

**California Health Benefit Exchange  
Level I Establishment Grant  
First Quarterly Grant Report: October 1 - December 31, 2011**

***Executive Summary***

The California Health Benefit Exchange was awarded a \$39 million Level I Establishment Grant for Exchange planning and development on August 15, 2011. This is the first of California's required quarterly reports on its progress in meeting grant milestones across 14 core areas of work described in the Level 1 grant [work plan](#). For each of the core areas the Exchange describes the key strategies, significant accomplishments, and strategies for addressing any barriers in each of the core areas submitted for the first quarterly report. As is detailed in our separate [financial report](#) for the same period, the Exchange has spent and obligated approximately \$6.5 million of the grant award.

The Exchange is making significant progress in each of the core areas. Noteworthy accomplishments include: hiring of core staff and retaining consultants to support implementation; developing a robust stakeholder engagement process across the major areas, with particularly detailed engagement in the areas relating to outreach, marketing and eligibility, as well as the design of the eligibility and enrollment systems; release of solicitations for eligibility and enrollment systems and outreach and marketing support in partnership with California's Medicaid and Children's Health Insurance programs; release of a solicitation for support in developing certification standards for qualified health plans and design of a stakeholder engagement process to inform that work; and regular engagement with state partners including the Medicaid and CHIP agencies and California's two health insurance regulators in development of solicitations, responses to federal proposed rulemaking and policy development.

**Table of Contents**

1. Background Research..... 3

2. Stakeholder Consultation ..... 5

3. Legislative/Regulatory Action..... 7

4. Governance ..... 8

5. Program Integration ..... 10

6. Exchange Information Technology Systems..... 12

7. Financial Management..... 14

8. Oversight and Program Integrity ..... 16

9. Health Insurance Market Reforms..... 17

10. Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and  
Complaints ..... 18

11. Navigator Program ..... 19

12. Certification of Qualified Health Plans..... 20

13. Outreach & Education ..... 21

14. SHOP-specific Functions ..... 22

## **Background Research**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange uses an evidence-based policymaking framework to guide decision-making. This process includes understanding the legal scope and context of an issue, gathering facts, soliciting stakeholder perspectives, analyzing options and making recommendations to the Board which makes final policy decisions in a public and transparent process. Background research is a critical part of decision-making for the Exchange. The California Health Benefit Exchange's primary strategy has been to identify areas in which data is needed to inform policy, program design and operational decisions and then rely on data that has already been collected where it exists and commission research if it is not already being performed.

*What are some of your Program's significant accomplishments or strengths in this Core Area?*

California is fortunate to be in an environment rich with research universities, foundations, and independent organizations interested in data-driven policymaking. Because of this, the Exchange has been able to rely on data from a range of sources to inform its planning.

Examples of existing research that have been used by the Exchange to inform its planning are:

- California HealthCare Foundation and The California Endowment have sponsored research and reports on California's insurance market and population health statistics, providing the Exchange with important background information to help ground thinking about future policy decisions. In addition, research on enrollment and the potential impacts of the coverage provisions of the Affordable Care Act have been conducted by groups such as the Blue Shield Foundation of California with John Gruber of MIT, the Urban Institute, Families USA, the University of California Center for Labor Research and Education, the Kaiser Family Foundation and RAND.
- Several consumer advocate groups, including the Western Center on Law & Poverty, The Children's Partnership and Consumers Union, have developed papers to study a variety of exchange-related topics, such as creative approaches to eligibility and enrollment.
- Pacific Community Ventures completed a study and report, "Health Care and Small Business: Understanding Health Care Decision Making in California" (October 2011). The report details the demographics of small business owners in California, how and why they make decisions to offer insurance (or not), who they trust as sources of information about health care, and how likely they are to respond to the new online exchange and tax credit provisions as the Affordable Care Act is rolled out. Report authors presented their findings to the Board in December. The Exchange will use data such as this to inform its strategy with regard to the SHOP.

