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To: Joint Standing Committee on Insurance and Financial Services

Cc: Katrin Teel, Senior Health Policy Advisor, Governor's Office
Anne Head, Commissioner, Professional and Financial Regulation
Colleen McCarthy Reid, Legislative Analyst, IFS

From: Karynlee Harrington, Executive Director, DHA

Re: Committee's request for follow up information

Colleen provided me with a list of outstanding issues from the Committee's November 1, 2011 meeting. The items are detailed below with my responses to date.

1. What is the amount paid to Covington and Burling for contracting services?

We anticipate the total amount paid under the Exchange Planning Grant for the deliverables completed by Covington and Burling will be approximately \$275,000.

2. Provide a description of the California UX (?) initiative and Maine's involvement; also describe plans for how a Maine exchange will provide services/outreach to consumers who do not have access to the internet.

The official name of the project is Enroll UX 2014. Through our participation in the New England States Collaborative Insurance Exchange Systems Project (NESCIES) we were offered the opportunity to participate in the Enroll UX 2014 project.

The objectives of the project are as follows:

- a. Develop first-class user experience (UX) design for health insurance exchanges operated by state and federal governments as required by the Affordable Care Act.
- b. Design the UX based on an understanding of consumer needs and refined through user testing.

Attached is a Project Overview as of November 2011.

1413(b)(1)(A)(ii) of the Affordable Care Act (ACA) requires that: "The Secretary shall develop and provide to each State a single, streamlined form that .. may be filed online, in person, by mail, or by telephone;"

A portion of Level One funding has been allocated towards designing the business operations and systems requirements for the required functionality of an Exchange. Included in this design process will be considerations for all access channels to the Exchange, e.g., paper, phone, mobile device, etc. The Enroll UX project is also examining how to incorporate multiple access channels in its design work.

3. Provide information on Level I grant funding awarded to other states and how much funding is being allocated to IT.

Below please find a summary of States that have been awarded establishment grant funding and a brief description of how each State intends to use their funding (although IT costs are not specifically broken out).

These States applied before the March 30, 2011 deadline. Grants were awarded on May 23, 2011.

Indiana

Administrator: Indiana Family and Social Services Administration

Award Amount: \$6,895,126

Level of Funding: Level One

Summary: Indiana will use resources from the Affordable Care Act to strengthen the health information technology systems that will be integral to its Exchange. Additional funding will support project management, legal, actuarial, and financial expertise and general policy support.

Rhode Island

Administrator: Rhode Island Department of Business Regulation

Intended Award Amount: \$5,240,668

Level of Funding: Level One

Summary: Rhode Island will use resources from the Affordable Care Act to strengthen health information technology systems, develop an integrated consumer support program to provide support to individuals and small businesses, and strengthen its business operations

Washington

Administrator: Washington State Health Care Authority

Intended Award Amount: \$22,942,671

Level of Funding: Level One

Summary: Washington will use resources from the Affordable Care Act to develop options and recommendations on policy decisions that will have a significant impact on the Exchange. The grant will also provide funds to develop a health information technology system that will support its Exchange.

The following grantees applied by the June 30, 2011 deadline. Grants were awarded on August 12, 2011.

California

Administrator: California Health Benefit Exchange

Amount Awarded: \$39,421,383

Level of Funding: Level One

Summary: California will engage in planning, research and early implementation as appropriate in all 11 core areas identified in the federal Department of Health and Human Services application. This funding will help the state develop policy goals for the California Exchange as well as secure staff consultants and expert resources and actively engage stakeholders to inform and support Exchange planning and implementation activities. Level One resources will provide the information, data and consideration of options to support the state's preparation and submission of a Level Two Exchange grant in spring 2012, leading to full implementation and operation of the Exchange by 2014.

Connecticut

Administrator: Connecticut Office of Policy and Management

Amount Awarded: \$6,687,933

Level of Funding: Level One

Summary: Connecticut will focus on three projects with this grant award. The first project is to determine the administrative issues involved in starting an Exchange, including the hiring of Exchange leadership and procurement of office space. The second project will build on the research provided by its Exchange Planning Grant and conduct a thorough analysis of information technology capabilities to focus on business process and information technology used in the Exchange. The third project is to develop appropriate capacity for consumer assistance and reporting requirements.

