

National Health Care Reform Implementation Update



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Board of Directors Meeting

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Agenda

- Background
- Key ACA Implementation Projects and Timeline
- Project Updates
- Considerations and Next Steps



Background

- Implementing the Affordable Care Act (ACA) has been a major focus of the Commonwealth for the past two-and-a-half years
 - The federal law, modeled after the Massachusetts landmark reform, provides new tools and opportunities that allow the Commonwealth to take its achievements to new heights
 - While we are able to heavily leverage the state reform as a foundation, the details of the two laws differ and must be carefully aligned or reconciled
 - To achieve ACA compliance and benefit from its impact, substantial policy, infrastructure and operational development work is essential



Background (cont'd)

- While the Health Connector's focus has been on Exchange-specific aspects of the law, our efforts have been a component of a broader, multi-agency collaboration on ACA implementation
 - We have worked closely with ANF, DOI, EOHHS, CHIA, DOR and others on various ACA transition projects, many of which have market-wide impact
- Careful planning for the implementation of this large-scale, multi-disciplinary, complex project is critical to its success
 - Project plans have been dynamic, informed by the release of relevant federal regulations and guidance



Background (cont'd)

A series of major decisions/milestones have been completed.

Subsidized Coverage

- Expanded Medicaid
- APTC and cost-sharing reductions through the Exchange
 - State wrap to preserve affordability comparable to Commonwealth Care

Exchange

- Health Connector will serve as the Commonwealth's ACA-compliant Exchange (conditionally approved)
- Offers an integrated product and service platform that serves the individual and small group market (defined by the 2014 Seal of Approval)

Technology

- Leveraging federal support, custom build a new integrated system of eligibility determination and shopping, which serves both the Exchange and MassHealth

Market Reform

- The Commonwealth will continue to operate a merged small and non-group market and gradually transition to full alignment with the ACA

MCC & Individual Mandate

- Continue to maintain MCC requirements to preserve coverage standards for consumers in all markets
- Align or coordinate specific parameters with the ACA to ensure consistency and support compliance

Risk Mitigation

- Pursue a state-based risk adjustment program to maximize premium stabilization performance and administrative efficiency
- Methodology obtained federal certification



Background (cont'd)

- The remainder of 2013 will be the “home stretch” before go-live of Health Connector 2.0. Our key priorities are:
 - Complete 2014 Seal of Approval
 - Achieve operational readiness for October 1st:
 - IT system able to perform ACA-required functionalities
 - Call center and other supporting functions ready to serve customers
 - Qualified Health and Dental Plans (QHPs and QDPs) ready for purchase on the Exchange shelf
 - Transition members and engage the market
 - Successfully transition current members to their new coverage options with minimized disruption
 - Pursue a multi-faceted marketing, outreach and education strategy



Background (cont'd)

- This presentation will begin to provide a comprehensive update on where we are with each of these major projects
 - Today's discussion will focus on "HIX-IES" and other operational work tracks
 - The June Board presentation will cover member transition and marketing/outreach efforts, as well as our SoA recommendation



ACA Implementation Projects

The Health Connector has organized work into several implementation projects to meet the ACA-required milestones.