The Exchange has also commissioned research, which has included:

- The Exchange engaged the UCLA Center for Health Policy Research and the UC Berkeley Labor Center to use the UCLA/UC Berkeley Micro-simulation Model to obtain enrollment estimates for the Exchange. This work was informed by the Exchange convening a panel of national experts to revise the model based on their experience. The Exchange will also require demographic data on eligible population to best shape marketing and outreach strategies, and has also engaged UCLA/UC Berkeley to do this research.
- The Exchange engaged Milliman to provide preliminary analysis of California's potential benchmark plan options as described in the essential health benefits bulletin released by HHS on December 16, 2011. Additional detail about this work will be provided in the second quarterly report.

*What are some significant barriers your Program has encountered?*

California has not encountered significant barriers in this area. Exchange staff track background research and reports related to the Exchange and maintain an inventory of data points for easy reference in policy development.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## **Stakeholder Consultation**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange is committed to stakeholder consultation in all aspects of the program. Strategies for stakeholder engagement include: serving as a resource for information about the Affordable Care Act issues regarding impacts on the Exchange; conducting public board meetings; soliciting stakeholder input on specific topics in small group meetings; and posting draft material on the Exchange website in advance of Board decision-making for stakeholder review and written comment.

*What are some of your significant accomplishments or strengths in this Core Area?*

### Serving as a Resource:

California's Exchange serves as a resource and forum for discussion for stakeholders across the state; posting current information on policy and program issues on its website and providing regular updates to over 1,400 individuals who are on the Exchange's listserv.

### Public Board Meetings:

California's Exchange holds public Board meetings at least once a month and is governed by the Bagley-Keene Open Meeting Act, requiring that all meetings of quorum of Board members be publicly noticed with an agenda at least ten days before the meeting and allow for the public to provide comment after each agenda item. The Exchange webcasts all Board meetings; has provisions to have phone comments at board meetings; maintains an expansive stakeholder distribution list; and continually updates its website on board actions to ensure the public has the most current information about the Exchange's activities.

### Small Group Stakeholder Meetings:

During the first quarter, Exchange staff held 16 small group stakeholder meetings throughout the state to discuss marketing, eligibility, enrollment, and retention issues. The Exchange engaged a variety of groups in these discussions including consumer advocates, providers, plans, brokers, and county health and human services officials including union representatives. Sessions were co-hosted by state partners including Medicaid and CHIP officials. The Exchange will compile feedback into a report that will be shared with the Board and the public and used by the outreach vendor to design education and marketing strategies. The Exchange will conduct a similar stakeholder process relating to qualified health plans and delivery system reform during the second quarter.

### Soliciting Written Feedback on Draft Work Products and Policies:

- The Information Technology solicitation for procuring the services to build the Exchange system was released in draft form and received comments from dozens of entities, with more than 1,300 specific comments and recommendations submitted from a variety of stakeholder groups. This feedback resulted in important changes that have been incorporated in the final draft.
- The Exchange solicited written feedback from the broad stakeholder community on a variety of marketing, eligibility, enrollment, and retention questions that were posted to the Exchange's website. The feedback will be incorporated into the report described above.
- In developing comments on HHS proposed rules, which the Exchange did in concert with other parts of the State, draft comments were posted and comments received in writing and at Exchange Board meetings which helped inform the final comments submitted.

*What are some significant barriers your Program has encountered?*

The Exchange greatly benefits from the rich contribution of stakeholders. While the Exchange has encountered no specific barrier it is an ongoing challenge to get input on the wide range of issues that need to be addressed while in parallel setting up new operating systems.

*What strategies has your Program employed to deal with these barriers?*

The Exchange has addressed the challenge of the wide range of issues by staging the comment and engagement process.

## **Legislative/Regulatory Action**

*What are the primary strategies your Program has used to approach this Core Area?*

California enacted the Exchange enabling legislation during the 2010 legislative session. This legislation established the California Health Benefit Exchange as an independent public agency governed by a five member board (see Governance section for details). The Exchange's ongoing strategy for legislative action is to collaborate with state partners (see Program Integration section for additional details), and be a resource to and work with legislators.

*What are some of your significant accomplishments or strengths in this Core Area?*

California was the first state in the nation to sign into law Exchange enabling legislation following the passage of the Affordable Care Act. Ongoing efforts in the area of legislation and regulation will focus on ensuring that California has the legislative and regulatory foundation it needs to successfully implement Affordable Care Act programs including standing up the Exchange.

