



National Health Care Reform Update

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**Board of Directors Meeting
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Agenda

- Overview of Exchange Approval Process
- Current and Future Federal Funding Resources
- Overview of Level 1 Establishment Grant Application



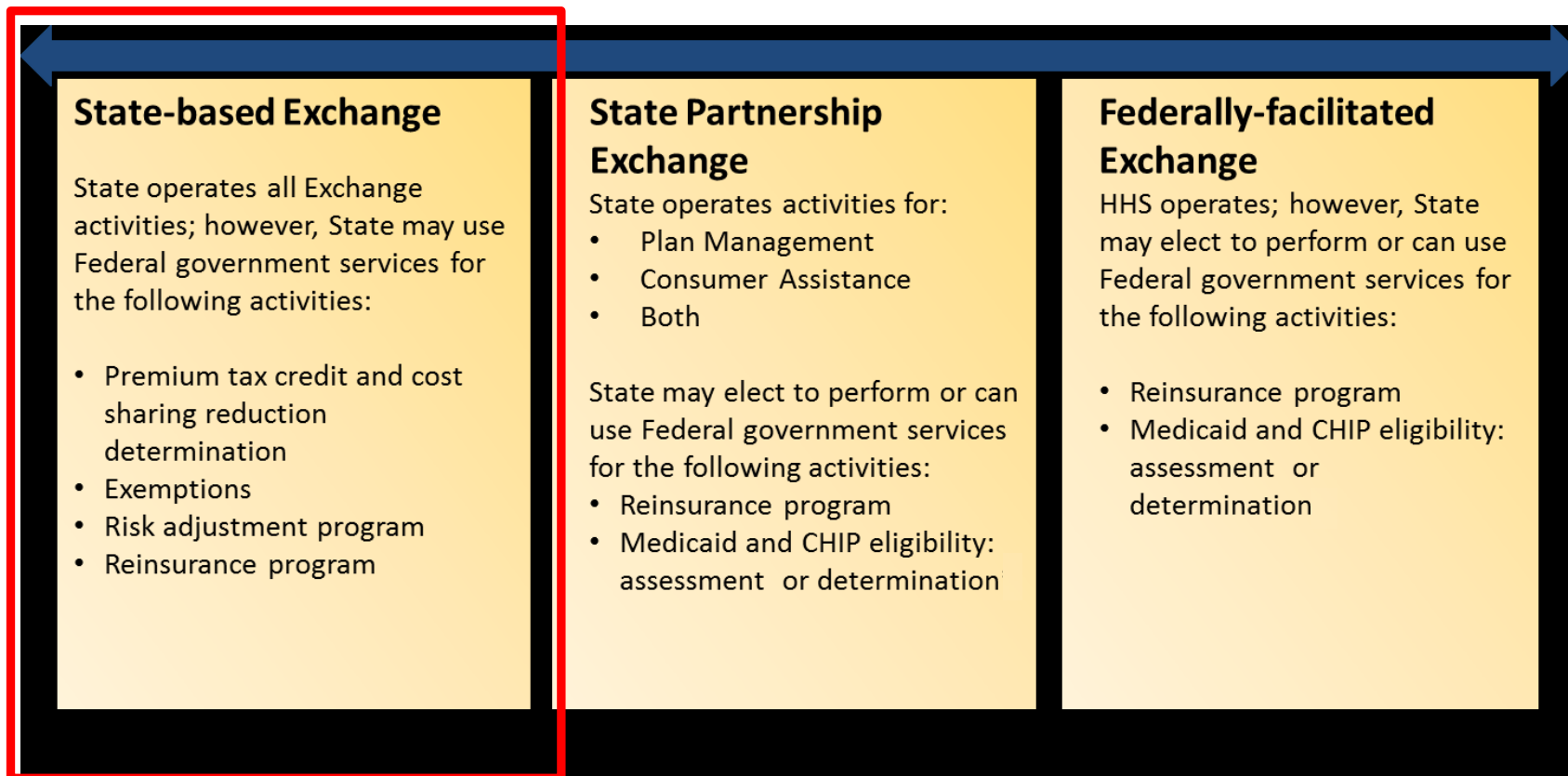
Overview of Exchange Approval Process

- Regulations implementing the ACA require the Department of Health and Human Services (HHS) to approve a state's Exchange by January 1, 2013 for coverage years beginning in 2014
- To receive HHS approval approval for an Exchange, a State must complete and submit a **Blueprint Application** that documents how its Exchange meets or will meet all legal and operational requirements associated with the model it chooses to pursue
- Blueprint Application Components
 - Declaration letter selecting an Exchange Model
 - Complete and submit application by November 16, 2012



