

# UPDATE ON ARKANSAS HEALTH BENEFITS EXCHANGE PLANNING AND LEVEL ONE FUNDING REQUEST

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September 26, 2011

Joint Interim Committee on  
Advanced Communications and  
Information Technology

# Planning Grant Activities

## 2010 - 2011

- Arkansas Insurance Department is Grantee for year-long Exchange Planning Grant awarded by DHHS - CCIIO
- Two Full Time Staff
- Primary Contracts/Agreements
  - First Data for Government Solutions
  - UAMS

# CCIIO Exchange Grant Programs

## Exchange Planning Grants to States

AR rec'd \$1 million (Sept. 30, 2010 – Sept. 29, 2011)

*Approved for No Cost Extension September 20, 2011*

## January, 2011 CCIIO announced new funding opportunities for States

- Level One Establishment – *Does not require State Authority; one year maximum; grants can be concurrent*
- Level Two Establishment - *Does require State Authority; funding is from date of award through December 31, 2014*

# Level One and Two Establishment Cooperative Agreement Due Dates

## Level One

All in 2011: March 30, June 30, Sept. 30, Dec. 30

*AR planned September 30 application:*

- *Would not have background study results sooner*
- *Implementation Timelines*
- *Ending of one year Planning Grant*

## Level Two

2011: March 30, June 30, Sept. 30, Dec. 30

2012: March 30, June 29

*States with authority allowed to go directly to Level Two Ap.*

# Other Key Dates

- Application Deadline for State Exchange
  - October 2012
- Full or Conditional Approval of State Exchange
  - January 1, 2013
- Open Enrollment for Exchanges
  - October 1, 2013 (State or Federal)
- Exchange Fully Operational
  - January 1, 2014 (State or Federal)

# Exchange Must be Self-Sufficient

January 1, 2015 (State or Federal)

# Arkansas Level One Budget Draft

## All Will Go Through Legislative Approval Process

### Add Three Staff Members (federally funded)

- Grants/Contracts Specialist \$42,500
- Administrative Assistant III 34,871
- Administrative Assistant II 29,427

### Small Consultant Contracts

- Finance/Accounting \$75,000
- Evaluation 50,000
- Legal Assistance 37,500
- Policy 25,000
- Communications 18,750

# Arkansas Level One Budget Draft

## All Will Go Through Legislative Approval Process

### Larger Planning Contracts

• Public Education Campaign	\$1,500,000
• First Data Continuing Contract*	463,000
• Program Manager	240,000
• Enterprise Architect	240,000
• Qualified Health Plan	200,000
• SHOP Program	200,000
• Navigator Program	200,000
• Call Center	100,000

\* *Original Contract awarded through Competitive State Procurement Process*

# Arkansas Level One Budget Draft – Con't.

## Maintenance and Operations

- Supplies (office, non-capital equipment, furniture)

**\$41,000**

Travel (intra-state and conference)

**\$41,676**

Other (phones, phone service, advertising, print-varied, rent)

**\$46,168**

# Level One Budget Summary

Personnel (new and existing)	\$315,119
Contracts (small and large)	3,349,250
M & O (supplies, travel, other)	128,844
<b>TOTAL</b>	<b>\$ 3,793,213</b>

# Level One Establishment Application

Would like to submit September 30, 2011

- Gives Arkansas Strongest Options
  - State Exchange still possible
  - Partnership options could be explored
- If we wait until December, we would lose four months in procurement process, making State Exchange option pretty much impossible
- Prevents costly “stop – start”

# Federal-State Partnership Options Announced August – September, 2011

## Federal Authority and Accountability for Ensuring Exchange Meets all Standards

- Federal Government makes decisions where Exchanges have flexibility, including areas such as network adequacy and marketing
- HHS can charge issuers user fees to run the Federally-facilitated Exchange
- HHS will work with local stakeholders and solicit State input

# Federal-State Partnership Options

States may choose:

Option 1: Plan Management Functions

Option 2: Selected Consumer Assistance Functions

- In-Person Assistance
- Navigator Management
- Outreach and Education

Option 3: State would do both (1 and 2 above)

HHS will ensure the Partnership meets all Standards

# Questions

# PLANNING GRANT RESULTS

# Stakeholder Involvement

- Steering Committee
- Six Workgroups
- 64 Community Meetings in 17 Towns/Cities
- Web-Based Survey
- Stakeholder Summit - October 11, 2011

# Community Meetings - Areas of Agreement

- Majority for Arkansas Exchange, designed by Arkansans
- Most are for AID regulation of plans and companies
- Want Exchange to be as Inclusive as Possible
- No support for new taxes; most preferred a premium fee for sustainability
- Support for tracking quality indicators to include customer satisfaction

# Community Meetings Areas Lacking Consensus

- A strong and vocal minority of participants were opposed to planning an exchange at all
- Governance control - State Agency, Non-Profit, or Hybrid?
- Will there be enough providers?
- Any willing insurer or active purchaser model?
- Role of Navigators vs. Licensed Producers?