The Exchange worked in partnership with state health programs, including Medicaid and CHIP, and state health insurance regulators to produce joint comments on federal proposed regulations that impact the Exchange. The Exchange engaged stakeholders in during the development of comments to understand the impact of the proposed regulations for California consumers, providers and plans.

The Exchange hired a Director of Government Relations who will be responsible for working with federal and state policy makers to ensure Exchange perspectives are reflected in federal and state regulations, guidance and legislative proposals.

*What are some significant barriers your Program has encountered?*

California moved quickly to establish an Exchange, and we have not encountered significant barriers in this area.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## **Governance**

*What are the primary strategies your Program has used to approach this Core Area?*

State legislation enacted in 2010 established the California Health Benefit Exchange as an independent state entity governed by a five-member Board whose members are appointed by the Governor and Legislature. The Board holds public meetings consistent with state open meeting laws. The Board appoints an Executive Director and key executive staff.

The Exchange uses an evidence-based policymaking framework to guide decision-making. This process includes understanding the legal scope and context of an issue, gathering facts, soliciting stakeholder perspectives, analyzing options and making recommendations to the Board which makes final policy decisions in a public and transparent process. The board publicly notices issues which will be discussed and makes policies framed the evidence and its receiving substantial stakeholder input.

*What are some of your significant accomplishments or strengths in this Core Area?*

California's Exchange legislation became effective on January 1, 2011. The Exchange Board has been meeting at least monthly since April 2011. California benefits from a knowledgeable and dedicated Exchange Board: Secretary Dooley is the current Secretary of California Health and Human Services (CHHS); Kim Belshé is a Senior Policy Advisor of the Public Policy Institute of California and former Secretary of CHHS; Susan Kennedy is a nationally recognized policy consultant and former Chief of Staff to Governor Schwarzenegger; Paul Fearer is Senior Executive Vice President and Director of Human Resources of Union Bank and Board Chair of the Pacific Business Group on Health; Robert Ross, MD, is President and CEO of The California Endowment. The Exchange Board hired Peter V. Lee in September 2011, as its Executive Director, has filled several executive positions, and is actively recruiting to round out its executive staff.

During the first quarter, the Exchange board engaged in a deliberative process over multiple meetings to develop its statement of Vision, Mission and Values. This statement was the product of extensive input and will serve as a guiding framework for future decisions.

Given the fact that many issues related to the Exchange also have implications for the state Medicaid (Medi-Cal) and CHIP (Healthy Families) programs, the Exchange has developed close working relationships with those programs sponsors – the Department of Health Care Services and the Managed Risk Medical Insurance Board (See Program Integration). In these areas, the Exchange acts as a partner, as demonstrated by its joint issuing of solicitations for the Information Technology to support enrollment and for a vendor to design the outreach and marketing programs.



*What are some significant barriers your Program has encountered?*

California was fortunate to have enabling legislation enacted shortly after the passage of the Affordable Care Act. The Exchange Board and staff are working to thoughtfully and aggressively to build the state's Exchange.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## **Program Integration**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange's primary strategy is to work closely with state health programs and health insurance regulators in development of the Exchange and laying a foundation for implementing the Affordable Care Act. Key areas of collaboration include development of joint solicitations, development of responses to proposed federal regulations, stakeholder engagement, and analysis of essential health benefits.

*What are some of your significant accomplishments or strengths in this Core Area?*

The Exchange, the Department of Health Care Services (DHCS, California's Medicaid agency), and the Managed Risk Medical Insurance Board (MRMIB, California's CHIP agency) released joint solicitations for design and development of required information technology (IT) systems and for outreach and marketing support. Through the IT solicitation, California will acquire the service of a contractor to design, develop and deploy functionality to meet the requirements of the Affordable Care Act relating to the Exchange, Medicaid and CHIP.

The outreach and marketing solicitation will secure an experienced consultant firm to assist California in the development of outreach, marketing and education campaigns to promote health insurance programs that will be available in 2014, which are administered by the Exchange, DHCS and MRMIB. This solicitation includes the design of a comprehensive outreach campaign and the Navigator Program which will target California's diverse population.

