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Report on Program Integration Activities for the Vermont Exchange

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Introduction

This report outlines the status of program integration activities with respect to the development of the Vermont Exchange and specifically focuses on integration of planning activities among departments.

The State of Vermont Department of Vermont Health Access, DVHA, was awarded an Exchange planning grant from the U.S. Department of Health and Human Services Office of Consumer Information and Insurance Oversight. This Office is now the Center for Consumer Information and Insurance Oversight, CCIIO[i]. DVHA submitted a Level One implementation grant application to CCIIO through the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges, Funding Opportunity Number: IE-HBE-11-004 CFDA 93.525 on September 28, 2011.[ii] Program Integration is one of the 11 exchange establishment core areas as outlined in exchange implementation grant requirements.

According to the guidance found in the CCIIO exchange funding application, the program integration section requires the following:

As required by Section 1413 of the Affordable Care Act, the exchange will need to work closely with Medicaid, CHIP, and other Health and Human Services Programs in order to ensure seamless eligibility verification and enrollment processes. To reach this goal, the Exchange and the State Medicaid agency will need to closely partner on systems development and operational procedures. States are encouraged to consider how the Exchange system can be integrated with other health and human services systems in the state since the eligibility function the Exchange will perform has significant similarities to eligibility determinations in other programs. States are encouraged to consider steps necessary to achieve interoperability with other specific health and human services program for purposes of coordinating eligibility determinations, referrals, verifications or other functions.

Each Exchange will also need to work closely with the State Department of Insurance in order to successfully carry out the activities of the Exchange. The State Department of Insurance will oversee the regulation and licensure of health insurance issuers, including those that offer qualified health plan coverage through the Exchange. In addition, the State Department of Insurance will be essential in ensuring the financial stability of insurance companies, certification of plans, rate review, State licensure, solvency and market conduct. Key issues, such as adverse selection, related to the functioning of the individual and small group markets inside and outside the Exchange will be important to Exchange success. To the extent Exchanges are not one of these entities, they should get started early in working with these other departments as well as legislators to determine the best approach to mitigating these issues.[iii]

State agencies must identify and implement changes based on two major pieces of legislation. The federal legislation, the Patient Protection and Affordable Care Act (PPACA) was enacted in in March 2010. A series of draft federal regulations have also been released to help clarify the federal requirements for health insurance exchanges all over the United States. These draft regulations are from the Department of Health and Human Services and they include: standards related to reinsurance, risk corridors and risk adjustment; establishment of exchanges and qualified health plans.

Act 48 "an act relating to a universal and unified health system" was enacted by the Vermont Legislature in May, 2011. This act is both the enabling legislation for the Vermont Health Benefits Exchange and is also the plan for creating a single payer health care system in Vermont.

As the Federal government releases more regulations governing the administration and operation of exchanges, it will be clearer what operational changes will be necessary for DVHA, DCF or BISHCA staff to implement. These requirements will continue to be reviewed during the exchange implementation grant process.

Act 48 establishes the Vermont Health Benefit's Exchange as a division of DVHA. As it has in Exchange planning activities to date, DVHA will continue to work closely with the Department of Banking, Insurance, Securities and Health Care Administration, BISHCA, in order to successfully carry out the activities of the Exchange. BISHCA will oversee the regulation and licensure of health insurance issuers, including those that offer qualified health plan coverage through the Exchange. In addition, BISHCA may be the state entity that processes consumer coverage appeals and complaints. Working with BISHCA will be essential in ensuring the financial stability of insurance companies, certification of plans, rate review, State Licensure, solvency, and market conduct. Key issues, such as adverse selection, related to the functions of the individual and small groups markets inside and outside of the Exchange will be important to Exchange success. .

Recommendation reports will be developed based on ongoing work funded in part from a Level One Establishment Grant, expected to be funded by the federal government this fall. Ongoing work includes refining the analysis of the Basic Health Plan option; organizational restructuring that incorporates the Exchange within DVHA and moves responsibility for health insurance eligibility determinations from DCF to DVHA, and the development of a comprehensive integration strategy including how to fully integrate or align Medicaid, the Medicare-Medicaid dual eligible demonstration; private insurance; associations, and coverage for state and municipal employees.
State staff will continue to work within existing planning subcommittees to provide recommendations to senior leadership on how best to coordinate Medicaid and the Exchange and how to insert the Exchange into the small and non-group marketplace.

