

Office of Consumer Information and Insurance Oversight

State Planning and Establishment Grants for the  
Affordable Care Act's Exchanges

Date: 10/31/11

State: California

Project Title: California Health Benefit Exchange Planning Grant

Project Quarter Reporting Period:  
Quarter 4 (07/01/2011-09/29/2011)

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Award number: 1 HBEIE100046-01-00

Date submitted: 10/31/11

**Project Summary**

**Background Research**

Starting last year and continuing into the fourth quarter, several California-based health philanthropies, independent researchers and advocacy organizations supported and developed analyses that benefit the Exchange. These include commissioned papers, sponsored projects, and support of policy experts advising the Exchange Board. Specific research released in the fourth quarter includes:

- *California's Health Benefit Exchange: The Future Envisioned* (Commissioned by the California HealthCare Foundation, August 2011). A series of papers that present four visions for the California Health Benefit Exchange:
  - *Price Leader: CHBE as a driver of low premiums*. The Exchange would prioritize affordability and low premiums.

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- *Service Center: CHBE as a consumer destination.* The Exchange would position itself as a consumer-friendly one-stop shop with broad choices in plan design, detailed consumer information, and a high level of customer service.
- *Change Agent: CHBE as a catalyst of finance and delivery reform.* The Exchange would focus on long-term system reform and on promoting innovation in the health care industry.
- *Public Partner: CHBE as aligned with Medi-Cal.* The Exchange would adopt an array of policies and practices that align with Medi-Cal's goals.

The suite of papers also includes an introductory paper that frames the visioning papers and a sixth paper that explores Exchange operational issues.

- *Easy, Efficient, and Real-Time (EER): A Framework for A First-Class Health Insurance Enrollment Experience in California* (The Children's Partnership, July, 2011);
- *Creating California's "No Wrong Door" for Health Coverage: Recommendations from Consumer Advocates* (Western Center on Law and Poverty and thirteen other consumer advocacy organizations, July 11, 2011);
- *Continuity for (Former) Medi-Cal Enrollees and Affordability for the Low-Income Exchange Population* (Institute for Health Policy Solutions, July 2011);
- *Comments on Proposed Federal Regulations Dealing with Exchanges, Qualified Health Plans, Reinsurance, Risk Corridors and Risk Adjustment (45 CFR Parts 155, 156 and 153)* (Ed Neuschler and Rick Curtis, August 19, 2011); and
- *Overview of Proposed Exchange, Medicaid, and IRS Regulations* (Manatt Health Solutions, September 2011).

### Stakeholder Involvement

During the entire grant period, Exchange and California Health and Human Services Agency (CHHSA) staff regularly participated in conferences and webinars to offer information regarding the Exchange and to solicit comments from interested parties both within and outside of California. This past quarter, speaking engagements included a presentation sponsored by Community Health Councils, Inc., an advocacy organization that works to eliminate health disparities; a presentation to county managers for the California Welfare Directors Association; and a presentation to Adaptive Business Leaders, a Bay Area based membership organization consisting of health care leaders. Staff also participated in the Sacramento Exchange listening session hosted by the federal Department of Health and Human Services.

Exchange Board members and staff regularly engage with stakeholders in 1-1 meetings. Public Board meetings continue to provide another meaningful venue for stakeholder participation. Public comment is taken after each agenda item, and Board members respond directly to stakeholder questions and comments. In addition, Exchange staff are using Webinar capability to convene topic-specific meetings with stakeholders across the state.

To promote stakeholder transparency and input, the California Exchange website, [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov), was established within the second quarter of this grant period and is enhanced on an ongoing basis. Board meeting agendas are posted publicly ten days prior to meetings, pursuant to California's open meeting laws, and all Board materials are posted

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before the meeting for stakeholders. The website was updated, both for content and look and feel throughout the grant period. In addition, a dedicated stakeholder tab was created to provide information about stakeholder meetings. Stakeholders frequently submit letters prior to Board meetings that are distributed to Board members as well as made public.

During the fourth quarter, staff managed a stakeholder workgroup process on eligibility and enrollment policy issues in the individual and small group markets. Two workgroups were formed, each with 15-20 select representatives including consumer advocates, provider representatives, health plans, county officials, labor representatives, small business owners, and agents and brokers. The workgroup process began with an informational webinar on July 15 and was followed by three substantive meetings that culminated with a day-long meeting in September where workgroup members provided input on three information technology (IT) scenarios for eligibility and enrollment. Senior staff from the Exchange, Department of Health Care Services, the Major Risk Medical Insurance Board, and the California Health and Human Services agency attended these meetings. These meetings provided an opportunity for a broad range of stakeholders to provide input relating to eligibility and enrollment in the individual and small group markets that informed recommendations for eligibility and enrollment systems presented to the Board at its September meeting. Members of the public who were not specifically workgroup members were provided an opportunity to listen in to the workgroup meetings.

