

## **Expanding Coverage Options in the Small Group and Individual Market in New York State**

### **REQUEST FOR PROPOSALS**

**Application Deadline: March 27, 2008 - On or before 5:00pm**

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#### **I. About the New York State Health Foundation**

The New York State Health Foundation (NYSHealth) is a private foundation dedicated to improving the health of all New Yorkers. NYSHHealth has a three-part mission:

- **expanding health insurance coverage** to State residents who cannot afford to purchase their own coverage or whose coverage is inadequate;
- **increasing access to high-quality health care services** for underserved people; and
- **improving public and community health** by educating New Yorkers about health issues and empowering communities to address them.

#### **II. Background**

Small businesses and sole proprietors are the heart of New York State's economy—they bring dynamic ideas and innovative services to residents across the State. These firms are responsible for employing just over half of the State's non-farm private labor force.

Half of uninsured workers are either self-employed or employed in small businesses with fewer than 25 employees. The growing percentage of uninsured New Yorkers are people who work for small businesses and face prohibitively high premiums in the health insurance market. Below are a few statistics about health insurance in New York:

- **Fewer small businesses offer health insurance to their employees:** about half of companies with fewer than 50 workers offer health insurance to their workers compared to almost all companies with 50 or more workers.
- **Fewer employees of small firms that offer health insurance actually enroll in a plan:** 68% of employees in companies with fewer than 50 workers are both eligible and enrolled in an offered health insurance plan whereas 79% of employees in companies with 50 or more workers are both eligible and enrolled in an offered health insurance plan.
- **Premiums are higher in plans offered by small firms:**
  - The average annual premium for an individual in firms with fewer than 50 workers was \$4,794 compared to \$4,035 for an individual in firms with 50 or more workers.
  - The average annual premium for a family in firms with less than 50 workers was \$11,582 compared to \$11,209 for a family in firms with 50 or more workers.
  - Because many small firms do not offer health insurance due to prohibitively high premiums, the difference in premiums reported is understated.

- Between the years 2000 and 2006, family health insurance premiums for New York State's workers increased five times faster than median earnings. On average, family health care premiums rose by 72%, while median earnings rose by only 13%.

[MEPS Insurance Component, 2005 and Families USA, 2006]

Small employers, sole proprietors, and individuals often face higher premium rates than large employers because of the higher risk of insuring such small groups. Additionally, large employers are able to self-insure, which allows them to bypass State insurance regulations such as community rating and various benefit mandates. Finally, the cost and complexity of administering insurance plans are often barriers for small business owners.

New York State is committed to expanding health insurance coverage and determining ways to achieve universal coverage. A handful of public and private initiatives exist, including Healthy NY. NYSHealth would like to complement these efforts by using grant funds for projects that expand the availability of coverage options to small employers, low-income workers, independent contractors, and sole proprietors.

As part of NYSHealth's mission, the Foundation is dedicated to increasing insurance coverage in New York State. This Request for Proposals (RFP) represents one aspect of a range of grantmaking activities NYSHealth supports that address uninsured New Yorkers. Please visit our Web site for more information on related activities at <http://www.NYSHealth.org>.

### **III. The Program**

This initiative will award grants through a two-stage process. This first stage will award a set of planning grants to organizations that present entrepreneurial ideas for expanding coverage in the small group and individual market in New York State. The second stage will award demonstration grants to the successful planning initiatives. The planning grant phase will allow organizations to thoughtfully and strategically identify the components required to develop infrastructure and capacity. Project outcomes should result in increased access to coverage options for uninsured individuals in this market, and an increase in the take-up rates.

NYSHealth is particularly interested in projects that target underserved areas of the State, and those that target low-income workers. While not an exhaustive list, the following are project ideas of interest:

- Projects that develop or enhance health insurance options such that they include a wider choice of health plans and benefits for small businesses, low-income workers, independent contractors, and sole proprietors.
- Projects that address the administrative complexity of offering health insurance.
- Projects that leverage funding resources to supplement health insurance options or subsidize premiums for employees in small businesses and consumers in the individual market.
- Projects that encourage brokers to market affordable coverage options for the small group and individual markets, and increase the number of insurance carriers selling these options.
- Projects that replicate or expand upon existing successful initiatives.