District of Columbia

Administrator: District of Columbia Department of Health Care Finance

Amount Awarded: \$8,200,716

Level of Funding: Level One

Summary: Washington, DC will use its Level One Establishment Grant Funds continue and complete current planning and implementation efforts that would enable the District to establish a certified and functioning exchange by January 2014. The District estimates that approximately 225,000 of the District's residents are expected to utilize District Exchange Services. The District's Exchange project development staff has been working to establish a planning and requirements gathering framework for designing an Exchange that is representative of the unique health insurance needs of District residents and that reflects the preferences of stakeholders. This Level One funding will leverage the data, information and indicators gathered in the preliminary planning effort into a comprehensive project design document to be used to stand up the exchange in Level Two.

Illinois

Administrator: Illinois Department of Insurance

Amount of Award: \$5,128,454

Level of Funding: Level One

Summary: Illinois will use its resources provided by the Affordable Care Act to conduct additional Exchange research that will examine issues related to Risk-Adjustment/Reinsurance, Navigator Function, Certification of Qualified Health Plans, and SHOP Exchange. The state will build upon the Governor's Health Reform Website where Stakeholders can offer their input. The state also plans on developing an Exchange Education Toolkit that it will make available both in print and online. To address Exchange IT Systems, the state will begin to design both the business requirements of the Exchange and IT detailed design for Illinois-specific aspects of the Exchange infrastructure. The state will also hire a fulltime employee for the Exchange who will manage the various fiscal responsibilities.

Kentucky

Administrator: Kentucky Cabinet for Health and Family Services

Amount Awarded: \$7,670,803

Level of Funding: Level One

Summary: Kentucky will use its grant to continue the state's Exchange planning efforts. Much of the funding will be used for Information Technology systems (IT) to support the definition of business requirements, the procurement of an IT planning vendor, assistance with drafting an RFP for procurement of IT upgrades/and or new systems. The State would also focus heavily on outlining business operations for the Exchange.

Maryland

Administrator: Maryland Department of Health and Mental Hygiene

Amount Awarded: \$27,186,749

Level of Funding: Level One

Summary: Maryland will conduct policy development and detailed planning to build on the work of Maryland's Exchange Planning Grant and Maryland's Innovator Grant. The Level One Establishment Grant will result in data-driven and intensive policy analysis that will shape the technical and operational infrastructure of the Exchange. In addition, the activities performed with this funding will result in the rapid implementation of the Exchange IT platform, including product licensing, system integration, and independent verification and validation. The IT platform will be flexible to respond to forthcoming federal guidance and ongoing policymaking and input from Maryland stakeholders.

Minnesota

Administrator: Minnesota Department of Commerce

Amount Awarded: \$4,168,071

Level of Funding: Level One

Summary: Minnesota will use its resources under the Affordable Care Act to build on the Limited-Competition Exchange Planning grant it received in February 2011. Minnesota will focus on developing its Exchange information technology infrastructure. Minnesota also will establish an initial governance structure within the Minnesota Department of Commerce with full-time staff dedicated to the development of Minnesota's Exchange. The state will also create and maintain an Advisory Task Force to provide guidance on the establishment of an Exchange. The state is requesting funding to develop and execute work plans, timelines, and budget and cost-allocation estimates through 2014. Minnesota will also designate a Chief Financial Officer to create and execute detailed work plans related to financial management, program integrity, and Exchange financing mechanisms.

Mississippi

Administrator: Mississippi Department of Insurance

Amount Awarded: \$20,143,618

Level of Funding: Level One

Summary: Mississippi will continue its planning for the establishment of a state-operated health benefit Exchange. Mississippi will: conduct an extensive public education and outreach program to inform consumers about access the health insurance through the exchange; continue to coordinate with Medicaid, CHIP and other appropriate programs regarding eligibility determination and other Exchange activities; and provide assistance to individuals and small businesses.

Missouri

Administrator: Missouri Health Insurance Pool

Amount Awarded: \$20,865,716

Level of Funding: Level One

Summary: Missouri will build on its significant Exchange planning progress to implement a single, statewide exchange. Missouri will: build the exchange IT system, which will be highly coordinated with state agencies to enable a streamlined, single-portal eligibility and enrollment system; expand its existing stakeholder engagement process to facilitate deeper dialogue and leverage expertise on targeted topics; and, establish the appropriate levels of financial oversight and control to ensure program integrity.

