



California Health Benefit Exchange

**Overview of Federal Level 1
Establishment Grant**



Exchange Establishment Grants

- Application released by the federal government on January 22, 2011
- States choose one of two funding levels
- The establishment grants are:
 - Uncapped
 - Open to all states
- Letters of support from the Governor, State Medicaid Director, Commissioner of the State Department of Insurance



California's Establishment Grant Application

- Level I Grant to be submitted by June 30, 2011
- Grant Period:
 - July 1, 2011 – June 30, 2012
 - 90-day retroactivity for incurred costs



Level I Grant Approach

- Interview other states and analyze other Level I proposals.
- Compile inventory of research/analyses; including CA-specific studies.
- Describe accomplishments to date – including creation of the Exchange Board and implementing conforming state health insurance market reforms.



Level I Grant Approach

- Request funds for creation of overall business and operational three-year plan for the Exchange.
- Request funds for engaging in research, analyses, and planning processes to identify and select policy solutions and prepare for operations by 2014.
- Request funds to begin implementation for select required core areas – notably IT – first quarter 2012 to be operational by 2013.



Level I Grant Approach

- Request funds for planning and conducting stakeholder participation.
- Create staffing plan that meets California enabling legislation and balances with consulting expertise for long-run sustainability.
- Assume Spring 2012 Level II grant application.



Federal Application Requirements

- Develop proposal activities, deliverables and budget by 11 core areas reflected in the application. Level I grantees need not address all of the core areas and can limit the proposed application activities to the one-year grant period.
- Propose to meet federal recommended and mandatory key milestones for the grant period.
- Grant funds may only be used for implementation activities and functionalities that are integral to Exchange operations.



Federal Application Requirements

- States must respond to and incorporate federal Exchange guidance to date, including, for example, multiple detailed guidance documents regarding information technology and integration with existing state health programs such as Medicaid (Medi-Cal).
- Obtain letters of endorsement: Governor, Insurance Commissioner, Medi-Cal Director. For California, also Director, Department of Managed Health Care.

Proposed Staffing and Budget

- Proposed Staffing:

- FTEs: 75

- Proposed Budget:

- Estimate at this time: \$40,266,000

- Consultant Cost: 28,385,000

- Exchange Cost: 11,881,000

- *Please note: these are DRAFT figures and are subject to change*



Requested Resources by Core Area



Background Research

- Conduct needed research/analysis to inform exchange policy options (e.g. Demographics and health status of potential Exchange enrollees).



Background Research

- Exchange FTEs: 2.9
- Consultant Cost: 0
- Requested Funds: \$440,000



Stakeholder Consultation

- During the Level I grant period, conduct at least five public meetings of the California Health Benefits Exchange Board (Exchange Board) and / or stakeholder meetings outside of Sacramento to engage and seek input from the public and local stakeholders.
- Conduct stakeholder meetings on key issues and topics during the period of the Level I grant.
- ****Establish, implement and document a process for consultation with federally recognized Indian tribes.**
- Develop and implement the short- and long-range process and approach for active stakeholder involvement and input.
- Conduct regular one-on-one and group meetings with key stakeholders on issues related to the development and implementation of the Exchange.



Stakeholder Consultation

- Exchange FTEs: 2.9
- Consultant Cost: \$250,000
- Requested Funds: \$665,000
- *Subject to change based on feedback from June 15 Board meeting*



Legislative and Regulatory Action

- Conduct timely review and evaluation of federal regulations and guidance which may affect Exchange programs or operations.
- Identify specific state authority and requirements necessary for Exchange operations, advise the Legislature and support legislative proposals necessary to enhance the authority of the Exchange and other state agencies as needed to comply with federal law and ensure effective Exchange implementation.



Legislative and Regulatory Action

- Exchange FTEs: 0.7
- Consultant Cost: \$90,000
- Requested Funds: \$240,000

Governance

- ****Establish governance structure.**
- Conduct regular public meetings of the Exchange Board.
- Adhere to state open public meeting laws for all Exchange Board meetings and activities.
- Implement and monitor conflict of interest provisions in state and federal law.
- Regularly post and update Exchange main web site with meeting agendas, minutes, grant reports and other materials related to Exchange activities and operations.
- Determine the need for and develop, as appropriate, Board operational rules or bylaws, consistent with State and Federal law.
- Authorize the Executive Director to recruit and hire key staff and consultants as proposed and authorized in the federal Level I grant.



