enrollment support and/or renewals;
- Expectations that Navigators target specific populations;
- Specific aspects or goals for the program (e.g., outreach to homeless clients); or
- Navigator level of experience.

Similar to SHIP counselors, HMA recommends that Navigators be required to provide performance data to the state on a monthly basis, so that program staff can closely monitor grantee performance during the start-up phase. After the first year, staff may choose to decrease the frequency of the reporting to quarterly or semi-annually. To collect performance data, Illinois could use a portal similar to the SHIP NPR or require Navigator grantees to submit their data via an Excel or Word template.

VII. Navigator Compensation Structure

This section of the report focuses on how the Navigators entities will be compensated for their work. As CMS has not prescribed a specific structure for providing grants to eligible Navigator entities for providing Navigator services, HMA has identified the following five options for the Navigator compensation structure:

1. **Block grants-only:** This compensation structure would provide eligible entities with a set amount of dollars based on a specified set of services and standards. Navigator grantees would be compensated up front or at set intervals each year at an agreed upon amount. The selection process for Navigator entities could establish one or more levels of payment up front that would be provided to each approved Navigator (e.g., each Navigator entity would be paid either $15,000 or $30,000 per year) or grantee awards could vary based on proposed Navigator budgets.
2. **Block grants with per enrollment add-on payments:** Under this compensation structure, in addition to a block grant (as described above), the state also would include a per enrollment payment. The enrollment add-on payment would be based on facilitation of a successful enrollment in the Exchange, at a minimum, while a decision also could be made to provide the fee to Navigator grantees for a successful Medicaid enrollment. One interviewee recommended that the same enrollment fee be applied to all programs, so Navigators would have the same incentive to assist clients to enroll across all programs. Similar to the AKAA program, payments could be generated based on completed applications that result in a new case that yields an enrollment with a QHP or the equivalent for Medicaid (i.e., adding a new person to the case would not result in payment). The per-enrollment add-on could be a flat amount for all populations or vary by population (see Variation by Target Population discussion below for further details). They could be paid as they occur or on a set interval (e.g., monthly, bi-monthly, quarterly).
3. **Block grants with a performance-based add-on payment:** Under this compensation structure, in addition to a block grant (as described above), additional compensation could be earned based on how well a grantee met an established set of performance requirements. The performance requirements (and the method to determine whether those requirements are met) could be set by the state and either be consistent across all Navigator grantees or could vary based on grantee proposals, following certain parameters. For example, grantees could be asked to identify specific goals and measurement methodologies across set domains such as

enrollment, public outreach, and enrollee satisfaction. The amount of the bonus, and how performance would be measured, would be established in advance, so Navigators would be clear about the compensation benefit they could potentially earn.

4. **Per enrollment-only payment:** Under this approach, Navigator entities would be compensated exclusively based on complete applications that result in enrollment into a QHP or the equivalent for Medicaid. Navigator grantees would not receive any base compensation to cover up-front infrastructure needs. The per-enrollment payment could be a flat amount for all populations or vary by population. The per-enrollment payments could be paid to Navigators as they occur or on a set interval (e.g., monthly, bi-monthly, quarterly).
5. **Per enrollment payment with a performance based add-on payment:** This approach would use the per-enrollment payment structure as the base compensation and include an additional performance bonus. The performance requirements (and the method to determine whether those requirements are met) could be set by the state and either be consistent across all Navigator grantees or could vary based on grantee proposals, following certain parameters. The amount of the bonus, and how the performance standard would be measured, would be established in advance, so Navigators would be clear about the compensation benefit they could potentially earn.

Other Considerations for Development of Navigator Compensation Structure

In addition to the question of how to design the overall structure under which Navigator grants are provided, there are other considerations and factors that HMA recommends Illinois consider when developing a compensation structure for Navigators that are outlined further below.

Sufficiency of Payment to Attract Navigators and Support Program Goals

The level of payment should be sufficient to attract Navigator participation and to incentivize them to perform high-quality work. The state will seek to attract a diverse group of Navigators to participate in the program to meet the needs of the uninsured population in Illinois. This will include an array of individuals or entities with diverse cultural and linguistic expertise. As a result, Illinois must balance the need for large enough funding to support Navigator recruitment, while recognizing that only limited funds may be available. Funding levels also should be assessed routinely to ensure that Navigator participation is stable over the longer term.

Leveraging Existing Programs or Organizations

Several interviewees recommended that the Navigator Program recruit individuals or entities that have specific, long-time experience with outreach to hard-to-reach populations, suggesting that Navigator funding could leverage existing Illinois organizations with already-developed capacities and proven outreach approaches. Clearly this should be a goal of the program, but the state should consider whether it prefers to maximize existing capacity and experience or to build new capacities in less experienced organizations. This consideration affects whether and how the Navigator Program needs to cover start-up or core infrastructure costs. If Illinois selects Navigator entities on a competitive basis, this consideration also affects how a RFP would be written.

