

Office of Consumer Information and Insurance Oversight

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

Reporting Templates

Quarterly Project Reports

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State: Vermont

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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.

DVHA has established an Exchange webpage on its website where contract deliverables, public meeting dates, and news items will be available to the public. The link to the webpage is <http://dvha.vermont.gov/administration/health-benefits-exchange>.

Work under the contract is proceeding according to schedule, as described below.

Core Areas

• Background Research

Uninsured and underinsured

Bailit, through its subcontractor Market Decisions, completed the analysis of the uninsured and underinsured using data from Vermont's 2009 Household Health Insurance Survey. Their final report was submitted to the State on March 3rd and can be found on DVHA's Exchange webpage: <http://dvha.vermont.gov/administration/hbe-uninsured-underinsured-report-03032011.pdf>.

Current insurance market

Work is well underway on the study of the current insurance market, and Bailit has submitted a draft deliverable; however, the report cannot be finalized until the three major insurance carriers submit requested data. Bailit completed interviews with executive staff members from the three carriers: Blue Cross Blue Shield of Vermont, MVP Health Care, and Cigna.

Bailit and the State are working on an agreement for a study of the impacts of merging the individual and small group markets.

Assessment of churning

The churning analysis is underway. DVHA has supplied Bailit's subcontractor, the University of New England, with episodes of eligibility for Catamount Health premium assistance beneficiaries for four years, 2007-2010. UNE will also be reviewing existing literature on the issue of churning, and interviewing other states who have taken steps to mitigate its effects. 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. 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.

The State has appointed a formal Exchange Advisory Group, including representatives of consumer advocacy organizations, legislators, providers, brokers, and insurance associations. A list of Advisory Group members is available here:

<http://dvha.vermont.gov/administration/exchange-advisory-group>. Four meetings have been scheduled from March to the first week in May to present various Exchange topics. The first meeting, held on March 21st, focused on the Exchange planning process and on the uninsured/underinsured study. Members of the advisory groups were sent two contract deliverables in advance of the meeting: "Roadmap to Exchange Design in Vermont" and "Uninsured and Underinsured Report," both available on DVHA's Exchange website page. Minutes from that meeting are also available on the website.

The second advisory group meeting was held on April 4 and included presentations and discussions on the interaction of Medicaid and insurance on the Exchange, the Early Innovator

grant, initial findings from the insurance market study, the Basic Health Plan option, and the essential health benefits. Documents and PowerPoint presentations from that meeting are available on the website.

The Bailit team is conducting a more formal stakeholder analysis with uninsured and underinsured consumers, small businesses, community and advocacy organizations, and insurance brokers/producers as part of the contract work. Bailit's subcontractor Market Decisions has completed the uninsured consumer focus groups, interviews with non-profit organizations, and the small business survey. Reports for those three activities are available on the website. Market Decisions is now scheduling interviews with insurance brokers.

• **Program Integration**

Bailit completed a preliminary comparison 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. Bailit will also focus on tasks that will ensure integration among the Department of Vermont Health Access (the Medicaid and CHIP agency), the Department for Children and Families (the agency that determines Medicaid eligibility), the Department of Banking, Insurance, Securities, and Health Care Administration, and other agencies that administer health care programs. Bailit's work will include:

- Review of current business processes, especially the eligibility determination process for Medicaid
- Determination of necessary changes to the business processes to support the Exchange
- Determination of roles and responsibilities of the Exchange and other agencies and a draft agreement among those agencies
- Development of strategies for limiting adverse selection
- Development of cost allocation of Exchange functions across agencies

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 completed an analysis of the current infrastructure in Vermont and how the Exchange could use or build on that infrastructure. A report on current infrastructure was delivered to the State on March 21st.

The next step was for Bailit to develop a matrix of functions toward the eventual goal of identifying resource needs to develop and operate the Exchange. Bailit delivered a draft matrix document to the State on March 25th.

• **Governance**

The administration introduced authorizing legislation (H.202) in February, 2011, to establish the governance structure for the Exchange in Vermont. The bill, which also contains Governor Shumlin's proposals for reforming the health care delivery system in Vermont, establishes the Exchange as a division in DVHA with a new Deputy Commissioner for the Exchange. The bill was voted out of House Health Care Committee on March 17th, voted out of House

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

OMB #0938-1101

Appropriations Committee on March 18th, and passed by the full House on March 24th. Just this week it passed in the Senate, and will go to conference committee within the next few days.

• **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.

Bailit completed its review of the current financial infrastructure and has delivered a draft matrix of functions to the State. The final report on Exchange 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. A contract with the chosen vendor was put into place in January. 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 in late spring of 2011 for the eligibility system, known as VIEWS (Vermont's Integrated Eligibility Workflow System). VIEWS is expected to be operational in mid-2013.

Vermont is a member of NESCIES, the New England States Collaborative Insurance Exchange Systems, led by the University of Massachusetts, who received an Innovator grant on behalf of the six New England states. The NESCIES participants have had two meetings thus far and will be meeting in Denver during the first week in May.

• **Business Operations**

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

OMB #0938-1101

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's authorizing legislation has been passed by the House and the Senate and has gone to conference committee.