Finally, Exchange staff and consultants solicited stakeholder input on proposed federal Exchange regulations. Staff and consultants reached out to and met with numerous stakeholders to discuss the impact of the regulations for California's future Exchange customers. In addition, stakeholders were invited to submit written comment to the Exchange or to contact Exchange staff directly. Stakeholders were also encouraged to submit comments directly to the federal DHHS.

**Program Integration**

Program Integration, in particular partnering with state health care purchasing program and state health insurance regulators, is a near-term priority for the Exchange. In August, Exchange staff convened a meeting to discuss the goals of program integration with executives from the California Department of Insurance (CDOI); the Department of Health Care Services (DHCS), California's Medicaid agency; the Department of Managed Health Care (DMHC); and the Managed Risk Medical Insurance Board (MRMIB), California's CHIP agency. Exchange staff are meeting monthly with officials from these state agencies to identify ongoing areas of mutual interest, opportunities to leverage resources of the respective agencies, and identify staff who can work together on specific topics.

Near-term program integration priorities include coordination of comments to proposed federal regulations for exchanges; consumer assistance and education activities; eligibility, enrollment and retention (EER) activities; and development of a Tribal consultation process. Exchange staff are working with staff from the appropriate departments to coordinate activities in these priority areas. In addition to near-term priorities, Exchange staff will consult with state

health services programs and regulators to develop long-term program integration priorities. Examples include coordination of health plan requirements including network adequacy and quality metrics and market-wide enforcement of insurance market reforms.

In addition to the stakeholder workgroups on eligibility and enrollment mentioned above, the Exchange has partnered with Medi-Cal, MRMIB, and the health and human services agency's Office of Systems Integration to form an IT team. The team drafted a charter and governance structure. Seven IT consultants, including a project manager, several architects, and several business analysts started work in July. Preliminary tasks include reviewing federal guidance and business process requirements, speaking with innovator states, continuing to work on the gap analysis, and learning vendor capabilities and interests. The IT team issued a market research questionnaire for interested vendors to respond to by July 29th. Nineteen responses were received and the team met with seven vendors in-person. This questionnaire informed information technology (IT) options for eligibility and enrollment presented at the September Board meeting. At its September meeting, the Board approved a process proposed by staff for solicitation of IT consultants to develop the solicitation documents to procure the services required to develop, implement, and operate certain functions of the Exchange. As of this writing, staff received approval at the October Board meeting to award ClearBest the contract to write the IT solicitation.

### **Resources and Capabilities**

During the fourth quarter, the Exchange negotiated and finalized receipt of a \$39 million federal Level 1 Establishment grant. The federal funds will be used to create a three-year business and operational plan, begin development of an information technology infrastructure, and conduct other start-up activities including consumer outreach.

The Level I grant funding is also being used to recruit necessary technical and support staff, and to contract with specific subject matter experts. Several individuals were hired in the fourth quarter including a contract expert, an administrative analyst, two part-time short-term retired annuitants, and a student assistant. In addition, MRMIB loaned a contract/administrative specialist to the Exchange for the months of August and September. Short-term contracts with other consultants include two experts on enrollment and eligibility policies and a policy expert to assist with reviewing recently promulgated federal regulations and coordinating comments.

During the fourth quarter, the Board appointed a permanent Executive Director (see Governance below). The Board recruitment subcommittee continued the recruitment for a General Counsel. In addition, the Board authorized Patricia Powers, Acting Administrative Officer, to contract with an executive recruitment firm to assist in recruiting the remaining executive staff of the Exchange.

The process of locating permanent office space and managing the administrative processes to support staff hiring and recruitment is underway. Existing staff/consultants moved into an office space located at the Office of Systems Integration on August 1, 2011. The Exchange entered into an Interagency Agreement with the Department of Health Care Services to provide

IT support to the Exchange. The Department of Social Services is providing budgeting, accounting and personnel support to the Exchange.

### **Governance**

During the fourth quarter, the Board appointed Peter V. Lee the Executive Director of the Exchange. Mr. Lee will officially join the Exchange on October 17, 2011. Patricia E. Powers, Acting Administrative Officer, will remain with the Exchange part-time through December 2011 to facilitate a smooth transition. The Board conducted eight public meetings through the grant period, beginning with its inaugural meeting on April 20. During the fourth quarter of the grant, the Board adopted a conflict of interest policy for the Board members and executive staff of the Exchange.

### **Finance**

See above Resources and Capabilities section.