Examining Similar Programs

The payment level should reflect examination of similar outreach and enrollment programs and their compensation levels, including compensation for the AKAA program and producers. The AKAA program payment level was specifically discussed by several interviewees and should be explored further as a relevant benchmark for Navigator payment levels. Some interviewees thought that $50 per successful application was appropriate, although there was some concern that the level may be too low or should be examined for its applicability to the Navigator Program. A few interviewees felt that the AKAA funding level was definitely not enough for a person working full-time on enrollment assistance, but might be sufficient as an incentive for Navigators who are doing enrollment work as part of a larger set of duties. Some interviewees also noted that the AKAA fee has not been raised in many years. Given that Navigators may be expected to be knowledgeable about multiple programs (i.e., the Exchange and Medicaid) and may have a broader array of duties to implement compared to AKAAs, some stakeholders questioned whether the $50 payment per applicant used for the AKAAs would be sufficient for a per-enrollment payment that does not include any add-ons. [14]

Producer compensation is based on a percentage of health insurance premiums and varies for individual (approximately 8 - 12% of premiums), small group (6 - 9% of premiums), and large group markets (4 - 5.5% of premiums).[15] This stands in stark contrast to AKAA compensation and reflects different levels of service provided and levels of complexity in the work. While the Navigator Program should not attempt to "compete" with producer payments that are common in the current market, at a minimum the state will want to document and compare the level of compensation of Navigators relative to producers. This differential will impact on the perceptions of producers of the Navigator Program, including whether any producers might be interested in participating as Navigators and how they might work alongside Navigators.

Variation by Target Population

Both HMA's interviews and a review of outreach-related literature reveal that a goal of outreach programs like the Navigator Program is to support "hard-to-reach" populations. For example, it may be much more time-consuming to provide successful outreach services to persons who are homeless as compared to other populations. Navigator payment could directly recognize that certain populations may be more difficult to locate, engage and successfully enroll than others. It is also undoubtedly true that the level of service, expertise and effort required to support enrollment via the Exchange will be different for Navigators dealing with individual purchasers as compared to those dealing with small employers.

As a result, it is worth considering whether there should be variation in payments based on the population served and estimates of differential resources for serving certain populations. It is possible that in either a block grant or per enrollee structure adjustments could be made to payments to reflect potential resource differentials for certain populations. For example, the block grant amounts could vary based on the population profile targeted by Navigator entities or the per-enrollment payment could be different for certain subpopulations or markets. Some potential variables to consider for differential compensation for Navigator entities might include:

- Individuals versus employers (depending on whether Navigators serve one or both markets);
- The prevalence of "hard-to-reach" subpopulations of individuals such as persons with disabilities or persons with specific linguistic and cultural characteristics; or
- Eligibility for subsidized programs (i.e., persons eligible for Exchange subsidies, tax credits, or Medicaid) or unsubsidized programs.

Illinois also may wish to consider whether Navigator grantees should be specifically compensated for a caseload over time, including certain compensation levels for new enrollees and other compensation

[14] Note that California intends to pay Navigators $58 per successful Exchange application. In addition to compensating Navigators on a per-application basis, however, California plans to provide funding for outreach and marketing activities through a separate grant program.
[15] Deloitte, "Background Research Report," Table A7, September 2011.

levels for persons who continue their enrollment each year. It is relatively common for producers to get paid differently for selling new policies as compared to policy renewals.

Scope of Navigator Duties

The Navigator compensation level should take into account the array of expectations for Navigators. Key decisions around the scope of Navigator duties will need to inform the level of payment that will be used for Navigators. For example, one of the required Navigator duties includes conducting public education activities to raise awareness about the Exchange. The Exchange could decide on a range of expectations that could involve more or less effort from Navigators and potentially require different levels of compensation. To illustrate the point, a program that expects the minimal requirements for the public education duty to be met by the Navigator posting certain information in strategic locations should appropriately pay at a different (lower) level than a program that requires Navigators to both mail out and post materials and also conduct a specified number of public information sessions.

Scope of Navigator Program Support

The level of payment for Navigators may be influenced by the level of support made available by the Navigator Program administrator. If the Navigator Program is able to provide an array of supports to the Navigators, less funding might be needed. For example, if the Navigator Program has available an array of outreach materials that could be readily adapted for multiple populations and languages, the payments to Navigator grantees for development of materials should be much less than if they are expected to develop such materials on their own. Centralized support to Navigator entities could include the following resources that could affect payment levels:

- Development of outreach material content and design, including translation into multiple languages;
- Training for Navigators, including initial and on-going training as well as training for any new Navigator staff;
- Design, development, and placement of outreach materials;
- Centralized tracking and reporting systems; and
- Referral databases that could be customized by Navigators for their specific population and community.

Recommended Navigator Compensation Structure

To support a recommendation about which compensation option to choose, HMA reviewed each option outlined above to determine how effectively it would meet the following criteria:

- The compensation structure incentivizes Navigators to support consumers in choosing the most appropriate health plan given their specific needs and requirements;
- The design and administration of Navigator compensation is simple and transparent;
- The structure supports current outreach efforts, organizations, and resources; and
- The structure can promote the creation of new outreach channels or resources.

HMA also assumed that budget predictability is an important consideration, particularly given Illinois' on-going state budget crisis.

Accordingly, HMA recommends that Illinois use block grants to compensate Navigator entities and provide Navigators with the ability to earn a performance-based add-on payment. Considering the state budget situation, a block grant structure provides the budget predictability required by the state, while a per-enrollment structure would not. Block grants can be designed to support both current and new outreach channels, and provide a relatively simple and transparent financing mechanism. Combined with a performance-based element, HMA considers this approach one that is most likely to be both effective and efficient at identifying and funding Navigators that support the state's enrollment efforts. As a part of this recommendation, HMA recommends that the performance bonus payments be provided to Navigator entities that meet an annual enrollment target specified in their grant agreement (or contract) with the state, in addition to meeting the other ongoing performance measures required by the state.

The performance add-on component of this compensation structure is similar to the compensation structure used in the SHIP program. SHIP grantees enter data about their performance into the federal SHIP portal on an ongoing basis and also submit either monthly or quarterly reports. SHIP grantees provide information about a variety of activities, including client contacts, public media outreach (e.g., running advertisements, sending out flyers), and public outreach events conducted. SHIP program staff uses this data to determine whether a grantee qualifies for a new grant every six months, with the expectation that SHIP grantees meet minimum productivity requirements in the prior six month period to receive funding for the next grant period.

