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# New York State Health Benefit Exchange

Work Plans for Financial Management  
and Oversight, Monitoring & Reporting  
SHOP Work Plan Supplement

October 26, 2012

### Document History Control Log

Version	Date	Status*	Author	Description of Change
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# Introduction

The State of New York (the State) is implementing a Health Benefit Exchange in compliance with the Patient Protection and Affordable Care Act (ACA) of 2010 and subsequent regulations.

The Exchange will facilitate plan selection, enrollment and health coverage for eligible individuals and eligible employees of eligible small employers, pursuant to the requirements of the ACA<sup>1</sup>. The Exchange will provide issuers, brokers, Navigators, employers, employees, and individuals with the tools, information, and assistance needed to enroll in coverage. The Exchange will do so while adhering to all federal and State laws, regulations and guidelines governing appropriate use of funds and financial transactions. The Exchange will also implement necessary internal and external quality controls to monitor the Exchange's performance.

The purpose of this document is to assist the State in creating Work Plans to guide the implementation of the Financial Management (FM), Oversight, Monitoring & Reporting (OMR), and select Small Business Health Options Program (SHOP) responsibilities of the Exchange. In both areas, the work plans include the following:

- Identification of Requirements
- Overview of Management Approach
- Key Tasks
- Identification of Personnel Responsible for Task Completion
- Target Timing

## Document Organization

Each Work Plan begins by citing the applicable CMS Blueprint Exchange Activity Section, followed by narrative of the Exchange's general approach. The sections are then broken down by the Blueprint sub-sections and, if applicable, corresponding tasks referenced in the Financial Management Blueprint – Business Architecture Supplement. The tables contain the tasks and outline the numerous activities the Exchange will consider in implementing the FM, OMR, and SHOP plans.

Please note that the term “Exchange” as included in the Responsible Party column of the task tables indicates a named resource to be determined. “Target Date” refers to the estimated date by which the sub-task will be completed.

See the example on the next page of the document organization.

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<sup>1</sup> The State will continue to define the small group market as employers with 50 or fewer employees, and will increase this threshold to groups with 100 or fewer employees in 2016 as required by the ACA (45 CFR 155.20)

**Figure 1 – Work Plan Illustration**

CMS Blueprint Exchange Section and Activity			
Narrative			
<b>Task</b>			
Narrative			
Task	Target Date	Responsible Party	Deliverable
Sub-task	Date	Department	Proposed Outcome

### Task Outputs/Deliverables Assumptions

- The State will implement the Individual and SHOP Exchanges in concert with one another. Neither will be a stand-alone entity, and the State will seek to leverage existing or planned functions and/or capabilities, including accounting systems, customer support services, etc. to support both the Individual and SHOP Exchanges.
- New York will not administer the risk adjustment or reinsurance programs (during at least the first two years of operation).
- The Exchange will not collect and remit premiums on behalf of individuals, although the SHOP Exchange will do so on behalf of small employers.

### Constraints

- To date, CMS has published limited guidance on how States should implement the OMR requirements of the ACA. States have received little to no formal notice regarding the data metrics, report format or frequency of the OMR requirements.
- The content of this document does not constitute an audit or attestation. Accordingly, we express no opinion on financial results, processes, other information, or internal controls. The State is responsible for the decisions to implement any recommendations and for considering their impact. These Work Plans are meant solely for use by the State and may not be reproduced or shared with any third party without KPMG’s consent except as may be allowed by the terms of our contract agreement.
- This document is not intended to be a comprehensive and exhaustive review of all practices and activities relating to current or proposed State Exchange operations.

# Referenced Documents

The Work Plans draw on a number of other documents. Documents relevant at the time of writing are included in Table 1.

**Table 1: Referenced Documents**

Document Name	Document Number	Issuance Date
CMS Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges		August 13, 2012
CMS Financial Management Blueprint – Business Architecture Supplement	V 1.0	August 9, 2011
Connecticut Health Insurance Exchange Performance Measurements Plan	V 3	October, 2012
KPMG Analysis of SHOP Policy for the New York State Health Benefit Exchange		October, 2012

# Financial Management Work Plan

## 8.1 The Exchange has a long-term operational cost, budget, and management plan.

Both the ACA and New York State Executive Order No. 42 require the State Exchange to be financially self-sustaining by calendar year 2015. Developing budgets for the first year of operation and future years will enable the Exchange to show how it will become self-sufficient starting in calendar year 2015.