### **Technical Infrastructure**

See above Program Integration discussion regarding IT team. In addition, Exchange staff are members of a state team, along with Medi-Cal and consumer representatives, providing input to the national UX 2014 project.

### **Business Operations**

See above Resources and Capabilities section regarding office and staffing.

On August 24, the Exchange released a solicitation for a business and operational plan. The selected contractor award to the Public Consulting Group (PCG) was approved at the September Board meeting. PCG will be tasked with developing, creating, and conducting on-going updates for a comprehensive Business and Operations Work Plan to identify and assess the roles and marketplace for the Exchange's services, products and programs, detailed functionalities, operational considerations, strategies, resources and timelines for implementation of a viable and successful Exchange that is compliant with state and federal requirements. The first deliverable under this contract is due to the Exchange staff in December 2011.

During the fourth quarter, the Exchange also contracted with Pacific Health Consulting Group to engage the Board, staff and stakeholders in setting the mission and vision of the California Health Benefit Exchange. The Pacific Health Consulting Group facilitated strategic visioning exercises with the Board beginning in July, and the Board is expected to formally adopt mission and vision statements at the October Board meeting. The Pacific Health Consulting Group also facilitated the stakeholder meetings related to eligibility and enrolment (see above).

### **Regulatory or Policy Issues**

During the fourth quarter, Exchange staff and consultants analyzed and developed comments on proposed regulations for the Exchange; risk adjustment, reinsurance, and risk corridors; Exchange and Medicaid eligibility and enrollment; CO-OPs; premium tax credits; and uniform

disclosure. The Exchange worked closely with state health purchasers and health insurance regulators in developing these comments. Also in the fourth quarter, at the request of Board members, staff began to examine select pending bills that involve the Exchange to present at Board meeting in July, August and September. Exchange staff also met with legislative and stakeholder sponsors for many of the bills. One bill that affects the Exchange, AB 1296, was passed and signed by Governor Brown in early October. The bill proscribes particular enrollment processes, including use of a single state-wide application for public health care programs.

During the past quarter Exchange staff attended the National Governors Association meeting focused on Exchanges, as well as CCIIO's grantee meeting, both held in Washington, DC.

### **Barriers, Lessons Learned, and Recommendations to the Program**

California recommends that CCIIO continue to facilitate information sharing among states. Discussions and connections made with other states during the Washington, D.C. grantee meeting in September were extremely helpful to California in developing our information technology procurement strategy. California appreciates the Webinars hosted by CCIIO. We would also be interested in regular information sharing from Innovator states.

### **Technical Assistance**

California is appreciative of the proposed rules for Exchanges, risk adjustment, eligibility and enrollment, and premium tax credits and looks forward to more specific guidance. California also looks forward to guidance that will be released on the Basic Health Program Option (BHP) following the RFI process.

### **Draft Exchange Budget**

California is working with a contractor to develop a business and operational plan that will guide the Exchange through 2014. Estimates will be reported once finalized.

### **Work Plan**

#### **Background Research**

#### **Quarter 4**

- Name of milestone: Present to the Board Various Models for Exchange Vision
  - Timing: 7/11
  - Description: The California HealthCare Foundation commissioned a set of papers related to various models (price leader, change agent, service center, and public partner) for the Exchange. These models were presented to the Board at its July meeting to inform the development of vision and mission statements for the Exchange.

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- Name of milestone: Review Stakeholder Analyses of Eligibility and Enrollment Policy Issues
  - Timing: 7/11 and ongoing
  - Description: Exchange staff and consultants reviewed analyses of eligibility and enrollment policy issues prepared by stakeholders to inform the discussions of the Eligibility and Enrollment Workgroup.

**Quarter 3**

- Name of milestone: Review Analyses of Basic Health Program (BHP) Option
  - Timing: 5/11 and ongoing
  - Description: Staff reviewed literature on the BHP including the findings of California-specific analyses of the financial feasibility of the BHP for California (see narrative).

Name of milestone: Review Reports on Health Status of Potential Exchange Enrollees

- Timing: 5/11
- Description: Staff reviewed reports produced by the UCLA Center for Health Policy Research describing the health status of individuals who will be eligible for the Exchange or newly eligible for Medi-Cal.

**Quarter 2**

- Name of milestone: Collaborate with foundations on background research projects.
  - Timing: Ongoing
  - Description: CHHSA and the Exchange will collaborate as appropriate with foundations funding background research to ensure that findings are relevant and useful to the Exchange.
- Name of milestone: Provide input to University of California researchers on projects.
  - Timing: 3/11 and ongoing
  - Description: CHHSA and the Exchange began meeting with University of California researchers in March to provide feedback on a model of the potential changes in insurance coverage, include Exchange enrollment and take-up rates, in California. Researchers presented initial findings at the May 11 Board meeting.