VIII. Navigator Program Financing and Sustainability

This section of the report focuses on funding options for the Navigator Program. The ACA prohibits states from using federal exchange establishment funds to finance their Navigator grants; instead, states must fund Navigator grants out of the operational funds of their Exchange.[16] The Exchange, itself, does not have to be self-sufficient until January 1, 2015.[17] As a result, Illinois may need to explore different financing mechanisms for Navigator grants pre-2015 (when Exchange operations, other than Navigators, still will be funded by federal dollars) and post-2015 (when Exchanges must be self-sufficient). A related decision concerns whether to finance the Navigator Program as a stand-alone program (separate and apart from the Exchange) or to fund the Navigator Program out of the total revenue dedicated to, or generated by, the Exchange. If Illinois chooses the latter approach, the need to identify funding for start-up and the first year of the Navigator Program remains.

Financing Sources

In this section, we outline potential sources of revenue for the Navigator Program. As noted above, we recognize that a potential long-term approach to funding the program is to utilize Exchange operational funds. However, because certain potential sources of funding are unique to the Navigator Program and because, in the short-term, Illinois needs to have a funding solution for first-year program costs, we address these potential sources as if the Navigator Program is independent of, and distinguishable from, the overall Exchange operating budget. Despite this methodical approach to identifying state options, we recommend the state consider, over the long-term, that the Navigator grant program ultimately will be funded from Exchange operational funds.

Assessment on Exchange QHPs

Illinois could levy an assessment or fee on the QHPs participating in the Exchange. The assessment could be based on each QHP's enrollment, a percentage of premiums, or a flat dollar amount charged equally to all QHPs. The assessment could be collected by the Exchange through the health insurance carriers or retained from premium payments made by, or on behalf of, consumers.

[16] ACA Section 1311(i)(6).
[17] ACA Section 1311(d)(5).

Advantages of this Approach

- The Navigator Program would be supported exclusively by health plans participating in the Exchange who presumably benefit from the Program.
- With a flat fee, revenue available for the Navigator Program would be predictable and relatively stable from year-to year.
- A QHP assessment had the most support among the stakeholders interviewed for this project, although a few noted concerns that this would increase pressure on premium levels.

Disadvantages of this Approach

- Depending on the structure, a QHP-only assessment will be sensitive to health plan participation, QHP enrollment levels or premiums, and the revenue generated will change as Exchange participation fluctuates.
- Under the ACA, insurers are required to price identical insurance products at the same rate inside and outside of an Exchange. A Navigator-based assessment fee would increase retained revenue for an insurance carrier that only offers non-Exchange coverage (equivalent to the Exchange assessment amount), making provision of non-Exchange coverage more attractive to carriers. This consideration may be mitigated by the fact that the size of a Navigator-only assessment is likely to be fairly low. More broadly, the concern (that carriers will stay out of the Exchange market to avoid paying assessments) is largely mitigated by the fact that the Exchange is the exclusive source of coverage for individuals who qualify for Federal subsidies.
- Smaller or regional insurers may avoid participating in the Exchange unless they can ensure a sufficient volume of insured to offset the costs of the assessment.

Broad-Based Assessment on all Health Insurers

Illinois could levy an assessment or fee on all health insurers (regardless of whether they participate in the Exchange). This fee also could be limited only to health insurers that sell insurance in the small group and individual markets. Similar to the QHP assessment, a broad-based assessment could be based on health plan enrollment, a percentage of premiums, or a flat dollar amount (adjusted to reflect the size of each insurer). We note that some stakeholder interviewees suggested that overall Exchange funding should come from a broad-based assessment that includes both health insurers and health care providers. While that distinction may have importance for the approach to Exchange funding, in this paper, we treat any broad-based fee as essentially the same as it relates to funding the Navigator Program.

Advantages of this Approach

- A broad-based assessment would provide a more stable revenue source than a QHP-only assessment because it would be less dependent on Exchange participation and/or volume.
- An assessment that applies to all health insurers could result in a lower amount per plan (compared to a QHP-only assessment) because it would be spread across a larger base.
- Insurers offering coverage inside and outside of the Exchange would be treated identically.
- A broad-based assessment could begin to generate revenue in the absence of significant Exchange enrollment, providing a solution for initial start-up funding for the Navigator Program.

Disadvantages of this Approach

- A broad-based assessment may create larger political hurdles compared to a QHP assessment.
- It may not be possible to enact or derive sufficient revenues from a broad-based assessment in time to support the first round of Navigator grants in 2013.

- The Navigator Program would be supported by all health insurers rather than only those plans that will directly benefit from it (i.e., the QHPs).
- Because the fee (depending on how it is structured) would not be tied to Exchange volume, it could be difficult for the Exchange to manage any sudden increases in Navigator costs or the Exchange could collect more revenue than necessary to support the Navigator Program.

Grants/Foundation Funding

The state could seek grant funding to support the Navigator Program.

Advantages of this Approach

- Financing the Navigator Program through grants would alleviate the need for the state to assess the health insurers or to dedicate state General Fund to the program.
- This approach was suggested specifically by one stakeholder interviewee, although no specific grant program was named. It is also noted by HHS in the preamble to the final Exchange rule that they expect grants for Exchange functions, including the Navigator Program, to be available.
- Grant funding could be used to fund the initial Navigator grants in 2013 and 2014 before the Exchange is self-funding. This may be more attractive to potential grantor organizations as it would be time-limited.