Administration of the Exchange Through DVHA

DVHA will have primary responsibility for the administration of the Exchange and will be hiring a Deputy Commissioner and staff to carry out the responsibilities of implementing and operating the Exchange. The DVHA responsibilities for the Exchange include and are not limited to the following:

- Grants, including the maintenance of all documentation to comply with Federal grants; and administration of all Federal grants including budget, reports, and communications with the Federal government;
- Overall management of the Exchange development process, including:

- Coordination of activities across DVHA division/units, including: Blueprint for Health, Clinical Services, Coordination of Benefits, Program Integrity, Information Technology, Business Office;
- Coordination with BISHCA, as noted above;
- Coordination of activities with other division/units within the Agency of Human Services including AHS Information Technology, AHS Business Office, and AHS Global Commitment/Health Care operations;
- Coordination of activities with the Department for Children and Families;
- Documentation of key steps and cost estimates with regard to the timeline for implementation.

- Development of Health Insurance Exchange Information Technology including,
  - Assessment of Vermont's current infrastructure, applications, interfaces, and business processes used to determine eligibility for publicly subsidized health coverage programs; including:
    - Documentation of weaknesses/gaps in the current system that will need to be addressed in order to create a streamlined eligibility system that can connect people to the appropriate health assistance program;
    - Identification of horizontal integration opportunities/challenges with regard to eligibility determination processes for other social service programs and potential to incorporate these programs into streamlined eligibility process; coordination of eligibility system assessment and changes with work of: MMIS, VIEWS, and ACCESS systems;
    - Development of options for establishing a streamlined, single application process that can be used to determine eligibility for premium subsidies that will be available through the HIX and other publicly subsidized health assistance programs;
    - Review of current Medicaid eligibility process and determine what changes are necessary for the process as well as the creation of a tax credit process;
    - Identification of a recommended approach, preparation of a high-level budget estimate, and development of a timeline for implementation for all exchange activities;
  - Development of the requirements for a web portal;
- Review of current Medicaid customer service/call center functions and determination of what additional call center requirements and functions will be needed in the future;
- Development of enrollment requirements for the Exchange; development of exemption requirements from individual mandate;
- Review of current Medicaid Business operations and financial management functions for changes necessary to implement Exchange requirements in the future;

- Development of requirements for the navigator function for both individuals and small businesses;
- Review of appeals processes and determination of needed changes;
- Review of current waste, fraud, and abuse prevention activities and determination of any needed changes;
- Development of an outreach and education campaign;
- Determination of necessary functions of a Small Business Health Options Program (SHOP exchange);

This work will continue during the implementation phase of the health insurance exchange work starting in the fall of 2011 leading up to 2014 and beyond.

Integration Activities to Date

To prepare for the work that needs to be completed, Vermont has begun to create detailed business process documentation to reflect current state business processes and develop future business process to support Exchange operational requirements. The state has created three cross-agency core Exchange workgroups focused on finalizing policy decisions and implementing facets of Act 48 and the ACA.

The first workgroup is Health Insurance Operations. It is co-chaired by the Health Care Reform Project Director at DVHA and the Deputy Commissioner for Health Care Reform at DVHA. The members of this workgroup include the Health Care Reform Director from the Agency of Administration, the BISHCA Information Management Officer and the HIT Project Manager at DVHA. The topics that this work group is charged with include: federal grant administration; health insurance exchange information technology; call center; web portal; business operations and financial management; navigator function; appeals process; waste, fraud and abuse prevention; outreach and education; and SHOP functions.

The second workgroup is Insurance Market planning. This workgroup is co-chaired by the Commissioner and General Counsel at BISHCA. The members of this group include: BISHCA's Information Management Officer, the Health Care Reform Director at the Agency of Administration and the DVHA Health Care Reform Project Director. The tasks that this work group is accountable for include: insurance market law changes; criteria and certification process for Qualified Health plans; inside/outside market study; small business 50 to 100 study; rate review process; reinsurance and rate adjustment programs; Quality rating system; Consumer satisfaction surveys; standardized plan information; standardized plan design for platinum, gold, and silver plans.

The third workgroup is the Health Insurance Exchange operations subcommittee. This committee is chaired by the DVHA Health Care Reform Project Director. The members of this group include the DVHA Coordination of Benefits Director and Supervisor, DCF Health Care Eligibility Director, 3 DCF Health Care Policy Analysts, DVHA SCHIP Director, the DCF Benefits Programs Administrator and Assistant Administrator,

Agency of Human Services Systems Analyst, Hewlett Packard (HP) Technical Project Manager and the Director of Member Services at MAXIMUS. The tasks that this work group is responsible for include: eligibility determination for both Medicaid and tax credits; enrollment; exemptions from mandated enrollment; employer plan comprehensiveness and affordability; verification through federal hub or other sources and notices. As part of its work, the operations subcommittee also is tasked with designing a "no wrong door" approach to applying for health coverage. As a starting point, all existing mechanisms for a potential enrollee to gain enrollment in a state health insurance program or private health insurance coverage are going to be allowed going forward. As part of its efforts to develop the infrastructure for the Exchange, DVHA and DCF will first look to leveraging systems developed as part of the New England States Collaborative Insurance Exchange Systems (NESCIES) Project . The level 1 establishment grant application will include a request for development funding for changes to the DVHA webpage as well as other applicable state webpages, such as AHS, BISHCA and DCF.