**Quarter 1**

- Name of milestone: Complete Initial Data Inventory (**Note: description revised from quarter 1 report**)
  - Timing: 3/11
  - Description: *CHHSA staff completed an initial data inventory of existing state-specific data, information, and analyses to meet data needs.*
- Name of milestone: *Provide Input in Development California Insurance Market Review (Note: timing and description revised from quarter 1 report)*
  - Timing: 5/11
  - Description: *CHHSA staff provided input to the California HealthCare Foundation (CHCF) during the development of a California-specific individual and small group market overview. CHCF shared findings at the May 11 Board meeting.*

## Stakeholder Involvement

### Quarter 4

- Name of milestone: Facilitate Eligibility and Enrollment Stakeholder Workgroup
  - Timing: 7/11 through 9/11
  - Description: The Exchange held four workgroup meetings on the individual market and SHOP to solicit input on eligibility and enrollment policy issues to inform IT solutions presented to the Board in September. The meetings were held in partnership with DHCS and MRMIB along with external stakeholders (see above).
- Name of milestone: Solicit Stakeholder Input on Proposed Exchange Regulations
  - Timing: 7/11 and ongoing through comment period
  - Description: The Exchange solicited stakeholder input on areas of concern and suggested comments. Exchange staff reached out to numerous stakeholder organizations to solicit feedback on the proposed Exchange regulations. Stakeholders were also invited to submit comments in writing or contact Exchange staff directly.

### Quarter 3

- Name of milestone: Develop Stakeholder Workgroup Process for Eligibility and Enrollment Policy
  - Timing: 6/11 through grant period
  - Description: Staff developed a stakeholder workgroup process for eligibility and enrollment policy issues in the individual and small group market. Biweekly meetings of the workgroups, one for the individual market and one for the SHOP, will be held between July and September. Workgroups will include a board set of stakeholders and discussions will be available to the public.
- Name of milestone: Conduct Stakeholder Webinar on Exchange Level I Establishment Grant
  - Timing: 6/11
  - Description: Staff held a webinar to brief stakeholders on the draft Level I Establishment grant application and respond to questions and comments.

### Quarter 2

- Name of milestone: Launch and Maintain Exchange Website
  - Timing: 1/11 and ongoing
  - Description: CHSA, with support from the Department of Health Care Services, launched the Exchange website, [www.healthexchange.ca.gov](http://www.healthexchange.ca.gov), to provide stakeholders with the opportunity to access relevant information regarding the Exchange including materials from Board meetings.
- Name of milestone: Webcast Board Meetings
  - Timing: 5/11



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- Description: The Exchange will begin webcasting Board meetings beginning with the May 24 meeting.

**Quarter 1**

- Name of milestone: Conduct Stakeholder Meetings
  - Timing: Ongoing
  - Description: CHHSA and the Exchange will conduct regular one-on-one and group meetings with stakeholders identified through the legislative process and during the first-year planning process.
- Name of milestone: Conduct Exchange Board Public Meetings (**Note: timing revised from quarter 1 report**)
  - Timing: 4/11 and monthly thereafter
  - Description: Open, public meetings of the Exchange Board will be conducted consistent with the Bagley-Keene Open Meeting Act, and promote the opportunity for public comment and testimony on the Exchange.

**Program Integration**

**Quarter 4**

- Name of milestone: Convene Internal Program Integration Workgroup
  - Timing: 8/11 and ongoing
  - Description: Exchange staff convened a workgroup of state officials from state health purchasing programs and health insurance regulators. The workgroup meets monthly to discuss issues of mutual interest and identify cross-cutting policy issues.
- Name of milestone: Form IT Team with State Partners
  - Timing: 7/11 and ongoing
  - Description: The Exchange partnered with Medi-Cal, MRMIB, and the health and human services agency's Office of Systems Integration to form an IT team. Preliminary tasks include reviewing federal guidance and business process requirements, speaking with innovator states, continuing to work on the gap analysis, and learning vendor capabilities and interests.

**Quarter 3**

- Name of milestone: Develop Strategy and Process for Coordination with California Department of Insurance (CDOI) and the Department of Managed Health Care (DMHC)
  - Timing: 6/11 and ongoing
  - Description: Staff will begin developing a strategy and process for coordination with the two insurance market regulators in California.
- Name of milestone: Collaborate with the Department of Health Care Services (DHCS), the State Medicaid Agency, and the Managed Risk Medical Insurance Board (MRMIB), the State CHIP Agency, on Eligibility and Enrollment Issues
  - Timing: 6/11 and ongoing
  - Description: Staff are collaborating with DHCS and MRMIB to develop business processes and systems requirements for eligibility and enrolment. Eligibility

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Directors for DHCS and MRMIB are participating in the Eligibility and Enrollment Workgroups referenced above and are collaborating with Exchange consultants in development of systems requirements. These efforts will inform business systems options that will be presented to the Board in September.