Blueprint Application

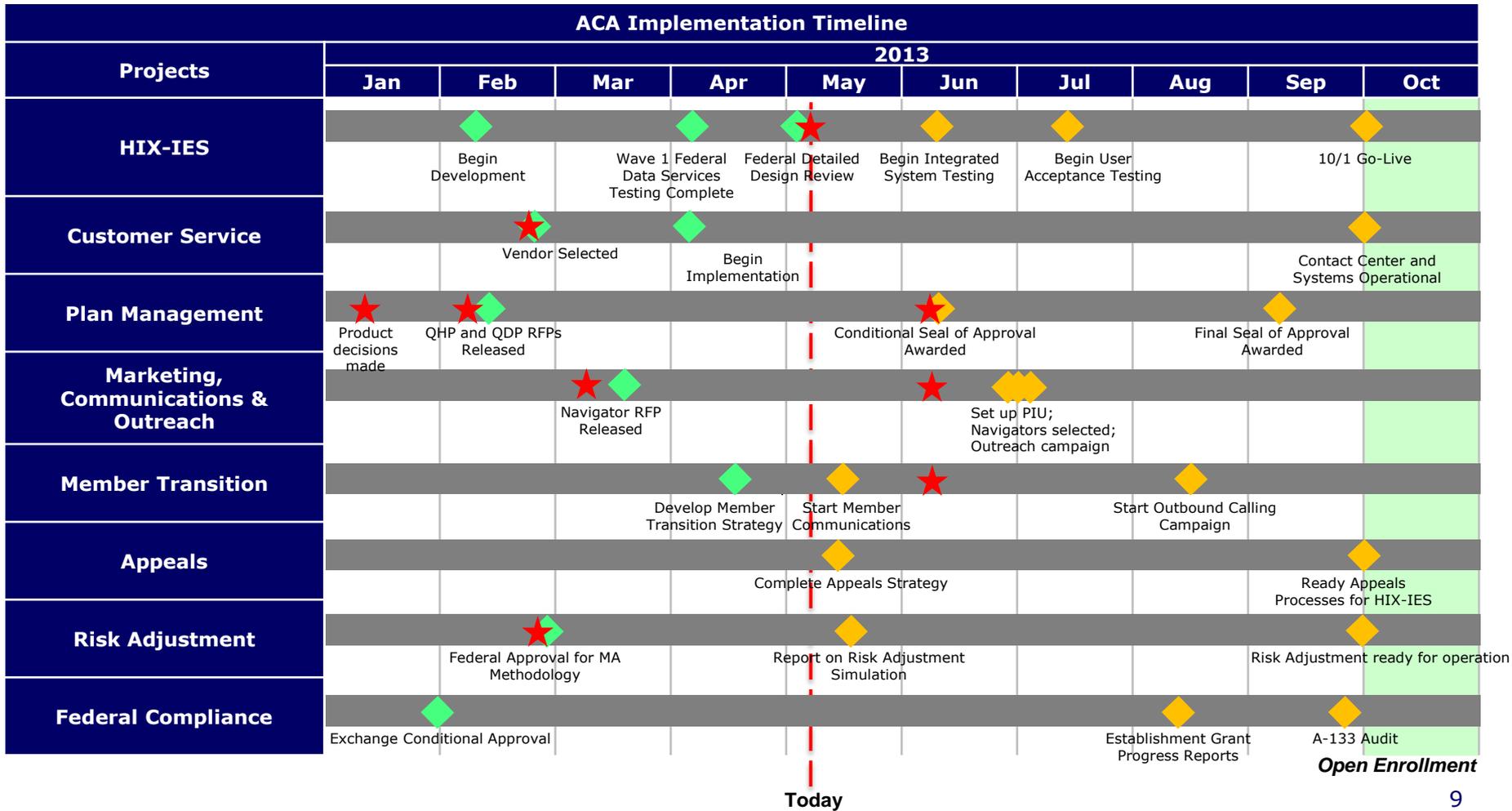
1. Legal Authority and Governance
2. Consumer and Stakeholder Engagement and Support
3. Eligibility and Enrollment
4. Plan Management
5. Risk Adjustment and Reinsurance
6. SHOP
7. Organization and Human Resources
8. Finance and Accounting
9. Technology
10. Privacy and Security
11. Oversight and Monitoring
12. Contracting, Outsourcing and Agreements
13. *State Partnership Exchange Activities*



HIX-IES	Development and implementation of Exchange and integrated eligibility systems
Customer Service	Establishment of multi-channel contact center and business operations
Plan Management	Certification of Qualified Health Plans (QHPs) and Qualified Dental Plans (QDPs)
Marketing, Communications & Outreach	Navigator program, outreach to consumers and key stakeholders and public education
Member Transition	Process to outreach and transition / enroll current non-subsidized and subsidized populations to new Exchange coverage options
Appeals	Administration of individual mandate, eligibility determination, employer liability and SHOP appeals processes
Risk Adjustment	Development of state administration of cross-market risk adjustment program
Federal Coordination & Compliance	Coordination with CCIO and CMS to meet guidelines and oversight of process to meet ACA milestones and Federal reviews
Program Management	Project management support related to status tracking, issue resolution and risk management across all implementation projects