Disadvantages of this Approach

- The state would need to re-apply for grants or continually seek new grant opportunities to maintain a stable funding stream.

State General Fund Revenue

The Illinois legislature could appropriate funds to support the Navigator Program. The legislation could dedicate an existing revenue stream for this purpose or rely on general fund dollars. The state also could explore levying a new tax (e.g., sin taxes such as on alcohol or cigarettes) for the purpose of financing the Navigator Program.

Advantages of this Approach

- Using state General Funds alleviates the need to assess health insurers to cover the costs of the Navigator Program.
- State General Funds could be used to support the initial start-up of the Navigator Program (e.g., in 2014 and 2015) before the Exchange's financing mechanism(s) are fully in place.

Disadvantages of this Approach

- Like most states, the economic recession has led to a severe state budget crisis in Illinois, sharply limiting the ability to budget funds for new programs.
- Interviewees stressed the need for a sustainable source of funding for the Navigator Program and expressed concerns that relying on an annual appropriation of state funds would jeopardize the certainty of funding that is essential to the success of the program.

Medicaid Administrative Funding

In the preamble to the Exchange proposed rule (76 FR 41878), states that include Medicaid administrative functions in their Navigator Programs will be allowed to claim federal matching funds for these activities at the administrative matching rate of 50 percent. This would help Illinois to offset a portion of the costs of the Navigator Program based on federal cost allocation rules.

Advantages of this Approach

- Using federal Medicaid administrative matching funds would offset a portion of the costs that would otherwise be borne by the state.
- A number of interviewees supported leveraging this funding to the extent practicable and possible.

Disadvantages of this Approach

- The Exchange must identify a source for the non-federal share of the Medicaid administrative costs. While requiring further investigation, it may be possible to use Exchange revenue as the non-federal revenue share. On a related note, grant funding from foundations may be another possible source for the non-federal revenue share.
- One interviewee raised concerns about using Medicaid funding for the Navigator Program given the state's budget deficit. Further, it is likely Illinois will continue to experience pressure to reduce the Medicaid budget for the indefinite future.

Recommendations

To ensure the success of the Navigator Program, it will be necessary for Illinois to identify a strategy to finance the Navigator Program beginning in mid-2013 or early 2014 and that is sustainable over the long-term. This may lead the state to combine a variety of financing mechanisms.

Given the state's continuing budget crisis, it is unlikely the state will be able to appropriate sufficient General Fund dollars for the Navigator Program. While it may be possible to secure "seed money" from the General Fund (e.g., for start-up activities and/or initial grant payments), a more stable and sustainable source (or sources) of funding likely will be necessary. Similarly, while the state should seek grant opportunities to support the Navigator Program, grant funding is not particularly stable as it is time-limited and, usually, intended for a specific or limited purpose. Long-term funding of a grant program based on external foundation sources also would be administratively burdensome for the state.

While the ACA prohibits states from using Exchange establishment funding to support the Navigator grant payments, it appears these funds can be used for operational costs (e.g., training, oversight). Illinois has already applied for Exchange funding to support development of the Navigator training, and the state should look for additional opportunities to seek federal Exchange funding to support Navigator operations at least in the short-term. Over the long-term, however, it is reasonable to assume that states will be expected to finance the on-going operational costs associated with the Navigators in addition to the grant payments.

To fund the Navigator program over the long-term, HMA recommends that Illinois utilize a portion of its operating budget, from whatever source that budget is drawn. In most states, Exchange operating budgets will be drawn from some form of assessment on QHPs or a more broad-based assessment. To the extent the state is able to access any combination of new funding for the Navigator Program, we recommend maximizing federal Medicaid funding to support the Navigator Program as Navigators will necessarily identify and enroll eligible individuals into Medicaid. To claim Medicaid match, the state would need to specify in the Navigator contract (or other agreement) a method to identify the Medicaid-related costs or expenditures. Private foundation funding, while a poor option for long-range Navigator revenue, as noted above, could also serve as a short-term, non-federal source of funds while Exchange operating funding structures are put in place.

IX. Recommended Navigator Model

This section of the report discusses the recommended models Illinois should use to structure the Navigator Program as well as the criteria used to evaluate different models and two key decisions that informed the recommended approach. The recommended grant structure also is outlined below.

Evaluation Criteria

To evaluate potential Navigator Program models, HMA developed, in consultation with state staff, a set of criteria to compare the models. The criteria, which are discussed below, reflect the program goals as well as practical considerations of specific importance to Illinois (e.g., administrative simplicity).

- **Incentivizes Navigators to support consumers in choosing the QHP that is the best fit** – the model should promote Navigator behaviors that support Exchange consumers in selecting health coverage that best meets their needs and is affordable;
- **Maximizes use of existing state and federal resources** – the model should leverage existing state and federal funding;
- **Maximizes simplicity and transparency of program design and administration** – the model should be relatively easy for the state to administer and promote transparency for consumers and stakeholders;
- **Minimizes disruptions in current insurance market** – the model should support, to the greatest extent possible, the current insurance market;
- **Supports current outreach efforts, organizations, and resources** – the model should leverage existing resources; and
- **Promotes creation of new outreach channels or resources** – the model should expand on existing outreach efforts, organizations, and resources to include new organizations and mechanisms for reaching consumers.

Key Navigator Model Decision Points

In considering how to structure Illinois' Navigator Program, HMA identified two key decision points which are discussed below. The implications of these decision points inform the recommended models that are outlined in the following section.

Should Navigators serve the individual market, the SHOP market, or both?