#### **IV. Phase I: Planning Grants**

NYSHealth will award up to seven planning grants. Award requests may be up to \$100,000. We expect most planning periods will last 12 months, but longer time frames may be proposed. Planning grant funds may be used to create a blueprint for expanding the small group and individual health insurance markets in a specific region of New York State, and activate relevant community organizations to design and implement proposed initiatives.

Planning grant funds may be used for a variety of pre-implementation activities including, but not limited to, the following:

1. Program and Business Plan Development
  - Designing the program to address a specific challenge facing the small group and individual health insurance markets.
  - Examining organizational capacity to sustain the project and identifying key collaborating partners (if relevant).
  - Developing premium and benefits structure, administrative and marketing strategy, and financing mechanism required to implement and sustain the project.
  - Identifying legislative and regulatory requirements, and developing a plan for compliance of those requirements. Approaching relevant state regulatory organizations (e.g., Department of Insurance) with related questions and issues.
  - Modeling various scenarios to determine which strategy best addresses coverage expansion for the targeted uninsured population and geographic region, and reducing barriers for this market.
2. Data Analysis
  - Conducting risk analysis of the proposed project, including potential regulatory barriers.
  - Collecting and analyzing data—both demographic and market analyses—on target populations of uninsured individuals, eligible small businesses, and the health insurance marketplace.
  - Assessing affordability of various insurance options for the target population.
  - Developing enrollment projections for the target population.
  - Evaluating the proposed implementation project.
3. Partnership and Collaboration
  - Leveraging key stakeholders in this discussion that may include a formalized partnership with employer groups, brokers, health plans, insurers, and the provider community.
  - Educating key stakeholders and the public at large on the pilot being considered.
  - Engaging and building consensus among stakeholders through convening, information dissemination, and marketing.

- Developing a strategic advisory committee to help provide technical assistance for the implementation grant phase.
4. Sustainability
- Studying options for continuing the program beyond NYSHHealth funding.
  - Investigating other public and private funding options.
  - Planning advertising and marketing.
5. Proposal Development
- Developing a proposal to NYSHHealth for the demonstration phase of the program.

A review panel of State and national technical experts will rate planning grant proposals. Finalists will be asked to conduct a presentation at the NYSHHealth office. Please see the Key Dates table on page five for these dates. The Foundation will reimburse any travel and expenses incurred.

## **V. Phase II: Implementation Grants**

At the end of the planning grant, a panel of State and national technical experts will review the business plans. NYSHHealth plans to make demonstration grant awards ranging from \$200,000 to \$1,000,000. Award size will depend on the scope and reach of the project. Funding for implementation grants will support up-front implementation costs, which may include staff and/or consulting time.

NYSHHealth will provide more details on this phase of the RFP during the planning grant phase. Applicants should be aware, however, that funds for demonstration grants will only be awarded to projects that have strong, feasible business plans that are ready for launch at the end of the planning period.

## **VI. Who May Apply**

One objective of this RFP is to encourage a range of New York State applicants to apply and use their leadership and expertise to address the lack of affordable coverage options for those in the small group and individual markets. We encourage applications from groups such as: chambers of commerce, business associations and coalitions, regional collaborations, county and local government departments and agencies, and nonprofit (501[c] [3]) or for-profit organizations that work to increase health insurance for small businesses. We also encourage health insurers and health management organizations to apply under this RFP. We anticipate that applicants and interventions will be New York-based, although out-of-state applications will be considered if there is potential to design an intervention and test its impact in New York State.

**Please Note:** Though not mandatory, applicants are strongly encouraged to contact Kelly Hunt, senior program director, prior to proposal submission. Ms. Hunt will help potential applicants assess their eligibility for this RFP. Please send an e-mail to the following address to request an

appointment: [ExpandingCoverageOptionsRFP@nyshealth.org](mailto:ExpandingCoverageOptionsRFP@nyshealth.org). Appointments will be available during the weeks of January 14, 21, and 28, 2008.

## Application Timeline and Process

The Foundation is currently inviting full proposals for the planning grant. Guidelines for submission are below.