#### Quarter 2

- Name of milestone: Initiate Communications with State Entities
  - Timing: 3/11
  - Description: CHHSA, DHCS, the Office of Systems Integration (OSI), and MRMIB will hold initial meetings in the second quarter of the planning grant to discuss options for streamlining eligibility and enrollment systems.
- Name of milestone: Begin Assessment of Current IT Capabilities and Future Needs
  - Timing: 5/11
  - Description: The Exchange will work with CHHSA, DHCS, OSI and MRMIB to begin an assessment of current IT capabilities and future interoperability needs for program integration.

#### Quarter 1

- Name of milestone: Begin Assessment of Existing Coverage Programs (**Note: timing and description revised from quarter 1 report**)
  - Timing: 9/11
  - Description: *Consistent with California's Level I grant work plan, Exchange staff and consultants will begin to assess existing coverage programs and develop options for meeting federal requirements related to the interaction between eligibility and enrollment for public programs (i.e. Medi-Cal and Healthy Families Program) and screening and enrollment activities to be implemented by the Exchange.*
- Name of milestone: Begin Health Plan Assessment (**Note: timing and description revised from quarter 1 report**)
  - Timing: 9/11
  - Description: *Consistent with California's Level I grant work plan, Exchange staff and consultants will begin to assess existing 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.*

#### Resources and Capabilities

##### Quarter 4

- Name of milestone: Recruit Staff
  - Timing: Ongoing
  - Description: Hiring continued in the fourth quarter for consultants and staff, including two retired annuitants, two analysts, a staff counsel, and a student

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assistant. Peter Lee accepted an offer to serve as Executive Director of the Exchange. General Counsel interviews were conducted.

- Name of milestone: Execute Interagency Agreement with Department of Health Care Services
  - Timing: 9/11
  - Description: The Exchange entered into an Interagency Agreement with DHCS under which DHCS will provide interim IT services to the Exchange including webcasting/webinar services for Board and stakeholder meetings.

### Quarter 3

- Name of milestone: Develop a Work Plan and Identify Needed Resources for the 2011-2012 state fiscal year.
  - Timing: 6/11
  - Description: Staff developed a work plan, proposed budget and staffing plan for the period July 2011-June 2012 as part of the development of the Level I grant application.
- Name of milestone: Recruit an Executive Director
  - Timing: 5/11 and ongoing
  - Description: The search and recruitment committee and Exchange staff are working with consultants to direct and monitor the progress of the Executive Director recruitment. A recruitment brochure was developed and posted on the Exchange website and initial interviews began in July.

### Quarter 2

- Name of milestone: Complete Salary Surveys for Executive Director and Chief Counsel
  - Timing: 3/11
  - Description: CHHSA staff received salary surveys for the Executive Director and Chief Counsel from Towers Watson, an international human resources consulting firm.
- Name of milestone: Develop Duty Statements for Key Executive Positions
  - Timing: 3/11
  - Description: CHHSA staff developed duty statements for key executive positions. The Board will review and approve the final duty statements prior to the hiring of these positions.

### Quarter 1

- Name of milestone: Hire *Acting Administrative Officer (AAO)* (**Note: timing and description revised from quarter 1 report**)
  - Timing: 4/11
  - Description: The Board appointed Patricia Powers for as the Exchange AAO at their April 20 meeting.
- Name of milestone: Develop Short-term Staffing Plan
  - Timing: 6/11 (**Note: timing and description revised from quarter 1 report**)

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- Description: *CHSA and Exchange staff will develop and implement a short-term Exchange staffing plan, including number and type of staff, salaries, job descriptions, and recruitment timeline.*

**Governance**

**Quarter 4**

- Name of milestone: Hire Permanent Exchange Executive Director
  - Timing: 8/11
  - Description: On August 25, 2011, the Exchange announced the appointment of Peter V. Lee as the first permanent Executive Director of the Exchange.
- Name of milestone: Contract with Executive Recruitment Firm
  - Timing: 9/11
  - Description: The Exchange will contract with an executive recruitment firm to recruit the Exchange's executive management team.

**Quarter 3**

- Name of milestone: Appointment of Full Exchange Board
  - Timing: 6/11
  - Description: Dr. Robert Ross was appointed by the State Senate Committee on Rules as the fifth and final member of the California Health Benefit Exchange Board.
- Name of milestone: Adoption of Conflict of Interest Provisions
  - Timing: 7/11
  - Description: Staff will present conflict of interest provisions to the Board at the July 22 meeting and will return to the Board for approval of the conflict of interest policy at the August meeting.