Governance

- Exchange FTEs: (23.0)
- Consultant Cost: 0
- Requested Funds: (\$3,900,000)
- **Note:** All FTEs and Costs Distributed to Other Core Areas – Non Added



Program Integration

- Manage and coordinate an internal working group of staff from key state agencies and departments administering state health and human services programs.

Program Integration

■ State Health Programs

- Initiate communication with state HIT coordinators, state insurance regulators, and Medi-Cal/Healthy Families and hold regular collaborative meetings.
- ****Perform detailed business process documentation to reflect current state business processes and a baseline assessment of existing state coverage programs, such as Medi-Cal and Healthy Families, including implications for IT systems design, process, and coordination. Develop options for meeting federal requirements related to program integration.**
- Assess eligibility, program rules and program benefits and services in other state health and human services programs and identify coordination and integration opportunities.
- ****Execute an agreement with the state Medicaid agency and any other applicable state health subsidy program consistent with federal Level I grant requirements to clarify roles and responsibilities consistent with federal requirements.**

Program Integration

■ State Regulators

- Assess existing public and private health plan standards, requirements and performance measurements and evaluate the feasibility and advisability of aligning health care purchasing strategies and standards among public and private programs.
- ****Execute an agreement with CDI and DMHC consistent with Level I grant requirements clarifying roles and responsibilities related to qualified health plans.**

Program Integration

- Exchange FTEs: 10.1
- Consultant Cost: \$180,000
- Requested Funds: \$1,750,000
- *Subject to change based on feedback from June 15 Board meeting*



Financial Management

- ****Adhere to DHHS financial monitoring activities and establish a financial and management structure with experienced staff and ability to respond to federal audits**
- Develop scenarios for a sustainability plan for the Exchange after 2015.



Financial Management

- Exchange FTEs: 8.7
- Consultant Cost: \$194,000
- Requested Funds: \$1,650,000



Oversight and Program Integrity

- Establish and implement internal policies and procedures to comply with State and Federal requirements related to Exchange operations, including annual audits.
- Engage external consultants to develop a plan that ****ensures the prevention of waste, fraud and abuse in Exchange programs.**



Oversight and Program Integrity

- Exchange FTEs: 2.2
- Consultant Cost: \$90,000
- Requested Funds: \$450,000



Health Insurance Market Reforms

- Track and monitor state legislation, regulations and implementation of health insurance market reforms.
- Work with the Legislature, the Administration, CDI and DMHC to monitor and consider enforcement of consumer protections, including specific requirements that impact the Exchange.
- Work with CDI and DMHC to monitor and consider enforcement of consumer protections, including specific requirements that impact the Exchange.



Health Insurance Market Reforms

- Exchange FTEs: 1.4
- Consultant Cost: See Legislative and Regulatory Action
- Requested Funds: \$230,000



Strategic Visioning

- Engage Exchange Board, staff and stakeholders in setting the vision and goals for the California Exchange.



Strategic Visioning

- Exchange FTEs: 0.9
- Consultant Cost: \$27,000
- Requested Funds: \$177,000

Business and Operational Planning

- Engage in a two-part business and operational planning process to identify Exchange markets, products, programs and detailed system and operational requirements for Exchange implementation and application for the Level II establishment grant. Part I will focus on eligibility and enrollment processes and part II will focus on the remaining functionalities of the Exchange. The business and operational plan will include, at a minimum:
 - Timeline and process to demonstrate core Exchange functionality by 1/1/13;
 - Analysis of federal mandates and reporting requirements across all Exchange activities, processes and structures; and
 - Specific operational systems and strategies, including IT systems and support, to implement an Exchange in compliance with all state and federal requirements.

Business and Operational Planning

- As part of business and operational planning, **** begin developing requirements for systems and program operations** [in specific functional areas], **including**, among other elements, **eligibility and enrollment, Exchange web site and calculator, exemptions from individual responsibility requirement, premium tax credits and cost-sharing reductions, free choice vouchers, notifications and appeals, and reporting to the Internal Revenue Service.**
- Prepare and submit a Level II Exchange grant application for the remainder of the implementation and planning period through December 31, 2014.