### Timeline

Proposals for planning grants must be received on or before:

**5:00 p.m. on Thursday, March 27, 2008.**

Key Dates	
Deliverables	Approximate Dates
Phone Interviews to Assess Applicant Eligibility	Weeks of January 14, 21, and 28, 2008
Planning Proposal & Application Materials Due	March 27, 2008 by 5:00 p.m.
Review Period	April – July 2008
Presentations	May 28 & 29, 2008*
Proposal, Work plan, & Budget Revision Process	June 2 – 13, 2008
Outcome Notification	July 31, 2008
Project Start Date	September 1, 2008

*\* Note: Please place tentative holds on your calendar to allow time for a presentation in the event your organization is selected as a finalist. The Foundation will reimburse any travel and expenses incurred.*

## Proposal Guidelines and Submission Process

Proposals are submitted using NYSHealth's online application system located on our Web site on the Funding Opportunities page (<http://www.nyshealthfoundation.org/section/funding>).

Applicants are asked to supply information in three sections:

- 1. Contact Information:** For the principal investigator/primary contact and related participants for the project.
- 2. Organizational Information:** Applicants must include a description of the organization's purpose and activities. If the applicant is working in a unit or department of a much larger organization, the applicant should describe the unit or department only (include information about the larger organization only if it is relevant to the project).
- 3. Request Information:** This section will include a project title, project start and end dates, request amount, and executive summary. The project description field should include the following: Applicants must describe the kinds of activities the project will undertake, the key people and institutions whose involvement would be required, and the target population and geographic region in which enrollment increases would be sought. The description should clearly outline whether this project seeks to (a) replicate or expand upon work that has been successful in other regions of the State or country; or (b) explore a new means for

expanding coverage options in the small group and individual insurance markets. Proposals should be very clear about why a planning grant is necessary and how planning will add value to the future demonstration project (i.e., how planning will add to the success of implementation). See the selection criteria below for specific areas you should stress in this application. You may have up to 10 double-spaced pages (12 point font) to complete this section; however, a shorter application is acceptable (and encouraged).

#### 4. Request Information Attachments:

- **Team Member Biographies** – Please include a one-page (double-spaced, 12 point font) biography for each member of the project team.
- **Work plan** – Applicants are required to complete a detailed work plan listing all major activities of the planning grant and their expected outcomes. Applicants should include all related deliverables such as evaluation, data analysis, modeling, and market analysis including due dates for these deliverables. A template for the work plan can be found on the Foundation’s online application system.
- **Budget** – All proposals must include a budget worksheet and narrative, NYSHHealth strongly encourages all applicants to include 15% overhead, allotted by the Foundation. A template for the budget worksheet can be found on the Foundation’s online application system.
- **Additional materials** – Applicants are encouraged to submit letters of support and letters of commitment.
- **IRS Determination Letter & Form 990** – Note: If your organization does not have an IRS Determination letter or file a 990, please upload a document that explains your status.
- **Audited Financial Statements** – From your two most recent audits.
- **Grant Terms and Conditions** – In an effort to expedite the Foundation’s due diligence process, we ask all applicants to agree and sign these grant terms and conditions. Please note this document is neither an implication nor a guarantee of funding.

If your project is selected for a grant, NYSHHealth will follow up to request that all grantees complete a Grantee Questionnaire.

#### Selection Criteria

All proposals must clearly identify how they will address the small group and individual insurance markets.

Proposals will be assessed using the following criteria:

- **Magnitude of the problem:** How many firms and/or people will your eventual project attempt to link with affordable health insurance coverage?
- **How compelling is the project idea?** Does your idea overcome potential barriers and obstacles that have proven hindrances to previous projects? Is the idea entrepreneurial, realistic, desirable?
- **Feasibility of the planning project timeline:** Is the proposed planning period enough time to accomplish all planning activities?
- **Clarity and strength of the idea:** The application and work plan should provide persuasive logic for this project.

- **Experience of project team:** Why is your team/organization the right group for this project?
- **Collaboration and involvement of relevant stakeholders:** Are the right people involved in this planning project?

Foundation staff will collaborate with a group of external technical reviewers to evaluate the proposals. The NYSEHealth Board of Directors will make final award decisions based on the recommendations of the review team.

## **Inquiries**

Inquiries about this Request for Proposals can be addressed to [expandingcoverageoptionsRFP@nyshealth.org](mailto:expandingcoverageoptionsRFP@nyshealth.org).

## **Project Management**

Kelly Hunt, senior program director, provides oversight, direction and assistance for this project. Juanita Lewis, program assistant, Mark Barreiro, grants and operations manager, and George Suttles, grants coordinator, also contribute to the direction of this project.