The ACA establishes the SHOP as a financial intermediary between employers and health insurance issuers as it is required to bill employers, collect and aggregate premium payments, and then transfer these funds to issuers. A robust accounting system will need to be established to enable the SHOP to operate in compliance with all federal and State financial regulations to which the SHOP is subject while producing financial reports for HHS, the State, and other public entities.

The State has opted not to administer the risk adjustment or reinsurance program in 2014-2015, but will instead defer to the federal government to administer these programs. The State may wish to administer these programs in subsequent years, and the Exchange may plan to collect the required data beginning in year one to ensure the financial systems being built include the functionality and information to administer these programs.

### Controls Assessment

The Exchange's financial activity will be subject to numerous federal and State controls, many of which State agencies follow as part of routine operations due to the New York State Internal Controls Act. This law, which will also govern the Exchange, identifies the objectives of an internal control system as:

“safeguarding of assets; checking the accuracy and reliability of accounting data and financial reporting; promoting the effectiveness and efficiency of operations; ensuring compliance with applicable laws and regulations; and encouraging adherence to prescribed managerial policies. Internal control review processes are used periodically to evaluate the ongoing internal control system and to assess and monitor the implementation of necessary corrective actions.”

The Exchange will first leverage the State's established control policies and procedures in pursuit of sound financial management. The State will then compare the identified practices and requirements to any additional, Exchange-specific controls that may be required. The results of this initial gap analysis will help identify the remaining elements of a meaningful control framework the Exchange must establish.

It is important to note that as federal and State laws and regulations are promulgated, the Exchange must continuously update its control practices and procedures to remain compliant. Exchange leadership will need to outline a mechanism to stay abreast of such changes and establish a means to implement the requisite changes in a timely manner.



**Table 2: Controls Assessment**

Task: Controls Assessment	Target Date	Responsible Party	Deliverable
Identify the financial controls applicable to the Exchange.	December 2012	Exchange in collaboration with DOH and HHS	Documented financial control procedures
Identify established federal financial controls that apply to Exchange operations.	December 2012	Exchange in collaboration with HHS	
Identify established State financial controls that apply to Exchange operations.	January 2013	Exchange in collaboration with DOH	
Compare the State's existing processes and procedures to address the above control requirements and identify any resulting gaps in required compliance.	February 2013	Exchange in collaboration with DOH	
Use the results of the gap analysis to create any additional policies and procedures as necessary.	March 2013	Exchange in collaboration with DOH	
Monitor new or updated federal and State laws and regulations that may impact the compliance measures the Exchange institutes.	Ongoing	Exchange	Periodic updates to Exchange policies and procedures as necessary

**8.1a The Exchange has a long-term operational budget and management plan and , monitors its finances..**

**Establish an Accounting System**

Responsibly tracking financial transaction data in accordance with federal and State requirements will be necessary to enable the Exchange to assess its financial performance while establishing the transaction history required to perform external audits.

To facilitate, track, and report on Exchange financial transactions, the Exchange will use New York's Statewide Financial System (SFS) to the greatest extent possible. In April 2012, the SFS became operational and continues to implement additional functionality. The State government's accounting and financial management system is a modern enterprise resource planning (ERP) system built with the goal of enabling the State to perform its fiscal and business management tasks effectively, transparently and efficiently. The SFS facilitates the management and flow of information between and within State agencies, State control agencies (the Division of the Budget and the Office of the State Comptroller), the State Legislature, vendors doing business with the State, and the general public.

To help determine the specific Exchange accounting needs the SFS can meet, the Exchange will first establish a comprehensive list of capabilities it must operationalize, including, but not limited to:

- General Ledger
- Grant Disbursement
- Accounts Receivable
- Bank Reconciliation
- Administration
- Fixed Assets
- Accounts Payable
- Item/Service Master List
- Reporting
- Operations and Maintenance

An accounting system will not have to separately accommodate payroll functions as Exchange staff are New York State Department of Health employees and are paid through the State payroll system, PayServ.