**Quarter 2**

- Name of milestone: Establish Board Subcommittee for Search/Recruitment
  - Timing: 4/11
  - Description: At the April 20 meeting, the Board established Board subcommittee for search and recruitment of an Executive Director.
- Name of milestone: Establish Board Subcommittee for Establishment Grant Development
  - Timing: 4/11
  - Description: At the April 20 meeting, the Board established a Board subcommittee for to provide policy direction to staff in developing an Exchange establishment grant application.

**Quarter 1**

- Name of milestone: Establish Exchange Board
  - Timing: 3/11
  - Description: Appoint and organize the Exchange Board, pursuant to authorizing state legislation.

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- Name of milestone: Establish Board Calendar (**Note: timing revised from quarter 1 report**)
  - Timing: 4/11
  - Description: Establish Board meeting calendar for the first year, including proposed issues, topics, and actions for each meeting.

## Finance

### Quarter 4

- Name of milestone: Establish Accounting Codes and Procedures for Level I Establishment Grant
  - Timing: 8/11
  - Description: Exchange staff established accounting codes and procedures to track Level I grant expenditures.
- Name of milestone: Complete Planning Grant Expenditure Tracking
  - Timing: 9/11
  - Description: Exchange staff tracked planning grant expenditures and encumbered funds as needed to pay planning grant expenses invoiced up to 90 days after the end of the grant period (9/29/2011).

### Quarter 3

- Name of milestone: Establish California Health Trust Fund
  - Timing: 6/11
  - Description: Staff established the California Health Trust Fund, which was authorized in California's Exchange statute as a continuously-appropriated account for the California Health Benefit Exchange.
- Name of milestone: Begin Development of Accounting Policies and Procedures
  - Timing: 6/11 and ongoing
  - Description: Staff began development of written policies and procedures for invoicing and accounting.

### Quarter 2

- Name of milestone: Initiate Analysis of Resources Needed for the Exchange
  - Timing: 5/11
  - Description: CHHSA and the Exchange will begin an initial analysis of requirements and resources needed to operate the Exchange.
- Name of milestone: *Complete salary surveys for executive officers* (**Note: milestone revised from quarter 1 report**)
  - Timing: 9/11
  - Description: CHHSA and the Exchange will obtain salary surveys for executive officers as required by state statute.

### Quarter 1

- Name of milestone: Establish Administrative Systems (**Note: timing revised from quarter 1 report**)

- Timing: 7/11
- Description: The Exchange will establish basic administrative and accounting systems for Board operations, staff recruitment, and ongoing accounting support.
- Name of milestone: *Obtain Required Grant Tracking Numbers (Note: milestone revised from quarter 1 report)*
  - Timing: 6/11
  - Description: The Exchange will obtain DUNS number, Employer Identification Number (EIN), and Central Contractor Registration Number (CCR) to ensure proper tracking and management of federal Exchange grants.

## Technical Infrastructure

### Quarter 4

- Name of milestone: Obtain Board Approval to Contract with IT Consultants to Develop IT Solicitation Documents
  - Timing: 9/11
  - Description: At its September meeting, the Board approved a process proposed by staff for solicitation of IT consultants to develop the solicitation documents to procure the services required to develop, implement, and operate certain functions of the Exchange. Staff plan to present the final award at the October meeting.
- Name of milestone: Participate in UX 2014 Project
  - Timing: Ongoing
  - Description: Exchange staff are members of a state team, along with Medi-Cal and consumer representatives, providing ongoing input to the national UX 2014 project.

### Quarter 3

- Name of milestone: Release Market Research Questionnaire
  - Timing: 7/11
  - Description: Staff developed and released a market research questionnaire to solicit information on third-party administrative and information technology (IT) resources, systems and services to support the future operations of the Exchange. Nineteen responses were received and meetings were held with seven firms. Responses will be used to inform the solicitation for the IT solution for the Exchange.
- Name of milestone: Perform IT Gap Analysis
  - Timing: Ongoing
  - Description: Staff and consultants began work on an IT Gap Analysis. Summary information from the Gap Analysis was included in California's Level I grant application. Work on the Gap Analysis will continue through the planning grant period as California develops requirements for IT systems.

## Quarter 2

- Name of milestone: Review IT Guidance
  - Timing: Ongoing
  - Description: CHHSA and the Exchange regularly review IT guidance relating to the Exchange and Medicaid and update planning efforts based on new guidance.
- Name of milestone: Initiate Discussions with State Entities and Counties Regarding Technical Infrastructure
  - Timing: 3/11
  - Description: CHHSA, the Department of Health Care Services (State Medicaid Department), the Office of Systems Integration (OSI), and the Managed Risk Medical Insurance Board (State CHIP administrator), and the counties held initial meetings to discuss options for streamlining eligibility and enrollment, working to reach an agreement on steps moving forward. (Also see milestones on stakeholder involvement and new eligibility and enrolment workgroup.)

