

Office of Consumer Information and Insurance Oversight

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

Reporting Templates

Quarterly Project Reports

Date: January 31, 2011

State: Vermont

Project Title: State Planning and Establishment Grant for the Affordable Care Act's Exchanges

Project Quarter Reporting Period: Quarter 1 (09/30/2010-12/31/2010)

Grant Contact Information

Primary Contact Name: Betsy Forrest
Primary Contact Number: 802-879-5918
Primary Contact Email Address: betsy.forrest@ahs.state.vt.us

Secondary Contact Name: Robin Lunge
Secondary Contact Number: 802-828-0727
Secondary Contact Email Address: robin.lunge@state.vt.us

Website (if applicable): In development

Award number: HBEIE100009-01-00

Date submitted: January 31, 2011

Project Summary

Vermont issued a Request for Proposals for its first year on Exchange planning on October 4, 2010. Bailit Health Purchasing was the chosen vendor, and a contract with Bailit was signed on January 14, 2011. Attachment A is a copy of the contract.

Core Areas

• Background Research

Bailit will assist Vermont in the following research areas:

- Uninsured and underinsured
- Current insurance market
- Assessment of churning

STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES

OMB #0938-1101

For the study of uninsured and underinsured Vermonters, Bailit will subcontract with Market Decisions, the firm that conducted Vermont's 2009 Household Health Insurance Survey. A link to the comprehensive report submitted by Market Decisions is provided here:

<http://www.bishca.state.vt.us/sites/default/files/VHHIS-2009.pdf>. Market Decisions will mine existing data from the 2009 survey to provide more detail on the uninsured and underinsured populations relevant to their expected participation in the Exchange. The final report on the uninsured/underinsured is due on April 1, 2011.

Bailit will analyze the current insurance market, including a comprehensive review of available plan designs. Such analysis will be used to inform Exchange design decisions, and Bailit will provide the State with guidance on how best to use data collected to inform Exchange design and implementation decisions. Examples of anticipated issues that will be addressed are the quality and quantity of grandfathered plans within Vermont, potential premium impact of reforms, the present breadth and anticipated future of the limited medical benefit plan market, and the pros and cons of allowing a catastrophic health plan. The final report on the current insurance market is due on March 15, 2011.

The churning analysis will use the 2005, 2008, and 2009 Household Health Insurance Survey to analyze the problem with churning in Vermont and how it might be reduced to mitigate health benefit reductions. A consumer survey will also be conducted. The final report on churning is due on June 15, 2011.

• **Stakeholder Involvement**

During the fall of 2010 representatives from the Department of Vermont Health Access (DVHA) and the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA) conducted 21 meetings with various stakeholder groups to solicit their initial recommendations and concerns about Exchange. A list of meeting dates and stakeholder groups is included as Attachment B. Prior to each meeting, a list of questions was sent to the expected participants, with a request to come prepared to discuss their priority issues. The list of questions is included as Attachment C.

In addition to the meetings this past fall, the new Governor's special health care assistant and the new commissioner of the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA) had a series of informal meetings with stakeholders in late December of 2010 and January of 2011. Attachment D is a list of those stakeholders. Some of these stakeholders participated in the fall meetings also, but it was important for the new administration to meet with these groups in person to talk about the Exchange and the overall direction of health care reform in Vermont.

The Bailit team will be conducting a more formal stakeholder analysis with consumers, small businesses, community and advocacy organizations, and insurance brokers/producers as part of the contract work. The final report on the stakeholder analysis is due on April 10, 2011.

• **Program Integration**

Bailit will develop a comprehensive assessment of health care benefit programs across the public and private sectors, with the anticipated goal of aligning or standardizing benefit packages to

minimize coverage disruptions and maximize care continuity. The assessment will focus on covered benefits, care coordination programs, and quality standards. The final report on program integration opportunities is due on June 15, 2011.

- **Resources & Capabilities**

As part of the Exchange design and implementation plan, Bailit will determine what resources will be need to develop and operate the Exchange, and estimate the costs of those resources. As a preliminary step, Bailit will analyze the current infrastructure in Vermont and how the Exchange could use or build on that infrastructure.

