



**SOFTHEON**

# Enhanced Direct Enrollment

The Evolution of the Consumer Experience in the Federal Marketplace: from Classic Direct Enrollment to Enhanced Direct Enrollment

**Whitepaper**

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## **BACKGROUND**

Managing a member's policy in the Federally-Facilitated Marketplace (FFM) has required a shared responsibility between the issuer and the Centers for Medicare & Medicaid Services (CMS). Because CMS owns eligibility processing, both applications and policy changes must be processed by the Marketplace and transmitted to the issuer. So, while the issuer manages billing, payments, and benefits, the makeup of the policy is managed by CMS. Paying your invoice? Contact your issuer. Adding a newborn? Contact the Marketplace. This shared responsibility causes member confusion and operational challenges for issuers who have traditionally managed everything about a member's policy post-enrollment. Direct Enrollment was an early endeavor by CMS to hand over some policy management tasks to issuers and agent/ brokers, but not until this year's development – Enhanced Direct Enrollment (EDE) – has there been any significant improvement to the split responsibilities of policy management.

To better understand how EDE could significantly improve the member experience in the Federal Marketplace, it will help to start at the beginning, with the 2013 rollout of Direct Enrollment (DE).

In June 2018, the Federally-Facilitated-Marketplace (FFM) is expected to launch new technology that will allow consumers and agent/brokers to shop, enroll, and manage policy changes to Marketplace health products, without ever having to create an application on Healthcare.gov or contact Marketplace Customer Service. This new functionality, Enhanced Direct Enrollment, solves the eligibility processing issues of the original Direct Enrollment interface, and expands the role of the DE portal into full policy management, from application through renewal. This whitepaper examines the evolution of direct enrollment, from Classic DE to Direct Enrollment Proxy (DEP) and the upcoming Enhanced Direct Enrollment.

## What Exactly is Direct Enrollment?

In the FFM, Direct Enrollment (DE) is an optional enrollment portal through which prospective members can complete an application and select a health plan according to Marketplace rules. DE portals are built and managed outside of CMS and Healthcare.gov, and typically represent a single issuer's plans, or plans supported by a web broker or third-party administrator.

While DE counters one of the basic tenets of the Marketplace by limiting the shopping experience to that DE partner's plans, it has been an important strategy for issuers and brokers. A good customer-branded DE experience could help drive prospective members to an issuer's products without having to sift through competitor's offerings and lays the groundwork for member retention come renewal time.

This original tool, now called "Classic DE", comes with a complication: since CMS is the 'system of truth' for eligibility decisions, the Classic DE interface has required a physical hand-off to Healthcare.gov during the application process, so that CMS can execute the intricacies of income, citizenship, and eligibility validation. Upon receiving the eligibility thumbs-up from CMS on Healthcare.gov, the applicant is then handed back to the DE portal for issuer-based plan shopping and selection.

From a member perspective, this "double redirect" creates a baffling enrollment experience. To add to the confusion, Classic DE has been limited to the initial application for coverage and cannot be used again by the member to execute even the simplest updates to their policy, like correcting a street address. Because CMS is the 'system of truth' for eligibility, an enrolled member (or agent/broker) who applied through an online DE portal is forced to go through CMS (via Healthcare.gov or the CMS Help Desk) to maintain their policy, view notifications, or execute a renewal change, further reinforcing member confusion; where do I go to make changes to my policy? For both members and issuers, this division of policy management has created service and operational headaches, impacting the already tenuous trust between members and their health insurers.

Since the 2013 rollout of Classic DE, both issuers and web brokers have been making their case with CMS for improving the direct enrollment and consumer experience. Over the years, Classic DE has been expanded to include SEP-based enrollments, but not until 2017 had CMS taken any significant steps towards solving the fundamental issues impacting direct enrollment (double redirect) and the consumer or broker/agent experience (dual policy management).

## DE Proxy: Inching Toward a New Policy Management Strategy

While DE Proxy was being rolled out for 2017 Open Enrollment by a handful of early adopters, CMS and the DE partners were already working on the requirements for a more comprehensive improvement; Enhanced Direct Enrollment (EDE). EDE will continue the use of real-time APIs to execute complex data exchange behind the scenes but will expand the experience to include a wide range of policy

maintenance activities, finally making this issuer-based portal a true end-to-end policy management portal. While CMS is calling this product Enhanced Direct Enrollment, it's much closer to Marketplace Policy Management.

From a user experience perspective, EDE removes the confusion of double redirect while maintaining the regulatory rigor required by the Marketplace and offers an expanded set of tools to maintain member policies, potentially replacing the role of Healthcare.gov in the Marketplace.