Nevada

Administrator: Nevada Department of Health and Human Services

Amount Awarded: \$4,045,076

Level of Funding: Level One

Summary: Nevada will use funding to: develop a rules-based eligibility engine that will serve as the single, streamlined eligibility process for all medical assistance programs, including Medicaid, Nevada Check Up (the state's CHIP program) and the Exchange; prepare business and IT systems requirements for non-eligibility-related functions of the Exchange, and develop an operational plan; create a financial management and sustainability model; enhance Nevada's consumer assistance; engage stakeholders and consult with Nevada's Native American Tribal community; prepare statutory and regulatory changes for commercial health insurance, as required by the Patient Protection and Affordable Care Act; assess the impact to the commercial health insurance market from regulatory changes, the "essential health benefits" requirements, and the introduction of an Exchange as a purchasing platform in the individual and small group markets; and, review existing programs to identify opportunities to leverage services, functions and resources that may be applicable to the Exchange, as well as opportunities to modify existing programs in light of the coverage expansions that will take effect in 2014.

New York

Administrator: New York State Department of Health

Amount Awarded: \$10,774,898

Level of Funding: Level One

Summary: New York has made significant progress under its exchange planning grant, early innovator grant, and consumer assistance program grant. This funding will: support background research; seek stakeholder input through a series of policy discussions focused on Exchange design and operation options; fund IT Systems; expand the capacity of its consumer assistance to serve the needs of small businesses, to expand assistance to individuals in regions of the State that currently have limited in-person access and expand consumer assistance with commercial insurance issues. The proposal also requests funding for key staff to begin the process of implementing the Exchange around governance.

North Carolina

Administrator: North Carolina Department of Insurance

Amount Awarded: \$12,396,019

Level of Funding: Level One

Summary: North Carolina will engage stakeholders, prepare analyses of outstanding policy decisions, and expand the existing eligibility system of the North Carolina Department of Health & Human Services to accommodate the Exchange. The state will also: develop requirements for the non-eligibility related Exchange functions to prepare any necessary procurements; prepare North Carolina's consumer assistance

program in anticipation of 2014 requirements; develop a work plan, budget, and evaluation plan for the North Carolina Health Benefit Exchange (NCHBE); develop a post-2014 financial sustainability plan; and support initial operational activities of NCHBE.

Oregon

Administrator: Oregon Health Insurance Exchange Corp

Amount Awarded: \$8,969,600

Level of Funding: Level One

Summary: The Health Insurance Exchange builds on Oregon's past and current health reform efforts. Oregon has been studying an Exchange model for several years and is an Early Innovator IT grantee. This Establishment grant will support the state's continued progress toward Exchange implementation. Funding will support the final design and initial implementation of the Exchange's business and operations plan. To bring the business and operations plan to life, Oregon will use funding to: hire an Executive Director and key staff; build a financial management plan and structures; finalize waste, fraud, and abuse plans; appoint a Board of Directors to provide oversight and management; finalize interagency agreements with relevant agencies; develop transition plans for state programs and their enrollees; consult with stakeholders; determine whether additional risk mediation activities are required; finalize protocols and payment rules for producers and Navigators; develop marketing and communications strategies; begin evaluation activities; and create a detailed business plan in preparation for the February 2012 Legislative Session.

West Virginia

Administrator: West Virginia Offices of the Insurance Commissioner

Amount Awarded: \$9,667,694

Level of Funding: Level One

Summary: West Virginia will provide for several consumer quality and effectiveness related studies to ensure an efficient and value driven market transition into the Exchange, including further funding for actuarial services and economic modeling as envisioned under the Planning Exchange Grant. West Virginia will also use funding to: create tools for successful risk adjustment; undertake an Exchange issuer initiative and complete a producer and navigator strategic plan; allow for continued policy integration with constituent state agencies; and, develop a business and operational plan that will ensure financial sustainability by January 2015.

Source: <http://www.healthcare.gov/news/factsheets/2011/05/exchanges05232011a.html>