- **Governance**

The administration intends to introduce authorizing legislation in February, 2011 to establish the governance structure for the Exchange in Vermont. The intent is to pass a bill during this legislative session, which ends in May, 2011.

- **Finance**

Bailit will produce a written assessment of each mandatory and potential finance-related function that must be performed by the Exchange, with a recommendation or set of options for performing these functions, as well as estimated costs associated with performing these functions. Such functions include developing accounting and auditing standards; collecting premiums; controlling for waste, fraud, and abuse; creating transparency and reporting mechanisms for the public; developing the technical infrastructure to comply with federal financial reporting requirements; billing for, collecting, and safeguarding premiums; reconciling tax credits and cost-sharing subsidies; selecting accounting systems, audit procedures, and internal controls; tracking administrative costs and revenue; and financial reporting to the federal government and to the public. Additional functions may include, but are not limited to, aggregated billing to employers; consolidated payments to health plans (employee and employer share); payment to brokers/agents; performing other functions for employers; and implementing payment reforms. The final report on finance functions is due on June 15, 2011.

Bailit will also produce a written analysis of sustainable financing options for the Exchange, including a thorough discussion of the pros and cons of each option and a recommendation or recommendations for the best way for the Exchange to achieve financial sustainability as required by federal law. The final report on financial sustainability is due on August 1, 2011.

- **Technical Infrastructure**

In the late fall of 2010 Vermont entered into contract negotiations with a vendor to procure SOA-based infrastructure components on which a new eligibility system and MMIS will be built. The infrastructure components include an enterprise services bus, a workflow solution, an eMPI solution, a transformation hub/rules engine, and an identity administration and management solution. It is our intent to build into the new eligibility system the Exchange functionality, including the eligibility and verification process for Medicaid, CHIP, and the income tax credits.

Vermont will issue an implementation RFP within the next 90 days for the eligibility system, known as VIEWS (Vermont's Integrated Eligibility Workflow System). VIEWS is expected to be operational in mid-2013.

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

• Business Operations

No decisions have yet been made in this area, but will be addressed as part of the planning process with our contractor, Bailit Health Purchasing.

• Regulatory or Policy Actions

As stated above, Vermont intends to pass authorizing legislation in the 2011 legislative session.

Barriers, Lessons Learned, and Recommendations to the Program

None so far, since we are just getting started.

Technical Assistance

Vermont is very interested in being one of the twelve states to receive TA through the Robert Wood Johnson grant.

Draft Exchange Budget

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Exchange Personnel	\$200,000	\$600,000	\$1,000,000	\$1,500,000
Travel	\$20,000	\$20,000	\$20,000	\$20,000
Subcontract				
Assessments & Studies	\$380,000			
Marketing and Advertising			\$500,000	\$2,000,000
Web Design & Maint.			\$1,000,000	\$400,000
Consulting & Prof Support	\$400,000	\$1,500,000	\$1,500,000	\$1,000,000

The figures for FFY 11 are those from the grant application. The estimates for FFY 12 through FFY 14 are our best estimates at this time; however, included in the work the Bailit team will be doing in this first year is developing an implementation plan and cost estimates for future years, so it is likely that these estimates will change significantly once that work is done.

We are not currently far enough along in our planning process to provide estimates for the costs of IT, a call center, facility, or eligibility determination.

Work Plan

The Bailit team will be assisting Vermont in developing an implementation plan that will extend through January 1, 2014, and possibly beyond. The draft implementation plan is due on July 1, 2011, with the final plan following on September 15, 2011.

For the quarter beginning October 1 through December 31, 2010, we were focused on issuing the RFP, reviewing proposals, and choosing a vendor. We also conducted numerous stakeholder meetings and attended the OCIIO Exchange grant meeting in Crystal City.

Milestones under each core area:

Background Research:

1) Survey questionnaire for uninsured and underinsured study

Due date: 1/31/2011

Market Decisions LLC, a subcontractor for Bailit, will produce a draft questionnaire to be used in the uninsured/underinsured consumer survey.