While the ACA requires that each state establish a Navigator Program, the decision about which market (or markets) Navigators will serve is a state-level decision. A model in which Navigators serve either the individual or SHOP market would recognize the different activities, types of support, and experience needed to assist individuals and small employers. Specialized Navigators, however, would not be able to serve all clients who are seeking assistance. Alternatively, Navigators could be "generalists" and serve both the individual and SHOP markets. This would allow Navigators to serve "all comers" but would also require more extensive Navigator training due to the differences between the individual and small employer markets and clientele. Based on input from state staff and information gathered during the stakeholder interviews, HMA recommends that, for the initial phase of the Program, Navigators serve consumers in the individual Exchange but not the SHOP Exchange (in which producers would assist employers to purchase coverage for their employees). By pursuing this option, Illinois would leverage the producers' existing expertise with serving small employers, while also focusing its initial Navigator Program on cultivating current and new outreach efforts, organizations, and resources through entities already working with low-income uninsured individuals. This recommendation would in no way preclude Illinois from expanding the Navigator Program to serve the small employer market in the future. Furthermore, this recommendation in no way suggests that the Exchange would pay producers for their assistance provided to small employers or individuals; it is the expectation that producers would be paid by the health insurers for QHP enrollments.

What will be the relationship between the Navigators and the AKAA Program?

Illinois will need to determine whether the AKAA Program and the Navigator Program will be integrated or operate side-by-side.

Navigator Program Coordinated with AKAA Program

Under this approach, the AKAA Program would continue as currently structured, although it is unclear how many current AKAAs will continue to participate with the elimination of the TAP. The state would need to coordinate the efforts of Navigators and AKAAs and to determine whether AKAAs would be allowed to serve as Navigators. This approach would minimize disruptions to the AKAA Program, which is popular among consumer advocates and with consumers, and could increase outreach if additional, non-AKAA entities serve as Navigators.

AKAA Program Integrated with Navigator Program

Under this approach, the AKAA Program would be merged with the Navigator Program. The state could encourage AKAAs that meet the qualifications of the Navigator Program to apply and consider giving them preferential treatment for selection in the first year of the Navigator Program. While this approach would disrupt a popular program, the state would not have to coordinate two programs. Further, by converting AKAAs into Navigators, Illinois could leverage existing AKAA outreach experience and resources and reintroduce a compensation structure for AKAAs given the recent elimination of the TAP. It should be noted, however, that this approach could eliminate some existing outreach channels, if all AKAAs do not become Navigators.

HMA recommends that Illinois integrate the AKAAs with the Navigator Program. In the post-ACA environment, the state will not need to operate two separate programs focused on providing consumer assistance and support to low-income programs. As discussed in this report, Navigators would be responsible for assisting consumers with Exchange-related eligibility and enrollment as well as the insurance affordability programs. Further, AKAAs are reimbursed based on submission of complete applications that result in a new enrollment. Once the Exchange is operational, the federal government envisions that eligibility and enrollment will be completed in real-time (or near real-time) for the majority of consumers, which should reduce the possibility of consumers submitting incomplete applications.

Recommended Navigator Model

As discussed above, HMA recommends that Illinois' Navigator Program serve, at least initially, the individual Exchange but not the SHOP Exchange. In this model, Navigators would conduct outreach and provide education to consumers about the health coverage available through the Exchange as well as the insurance affordability programs. Navigators also would be able to (1) enroll consumers in the insurance affordability programs and (2) facilitate QHP enrollment ***or*** refer consumers to producers for assistance with QHP enrollment. Under this model, producers would not serve as Navigators and would instead be compensated directly by health plans for any consumers they assist with QHP enrollment. Producers also would be able to assist consumers with eligibility and enrollment for the insurance affordability programs or refer them to Navigators for assistance with these programs. This model creates the potential for a true "one-stop shop" for consumers seeking coverage in the individual market as both Navigators and producers would be trained to provide assistance with coverage options offered through the Exchange and insurance affordability programs.

In this model, the AKAA program would be integrated into the Navigator Program. Rather than continue to operate a separate outreach and consumer assistance program for Medicaid and All Kids, AKAAs could apply to become Navigators (assuming they meet the Navigator minimum requirements outlined above). While initially it may be complicated for Illinois to integrate the AKAAs with the Navigator Program, integrating the two programs will lead to a more streamlined consumer-assistance approach over time. A single, integrated program also should maximize the ability of the state to leverage federal Medicaid administrative funding to support the Navigator Program. An integrated program also offers the potential to create new outreach and enrollment channels by attracting Navigator entities from outside of the traditional AKAA community.

Recommended Navigator Grant Structure

HMA recommends that Illinois award Navigator grants using the following tiered grant structure:

- Level 1 grants – up to $25,000 per Navigator entity per year;
- Level 2 grants – between $25,001 and $75,000 per Navigator entity per year; and
- Level 3 grants – between $75,001 and $150,000 per Navigator entity per year.

To differentiate between the three funding levels, HMA recommends establishing incremental expectations for grantees. This approach is similar to Massachusetts' outreach and enrollment grant program, which was developed to support state health care reform implementation. The grant program has provided multiple levels of funding, differentiated based on grantee expectations, over the years. For example, as shown below in Table 1, in fiscal year 2007,[18] the state provided four types of grants ranging between $20,000 and $390,000 for an array of grant activities.

[18] Massachusetts implemented health care reform beginning in 2007.