The Exchange collaborated with DHCS, MRMIB, the Department of Managed Health Care (DMHC), and the California Department of Insurance (CDI) to develop joint responses to federal requests for comments, including joint comments on the establishment of exchanges, reinsurance, risk corridors, and risk adjustment, the basic health program, the premium tax credit, and the summary of benefits and coverage.

The Exchange conducted a stakeholder input process with DHCS and MRMIB to solicit input on marketing, eligibility and enrollment policies (Stakeholder section for details).

Finally, the Exchange began work with DHCS, MRMIB, DMHC and CDI to analyze the potential benchmark plan options for California based on the essential health benefit bulletin released by CCIIO. Additional information on this effort will be provided in the second quarterly report.

*What are some significant barriers your Program has encountered?*

Through regular and open communication, the Exchange and its partners have been able to avoid significant barriers to partnership.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## Exchange IT Systems

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange's primary strategy is to work in partnership with the Department of Health Care Services (DHCS) and the Managed Risk Medical Insurance Board (MRMIB) to develop program design goals and to implement California's shared eligibility and enrollment system.

*What are some of your significant accomplishments or strengths in this Core Area?*

The Exchange, in partnership with DHCS and MRMIB, shared draft concepts for the enrollment IT systems at board meetings and through holding public meeting across the state (see Stakeholder Engagement). In addition, the Exchange released the draft California Health Care Eligibility, Enrollment and Retention System (CalHEERS) solicitation on December 20, 2011 to solicit stakeholder feedback. The Exchange received dozens of comments that reflected over 1,300 specific responses and suggestions from the broad stakeholder community, including consumer advocates, providers, health plans, agents/brokers, and IT vendors. A substantial amount of feedback was incorporated into the final solicitation which was released on January 18, 2012.

Through the solicitation, the Exchange intends to:

- **Provide an open, fair, and accurate process that maximizes competition** while allowing the Exchange the flexibility to acquire the highest quality goods and Services.
- **Conduct a Solicitation** and Project to meet California and Federal deadlines, and deliver a high quality solution while minimizing risk.
- **Award a price-competitive Contract** for a solution that is compliant with federal requirements, including funding requirements.
- **Demonstrate effective leveraging of open source IT solutions** developed in other States with Affordable Care Act resources and make the solutions developed under this solicitation widely available to Support federal or other states' efforts to implement the Affordable Care Act.
- **Deliver a first-class consumer experience** that accommodates the needs of each type of consumer and facilitates an end-to-end process that attains and maintains health coverage, from eligibility and enrollment through plan comparison and selection to premium payment and long-term retention.

The primary business objective of CalHEERS is to provide a "one-stop shop" to determine eligibility for non-subsidized coverage for individuals in the Exchange and subsidized coverage for individuals eligible for the following Applicable State Health Subsidy (ASHSA) Programs:

- Modified Adjusted Gross Income (MAGI) Medi-Cal
- Non-MAGI Medi-Cal (through screening and referral to the Medi-Cal program))
- State Children's Health Insurance Program (S-CHIP)
- Access for Infants and Mothers (AIM)

- Advanced Premium Tax Credit (APTC) in the Exchange
- Cost Sharing Reductions (CSR) in the Exchange
- Basic Health Program (BHP), if enacted

CalHEERS business functionality will include eligibility and enrollment, financial management, plan management, reporting, outreach and education, consumer assistance and SHOP.

*What are some significant barriers your Program has encountered?*

Due to the aggressive timeline for stand up IT systems, the design and contracting for CalHEERS must occur before the release of final federal eligibility regulations and business rules, and in some cases before the Exchange or its partners in the solicitation have made final policy determinations on issues that will impact the final IT system design.

*What strategies has your Program employed to deal with these barriers?*

The Exchange is working with project sponsors to build into the solicitation flexibility and clearly details the need for capacity to address options that will be determined in the future.

## **Financial Management**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange's strategy is to: (1) use existing state financial management and accountability tools while (2) building systems to assure payments from consumers and employers are made to plans and tracked. In addition, a core element of "financial management" is having the appropriate mix of staff and consultants retained to meet the programmatic goals required for the Exchange to be successful.