Exchange Model Options

- As part of the Exchange approval process, States must select an Exchange Model and complete the Blueprint Application accordingly
 - Massachusetts will operate a State-based Exchange





Overview of Exchange Declaration Letter

- Letter must be signed by Governor declaring the state's choice of Exchange Model and is due on or before Blueprint Application Submission (11/16/12)
- On July 10, Governor Patrick submitted Massachusetts' Exchange Declaration Letter informing HHS our state would operate a State-based Exchange

What must be included in Declaration Letter	Massachusetts' Declaration Letter
<p>Risk Adjustment</p> <ul style="list-style-type: none"> • State administered risk adjustment program or federal services • If yes for State administered: <ul style="list-style-type: none"> • What is State's risk adjustment entity? • Is the State planning to use the Federal risk adjustment methodology? • What is the proposed data model (intermediate or distributed)? 	<ul style="list-style-type: none"> • The Health Connector will administer the state's risk adjustment program • Massachusetts intends to apply a federally-certified, alternative risk adjustment methodology, currently in development by multi-agency workgroup co-chaired by the Health Connector and Division of Insurance • We intend to apply an "intermediate" data collection approach to supporting risk adjustment by leveraging the state's existing All-Payer Claims Database (APCD)
<p>Reinsurance Program</p> <ul style="list-style-type: none"> • State administered or contracting with a non-profit reinsurance entity 	<ul style="list-style-type: none"> • The Division of Insurance would serve as the entity that oversees administration of the transitional reinsurance program in Massachusetts
<p>Eligibility Determination</p> <ul style="list-style-type: none"> • State performs APTC/CSR or utilizes Federal government for this activity 	<ul style="list-style-type: none"> • The Health Connector will work in collaboration with EOHHS to perform APTC/CSR eligibility determinations
<p>Point of Contact</p> <ul style="list-style-type: none"> • Designation of the individual(s) authorized to bind the State with regard to the States' Exchange as well as complete and sign Exchange application 	<ul style="list-style-type: none"> • The Health Connector's Executive Director, Glen Shor, will serve as the primary point of contact



Overview of Exchange Approval Process

- Exchange Blueprint Application
 - Blueprint Application is structured around 13 core areas comprised of a list of activities that a State-based Exchange must perform in compliance with the ACA and associated regulations in order to receive HHS approval
 - In completing the Blueprint Application, states are asked to attest to the completion of each Exchange activity, provide supporting evidence or provide a project plan for the expected completion of an activity
- Establishment Grant Review Process and Exchange Approval
 - HHS has designed a process, called Gate Reviews, to monitor and assist states that have received Establishment Grants
 - Gate Reviews are intended to support states as they seek Exchange approval, though independent from the Blueprint Application
 - HHS has aligned “Gate Review” reporting requirements so that a state may use the information submitted during these reviews to complete their Blueprint Application



Overview of Exchange Blueprint Application

- Blueprint Application is structured around a list of activities that a State-based Exchange must perform in compliance with the ACA and associated regulations in order to receive HHS approval

Core Area	Required Activities
Legal Authority and Governance	8
Consumer and Stakeholder Engagement and Support	22
Eligibility and Enrollment	38
Plan Management	20
Risk Adjustment and Reinsurance	6
SHOP	10
Organization and Human Resources	3
Finance and Accounting	3
Technology	3
Privacy and Security	5
Oversight and Monitoring	5
Contracting, Outsourcing and Agreements	1
State Partnership Exchange Activities	8 – Not Applicable to State-Based Exchanges



Overview of Exchange Blueprint Application (cont'd)

Core Area	Required Activities
1.0 Legal Authority and Governance	<ul style="list-style-type: none">•Legal authority to operate an ACA-compliant Exchange•ACA-compliant governance structure
2.0 Consumer and Stakeholder Engagement and Support	<ul style="list-style-type: none">•Robust outreach, education and stakeholder engagement•Consumer assistance through website info on QHPs, call center and Navigators
3.0 Eligibility and Enrollment	<ul style="list-style-type: none">•Able to determine eligibility and conduct enrollment via web/phone/mail/in-person•Able to conduct and manage appeals
4.0 Plan Management	<ul style="list-style-type: none">•Process for QHP issuer certification/decertification•Plan management system to ensure ongoing QHP compliance and performance
5.0 Risk Adjustment and Reinsurance	<ul style="list-style-type: none">•Legal authority and designated entity to operate risk adjustment and reinsurance
6.0 SHOP	<ul style="list-style-type: none">•SHOP meets all ACA requirements, including offering an ACA-compliant Employee Choice products



Overview of Exchange Blueprint Application (cont'd)