Table 1. Massachusetts' 2007 Outreach and Enrollment Grants[19]

Number of Grantees	Grant Amount	Grant Description
17	Approx. $20,000	• Continuation of previous "mini-grants" • Identify and enroll individuals into MassHealth (Massachusetts' combined Medicaid and CHIP program) • Assist individuals with submitting applications electronically
24	Between $40,000-$62,000	• Traditional outreach and enrollment grants ("Model A grants") • Provide direct assistance with outreach and enrollment for MassHealth and Commonwealth Care's subsidized program • Assist individuals with coverage renewal • Educate the public about the Massachusetts Health Care Reform law (including the new health insurance programs available, the establishment of a health insurance mandate with associated penalties, etc.)
7	Between $80,000-$390,000	• "Model B grants" • Provide and supplement Model A activities • Conduct broad-based media or local grassroots media campaign targeting individuals potentially eligible for subsidized insurance programs
2	One grantee received $157,000; one received $275,000	• Awarded to two entities "earmarked" to receive grants in state appropriation • Support Covering Kids initiative • Identify and enroll individuals in specific regions of the state

Similarly, California's Exchange considered compensating Navigators through grants that would have ranged from $6,000 to $200,000 per year.[20]

Given budget constraints and experience with successful volunteer-based programs such as the Illinois SHIP Program, HMA recommends Illinois offer grants that would provide modest support to identify and enroll individuals into coverage for the first year of the Navigator Program. The lowest grant tier (Level

[19] Stoll, Betsy. "Health Reform Toolkit Series: Resources from the Massachusetts' Experience – Effective Education, Outreach, and Enrollment Approaches for Populations Newly Eligible for Coverage," Blue Cross Blue Shield Foundation Massachusetts, March 2012. Available at: http://www.rwjf.org/files/research/74070mass.pdf.

[20] California has adopted a per-enrollment approach to compensate Navigators in conjunction with a separate outreach and education grant program. For more information about the design of California's Navigator Program and the alternatives considered by the state, please see: http://www.healthexchange.ca.gov/StakeHolders/Documents/CHBE,DHCS,MRMIB_StatewideAssistersProgramDesignOptionsRecommendationsandWorkPlan_6-26-12.pdf.

1) would allow entities not interested in engaging in significant outreach and education activities to participate as Navigators, particularly if those organizations are likely to encounter the uninsured in the course of ordinary business. By contrast, the middle and highest tiers would offer grants to entities with well-established outreach and education competencies and/or experience covering a broader reach within the state to participate in the Program. In addition, as Illinois is interested in building additional outreach capacity as part of the Navigator Program, potential entities that wish to use some portion of a Navigator grant to develop or expand their outreach capabilities should be encouraged to submit a grant application.

As shown in Table 2 below, all grantees would be expected to complete the initial and on-going Navigator trainings and to assist individuals with the following eligibility and enrollment-related activities:

- Identify and support eligible individuals with gaining coverage through the Exchange or Medicaid using the Exchange's web portal;
- Assist eligible individuals with selection of an Exchange QHP; and
- Provide post-enrollment support, including customer service support as well as assistance with coverage renewal.

In addition, grantees would be expected to provide increasing amounts of outreach in return for receiving higher grant amounts:

Level 1 grantees would be expected to conduct activities within their own organizations ("in-reach") to identify potentially uninsured individuals and support enrollment into new coverage options. These activities could include contacting existing and new clients who are uninsured or underinsured and assisting them to enroll in coverage, informing employees at the organization about the coverage options available to the uninsured, informing employees about the Navigator Program and developing policies and procedures to ensure appropriate referrals to employees who will be providing Navigator functions.

Level 2 grantees would be expected to provide all Level 1 activities plus additional outreach and enrollment functions, including engaging in a set amount of (e.g., two per quarter) public or media events. To meet the outreach requirement, Level 2 grantees could use public media to promote awareness of the Exchange and other coverage programs, including conducting face-to-face presentations to the public, developing a dedicated enrollment event, participating in radio or television shows, developing advertisements or public service announcements available electronically (e.g., via webinar, web crawl) or in print (newspapers, newsletters, pamphlets, fliers, posters, mailings). Level 2 grantees could focus their outreach efforts around targeted populations (e.g., either hard-to-reach populations or a specific geographic area). Level 2 grantees would not be expected to conduct large-scale outreach activities.

Level 3 grantees would be expected to provide all Level 2 activities plus they would develop and conduct large-scale outreach activities to spread awareness about the Exchange and the Navigator Program using an array of public media approaches. Level 3 grantees could focus their efforts statewide and/or to specific targeted populations. Grantees would be required to propose a specific, strategic use of grant funding to conduct large-scale outreach campaigns, and would be expected to coordinate their activities closely with the state and federal government, both of which may be contemplating significant public education campaigns.

Table 2. Navigator Entity Responsibilities by Grant Tier

Activity	Grant Level 1 (up to $25,000)	Grant Level 2 ($25,001-$75,000)	Grant Level 3 ($75,001-$150,000)
Training:			
Complete initial & ongoing training	✓	✓	✓
Eligibility & Enrollment:			
Identify individuals who are eligible for but not enrolled in Exchange, Medicaid or CHIP coverage	✓	✓	✓
Assist individuals to file applications electronically using the Exchange web portal	✓	✓	✓
Support individuals with selecting the QHP that best meets their needs	✓	✓	✓
Provide post-enrollment and customer service support to clients	✓	✓	✓
Assist individuals with coverage renewal	✓	✓	✓
Refer individuals to appropriate consumer assistance programs and supports	✓	✓	✓
Outreach:			
Conduct "in-reach"	✓	✓	✓
A combination of:			
Face-to-face public presentations		✓	✓
Dedicated enrollment events		✓	✓
Radio or television show participation		✓	✓
Develop electronic advertisements or public service announcements (e.g., via webinar, web crawl)		✓	✓
Develop print advertisements or public service announcements (e.g., newpapers, newsletters, pamphlets, fliers, posters, mailing)		✓	✓
Conduct targeted outreach		✓	✓
Develop and conduct large-scale outreach campaign			✓