## Quarter 1

- Name of milestone: Initiate IT Inventory
  - Timing: 6/11
  - Description: CHHSA and the Exchange will inventory existing computer and technology systems, and other state infrastructure relevant to Exchange operations, including an analysis of what current and existing IT projects will be affected by, supportive of, and modified by the Exchange operations.
- Name of milestone: Assess ONC Standards
  - Timing: 6/11
  - Description: CHHSA and the Exchange will evaluate and assess standards adopted by the Office of the National Coordinator (ONC) for impact on Exchange operations and standards for qualified health plans.

## Business Operations

### Quarter 4

- Name of milestone: Contract with Public Consulting Group (PCG) to Develop Exchange Business and Operation Plan
  - Timing: 9/11
  - Description: PCG will develop, create, and conduct on-going updates to the comprehensive Business and Operations Work Plan to identify and assess the roles and marketplace for the Exchange's services, products and programs, detailed functionalities, operational considerations, strategies, resources and timelines for implementation of a viable and successful Exchange that is compliant with state and federal requirements.
- Name of milestone: Contract with Pacific Health Consulting Group For Strategic Visioning
  - Timing: 7/11

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- Description: The Pacific Health Consulting Group was hired to engage the Board, staff and stakeholders in setting the mission and vision of the California Health Benefit Exchange.

**Quarter 3**

- Name of milestone: Develop Work Plan and Secure Resources for Business and Operational Planning
  - Timing: 9/11
  - Description: California's Level I grant application included milestones and requested resources to complete a business and operational plan for the Exchange. Work on the business and operational plan is expected to begin in the fourth quarter of the Planning Grant period.
- Name of milestone: Develop strategy to coordinate with state Consumer Assistance Programs
  - Timing: 6/11
  - Description: Staff have initiated discussions with state agencies that run consumer assistance and education programs including the Department of Managed Health Care and the Office of the Patient Advocate to develop options for leveraging funding and capabilities to provide consumer assistance for Exchange customers.

**Quarter 2**

- Name of milestone: Facilitate Board Discussion and Stakeholder Comment on the SHOP Exchange
  - Timing: 5/11
  - Description: CHHSA and Exchange staff will arrange for the Board to be briefed on federal requirements and policy options related to the SHOP Exchange. The Board will discuss this topic in open session and solicit public comment. CHHSA and Exchange staff will arrange for follow up information and action.
- Name of milestone: Facilitate Board Discussion and Stakeholder Comment on Business and Systems Requirements Related to Eligibility and Enrollment
  - Timing: 6/11
  - Description: CHHSA and Exchange staff will arrange for the Board to be briefed on several aspects of eligibility and enrollment including federal requirements, current eligibility determination approaches, and work underway to enhance the consumer experience. The Board will discuss this topic in open session and solicit public comment. CHHSA and Exchange staff will arrange for follow up information and action. (Also see milestones on stakeholder involvement.)

**Quarter 1**

- Name of milestone: Secure Office Space (*Note: timing revised from quarter 2 report*)
  - Timing: 8/11
  - Description: CHHSA will assist in locating and securing office space and equipment for Exchange staff and operations.



- Name of milestone: Identify and Incorporate Core Capabilities (**Note: timing revised from quarter 1 report**)
  - Timing: 8/11
  - Description: Exchange staff will incorporate into the long-term workplan and timeline identification of core capabilities and functionalities needed to conduct the basic business operations of the Exchange by 2014.

### Regulatory or Policy Actions

#### Quarter 4

- Name of milestone: Submit Comments on Draft CO-OP Regulations
  - Timing: 9/11
  - Description: The Exchange submitted comments to federal HHS on the draft CO-OP regulations.
- Name of milestone: Submit Comments on Draft Exchange and Risk Adjustment Regulations
  - Timing: planned for 9/11 but delayed to 10/11 due to extension of comment period
  - Description: The Exchange staff and consultants developed extensive comments on the draft Exchange and Risk Adjustment regulations. Comments were presented at the September Board meeting.

#### Quarter 3

- Name of milestone: Obtain Board Positions on Pending Legislation Affecting the Exchange
  - Timing: 7/11
  - Description: At the July 22 meeting, the Board took positions on six bills that would impact the Exchange in the areas of eligibility, small group market rules, rate review, and the BHP. The Board determined that legislation related to eligibility and enrollment was premature pending stakeholder engagement and federal guidance; supported changes to the small group insurance market that conform with ACA requirements; determined that the Exchange should be exempted from proposed rate review legislation; and opposed the creation of a BHP in this legislation session pending additional analyses and federal guidance.
- Name of milestone: Develop Process for Presenting Policy Decisions to the Board
  - Timing: 5/11
  - Description: To the extent possible, policy decisions will be presented to the Board for discussion at least one meeting before the Board is asked to take action on a policy item. This process will give the Board members a chance to discuss the policy and request additional information, if needed, and to hear stakeholder input.