*What are some of your significant accomplishments or strengths in this Core Area?*

During the first quarter the Exchange developed and maintained routine internal financial and accounting systems, protocols, and policies to monitor and track Exchange revenues and expenditures with assistance from the California Department of Social Services (CDSS) who provided accounting and administrative support. CDSS assists the Exchange in adhering to DHHS financial monitoring activities and establishing a financial and management structure with experienced staff and ability to respond to federal audits. To further support this milestone, the Exchange hired a manager and budget analyst to develop financial management structure in-house and provide further financial management support.

The Exchange contracted with Public Consulting Group (PCG) for the development of a detailed Business and Operations Plan, which focuses on the following core functionalities for the Exchange including financial management. As part of this work, PCG will assist the Exchange in developing a detailed timeline and process for meeting financial management requirements.

The Exchange is actively recruiting for a Chief Financial Officer (CFO) who will be responsible for managing and administering the overall financial activities of the Exchange. The CFO will have primary day-to-day responsibility for planning, implementing, managing and controlling all financial-related activities of the Exchange, including direct responsibility for accounting, finance, forecasting, budgeting and related government compliance. Additionally, the CFO will provide executive leadership on the design and implementation of state receipt of premium payments, government funds, corporate gifts, grants and funds provided into the California Health Trust Fund.

The Exchange also conducted recruiting and hiring of key leadership positions, including hiring the Executive Director (Peter V. Lee), the Chief Operations Officer (David Maxwell-Jolly), the General Counsel (Sharon Stevenson) and the Director of Government Relations (David Panush). Recruiting for other executive positions and staff level positions has also continued during the first quarter.

*What are some significant barriers your Program has encountered?*

The Exchange has not faced any barriers with regard to putting in place financial management systems and controls. It has, however, faced some challenges with regard to its use and allocation of federal funding, including the overlap of federal funding sources during the late period of the Planning grant, which reduced the spending from the Level I Establishment grant below the levels indicated in the Level I Establishment application.

The Exchange has faced challenges with “staffing up” to meet the needs detailed in the Level I Establishment grant applications. Delays have occurred due to the need to comply with additional procedures that are required to consider the placement of recently laid off state employees for civil service positions.

*What strategies has your Program employed to deal with these barriers?*

Although the Exchange experienced an overlap of funds during the later months of the Planning grant period it returned some planning grant funds that were not expended and began using Level I Establishment funds shortly thereafter. With regard to the nature of the reporting on financial activity, in order to provide a complete picture of these expected spending under the Level I Grant, for the purposes of this report, “Obligated Funds” in the financial report:

1. Funds which have been encumbered for executed contracts; and
2. Funds estimated to be spent during the grant period for salaries, fringe benefits, travel, contracts, and other related operational costs. Planned contracts that have not been executed will be reported as “unobligated funds.”

With regard to staffing, the Exchange has managed to locate and hire talented civil service staff members, but has addressed its critical resource requirements through a combination of hired retired former state workers and consultants. The Exchange expects to spend all the Level I Establishment grant funds during the grant period, but anticipate that it will need to reallocate resources from staffing budget areas to consultant service areas.

## **Oversight & Program Integrity**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange is committed to implementing an effective program to prevent waste, fraud and abuse with funds used to start up and operate the Exchange. The Exchange Board adopted integrity as one of its core values, stating that the Exchange will earn the public's trust through its commitment to accountability, responsiveness, transparency, speed, agility, reliability, and cooperation. Strategies include: (1) getting outside expertise to review planning processes and decisions; and (2) building checks and oversight into major contracts.

*What are some of your Program's significant accomplishments or strengths in this Core Area?*

The Exchange regularly uses outside expertise in its contracting processes. The Exchange hired retired annuitants with extensive procurement expertise to set up contracting processes. Major solicitations are reviewed prior to release by partner organizations including the Department of Health Care Services, the Managed Risk Medical Insurance Board and the California Health and Human Services Agency.

The Exchange is developing and implementing internal policies and procedures to comply with State and Federal requirements related to Exchange operations (see Financial Management section for details). The Exchange will develop a plan to ensure the prevention of waste, fraud, and abuse which will be included in California's Level II Establishment grant application. In support of that plan the IT system design is required to include analytics and reporting to identify potential sources fraud or abuse

*What are some significant barriers your Program has encountered?*

No significant barriers to report at this time.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.