Since SFS capabilities are increasing over time, the Exchange will work with the SFS implementation team to determine which of these needs the SFS can support now as well as a projected timeline for additional functions, if necessary. If specific requirements cannot be met by the SFS in time to meet the Exchange’s needs, the Exchange will develop a mitigation plan to ensure necessary functionality is available.

Note, however, that the SFS will not administer premium processing on behalf of the SHOP Exchange. As discussed in the Detailed Design Review Summary for Section 6.0 SHOP (later in this document), premium processing will be administered as a separate service, subject to oversight, reporting, and monitoring by the Exchange.

Standing up a capable operational relationship between the Exchange back office and the SFS will require sufficient staff resources. The Exchange will continue to refine its established staffing plan, which will help ensure the work associated with its accounting practices and policies are efficiently and effectively addressed.

The Exchange will also develop necessary financial policies and procedures to support the daily activities of relevant staff. Specific policies will include but are not limited to: segregation of duties, purchasing and check-writing processes, management of incoming and outgoing funds, document retention, etc.

**Table 3: Establish an Accounting System**

Task: Establish an Accounting System	Target Date	Responsible Party	Deliverable
Identify the mandated and enhanced accounting functions of the Exchange.	November 2012	Exchange in collaboration with SFS implementation team	Exchange /SFS accounting functions gap analysis
Obtain and review the functional timeline from the SFS implementation project team. Assess the current and projected future capabilities of the SFS.	November 2012		
Compare the target Exchange functions against the SFS capability timeline and identify compatible attributes and gaps.	December 2012		
If necessary, develop a mitigation plan for any gaps identified (e.g., SFS capability modifications, short-term outsourcing options, etc.)	January 2013		
Develop a staffing plan for initial and future years to efficiently execute the Exchange’s accounting functions. Determine roles and responsibilities, supporting job descriptions, performance management practices, etc.	<b>Completed</b>	Exchange	Staffing plan

Task: Establish an Accounting System	Target Date	Responsible Party	Deliverable
Establish the necessary governance and supporting processes for Exchange accounting (e.g., chart of accounts structure, core business policies and procedures, etc.).	January 2013	Exchange in collaboration with DOB	Functioning accounting systems activated and updated as necessary
Monitor accounting systems to ensure proper functionality and reporting.	Ongoing	Exchange	

### Short- and Long-Term Budget Development

Becoming a financially self-sustaining entity by 2015 will require short term cost management as well as longer term budgeting. The State has prepared a five-year budget which includes IT and other contracts, staffing, and non-personal services (equipment and supplies, computer hosting, and travel). Please reference the separate budget artifact (Exchange Five-Year Budget) submitted to CMS for calendar year 2011 through 2016.

The projection of expenditures over the first and subsequent years of operation will be informed by the performance goals New York will establish for the Exchange (see also- Data Collection and Mapping to Performance Measures section).

The Exchange will adhere to the State's established budget timelines, procedures and expectations during the course of budget development and implementation.

**Table 4: Short- and Long-Term Budget Development**

Task: Short- and Long-Term Budget Development	Target Date	Responsible Party	Deliverable
Project expenditures including personal, non-personal, and contractual costs, for the first year of operation and craft an initial operating budget.	Drafted	Exchange	Year one operating budget
Develop five year budget projections to enable strategic planning.	Drafted	Exchange	Exchange five year budget projections
Implement a budgeting protocol, including timelines, responsible parties, and metrics to be considered for future years of operation.	May 2013	Exchange	Budgeting process
Develop a staffing plan for initial and future year budgeting. Determine roles and responsibilities, supporting job descriptions, performance management plan, etc.	<b>Completed</b>	Exchange	Staffing plan

### Financial Data Collection

In 2014-2015, the Exchange will not operate the risk adjustment or reinsurance program. The Exchange is still responsible, however, for publishing financial data on its website and reporting financial information to HHS and the IRS. The Exchange must submit required annual accounting reports to HHS<sup>2</sup>, and report to the IRS employer participation, employer contributions, and employee enrollment information in a time and format to be determined by HHS<sup>3</sup>.