2) Draft report on current insurance market

Due date: 2/28/11

Bailit will deliver its draft report on their assessment of the current insurance market in Vermont.

Stakeholder Involvement:

1) Proposed plan for obtaining stakeholder feedback

Due date: 1/31/2011

Market Decisions will submit a plan for obtaining feedback from four groups: consumers, small businesses, insurance agents, and community/advocacy organizations

2) Exchange Advisory Group

Due date: 1/31/2011

An Exchange Advisory Group will be established and will meet approximately once per month throughout the planning process to provide feedback on contract deliverables or Exchange decision points.

Program Integration:

1) Matrix comparing public program benefit designs with most common commercial plan designs

Due date: 2/28/2011

This matrix will include public programs (Medicaid, the Vermont Health Access plan for adults, and Catamount Health) with the typical plans offered by the top three carriers in Vermont.

2) Draft integration report

Due date: 4/1/2011

This report will describe opportunities for integration in benefit packages, care coordination programs, and quality standards.

Resources and Capabilities:

1) Roadmap for planning

Due date: 2/15/2011

The Roadmap will be the strategic planning document for this first year of Exchange development.

2) Exchange design options analysis

Due date: 4/1/2011

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

This analysis will include recommendations on the staffing levels needed, outsourcing opportunities, role of navigators, and the role of the Exchange in forwarding public health and system reform strategies.

Governance:

1) Stakeholder meetings to receive input on governance structure

Due date: Ongoing beginning in fall of 2010

Attachment B lists the organizations from which input was solicited regarding Vermont's preferred governance structure.

2) Review of literature on governance and information on decisions/considerations of other states

Due date: Ongoing beginning in summer of 2010

Vermont has reviewed various documents outlining the pros and cons of various governance models, and has reviewed other states' decisions on governance.

Finance:

1) Preliminary matrix of mandatory and potential Exchange finance functions

Due date: 2/28/2011

This report will provide a summary of existing financial infrastructure in Vermont to assess current state capacity.

2) Draft matrix of finance functions to be performed by the Exchange

Due date: 4/18/2011

This matrix will outline responsibilities within each function and preliminary cost estimates.

Technical Infrastructure:

1) Issue RFP for SOA-based infrastructure as foundation for new eligibility system

Due date: Fall of 2010

As described above, this infrastructure will provide the platform on which the new eligibility system will be built. The new eligibility system, VIEWS, will contain Exchange functionality.

2) Issue RFP for implementation of VIEWS

Due date: 4/1/2011

The implementation vendor will develop the new eligibility system on the infrastructure platform

Business Operations:

1) Initial findings and recommendations on Exchange design and implementation options

Due date: 4/1/2011

Findings will include pros and cons of different options and will address business operations, including staffing, contractual needs, and the role of navigators)

2) Final written report on Exchange design

Due date: 6/15/2011

This final report will be informed by the legislative process and provide more detail on Vermont's recommended design.

Regulatory or Policy Actions:

1) Introduction of authorizing legislation

Due date: February, 2011

The intent of this legislation will be to set up the governance structure for the Exchange. More detail will be added during the 2012 legislative session.

2) Passage of legislation

Due date: By close of legislative session in May, 2011

Collaborations/Partnerships

The Governor's office, the Department of Vermont Health Access (DVHA), and the Banking, Insurance, Securities, and Health Care Administration (BISHCA) are working closely together as the core planning team for the Exchange. During this first quarter of planning, core team members have met with numerous stakeholders (see attachments for a complete list of stakeholders), including legislators, community/advocacy organizations, insurance carriers, business associations, provider associations, brokers and agents, mental health advocates, and other state agencies.

Governor Shumlin has continued the Health Care Cabinet established by Executive Order by former Governor Douglas (see Attachment E). The Cabinet meets once per month and includes the Commissioners/Directors of Vermont departments and agencies that have a role in the Affordable Care Act planning and implementation.

Vermont is in the process of naming an Exchange Advisory Group that will meet as needed during the planning process to provide input on major decision points. The first of these meetings will occur in February.