## **Health Insurance Market Reforms**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange's goal in this area is to monitor and demonstrate state compliance with and enforcement of federal health insurance market reforms through coordination with California's Health Insurance Regulators, the California Department of Insurance and the Department of Managed Health Care.

*What are some of your Program's significant accomplishments or strengths in this Core Area?*

California passed legislation to conform state law with the Affordable Care Act. Legislation included consumer protections regarding premium costs and rate increases, dependent coverage, pre-existing conditions for children, preventive services, and cancellation and rescission. Additional legislative action will be needed to conform state law to the Affordable Care Act market reform provisions that become effective in 2014. The Exchange will track this legislation and provide input as appropriate. The Exchange will work with state insurance regulators to monitor the impact of market reforms as they affect the Exchange's customers.

*What are some significant barriers your Program has encountered?*

During 2011, the Exchange is coordinating with state regulators, particularly in analyzing and providing joint comment on proposed federal regulations. The Exchange will continue to work with the regulators to monitor market reforms on an ongoing basis and does not anticipate barriers at this time.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## **Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange's primary strategy is to deliver a "no wrong door" service system that provides a consistent consumer experiences for all entry points and culturally and linguistically appropriate oral and written communications which also ensure access for persons with disabilities.

*What are some of your significant accomplishments or strengths in this Core Area?*

During the first quarter, the Exchange released a draft solicitation for the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS), which will determine eligibility for the Exchange, Medicaid and CHIP. The solicitation is driven by the program design goals which include a "no wrong door" service system that provides consistent consumer experiences for all entry points and culturally and linguistically appropriate oral and written communications which also ensure access for persons with disabilities. CalHEERS will facilitate eligibility determination through multiple access points including the web, mail, phone and in-person application facilities. The Exchange plans to release a solicitation in the second quarter for CalHEERS consumer service support and will provide additional details in subsequent reports.

*What are some significant barriers your Program has encountered?*

The Exchange received and incorporated into the CalHEERS solicitation valuable feedback from stakeholders that will help ensure that California's eligibility and enrollment system will meet the needs of California's diverse population. There are no significant barriers to report at this time.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## **Navigator Program**

*What are the primary strategies your Program has used to approach this Core Area?*

Navigators will play an important role in ensuring individuals and small businesses gain access to coverage. The Exchange's goal is to design a navigator program that will assist consumers in understanding their choices in the health insurance marketplace, including facilitating enrollment in qualified health plans.

*What are some of your Program's significant accomplishments or strengths in this Core Area?*

During the first quarter, the Exchange released a solicitation for communications support for an outreach and education campaign plan and the design of the Navigator program. The vendor will develop and design a plan for an effective, comprehensive Navigator program. Proposals are due by January 30, and work is scheduled to begin on March 1. The vendor will develop, with the utilization of research, stakeholder feedback, and state analyses, recommendations for roles, eligibility requirements and standards, potential training need, and payments strategies and methods for Navigators. During the first quarter the Exchange engaged in a small group stakeholder consultation process with a variety of groups, including agents and brokers, to solicit input on topics including the Navigator program. Feedback from that process will be shared with the vendor for incorporation into the design of the Navigator program (see Stakeholder Consultation for additional details).

*What are some significant barriers your Program has encountered?*

The Exchange, in partnership with Medicaid and CHIP, has conducted broad stakeholder outreach on this topic and is on track to establish a Navigator program consistent with milestones identified in the work plan. The barrier the Exchange has identified relates to the potential limitation on its ability to use establishment funding to support navigators during the period prior to 2015 when it may be operating based on health plan assessments, given the state legislation that established the Exchange specifically limiting it from using state general funds to support its operations.

*What strategies has your Program employed to deal with these barriers?*

The Exchange is working to clarify the status of its ability to pay navigators and is conducting research on what alternative sources of funds or timing of payments may be available for this crucial services.