Beyond the currently mandated financial data reporting, the State plans to collect more expansive encounter data to inform and evaluate the Exchange's strategic decision making. To do so, the State is currently

<sup>2</sup> ACA Section 1313

<sup>3</sup> 45 CFR 155.720

developing an All-Payer Database (APD), a repository of claims and encounter data to be collected from private payers. This database will not be available in the near term, thereby challenging the Exchange to either create its own database for eventual conversion into the APD, or to wait to collect these data when the APD is operational.

HHS has not yet communicated the specific elements or formats of periodic reporting it will require. The Exchange will incorporate any subsequent guidance or requirements into its financial data collection protocols and procedures as they become available.

Prior to October 2013, the Exchange will test the system features and data collection protocols it has established to comply with all pertinent federal and State laws and guidance. Please see the Privacy and Security Work Plan for further details on this effort.

**Table 5: Financial Data Collection**

Task: Financial Data Collection	Target Date	Responsible Party	Deliverable
Establish reporting requirements supporting templates in accordance with federal and State statutes, including IRS Code, pending HHS guidance, etc.	May 2013	Exchange	Financial data report templates
Determine specific data elements the State will collect for purposes of required reporting.	May 2013		
Develop necessary privacy and security controls governing financial information (see Privacy and Security Work Plan for complete details).	July 2013	Exchange in collaboration with data-sharing federal and State agencies	Privacy and security controls
Execute data use and confidentiality agreements between the Exchange and other State agencies, issuers, brokers, the IRS, HHS and other stakeholders as necessary to ensure appropriate sharing and use of data.	August 2013		Executed confidentiality agreements
Develop a staffing plan for initial and future years to efficiently execute the Exchange's financial data collection functions. Determine roles and responsibilities, supporting job descriptions, performance management policies, etc.	<b>Completed</b>	Exchange	Staffing plan
Post financial data to the Exchange website and submit required reports to HHS, the IRS, and other government entities as necessary.	Ongoing	Exchange	Published financial data reports

8.1b The Exchange has defined methods for achieving self-sustainability pursuant to Affordable Care Act 1311(d) (5) (A), and has the appropriate legal authority.

The ACA allows state-based Exchanges flexibility in determining how it will achieve self-sustainability. The Exchange, in concert with the NYS Division of the Budget (DOB), will investigate various options available to achieve self-sustainability and, in compliance with all federal and State law and regulation, will implement policies and procedures to do so. The Exchange will continually monitor its financial position. Exchange leadership will seek to appropriately assign the roles and responsibilities to staff to outline and institute financial monitoring practices and supporting reports.

**Table 6: Achieving Self-Sustainability**

Task: Achieving Self-Sustainability	Target Date	Responsible Party	Deliverable
Research the various means by which the Exchange can achieve self-sustainability.	October-2012 April 2013	Exchange in collaboration with DOB	Self-sustainability plan identified and established
Establish the specific means and policies and procedures to achieve self-sustainability	May 2013	Exchange in collaboration with DOB	
Monitor financial position of the Exchange and outline/implement corrective actions as necessary and if applicable.	Ongoing	Exchange in collaboration with DOB	Monthly financial reports
Develop a staffing plan for initial and future years to oversee self-sustainability and financial position of the Exchange. Determine roles and responsibilities, supporting job descriptions, performance management policies, etc.	<b>Completed</b>	Exchange	Staffing plan

# Oversight, Monitoring and Reporting Work Plan

11.1 The Exchange has a process in place to perform required activities related to routine oversight and monitoring of Exchange activities (and will supplement those policies and procedures to implement regulations promulgated under the Affordable Care Act 1313).

The Exchange will perform ongoing oversight, monitoring and reporting (OMR) in order to measure its performance, adjust to a changing marketplace, and prevent and detect fraud, waste and abuse. While the Exchange will interact with and have some OMR responsibilities for a number of market participants, New York has extant agencies and departments with oversight and regulatory authority over these market participants. The Exchange will leverage its existing OMR infrastructure, to the greatest extent possible, while supplementing those areas where Exchange-specific oversight, monitoring and reporting is required.

11.1a The Exchange has in effect policies and procedures for performing routine oversight and monitoring of Exchange activities.

## Assessment of Established Federal and State Oversight and Monitoring Requirements

Similar to the requirements outlined in Section 8.1, Exchange oversight and monitoring requirements will be dictated by federal and State directives. New York has a significant body of law and numerous agencies who are responsible for oversight and monitoring of key participants in the health insurance and health care markets.