Core Area	Required Activities
7.0 Organization and Human Resources	<ul style="list-style-type: none"> •Exchange has appropriate organizational structure and staffing to perform required activities
8.0 Finance and Accounting	<ul style="list-style-type: none"> •Financial model/plan to monitor finances and track costs and revenues
9.0 Technology	<ul style="list-style-type: none"> •Technology and system functionality complies with HHS IT guidance
10.0 Privacy and Security	<ul style="list-style-type: none"> •Privacy and security procedures •Safeguards for authenticating identity and protecting confidential information
11.0 Oversight and Monitoring	<ul style="list-style-type: none"> •Tracking of performance and outcome metrics •Compliance with ACA financial integrity provisions
12.0 Contracting, Outsourcing and Agreements	<ul style="list-style-type: none"> •Execution of appropriate contractual, outsourcing and partnership agreements with vendors/other public agencies



Federal Resources for Implementation Activities

- Exchange Planning Grant
 - Funding supported analysis of major policy questions including whether to pursue a Basic Health Plan and evaluation of IT and business operations infrastructure
- Early Innovator Grant
 - Funding is supporting design and implementation of the IT systems needed to support an ACA-compliant Exchange
- Level 1 Establishment Grant
 - Funding is focused on 3R research and planning, Exchange revenue and cost model development, future state operating model development (for both the Health Connector and MassHealth), QHP product strategy development, project management support (for both the Health Connector and MassHealth) and outreach and education grant funding



Establishment Grant Application: Level 1

- In August, the Health Connector submitted another Level 1 Establishment Grant Application to fund additional projects to support our transition to an ACA-compliant Exchange through October 2013
- Projects total \$42.6M, with almost 40% for HIX/IES to supplement Early Innovator Grant and other federal sources
- Application developed closely with MassHealth on proposed projects addressing the collaboration between Health Connector/MassHealth
- Expect to hear response from HHS in late September/early October



Summary of Level 1a Establishment Grant

Categories	Requested
<p>Project and Staff Costs</p> <ul style="list-style-type: none"> • Development of Massachusetts-specific Risk Adjustment and Reinsurance Program • CCA, MH and ANF staff costs for ACA Exchange-related transition activities • Member Transition Plan for the Health Connector and EHS • Consumer Market Research • Outreach and Marketing • QHP Certification Strategy and Solicitation • Privacy and Security Strategy Development • Project Management and Change Management Support • Travel for national health reform related meetings and conferences • Massachusetts Health Care Training Forum (MTF) – ACA and Exchange Learning Series 	<p>\$26,113,562</p>
<p>HIX-IES</p> <ul style="list-style-type: none"> • Software and development build for Exchange-related functions including: <ul style="list-style-type: none"> • Website (includes shopping and account management functionality) • Enrollment system • Carrier “hub” • Rating engine • Multi-agency development of a single, integrated “real-time” eligibility system • Project Management Strategy and Support • Independent Verification and Validation 	<p>\$16,533,143</p>
<p>Total Requested Amount</p>	<p>\$42,646,705</p>



Establishment Grant Application: Level 2

- Health Connector can pursue additional federal funds to support its ACA transition activities by filing a Level 2 Establishment Grant
- Next opportunity to file a Level 2 grant is in November, 2012
- Grant can fund:
 - Projects in 2012 and 2013 to implement changes required to comply with the ACA
 - Exchange operations in 2014
- Already working on components of Level 2 application (including projecting operating costs for 2014)



Appendix



What Can An Establishment Grant Fund?

- Federal Milestones Related to Exchanges
 - Authorized costs integral to the planning and establishment of Exchanges are eligible for federal funding
- Operations
 - The costs of implementing a state-based Exchange and testing Exchange operations during 2014
- Basic Health Plan
 - Establishment grant funds may be used for Exchange establishment activities that would **coordinate** or **overlap** with activities undertaken pursuant to the establishment of an optional Basic Health Program
 - For example, a call center may provide consumer information on a range of coverage options including the Basic Health Program, and could therefore be funded through Establishment grant funds
 - However, funding under an Establishment grant cannot be used to support operations of the Basic Health Program or to investigate the feasibility of a Basic Health Program



What Can an Establishment Grant Fund? (cont'd)

- Navigator Program
 - Establishment Grants can be used to establish a Navigator program but **cannot** fund the **operation** of a Navigator program
- Medicaid Program
 - In the case of Exchanges, the **State Medicaid and CHIP programs** are direct beneficiaries of many of the activities of the Exchange, particularly IT systems and related systems and staffing involved with determining an applicant's eligibility for Medicaid and CHIP programs
 - Consequently, the costs associated with these activities **MUST** be paid through a **separate funding request** to the Centers for Medicare & Medicaid Services
 - The funding request is in the form of an **Advance Planning Document (APD)** that specifically requests funding for each of these activities that benefit Medicaid and CHIP