# Findings/Recommendations

## Web-Based Survey (n=432)

- 68% for Arkansas Exchange; 70% want AID regulation of plans; 32% believe planning should stop
- 52% believe we should have Active or Hybrid purchasing model
- 74% believe persons with incomes >400% FPL should be allowed to shop on Exchange
- 49% believe small group should be defined as  $\leq$  50 employees
- 75% believe Navigators should be Certified or Licensed
- Most believe financing should be through Insurer Fee

# Background Research

- First Data is Primary Contractor
  - Subcontractors
    - Arkansas Foundation for Medical Care
    - Powell and Associates
    - SCIOInspire (formerly Solucia)
- Seven Separate Reports

# Key Findings and Recommendations

## Governance

- State-Based (vs. Federal Exchange)
- Quasi-Governmental Structure
- Appointed, Non-Profit Board
- Connection with AID

# Key Findings/Recommendations

## Marketplace

- 211,000 Arkansans predicted to enroll in private marketplace
  - 116,000 in Individual Market
  - 95,000 in Small Group Exchange
  - *120,209 of these previously uninsured*
- 175,000 additional Arkansans predicted to enroll in Expanded Medicaid in 2014
  - Increase from 682,000 to 857,000

# Key Findings/Recommendations

## Marketplace

- Uninsured Population to decrease
  - from 20% in 2013 to just over 10% in 2014
  - then to 9% in 2019
- 11% are predicted to see decrease in premiums

*Only those shopping through the Exchange can receive subsidies, tax credits, or other cost reductions*

# Key Findings/Recommendations

## Eligibility/Enrollment

- Communication/Outreach/Education Critical to Success
  - Strong Navigator Program
  - Strong Participation by Brokers/Producers
  - Call Center
  - Competence in removing literacy, language, disability barriers
  - Provide for walk-in, mail enrollment
- Integrate Medicaid and Private Plan Eligibility/Enrollment Determinations
- First Class User Experience (UX 2014)

# Key Findings/Recommendations

## Navigator Program

- Purpose is to raise awareness about QHPs, tax credits, and other cost-sharing reductions—especially to hard-to-reach populations
- Navigator does not serve same purpose as Broker/Producer – does not enroll consumer
- Navigators to obtain training/certification and be regulated by AID

# Key Findings/Recommendations

## Navigator Program

- Navigator payment through traditional, competitive grant program with predetermined amounts and required deliverables
- Oversight to prevent Fraud, Waste and Abuse
- Producers are generally in agreement with this role

# Key Findings/Recommendations Program – IT Integration

- Maximize Arkansas Investments
- Continue Requirements Development
- Avoid Duplication
- Establish Interagency Agreements/ Collaboration
- Maximize Federal Support / Minimize State Maintenance
  - Apply for Level Two Funding by March 30, 2012

# Key Findings/Recommendations

## IT Integration

- Critical to Exchange Success
- Multiple Current Health IT Efforts Underway
- Arkansas Asset Inventory Complete
- Implementation Considerations
  - Project Management Recommendations
  - System Development Life Cycle (SDLC)
  - Testing
  - Business Continuity and Disaster Recovery
  - Training
  - Contractor Engagement

# Key Findings/Recommendations

## IT Integration

### Components for Implementation

- Portal
- Security
- Member Management
- Business Rule Management
- Finance Management
- Customer Relationship Management
- Health Plan Management
- Reporting
- Document Management
- Data Exchange

# Key Findings/Recommendations

## IT Integration

### Planning Phase Cost Estimates

**Design/Development/Implementation**      **\$ 12,150,000**

(range \$ 4.2M – \$ 19.25M)

**Program Integration Costs**      **2,500,000**

(range \$1.25M - \$ 4M)

**Annual Support/Maintenance**      **4,870,000**

(range \$1.81M - \$7.26M)

# Key Findings/Recommendations Evaluation

## Overall

- Addresses Policy-maker and Broader Stakeholder concerns, including consumers – leads to continuous improvements
- Uses existing data sources as much as possible
- Assesses Implementation, Outcomes, Efficiency

## Areas to be Assessed

- Enrollee and Provider Satisfaction (Health Care and Insurance)
- Insurance Coverage, Decreasing Number of Uninsured
- Access to Primary, Wellness, and Specialty Care
- Quality of Care
- Costs

# Arkansas must be Ready for January 1, 2014

- Most Arkansans Want a Health Benefits Exchange Planned by Arkansans for Arkansans rather than a Federally-operated Exchange in Arkansas.
- We cannot be ready if we don't keep moving forward.
- We plan to go through routine legislative approval at every step.
- We respectfully request your support and participation.