ACA Implementation Timeline





HIX-IES Overview

- The HIX-IES project is a single, integrated project to create the IT systems needed to support an ACA-compliant Exchange
 - The HIX-IES project is being jointly run by the Health Connector and EOHHS/MassHealth, with coordination support from UMass Medical School
 - CGI was selected as the systems integration vendor
 - Health Insurance Exchange (HIX) Scope: Build systems to support all Exchange-related functions, including the website, enrollment system, carrier “hub” and rating engine
 - Integrated Eligibility System (IES) Scope: Build new eligibility systems and upgrade existing state eligibility systems (MA-21) to meet ACA requirements around eligibility determination, including real-time integration with the Federal Data Services Hub and other state agencies



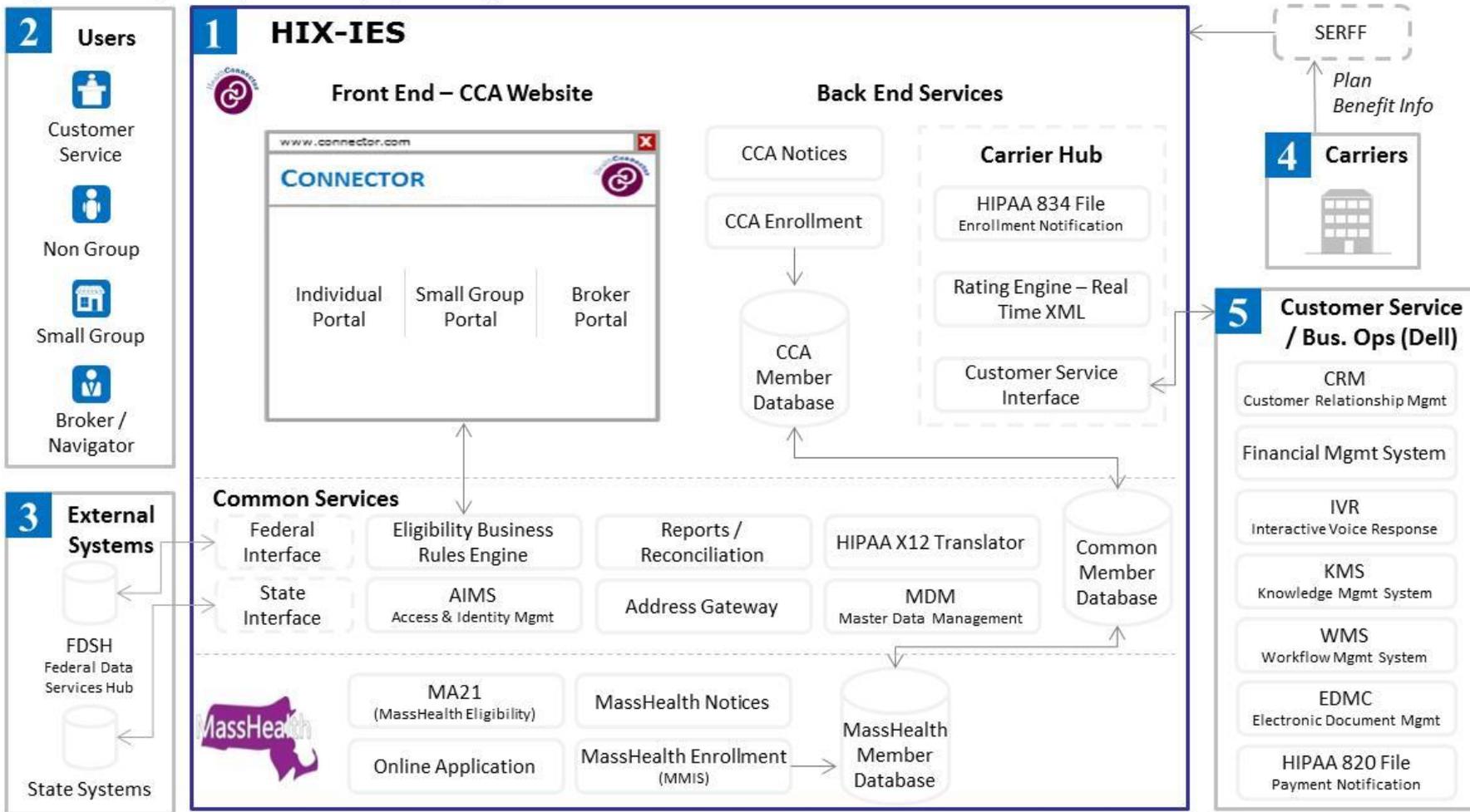
HIX-IES Overview (cont'd)