Barriers, Lessons Learned, and Recommendations to the Program

None so far.

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 Supp	\$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.

During the January-March 2011 quarter significant progress was made on the background research that will inform the development of the work plan.

Milestones under each core area:

Background Research:

1) Methodology for completing the study of the uninsured and underinsured.

Due date: 1/31/2011 (*completed*)

Market Decisions LLC, a subcontractor for Bailit produced a script/questionnaire document according to schedule.

2) Final report on the uninsured/underinsured

Due date: 4/1/11 (*completed*)

3) Draft report on current insurance market

Due date: 2/28/11 (*completed*)

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

4) Final report on current insurance market

Due date: 4/8/11 (*delayed: waiting for data from insurance carriers*)

Stakeholder Involvement:

1) Proposed plan for obtaining stakeholder feedback

Due date: 1/31/2011 (*completed*)

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 establishment

Due date: 1/31/2011 (*completed*)

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

3) First series of meetings with advisory group

Due date: 5/9/11

The first two meetings were held on March 21st and April 4th. Two additional meetings are scheduled for April 25 and May 9th.

4) Focus groups on the uninsured and underinsured

Due date: 4/30/11 (*completed*)

The uninsured focus groups have been completed.

Program Integration:

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

Due date: 2/28/2011 (*completed*)

This matrix includes 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) Proposed work plan for remaining integration tasks

Due date: 4/1/2011 (*completed*)

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

OMB #0938-1101

3) Comparison of current eligibility determination process and Exchange process; identification of changes needed

Due date: 6/1/11

4) Draft agreement between Exchange and insurance department on roles and responsibilities

Due date: 6/30/11

Some of the roles and responsibilities are assigned in H.202, so finalization of an agreement must follow passage of the legislation.

Resources and Capabilities:

1) Roadmap for planning

Due date: 2/15/2011 (*completed*)

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

2) Draft report on current IT/financial infrastructure

Due date: 3/25/11 (*completed*)

3) Exchange design options analysis

Due date: 6/1/2011

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.

4) Final Exchange functions matrix with estimated costs

Due date: 6/1/11

Governance:

1) Stakeholder meetings to receive input on governance structure

Due date: Fall of 2010 (*completed*)

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: Summer of 2010 (*completed*)

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

3) Passage of authorizing legislation that establishes the governance structure

Due date: 5/15/11

The law authorizing the Exchange, which has now passed both the House and the Senate, establishes the Exchange as a division in DVHA.

4) Establishment work group formation

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

OMB #0938-1101

Due date: 6/30/11

The State will appoint an interdepartmental work group to implement the Exchange. This work group will consist of managers and staff at the operational level.

Finance:

1) Preliminary description of current financial infrastructure

Due date: 2/28/2011 (*completed*)

This report provides 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: 3/25/11 (*completed*)

This matrix lists the functions of the Exchange and identifies current State functions that could form the basis for some of the Exchange functions.

3) Final matrix of Exchange functions with estimated costs

Due date: 6/1/11

4) Draft Exchange financing options

Due date: 6/30/11

Technical Infrastructure:

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

Due date: Fall of 2010 (*completed*)

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) Contract with vendor to implement infrastructure

Due date: 1/31/11 (*completed*)

A contract with Accenture was signed in January.

3) SOA infrastructure implementation

Due date: 7/1/11

2) RFP for implementation of VIEWS

Due date: 4/1/2011 (*delayed: new due date is 5/31/11*)

The implementation vendor will develop the new eligibility system on the infrastructure platform. The RFP issuance was delayed due to Vermont's participation in the Early Innovator grant with the other NE states.

Business Operations:

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

Due date: 4/1/2011 (*delayed due to H.202, which will decide some of the design questions*)

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

2) Decision on which department will complete rate reviews

Due date: 5/15/11

H.202 as passed by the House assigns this role to the insurance department, with final approval by the Green Mountain Care Board.

3) Decision on whether Vermont's Exchange will be an active purchaser model or an open marketplace model

Due date: 5/15/11

H.202 as passed by the House defines the Exchange as an active purchaser that will limit the number of plans offered on the Exchange.

4) 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 (*completed*)

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 by House

Due date: 3/31/11 (*completed*)

3) Passage of legislation by Senate

Due date: 5/15/11 (*completed*)

4) Analysis of current market statute to identify needed changes

Due date: 9/30/11

Changes to current statutes will be introduced in January of 2012.

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 met with numerous stakeholders, including legislators, community/advocacy organizations, insurance carriers, business associations, provider associations, brokers and agents, mental health advocates, and other state agencies. These discussions have continued during the second quarter.

The two primary Exchange planning grant contacts meet weekly with the planning contractor, Bailit Health Purchasing.

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

OMB #0938-1101

Exchange issues are discussed as needed with the weekly Agency of Human Services Commissioners' meeting.

Governor Shumlin has continued the Health Care Cabinet established by Executive Order by former Governor Douglas. 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 has established an Exchange Advisory Group that will meet as needed during the planning process to provide input on major decision points. The first series of these meetings began on March 21st and will be completed on May 9th.