## **Certification of Qualified Health Plans**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange will work to provide affordable health insurance while assuring quality and access. To do this, having the right mix of Qualified Health Plans and overseeing those plans are core elements of the Exchange's plan. In addition, the Exchange board has noted that one of its key values is to be a catalyst for change in California's health care system, using its market role to stimulate new strategies for providing high-quality, affordable health care, promoting prevention and wellness, and reducing health disparities.

*What are some of your Program's significant accomplishments or strengths in this Core Area?*

During the first quarter, the Exchange released the Health Plan Management/Delivery System Improvement solicitation to obtain support in developing a process for the competitive selection of and terms for Qualified Health Plans (QHPs). The solicitation also asks vendors to advise and make recommendations to the Exchange on potential strategies for fostering better value in California's health delivery system. Responses to the solicitation are due by January 30, 2012 and the term of the agreement is March 1, 2012 through November 1, 2012. The contractor shall assist, advise, and support the Exchange with: 1) providing necessary timelines, cost estimates and background to assist in the development of the Level II Establishment grant application; 2) establishing standards and processes for the certification and competitive selection of qualified health plans to provide coverage in the Exchange; 3) developing an ongoing program of certification, recertification and decertification, performance measurement, quality monitoring and compliance for participating health plans; 4) recommending strategies for Exchange programs or activities that might improve the broader health care delivery system in the state; and 5) developing an implementation timeline and process for health plan selection and ongoing monitoring. The Exchange will have a robust process to solicit stakeholder feedback of qualified health plan standards, which is described in the stakeholder consultation section.

*What are some significant barriers your Program has encountered?*

The Exchange has not encountered significant barriers in this area.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## **Outreach & Education**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange's primary strategy is work in partnership with the Department of Health Care Services and the Managed Risk Medical Insurance Board to develop a marketing and outreach plan to inform Californians about the full range of affordable health coverage that will be available to millions as of January 2014 and support their enrollment into health care programs.

*What are some of your significant accomplishments or strengths in this Core Area?*

During the first quarter, the Exchange released a solicitation for communications support for an outreach and education campaign plan. The selected vendors will develop a statewide marketing, outreach, and education strategy and plan to reduce the number of uninsured Californians by ensuring eligible individuals are aware of their options for subsidized and unsubsidized coverage through the Exchange, Medi-Cal, and Healthy Families, assisting individuals with applying for and retaining coverage through appropriate and eligible coverage options, and, as part of a comprehensive plan, developing outreach and communication strategies that are consumer-friendly, culturally and linguistically appropriate, and use targeted media and other strategies to reach the large and diverse populations of California. The vendor shall perform work in the areas of research and analysis, branding and design, immediate and near-term communications and media plan and activities, and development, design, and implementation of a comprehensive statewide marketing, outreach, and education campaign plan.

Also during the first quarter, Exchange staff convened small group stakeholder meetings to solicit feedback on outreach and marketing (see Stakeholder Consultation for details). Information gathered during these sessions will be shared to the vendor to inform the development of outreach and marketing strategies.

*What are the barriers your Program has encountered?*

The Exchange has not encountered significant barriers in this area.

*What strategies has your Program employed to deal with these barriers?*

Nothing to report at this time.

## **SHOP-specific Functions**

*What are the primary strategies your Program has used to approach this Core Area?*

The Exchange's primary strategy is to develop a viable design and approach to provide Exchange coverage for small businesses and their employees consistent with state and federal requirements.

*What are some of your Program's significant accomplishments or strengths in this Core Area?*

During the first quarter, the Exchange has been preparing a solicitation to seek support to analyze and evaluate existing and past models, options and approaches for SHOPS, and to develop and make recommendations on various design options for California.

The Board heard a presentation in December from Pacific Community Ventures that discussed their research on small business health care decision making. They presented a variety of data points but one major takeaway was that a majority of small business owners are unaware of the benefits of the Affordable Care Act for their business. The Exchange will use data such as this to inform its strategy with regard to the SHOP.

*What are the barriers your Program has encountered?*

Development of the SHOP solicitation has been slower than desired due to competing priorities.

*What strategies has your Program employed to deal with these barriers?*

Developing options for the SHOP is a high priority for the Exchange, and support will be obtained in the second quarter of the grant period.