The Departments of Health (DOH) and Financial Services (DFS) have primary responsibility for oversight, monitoring and regulation of health insurers and insurance producers (i.e., brokers and agents). Article 44 of the NYS Public Health Law and Sections 1102, 2101, 3201, 3216, 3221, 3233, 4235, 4304, and 4305 of NYS Insurance Law place DOH and DFS at the center of the State's established health insurance market oversight infrastructure. As such, the Exchange will rely heavily on these departments to ensure these key market participants are in compliance with all applicable rules and regulations. The Exchange will coordinate with DOH and DFS on a number of oversight, monitoring and reporting activities that may be of particular interest to the Exchange.

The Exchange, as appropriate, will collaborate with the Medicaid Inspector General to share information and approaches to protecting the integrity of state-operated health insurance programs. The New York State Medicaid Inspector General (OMIG), is a State agency whose mission is to enhance the integrity of the NYS Medicaid program by preventing and detecting fraudulent, abusive, and wasteful practices within the Medicaid program and recovering improperly expended Medicaid funds, while promoting high quality care. The Medicaid Inspector General will retain responsibility for the integrity of the NYS Medicaid program.

In addition, the Office of the State Comptroller (OSC) has the constitutional authority (Articles V & X) to conduct financial, compliance and performance audits of all State and New York City agencies, including their associated facilities, institutions, board and program activities, as well as virtually all public benefit corporations (authorities). In addition to the Constitution, the legal basis for the Comptroller's authority is contained in various statutes including the State Finance Law. The Comptroller also has the authority to audit the records of

private firms and nonprofit organizations which are awarded contracts by, or receive funding from, these government entities. As a state-based Exchange, the OSC will have audit authority over the operation of the Exchange, including the contractors engaged in its operation and administration.

The Exchange will first leverage the State’s established oversight and monitoring policies and procedures applicable to all Exchange-related activities. It will then compare the existing infrastructure and oversight and monitoring activities performed in the market to any additional, Exchange-specific requirements. The results of this gap analysis will determine the remaining oversight and monitoring activities the Exchange must establish.

It is important to note that as federal and State laws and regulations are promulgated or updated, the Exchange will continuously update its oversight, monitoring and reporting practices and procedures to remain compliant.

**Table 7: Assessment of Established Federal and State Oversight and Monitoring Requirements**

Task: Assessment of Established Federal and State Oversight and Monitoring Requirements	Target Date	Responsible Party	Deliverable
Identify the oversight and monitoring policies and procedures to which the Exchange must adhere.	December 2012	Exchange in collaboration with DOH, DFS, OMIG, OSC, etc.	Documented oversight and monitoring requirements
Identify the established federal oversight policies and procedures that apply to Exchange operations.	December 2012	Exchange in collaboration with HHS	Catalogue of existing oversight and monitoring requirements
Identify the established State oversight policies and procedures that apply to Exchange operations.	January 2013	Exchange in collaboration with DOH, DFS, OMIG, and OSC	
Compare the State’s existing processes and procedures to address all oversight and monitoring requirements to any new requirements and identify any resulting gaps.	February 2013	Exchange in collaboration with DOH, DFS, OMIG, and OSC	Oversight and monitoring gap analysis
Use the results of the gap analysis to create any additional oversight and monitoring policies and procedures as necessary.	March 2013	Exchange in collaboration with DOH, DFS, OMIG, and OSC	
Monitor new or updated federal and State laws or regulations that may impact the compliance measures the Exchange institutes.	Ongoing	Exchange in collaboration with DOH, DFS, OMIG, OSC, and HHS	Periodic regulatory updates as necessary

### 11.1b The Exchange has in effect quality controls as part of oversight and monitoring of Exchange activities.

#### SHOP Data Verification Process

The SHOP eligibility and enrollment processes will include verification steps to ensure accurate, complete information and documentation is being submitted by employers, producers and employees. Federal regulations require the SHOP to use a single application to determine an employer’s eligibility to participate in the SHOP and to collect information necessary for purchasing coverage. The regulations direct the SHOP to

collect basic information from employers to establish an account. To verify that the employer is a legitimate New York employer with 50 or fewer full-time employees eligible to purchase coverage in the state's small group market, employers will attest to being a small employer. The Exchange anticipates verifying this attestation electronically with the NYS Department of Taxation and Finance database storing Form 45 information submitted to them. The Form 45 is a quarterly filing that virtually all New York employers must submit that includes information on employers and employees used to collect payroll taxes and unemployment insurance contributions. Physical submission of the Form 45 (or other data source) would be used if this electronic interface is not available or if the data does not match.