Business and Operational Planning

- Exchange FTEs: 1.0
- Consultant Cost: \$460,000
- Requested Funds: \$614,000



Exchange IT Systems

- ****Conduct a gap analysis; complete preliminary review of business requirements and develop an IT architectural and integration framework; complete implementation plan, detailed system design and business requirements; finalize IT and integration architecture.**

Exchange IT Systems

- Individual tasks will include:
 - Assess innovator state assets.
 - Assess vendor offerings.
 - Continue development of business requirements and IT architectural and integration and integration framework.
 - Develop business operations alternatives and recommendations.
 - Develop purchasing strategies.
 - Issue appropriate vendor solicitations.
 - Evaluation and selection of vendor(s).
 - Contract negotiations and approvals.
 - Begin development of IT systems to support eligibility and enrollment functions.
 - Complete requirements and design milestones.



Exchange IT Systems

- Exchange FTEs: 17.3
- Consultant Cost: \$25,500,000
- Requested Funds: \$28,200,000



Navigator Program

- Evaluate navigator program design and funding options with input from key stakeholders and experts
Identify organizations and criteria for navigators.
- Develop timeline and process for selection and funding of navigators.
- Develop materials and training for navigators to ensure statewide readiness no later than the beginning of the final quarter of 2013.

Navigator Program

- Exchange FTEs: 1.0
- Consultant Cost: \$150,000
- Requested Funds: \$290,000
- *Subject to change based on feedback from June 15 Board meeting*



Health Plan Management

- Evaluate existing state and federal statutory and regulatory standards for health insurance issuers and conditions for qualified health plans participating in the Exchange.
- Implement a process and structure to solicit expert and stakeholder written comments and recommendations for plan certification standards and qualified health plan selection and contracting.
- Develop plan certification standards, process and compliance monitoring.
- Develop a solicitation document and implement a process for selection of qualified health plans.
- Seek internal and external guidance and assistance on strategies for Exchange design and outside market requirements to mitigate adverse selection inside and outside of the Exchange.



Health Plan Management

- Evaluate existing research and other state Exchange activities and research for assistance in designing a risk adjustment program.
- Develop data collection standards and process to provide baseline data for implementation of risk adjustment methods.
- Identify additional expertise, research and resources that will be needed to implement risk adjustment and reinsurance.
- Conduct research and analysis on the options for a state reinsurance program.



Health Plan Management

- Exchange FTEs: 13.0
- Consultant Cost: \$294,000
- Requested Funds: \$2,300,000
- *Subject to change based on feedback from June 15 Board meeting*



Consumer Assistance

- Identify and evaluate existing state and local consumer assistance programs and specific strategies for new programs and/or building upon existing programs.
- Make early updates and improvements on an Exchange web site and tools to educate the public about health reform and future Exchange services and activities.
- Reach out to and receive input from diverse stakeholders to identify options for consumer assistance.
- Develop in the business and operational plan for Exchange operations as above specific operational elements related to consumer assistance.



Consumer Assistance

- ****Establish protocols and scopes of work for building capacity to handle consumer assistance functions such as coverage appeals.**
- ****Analyze data collected by consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and functioning of the Exchange.**
- Begin developing requirements for systems and program operations related to consumer assistance functions and operations.



Consumer Assistance

- Exchange FTEs: 1.4
- Consultant Cost: \$250,000
- Requested Funds: \$460,000
- *Subject to change based on feedback from June 15 Board meeting*



Outreach and Education

- Assess marketing and outreach needs of the Exchange and develop a short-term (preoperational) and long-term marketing, outreach and communications plan aimed at securing and maintaining Exchange enrollment.
- Conduct focus group tests with diverse consumers regarding consumer needs.
- Include funding and implementation timeline in the Level II Exchange grant application for marketing, outreach and enrollment activities, including focus group testing and language and literacy competency.
- Include in the business and operational plan functionalities for employer notices and appeals related to employer liability.
- Begin developing requirements for systems and program operations related to employee and employer assistance functions and operations.



Outreach and Education

- Exchange FTEs: 1.4
- Consultant Cost: \$400,000
- Requested Funds: \$700,000

Employer Relationships

- Small Business Health Options Program (SHOP) Exchange
Assess existing and past models, options and approaches for a small employer purchasing program and develop a design and operational plan for the SHOP to include at a minimum:
 - Services and benefits to be provided to SHOP employers;
 - Strategies for outreach and marketing and ways to mitigate adverse selection;
 - Options for coordination / integration with other Exchange programs and functions; and
 - System and IT supports needed.
- **** Begin developing requirements for system and program operations.**



Employer Relationships

- Exchange FTEs: 10.1
- Consultant Cost: \$500,000
- Requested Funds: \$2,100,000