- What differentiates our HIX-IES project from many other states:
 - It is designed to not only meet ACA requirements for the Exchange, but also revamp the eligibility system that serves both MassHealth and Health Connector members
 - The new integrated eligibility system will automate eligibility determination for the entire subsidized population in the state and provide a dramatically more streamlined member experience
 - It is a custom build vs. an “off-the-shelf” package
 - Compared with other commercially available options, a custom-built system will best meet the needs of individuals, small businesses and other users such as brokers and Navigators
 - Allows the Commonwealth to “own” the system, which costs less to maintain on an ongoing basis



HIX-IES Overview (cont'd)

Systems developed through the HIX-IES project will support Health Connector and MassHealth



Note: This diagram is a high-level conceptual representation and not inclusive of all systems and interactions involved in the HIX-IES project



HIX-IES Status

- The HIX-IES will be implemented in several phases through code drops and an industry standard system development process
- To ensure October 1st launch, two successful “code drops” must be completed, along with robust testing of all core functionalities in advance of go-live
 - Code Drop 1 includes hardware, connectivity, infrastructure, environment setup and functionality for several key shared services, including Address Gateway, HIPAA X12 Translator and Access and Identify Management System (AIMS)
 - Code Drop 2 includes key functionality to support the Exchange, including eligibility determination and intake, integration with the Federal Data Services Hub, shopping website, rating engine, APTC calculator, notices and interface with the customer service vendor
- Subsequent releases will provide additional features (*e.g.*, advanced small business and broker functionality); timelines are under development but are not yet final



HIX-IES Status (cont'd)

- Code Drop 1 status – Substantially Complete
 - Requirements and design complete
 - Development complete
 - Testing almost complete
 - A key milestone that was recently achieved was the successful completion of Wave 1 connectivity testing with the Federal Data Services Hub
- Code Drop 2 status – Pending
 - Requirements and design almost complete
 - Some challenges related to not being able to finalize requirements as a result of ongoing Federal guidance and changes to state laws and regulations, and CGI replacing a key component system (hCentive) with Oracle Web Center in late 2012 after it was determined that hCentive would not be able to meet requirements
 - To mitigate the delay in requirements, coding and unit testing has been ongoing since mid-February and a change control process is being used to update requirements as more information becomes finalized
 - Targeting the start of integration system testing in June 2013
 - Targeting the start of user acceptance testing in July 2013



HIX-IES

Key Federal Milestones

- The HIX-IES project recently completed the Federal Detailed Design Review (FDDR) which comprises a comprehensive IT systems and infrastructure review, including the following areas:
 - System architecture
 - Detailed system design specifications
 - Business rules and use cases
 - Data, interface and integration design
 - Privacy and security
 - Project schedule
- Key upcoming Federal milestones
 - Pre-operational Readiness Review (Optional) – TBD, likely August
 - Operational Readiness Review (Required) – TBD, likely September



HIX-IES Summary

- While there have been significant challenges along the way, the HIX-IES project has made major progress to date
- At this stage, the team continues to aim for a successful launch of the Exchange on October 1st, with ACA-required core functions available to our customers
 - Further development, testing and stabilization of the system will continue throughout 2014
- However, we are mindful that there is zero “wobble room” in our timeline. While the project team is working at maximum capacity, we continue to anticipate risks and uncertainties, both internal and external, that will expose us to additional pressure



Customer Service and Business Operations

- Completed procurement in February 2013
 - Selected Dell as the vendor to administer a single integrated program for individuals (subsidized and non-subsidized) and small businesses
- The Dell implementation team has been on-boarded and implementation activities are ongoing
 - Began work sessions to build contact center and operational workflows and infrastructure
 - Initiated requirements and design sessions to build and configure key systems (e.g., CRM, financial management systems)
- The Health Connector has been conducting carrier engagement meetings focused on operational and IT integration since 2012
 - Shared integration plans for exchanging enrollment, financial and rating information via HIPAA 834, HIPAA 820 and XML rate files
- Key upcoming milestones include staffing and operationalizing the contact center and configuring and testing key systems