Creating and defining distinct grant levels raises an important question of whether applicants should be required to choose which grant level they seek. To create the most effective Navigator Program possible and to ensure flexibility within budget constraints, HMA recommends that Illinois consider a procurement approach that allows for some flexibility between grant levels by structuring the Navigator RFP to allow the state to award appropriate grant levels based on the organization's proposal. Depending on the level of interest, some applicants for Level 2 grants may be more appropriate for Level 1 grants. For example, applicants that are organizations that encounter and work with uninsured individuals, but which do not clearly describe a plan for targeted outreach work, may be more appropriate for Level 1 grants. Similarly, HMA anticipates that relatively few entities will qualify for the Level 3 grants or be interested in executing the level of outreach required for this grant tier. However, applicants for Level 3 grants may be experienced and engaged organizations that may be appropriate for Level 2 grants, even if available funding does not allow their selection as a Level 3 grantee. A flexible approach to the RFP allows the state to structure a program that maximizes available outreach resources but within a specific budget. On the other hand, requiring organizations to choose which grant level they seek would likely lead to a simpler and more efficient selection process.

X. Program Budget

The Navigator Program budget consists of two parts: grants to Navigator entities and state program administration which are both described further below.

Navigator Grants

For the purpose of developing the Navigator Program budget, HMA anticipates that the majority of grantees will apply for Level 2 grants, recognizing that many Navigator entities will be existing, mission-driven, community-based organizations that already provide some level of outreach, education and application assistance to uninsured and underinsured Illinoisans. Three budget scenarios are presented below in which the total number of grantees range from 65 (low scenario) to 215 (high scenario) and result in grant budgets ranging from $2.875 million to $10 million.[21] These scenarios should be considered illustrative, and the state should plan to revisit them once the budget for grant funding is determined. The total number of grantees for each scenario reflects what HMA considers to be a reasonable number of grantees that can be managed by the state. In comparison, California, which is a larger state than Illinois, anticipates needing a total of 300 grantees. In Massachusetts, which is smaller than Illinois, the number of grantees has fluctuated between 22 and 58 (over a six-year period) depending on the state's outreach priorities and the available budget.

Table 3. Low Navigator Budget Scenario

Grant Level	Grant range	Average grant	# of grants	Total Grant
Level 1	up to $25,000	$ 25,000	25	$ 625,000
Level 2	$25,001 - $75,000	$ 50,000	35	$ 1,750,000
Level 3	$75,001 - $150,000	$ 100,000	5	$ 500,000
All Levels			65	$ 2,875,000

Table 4. Medium Navigator Budget Scenario

Grant Level	Grant range	Average grant	# of grants	Total Grant
Level 1	up to $25,000	$ 25,000	50	$ 1,250,000
Level 2	$25,001 - $75,000	$ 50,000	70	$ 3,500,000
Level 3	$75,001 - $150,000	$ 100,000	10	$ 1,000,000
All Levels			130	$ 5,750,000

[21] By comparison, from a budget perspective, the AKAA program spent approximately $1.25 million in 2011, assuming the state made payments for all 25,000 Medicaid/All Kids applications submitted by AKAAs. In Massachusetts, the total funding for the state's outreach grants ranged from $500,000 to $2.5 million per year, with funding during initial implementation years of health reform at the high end of the range. Given that Illinois is larger than Massachusetts, with a significant population of uninsured individuals, it is reasonable to assume that Illinois' Navigator Program grant budget would need to be larger than Massachusetts' health reform outreach program.

Table 5. High Navigator Budget Scenario

Grant Level	Grant range	Average grant	# of grants	Total Grant
Level 1	up to $25,000	$ 25,000	60	$ 1,500,000
Level 2	$25,001 - $75,000	$ 50,000	140	$ 7,000,000
Level 3	$75,001 - $150,000	$ 100,000	15	$ 1,500,000
All Levels			215	$ 10,000,000

HMA recommends that the grant amounts awarded to Navigator entities be *all inclusive*, annual amounts. The annual awards would include a with-hold for the performance-based payments, which could be calculated as a percentage of the total grant amount. For example, in the case of a $25,000 grant, the state could set aside 5 percent ($1,250) of the total grant for the performance bonus. Of the remaining $23,750, the state could pay 50 percent ($11,875) within a month of the initial grant award and the other 50 percent ($11,875) at the end of the first six months of the grant period (assuming the grantee met the established performance standards for the first six months of the program). The $1,250 performance bonus would be paid at the end of the grant year if the grantee met the performance targets established for the entire year.

State Program Administration

Understanding that both staff resources and state funding sources for the administration of the Navigator program will evolve over time, this report does not quantify a specific operational budget for program administration. Rather, this section provides observations about probable staffing and other administrative needs to develop and implement the program.

The state staffing model for the Navigator program can be fairly modest, since it is assumed that the state will outsource the Navigator needs assessment (if one is done) and the development and implementation of the Navigator training program. HMA recommends that the state hire one senior program director to oversee the launch of the Navigator program. The Navigator senior program director will play an important role externally to communicate with multiple stakeholder groups and to conduct outreach and education for the Navigator program. The Navigator senior program director will need to have strong communications skills, be self-directed, and be an experienced program administrator. Ideally, such a director will also have a strong understanding of the ACA and Medicaid.