Existing business processes for DVHA and DCF are under review. The state is anticipating gaining information from the New England States Collaborative Insurance Exchange System (NESCIES) effort led by the University of Massachusetts http://nescies.org/ to assist them with updating business processes.

Integration Work Plan

A draft work plan is attached to this document as Appendix A for the time period of October 2011 – September 2012. DVHA has developed and executed memoranda of understanding with its key agency partners, including BISHCA and DCF. As part of its integration planning, DVHA and DCF will develop a plan to transfer determinations of health care eligibility from DCF to DVHA by December 31, 2013.

A full integration plan must be submitted to the Vermont Legislature no later than January 15, 2012. As part of this planning process, the state will consider the cost allocation across Medicaid, CHIP, the Exchange and other programs for use in determining the amount of federal financial participation available towards ongoing administrative costs.

Integration of Exchange Planning with Goal of a Single Payer System

The State of Vermont is simultaneously planning for implementation of the Exchange as well as moving forward with the goal of single payer system in Vermont. The implementation grant planning will include information that connects the Exchange with the single payer directly by leveraging the state's single payer efforts using the components developed to implement the Exchange.

The implementation grant funds will include a request for additional resources to review the essential benefit requirements against the current Vermont list of mandated health insurance services found in the Current Vermont Health Insurance Market

report[iv]. This review will be important to determine what is covered in the plans in Vermont and whether and state legislative changes would need to occur to make any changes to the current list of health insurance mandates. Additional analysis of the basic health program requirements will also occur with funding from the implementation grant. This analysis will result in a report that will be brought to the Vermont legislature in 2012 so that Vermont can decide whether or not to have a basic health program option.

Appendix A: Work Plan from the Level 1 Establishment Grant Application Program Integration

Integration with Medicaid

Activity	Timing	Outcome
Continue work of health Insurance Exchange operations subcommittee for Medicaid and the Exchange roles & responsibilities, identifying lead organization, and dealing with challenges, on issues including and not limited to: • Eligibility determination, verification and enrollment • Strategies for compliance with "no wrong door" policy • Benefits & IT systems	October - December 2011	Status report
Use subcommittee to create options and recommendations on issues between Medicaid and the exchange (and potentially basic health plan), operating procedures between exchange and other state health programs, and cost allocations between exchange grant, Medicaid and other funding streams. Coordinate work group options with insurers and other private entities who will be involved in integration.	January - February 2012	Memo on options/recommendations for areas of overlap
Present options/recommendations to agency leadership and Exchange Advisory Board	March 2012	Revised memo

Integration with Department of Banking, Insurance, Securities and Health Care Administration (BISHCA)

Activity	Timing	Outcome
The Insurance Market Planning group will convene regular meetings to coordinate work, including: • Roles and responsibilities of exchange and BISHCA for QHPs inside and outside exchange • Limiting adverse selection between exchange and outside market	Ongoing	Work group for insurance market integration
Develop options for roles and responsibilities and market reforms that affect the exchange and the outside market	October - December 2011	Memo on options for market reforms based on additional actuarial and market analyses, if needed
Present options to Legislature	January 2012	Understand preferred directions
Further develop preferred options	February 2012	Revised memo
Update and pass additional state legislation as needed	February –	Prepare for 2012 session

	May 2012	

Sharing Information between BISHCA and Exchange

Activity	Timing	Outcome
Work with BISHCA to ensure BISHCA collected information will be shared with the exchange to ensure Qualified Health Plans (QHPs) meet state insurance regulations, including: • Rate review • State licensure • Solvency • Market conduct • Financial stability of insurance companies • New insurance market reforms in 2014	October 2011 – September 2012	Staff communication and IT systems have process for exchanging information
Ensure way to share exchange-collected data on QHPs with BISHCA, including: • Certification processes • Quality information • Performance requirements	October 2011-September 2012 and ongoing	Staff communication and IT systems have process for exchanging information
Test information sharing through IT systems	October 2012 and ongoing	Functioning system

[i] http://cciio.cms.gov/ Center for Consumer Information and Insurance Oversight

[ii] http://www.nasuad.org/documentation/aca/grants/93.525%20Cooperative%20Agreements.pdf

[iii] Ibid

[iv] http://dvha.vermont.gov/administration/hbe-insurance-market-report-final-06-28-11.pdf