#### Quarter 2

- Name of milestone: Comment on Relevant Federal Guidance and Rulemaking
  - Timing: Ongoing

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- Description: CHHSA and other state departments continue to comment on relevant federal guidance to ensure California's perspective is heard. The Exchange will continue this task once it is staffed.
- Name of milestone: Analyze State Legislative Proposals Affecting the Exchange
  - Timing: Ongoing
  - Description: The Exchange will analyze and regularly provide comments, feedback, and positions on state legislative proposals affecting the Exchange, and related public program and insurance market policies.

**Quarter 1**

- Name of milestone: Provide Public Information Regarding the California Health Benefit Exchange
  - Timing: Ongoing
  - Description: CHHSA and Exchange staff will develop and disseminate for the Exchange Board and the public materials related to the Affordable Care Act (ACA) and related federal law, guidance, and regulations, as well as applicable state laws, affecting the implementation and operation of the Exchange.
- Name of milestone: Identify Required Statutory Changes
  - Timing: 7/11
  - Description: CHHSA and Exchange staff will identify statutory changes as may be needed for effective implementation of the Exchange and seek legislation enacting those changes.

### Collaborations/Partnerships

- **Name of Partners:** Department of Health Care Services (DHCS), Managed Risk Medical Insurance Board (MRMIB), Office of Systems Integration (OSI)
  - **Organizational Type of Partner:** DHCS is the Medicaid Agency; MRMIB is the CHIP agency; OSI procures and manages technology systems that support the delivery of health and human services.
  - **Role of Partner in Establishing Insurance Exchange:** The interaction between the Exchange, Medicaid, and CHIP is a key part of the success of the Exchange especially as relates to IT infrastructure for eligibility and enrollment and for contracting with health plans.
  - **Accomplishments of Partnership:** Collaborative planning work done on eligibility and enrollment procedures for the Exchange and Medi-Cal.
  - **Barriers/Challenges of Partnership:** Although the Exchange, Medi-Cal, and CHIP are closely interwoven due to eligibility and enrollment processes the Exchange must perform, they are separate programs with different eligibility rules and service delivery models which will present challenges for streamlining eligibility and enrollment.
  
- **Name of Partners:** Department of Managed Health Care (DMHC) and California Department of Insurance (CDOI)
  - **Organizational Type of Partner:** DMHC and CDOI regulate health insurance products in California.
  - **Role of Partner in Establishing Insurance Exchange:** The Exchange will coordinate with both DMHC and CDOI on issues relating to qualified health plans, including rate review and certification, and consumer assistance.
  - **Accomplishments of Partnership:** Initial meetings to understand roles and responsibilities which will lead to formal working relationship.
  - **Barriers/Challenges of Partnership:** The dual regulatory structure in California increases the complexity of coordination.
  
- **Name of Partners:** California HealthCare Foundation (CHCF) and Blue Shield of California Foundation (BSCF)
  - **Organizational Type of Partner:** California-based health philanthropies.
  - **Role of Partner in Establishing Insurance Exchange:** CHCF and BSCF have funded activities related to preparing the establishment grant.
  - **Accomplishments of Partnership:** CHCF funded grant writing support for the Level 1 Establishment grant, as well as the authoring and presenting of white papers that helped the Board formulate a vision/mission/values statement.
  - **Barriers/Challenges of Partnership:** California is grateful to have generous foundation support during the start up period of the Board. However, the Exchange will need to transition from foundation-supported work to Exchange-funded work completed by Exchange staff or consultants.

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## Public Report

Grantees are required to prominently post progress reports about their planning grants on their respective Internet websites to ensure that the public has information on the use of funds. The Public Report must be compliant with Section 508 (see <http://www.section508.gov/> for more information). The required public report includes, but is not limited to:

1. Project Summary – an overview of the grantee's activities, both planned and accomplished
2. Stakeholder Involvement – an outline of any and all opportunities for involvement to the residents of the State and other pertinent stakeholders. This includes any discussions regarding the Exchanges such as public hearings, town hall meetings, etc.
3. Budget – the total amount of the grant award and the broad budgetary categories of the award.
4. Deliverables – all press releases, news articles, public recognition, and any other documentation allowed by law for public disclosure.

In addition, it is the grantees discretion to publicly disclose any and all information in the quarterly and/or final project reports.

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