The employer account setup function also involves the submission of an employee census, which will include information on all employees eligible for the employer's offer of insurance, including employees who may choose not to enroll in the employer's health insurance, which will be used to determine minimum participation requirements.

The SHOP may also validate the information included on the Form 45 against numerous State databases, including those maintained by DOL and, DOS to confirm the accuracy of the employer and employee submissions. This verification of employers and employees will enable the SHOP Exchange to reduce the likelihood of fraud and is consistent with the current market practice.

The established checks of employer and employee submissions will be routinely tested to confirm their effectiveness. Should risks be identified in the verification process, the system will be appropriately enhanced to reduce this risk.

**Table 8: SHOP Data Verification Process**

Task: SHOP Data Verification Process	Target Date	Responsible Party	Deliverable
Determine the existing State databases or resources that could be used to confirm the SHOP registrant's status as an eligible small employer or eligible employee.	February 2013	SHOP in collaboration with DOL, DOS, etc.	Data verification sources identified
Create the SHOP registration and enrollment forms, which will include the information necessary to confirm the eligibility of employers and employees.	March 2013	SHOP	SHOP registration form
Institute an automated process for employer and employee status verification, if possible. If automation is not possible, implement a manual process that will incorporate appropriate checks and the creation of an audit trail.	April 2013	SHOP	SHOP data verification process
Create policies enabling regular testing of the effectiveness of the employer and employee verification processes and mitigation of any risks that may be identified.	June 2013	SHOP	SHOP data verification process testing policies

**Individual Exchange Data Verification Process**

The Exchange is building similar controls into the Individual Exchange eligibility system to verify the identity and eligibility of individuals for coverage. The State plans to align with the draft federally facilitated exchange (FFE) process flows and draft business service definitions (BSDs) provided to date, in terms of its approach to data sources for verifications for residency; citizenship and immigration status; incarceration; household income; tax household size; whether an individual is an American Indian; enrollment in an eligible employer-



sponsored plan (if applicable); and eligibility for qualifying coverage in an eligible employer-sponsored minimum essential coverage. The Exchange plans to accept attestation as required for family/household composition.

The State plans to use all required federal data hub services made available to states for Exchange eligibility determinations and verifications. Examples of federal data hub services New York plans to use include, but are not limited to, social security number (SSN) validation through Social Security Administration (SSA); citizenship/immigration status through SSA/DHS; incarceration status from the Prisoner Update Processing System (PUPS); tax household size; MAGI total household income or any other federal tax information through the IRS; and any federal hub source available to verify eligibility for public programs that provide minimum essential coverage (e.g. Medicare, TRICARE, Peace Corps, Veterans health). The State plans to check its own administrative data sources for enrollment in Medicaid, CHP and the Basic Health Program (BHP), if offered. Additionally, if PUPS is not required, the State will use data from the NYS Department of Corrections and Community Supervision (DOCCS) to determine incarceration status.

The Exchange will strive to achieve the Assurance Levels appropriate for each user (e.g., Anonymous Shopper, SHOP employers, producer, etc.) for its E-Authentication processes. Identifying, authentication, and authorizing identities will be crucial to these activities.

New York plans to leverage the federal identity proofing service offered by Experian, subject to confirmation of test results for low income populations. Experian provides questions for a consumer and verifies against data available for a consumer, enabling the Exchange to confirm the individual’s identity.