### Member and Agent/Broker Experience: Classic DE, DE Proxy, and EDE

	Classic Direct Enrollment	DE Proxy	Enhanced Direct Enrollment
Enrollment function: create a new application	Start application on Classic DE portal Switch to Healthcare.gov to complete eligibility Switch back to Classic DE for Plan Selection	Entire process completed on EDE portal	Entire process completed on EDE portal
Policy Management function: address change	Go to Healthcare.gov or CMS Help Desk (not supported on Classic DE)	Go to Healthcare.gov or CMS Help Desk (not supported on Classic DE)	Entire process completed on EDE portal, including plan change (if applicable)
Policy Management function: add a dependent	Go to Healthcare.gov or CMS Help Desk (not supported on Classic DE)	Go to Healthcare.gov or CMS Help Desk (not supported on Classic DE)	Entire process completed on EDE portal, including plan change (if applicable)
Policy Management function: upload documents to resolve a DMI (citizenship or Income data inconsistency)	Contact CMS Help Desk	Contact CMS Help Desk	Upload through the EDE portal
Policy Management function: access CMS-based notifications	Contact CMS Help Desk	Contact CMS Help Desk	Available on the EDE portal

With EDE, the issuer-branded enrollment website becomes the member's and agent/broker's single port-of-entry from application through renewal. Adding a baby to your policy? Use your EDE portal. Changing your address, updating your income and increasing your APTC election? All those tasks can be executed through your EDE portal. Need to submit proof-of-income to resolve a data matching issue from your application? Log into your EDE portal and upload your documents directly to CMS. Enhanced Direct Enrollment not only eliminates double redirect but removes the dual ownership of policy maintenance. The member starts their relationship with the issuer at the point of plan selection through EDE, and no longer has to deal with the confusion of using Healthcare.gov or the CMS Help Desk to maintain their policy throughout the plan year.

EDE is being positioned for a 2018 Open Enrollment rollout for any DE partner interested in adopting this new strategy. But getting there requires fairly significant technology builds and testing for both DE partners and CMS. Supporting every possible enrollment scenario – from complicated tax households to atypical dependent relationships – requires elaborate changes to the direct enrollment user interface (UI).

To allow an incremental development into this expanded EDE technology, CMS has laid out a 3-phased approach for EDE implementation:

## Member and Agent/Broker Experience: Classic DE, DE Proxy, and EDE

	Description	Benefit for a DE Partner
EDE Phase 1	Supports basic enrollment scenarios	Can leverage DE Proxy logic without massive changes to the UI to support complex enrollment questions
EDE Phase 2	Supports the majority of enrollment scenarios, including some complex applications like foster care, individuals without SSNs, and naturalized U.S. citizens	Provides an end-to-end DE experience for most applicants without building extremely complicated UI enhancements
EDE Phase 3	Supports all enrollment scenarios, including the most complex scenarios, like Married applicants not filling jointly, and dependents who are not spouses, sons, or daughters	DE Partner services the full span of consumer scenarios

For EDE partners who elect to implement either Phase 1 or Phase 2, the complexity of the application scenario will determine if the member can stay on EDE or will need to be pushed over to Healthcare.gov to complete their eligibility. All EDE partners are expected to get to Phase 3 by 2019 Open Enrollment.

Going live with EDE also requires successful completion of audits and UI approvals. Because the Marketplace is highly regulated, simulating the role of Healthcare.gov demands intensive reviews of security procedures, data protection, and validation that every EDE partner follows the exact same application and maintenance rules. CMS is supporting EDE partners through this rigorous process with an ongoing series of webinars and FAQs posted on their EDE partner website.

Because EDE is optional, Classic DE will remain as a valuable, but limited, enrollment tool for DE-enabled issuers and web-brokers who choose not to take on the complexities of

Enhanced Direct Enrollment. DE Proxy, which is still available for SEP-based enrollments by those DE partners who implemented this interim strategy, will be permanently disabled in July 2018. DE Proxy partners who do not adopt EDE will be pushed back to Classic DE.

EDE may be the most understated feature rolled out by the Marketplace in many years, and its impact to the Marketplace won't be known until well into 2018 Open Enrollment. But CMS and EDE partners are looking forward to this new strategy and hoping that the near-elimination of a visible Healthcare.gov and CMS role in both enrollment and policy upkeep will reduce member confusion, increase member retention, and potentially lure both members and issuers back to the Marketplace.

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## Sources

<https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Guidance-for-the-Proxy-Direct-Enrollment-Pathway-for-2018-Individual-Market-Open-Enrollment-Period.pdf>

<https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Third-party-Direct-Requirements.pdf>

## About SOFTHEON

Our mission at Softheon is to create simple, innovative solutions that make health insurance affordable, accesible, and plentiful. We create software that is trusted by over **60 healthcare payers** participating on public exchanges, managing **37% of the overall ACA membership**. From enrollment and premium billing to reporting and reconciliation, we are revolutionizing how health plans and states serve their members.

We have a rich history of providing turnkey Software-as-a-Service (SaaS) and Business Process as a Service (BPaaS) solutions that address state and health plan needs. For over 15 years, our solutions have provided the **end-to-end tracking, monitoring, and reporting** of business activities for individual and small group enrollment, financial management, and customer service processes.

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