Assuming that much of the payment and performance monitoring process will be automated, HMA recommends that the senior program director supervise one or two program coordinator(s), who will assist with outreach, grantee selection, and grant management activities, including conducting external communications, analyzing performance reports, addressing grantee questions about payments or program expectations, and monitoring new program developments that need to be communicated to grantees. Program coordinator resources described here do not necessarily need to be fully deployed to the Navigator Program, and could be individuals that support other health reform related staffing needs as well. The level of resources for program administration may vary based on the number of grantees and the level of automation of key program activities.

The Navigator program launch is likely to require some additional short-term resources, to help program staff develop the Navigator grant program requirements, market the opportunity, develop certification requirements, implement the training process and establish performance measures. These resources could be a combination of one or two interns and one or two independent contractors.

Finally, the state should assume that it will need to execute vendor contracts to support Navigator training. If the state conducts a needs assessment for the Navigator Program, it should budget for the vendor contract amount for that activity as well.

XI. Implementation Timeline

If Illinois intends to implement the Navigator Program in conjunction with the first Exchange open enrollment period in October 2013, the state has less than 18 months to operationalize the Program. The timeline presented below is intended to be illustrative. While HMA has assumed reasonable timeframes for procurement and state decision-making processes, these may need to be adjusted, depending on Illinois' procurement requirements, and Exchange implementation, structure and approach. The number of agencies participating in the decision-making process around Navigators could also affect the timeline. In addition, the following factors may require adjustments to the timeline:

1. Navigators will need to begin training at least two months before the Exchange "go-live" date. If Illinois' Exchange goes live after, or earlier than, October 1, 2013, the timeline will need to be adjusted accordingly.
2. Illinois' Exchange is required to conduct a marketing and outreach campaign, and the Navigators will need to be ready to assist consumers when the campaign kicks off (or soon thereafter). In addition to completing the Navigator training, Navigators also should be informed about issues such as the campaign's messages and target audience.
3. While the timeline included below ends at "go-live," the state may wish to extend it into future years to account for ongoing training of Navigators, assessments of Navigator performance, and possible Navigator re-certification.

The Navigator timeline is divided into three components: (1) overall tasks and decisions; (2) grant program tasks and decisions; and (3) training tasks and decisions. In addition, the timeline indicates whether a specific task is "suggested" or "required" by the ACA or the accompanying federal guidance.

OVERALL TASKS

TASK	DATE	REQUIRED/ SUGGESTED
Establish Illinois goals for the Navigator Program	Summer, 2012	Suggested
Hire Program Coordinator for the Navigator Program	Summer, 2012	Suggested
Determine whether to conduct population needs assessment[22]	Summer, 2012	Suggested
Obtain funding for the Navigator Program • Legislative process • Foundation grant applications	Fall, 2012	Required
Develop standards for the Navigator Program (or adopt federal standards) • Conflict of Interest • Training	Fall, 2012	Required
Establish Navigator Program timelines for: • Awarding grants • Conducting training	Fall, 2012	Suggested
Conduct needs assessment	Fall, 2012	Suggested
Prepare for federal certification of the Exchange • Demonstrate Navigator Program approach	By 1/1/2013	Required

[22] As noted earlier in this report, in the final federal Exchange rule, CMS recommends that states (if they have not already done so as part of their Exchange planning grant process) conduct a needs assessment of the populations that the Navigator Program is intended to serve to better understand size of the population as well as any issues that will impact enrollment in health coverage (e.g., barriers to obtaining health insurance).

GRANT PROGRAM TASKS

TASK	DATE	REQUIRED/ SUGGESTED
Determine size and scope of the Navigator Program (based on program goals, anticipated funding, and needs assessment)	January, 2013	Suggested
Announce and promote the Navigator Program	February-March, 2013	Suggested
Finalize Navigator selection process	March, 2013	Suggested
Issue grant application(s)	April, 2013	Suggested
Grant applications due	May, 2013	Suggested
Award grants to entities	July, 2013	Required

TRAINING TASKS

TASK	DATE	REQUIRED/ SUGGESTED
Decide training approach (insource or outsource)	April, 2013	Suggested
• If insource, hire training director	May, 2013	Suggested
• If outsource, issue RFP and select vendor	April-June, 2013	Suggested
Finalize training content (and certification process, if desired)	July, 2013	Required
Identify training sites and/or webinar approach	July-August, 2013	Suggested
Advertise training	July-August, 2013	Suggested
Grantees hire Navigators	August, 2013	Suggested
Training conducted	September, 2013	Required
Navigators begin working with the population	October 1, 2013	Suggested

XII. Conclusion

As Illinois prepares for 2014, the state must assess how best to structure the Navigator Program to support the Exchange's work in ensuring consumers can enroll in the coverage for which they qualify. While the ACA and accompanying federal regulations define the broad parameters for the Navigator Program, states have significant flexibility in how best to design their programs to best fit their needs and circumstances. A well-designed Navigator Program will support the federal vision of creating a culture of coverage and help ensure the success of the Illinois Exchange, and HMA hopes the recommendations included in this report will assist the state to move ahead with creating its Program. We believe the proposed design will allow Illinois to build on the successes of the state's existing consumer assistance programs to create a Navigator Program that will maximize coverage for eligible Illinoisans.

Finally, we note that the state, in planning its Navigator Program, has to-date prioritized seeking the input of stakeholders in Illinois. The success of the Navigator Program will be defined largely by how successfully it accesses resources in the health care and health insurance community to reach out to uninsured and underinsured Illinoisans. Accordingly, Illinois should continue to consult with affected stakeholders to ensure the Navigator Program becomes part of, and a support to, the existing community of organizations that are dedicated to supporting the state's health care consumers.