**Table 9: Individual Data Verification Process**

Task: Individual Data Verification Process	Target Date	Responsible Party	Deliverable
Finalize the existing State and federal databases or resources available that could be used to verify the registrant’s eligibility for Exchange participation.	February 2013	Exchange in collaboration with the Federal Data Hub, SSA, DOCCS, etc.	Data verification sources identified
Institute an automated process for data verification, if possible. If automation is not possible, implement a manual process that will incorporate appropriate checks and the creation of an audit trail.	April 2013	Exchange	Individual Exchange data verification process
Create policies enabling regular testing of the effectiveness of the individual verification processes and mitigation of any risks that may be identified.	June 2013	Exchange	Individual Exchange data verification process testing policies

**QHP and Issuer Oversight**

DFS and DOH are required by State law to oversee and monitor licensed insurers in the State. These agencies subsequently oversee a robust issuer rate and form filing review process; perform utilization reviews and health plan and certification surveillance; monitor health plan marketing; review and approve subscriber contracts; approve benefit packages for commercial issuers; etc. As the ACA requires Exchanges to oversee QHPs and the issuers participating in the Exchange, the Exchange will identify the existing DOH and DFS oversight and approval processes and compare them to any additional requirements of the Exchange. The Exchange will work in collaboration with these sister agencies to define any additional regulatory

responsibilities the State now has and appropriately assign these roles to the designated staff in the respective departments.

The Exchange, DFS, and DOH will strive to reduce redundancy and to automate this process as much as possible to encourage issuer participation in the Exchange.

**Table 10: QHP and Issuer Oversight**

Task: QHP and Issuer Oversight	Target Date	Responsible Party	Deliverable
Identify the existing State oversight policies and procedures regarding health insurance issuers and plans.	December 2012	Exchange in collaboration with DFS, DOH, etc.	QHP and issuer oversight gap analysis
Identify new requirements of the Exchange to oversee and monitor issuers participating in the Exchange and their QHP offerings.	January 2013	Exchange in collaboration with DFS, DOH, etc.	
Compare these requirements to existing State procedures and use the results of this gap analysis to create any additional issuer and QHP oversight and monitoring policies and procedures as necessary.	February 2013	Exchange in collaboration with DFS, DOH, etc.	
Develop a staffing plan for initial and future years to efficiently execute the Exchange's issuer and QHP oversight functions. Determine roles and responsibilities, supporting job descriptions, performance management plan, etc.	<b>Completed</b>	Exchange	Staffing plan

**11.2 The Exchange has the capacity to track and report performance and outcome metrics related to Exchange Activities in a format and manner specified by HHS necessary for, but not limited to, annual reports required by Affordable Care Act 1313(a).**

**Data Collection and Mapping to Performance Measures**

Participation in the Exchange is not required of issuers, individuals enrolling in commercial insurance, or employers. To become an attractive distribution channel for the purchase of health insurance by individuals, small employers and their employees, the Exchange must monitor its progress towards specific performance goals. The performance data and desired outcomes the Exchange establishes could be organized into numerous categories, including, but not limited to:

- Business Function (e.g. enrollment, eligibility, plan management, Navigator and broker participation, etc.)
- Health Reform Impact (e.g. coverage affordability, access, level of coverage, customer satisfaction, etc.)
- Market Characteristics (e.g. geographic variations in coverage, comparison of premiums inside and outside of the Exchange, demographics of SHOP enrollees vis-à-vis the outside small group market, etc.)

Once the basic categories for performance have been identified, the Exchange will establish specific, realistic goals for each. Depending on the goals set, numerous indicators may be used to help determine progress towards them. Please see Appendix 2 for a sample set of Exchange performance indicators.

The Exchange will seek to build performance reporting tools and processes that:

- Automate the metrics collection process to the greatest extent possible.
- Aggregate, sort, and collate the information in a database and present it in a dashboard format that:
  - Provides summary and drilldown capabilities
  - Provides export capabilities for further analysis and examination.
  - Provides visual representation that could include trend lines, bar graphs and pie charts.
- Collect the data on a timely basis.

Performance reports, including dashboards, could include the following:

- Summary of overall progress against established performance goals
- Key tasks, deliverables and milestones completed during the applicable period
- Team progress/status summaries
- Upcoming key tasks, deliverables and milestones for the next period
- Issues
- Risks
- Improvement plan
- Action items

Please see Appendix 3 for a sample executive dashboard displaying website activity performance metrics.

