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AGENDA ITEM

☒ For Possible Action

☐ Information Only

Date: February 18, 2025

Item Number: VII

Title: Continued Utilization of Equifax Verification of Income of Consumers

PURPOSE

This item is intended to provide a summary report on the use of Equifax's Verify Current Income (VCI) electronic data service between July 1, 2024 and December 31, 2024. This information is provided to the SSHIX Board of Directors so that the board might consider the continued utilization of the VCI service as a secondary or "fallback" source of data for the verification of household income in relation to APTC/CSR eligibility determinations.

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BACKGROUND

The Affordable Care Act requires State Based Exchanges to verify household income using the IRS' Income and Family Size (IFSV) service, but the use of secondary income verification services like VCI is optional. The Nevada Health Link system is configured to use VCI as a fallback verification service in the event that household income cannot be verified through the IRS. Without a fallback verification service in place, households whose income cannot be verified through the IRS alone would be required to upload supporting documentation to verify their subsidy eligibility, placing a burden on consumers and Exchange resources alike. Failure to upload the required documentation is also a leading contributor to loss of subsidy eligibility, and eventually to cancellation or termination for non-payment of premiums.

SSHIX recognizes the primary value of the VCI service in terms of its potential to reduce the administrative burden associated with manual income verification, as well as the associated risk of disenrollment. However, reduction of this burden doesn't just require that the VCI service return an accurate household income value. In order to prevent a given household from having to upload supporting documentation, the income value returned by the service must fall within a certain percentage of the applicant's self-attested income value. This percentage is known as the "reasonable compatibility threshold." If the data provided by the VCI service does not fall within this threshold, then SSHIX is unable to verify the household's income for the purpose of determining subsidy eligibility, and the net result—which is the need for the applicant to upload supporting documentation—is no different than if VCI was not utilized. In other words, regardless of the quality or accuracy of the VCI service, which SSHIX does not question, the only way that its use can add practical value to SSHIX's operations is when the income value that it returns falls within the reasonable compatibility threshold for a given household.

Prior to last year, the costs associated with utilization of the VCI service were covered by CMS. However, a rule change promulgated in the 2024 Notice of Benefit and Payment Parameters required states to begin paying for use of the service effective July 1, 2024. Given the extremely short runway provided by the CMS rule change, it was not practical for the Exchange to discontinue its use of the VCI service by the July 1 deadline. Instead, our strategy was to continue utilizing VCI throughout the Plan Year 2025 Open Enrollment Period, after which the Exchange would assess the value that the VCI service provided to Nevada Health Link consumers. In simplest terms, we want to quantify the average cost for each household whose income could not be verified through the IRS, but whose income could be verified using VCI. Our findings are provided in the following section.

ANALYSIS

Between July 1, 2024 and December 31, 2024, SSHIX performed 73,571 successful income verifications. Of these, 71,194 were verified using the IRS' IFSV service; 332 were verified using VCI; and 2045 could not be verified through IFSV *or* VCI and required the applicant to upload supporting documentation. The following table details the monthly utilization of the VCI service during this time period:

Month	Tier 1 Count	Tier 1 Rate	Tier 1 Subtotal	Tier 2 Count	Tier 2 Rate	Tier 2 Subtotal	Admin Fee	Admin Fee Subtotal	Monthly Total
July	161	\$4.98	\$801.78	93	\$4.74	\$440.82	\$0.12	\$30.48	\$1,273.08
Aug	160	\$4.98	\$796.80	73	\$4.74	\$346.02	\$0.12	\$27.96	\$1,170.78
Sept	144	\$4.98	\$717.12	50	\$4.74	\$237.00	\$0.12	\$23.28	\$977.40
Oct	3272	\$5.91	\$19,337.52	1135	\$5.64	\$6,401.40	\$0.12	\$528.84	\$26,267.76
Nov	519	\$5.91	\$3,067.29	231	\$5.64	\$1,302.84	\$0.12	\$90.00	\$4,460.13
Dec	496	\$5.91	\$2,931.36	252	\$5.64	\$1,421.28	\$0.12	\$89.76	\$4,442.40
Total	4752		\$27,651.87	1834		\$10,149.36		\$790.32	\$38,591.55

Equifax charges differing rates for "Tier 1" data, which is less than 45 days old, and which is returned if it's available; and "Tier 2" data, which is more than 45 days old, and which is returned if Tier 1 data is unavailable (NOTE: SSHIX is not charged for use of the VCI service when no income data is available). These rates increased by approximately 19% effective October 1, 2024. SSHIX's annual passive renewals job was conducted in October, which is why the numbers for October are so much higher than the other five months.

Throughout the second half of 2024, SSHIX was charged for a total of 6,616 VCI responses (4752 at Tier 1 and 1834 at Tier 2), resulting in a total cost of \$38,591.55. Of these responses, 332, or approximately five percent, provided income values which were within the respective household's reasonable compatibility threshold. While the actual cost of each request to the VCI service is less than six dollars, the average cost for each household who avoided the need to upload supporting documentation as a result of the VCI service was \$116.23.

FUNDING

Based upon VCI utilization figures from prior years that were provided by CMS, SSHIX budgeted for an estimated annual VCI cost of \$535, 276 in State Fiscal Year 2025. Due to numerous optimizations implemented last summer in collaboration with technology vendor GetInsured, SSHIX was able to substantially reduce the number of requests made to the VCI service (for example, by disabling VCI requests during the rehearsal or "staged" run of our annual passive renewals job in September). However, the monthly charges from July—December still came in far lower than SSHIX anticipated. Based upon current reserve levels and revenue projections, the continued use of the VCI service is entirely feasible.

CONSIDERATION

Among the actions that the Board might consider are:

- 1) To maintain the status-quo and continue utilizing the VCI service; or
- 2) To submit a Change Request to GetInsured to discontinue use of the VCI service.