Plan Management

- As reviewed with the Board in February, the Health Connector launched the 2014 Seal of Approval (SoA) RFR for QHPs and QDPs
- Developed data collection materials and collaborating with DOI to develop a web-service interface that will enable transition of issuer information from SERFF to the Health Connector
- Created detailed implementation plans and leads for each product line (*i.e.*, non-group unsubsidized, non-group wrap, non-group APTC, small group, dental) including: identification of dependencies, governance processes for issue resolution and status reporting
- Catalogued requirements for design, build, testing and deployment activities

To be discussed in further detail at the June Board meeting



Marketing, Communications & Outreach

- Established Navigator program design and requirements
 - Navigator Grant Application (RFR) released and responses received April 30th
- Developing a multi-faceted outreach and education strategy intended to complement the work of existing partners
- Developing a comprehensive marketing strategy to support the launch of Health Connector 2.0
- As reviewed with the Board in December, selected a vendor to assist with the design of notices and collateral for individuals (MAXIMUS), families, employers, employees, brokers and Navigators
 - Constructed a framework identifying key collateral materials, target audiences, processes for reviewing and release timeline

To be discussed in further detail at the June Board meeting



Member Transition

- Identified a comprehensive approach for transitioning Commonwealth Care and Commonwealth Choice members for ACA-compliant coverage available starting January 1, 2014
- Developing an integrated member transition strategy and roadmap for subsidized and non-subsidized Health Connector populations
 - Focusing on program wind-down (*i.e.*, closure of Commonwealth Care and Commonwealth Choice)
 - Working with MassHealth, Health Safety Net and Division of Unemployment Assistance on outreach activities related to new populations enrolling in Health Connector plans
- Planning for coordinated outreach and communications activities, including engaging key vendors (*e.g.*, MAXIMUS, Dell) to support our efforts
 - Developing budget for member transition print and outbound call activities

To be discussed in further detail at the June Board meeting



Appeals & Risk Adjustment

Appeals

- In discussion with MassHealth to discern approach for coordination of appeals
- Conducted Joint Application Design (JAD) sessions to enable development of Appeals-related website screens
- Awaiting final rule to clarify several provisions in NPRM

Risk Adjustment

- HHS approved Massachusetts-specific approach to Risk Adjustment
- In process of conducting a market-wide program impact simulation
- Working with the Center for Health Information and Analysis (CHIA), carriers and consultants to develop/enhance APCD data infrastructure to support program operations



Federal Coordination & Compliance

There are several different processes in place and activities underway to ensure ongoing coordination with our federal partners at CCIIO and to monitor the Health Connector's compliance with our federal grant terms and progress toward becoming certification as an ACA-compliant Exchange.

- Progress reports to CCIIO to report on our implementation progress and the way in which we have used federal dollars to support this effort (next one due in July)
- Bi-monthly calls with state officer to provide an update on key activities and progress and surface issues/questions for which guidance is needed
- Preparing for a comprehensive privacy and security assessment prior to launch
- Ensuring appropriate policies, procedures and documentation are in place in anticipation of an A-133 audit (required as a result of receipt of our federal grant funds)



Program Management

- A Program Management Office (PMO) has been in place since late 2011 to provide project management support and facilitate communication and coordination across the various implementation projects that the Health Connector is undertaking as part of ACA implementation
 - Tracking progress against key milestones and dependencies against an integrated project plan
 - Reviewing periodic status reports to identify key implementation issues
 - Facilitating weekly status meetings to coordinate decision-making
 - Identifying risks and developing mitigation plans
 - Providing targeted support for key projects and deliverables
 - Facilitating cross-project communication to aid in the coordination of overall implementation activities



Key Considerations and Next Steps

- We are proud of the milestones achieved so far, which not only put us on track of achieving ACA-compliance, but also position us to serve as a more consumer-centric and impactful Exchange in 2014
- Our journey is not yet complete. The upcoming phase is crucial and will ultimately determine the success of Health Connector 2.0. We are anticipating a few exceptionally intense months, during which we will:
 - Rigorously manage all work tracks to ensure their readiness as we approach launch date
 - Remain nimble and vigilant in our tracking of guidance and requirements, dynamically mitigating issues and risks as they arise
 - Continue to ensure high quality experience of our current Commonwealth Care and Commonwealth Choice members through their transition
 - Strengthen efforts in team building and staff morale
- We will keep the Board informed of our progress and choices we have to make as we navigate the next few months