**Table 11: Data Collection and Mapping to Performance Measures**

Task: Data Collection and Mapping to Performance Measures	Target Date	Responsible Party	Deliverable
Determine the categories for which the Exchange will define performance goals.	January 2013	Exchange	Exchange performance metrics
Define Exchange-specific performance goals per these established categories.	February 2013		
Identify other performance metrics that would provide useful information and reports to the Exchange or other State entities.	February 2013		
Derive the specific data elements the Exchange will need to measure progress.	April 2013	Exchange	Exchange performance data elements
Build reporting capabilities around these performance goals, including dashboards, automated reports, etc.	June 2013	Exchange	Exchange performance report templates
Establish a performance improvement plan, including a data feedback loop, to continuously enhance Exchange processes and policies.	June 2013	Exchange	Performance improvement plan

11.3 The Exchange has instituted procedures and policies that promote compliance with the financial integrity provisions of Affordable Care Act 1313 (and will supplement those policies and procedures to implement regulations promulgated under the Affordable Care Act 1313), including the requirements related to accounting, reporting, auditing, cooperation with investigations, and application of the False Claims Act.

#### Financial and Accounting standards

The Exchange will determine the specific accounting standards to which it will comply, including the Government Accounting Standards Board, Government Accountability Office (GAO) Government Auditing Standards (Yellow Book), and the OMB Circular A-123 “Management’s Responsibility for Internal Control.

**Table 12: Financial and Accounting Standards**

Task: Financial and Accounting Standards	Target date	Responsible Party	Deliverable
Identify the specific accounting standards (GAAP/GAO) to which the Exchange will comply.	February 2013	Exchange	Accounting standards identified and adhered to
Ensure all accounting policies and procedures and financial reporting comply with the established standards.	February 2013	Exchange	

#### Specific Fraud Prevention and Mediation Measures

In addition to the processes and procedures outlined above, the specific actions listed below will help the Exchange to prevent or address instances of fraud, waste, and abuse. The New York State Public Officers Law and the Department of Health Employee Manual will inform the implementation of these tasks.

**Table 13: Specific Fraud Prevention and Mediation Measures**

Task: Specific Fraud Prevention and Mediation Measures	Target Date	Responsible Party	Deliverable
Develop policies and procedures outlining remediation steps that should be taken in response to allegations of fraud, waste and abuse.	April 2013	Exchange	Fraud mitigation and remediation plan
Develop policies and procedures that clearly articulate the responsibilities of management and staff.	April 2013	Exchange	
Develop protocols to clearly articulate when instances of fraud, waste and abuse in or impacting the Exchange should be escalated to outside authorities.	April 2013	Exchange	Fraud mitigation and remediation plan
Implement policies and procedures that clearly articulate the appropriate “tone at the top.”	April 2013	Exchange	
Ensure management understands the types of fraud and misconduct risks that exist, e.g., types of fraud, likelihood of occurrence, significance of risk.	April 2013	Exchange	Fraud education
Develop a communications plan to inform employees about fraud risks associated with Exchange funds on a regular and ongoing basis, e.g., vendor fraud, bribery, conflicts of interest, etc.	April 2013	Exchange	
Assess whistleblower policies to provide employees or third-parties with a means to communicate concerns about potential violations of laws, regulations or organizational standards (e.g., code of conduct violations) and to seek advice as to an appropriate course of action.	April 2013	Exchange	Whistleblower policies

Task: Specific Fraud Prevention and Mediation Measures	Target Date	Responsible Party	Deliverable
Consult with State internal audit/compliance functions regarding control testing of specific fraud risk issues.	April 2013	Exchange	Ongoing fraud testing
Develop procedures to conduct proactive forensic data analysis to identify patterns or trends indicative of fraud.	April 2013	Exchange	
Conduct ongoing monitoring of antifraud controls.	April 2013	Exchange	
Promptly refer to the appropriate overseeing body any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity or similar misconduct involving those funds.	April 2013	Exchange	Fraud reporting protocols

### Annual Audits

The Exchange will contract with an external vendor to perform an annual financial audit. The State's procurement policies will be followed to ensure an independent, qualified accounting firm is contracted with and performs all tasks required by federal and State law. The results of the annual audit will be posted on the Exchange website and communicated directly to HHS, OSC, DOH, and other appropriate State agencies.

**Table 14: Annual Audits**

Task: Annual Audits	Target Date	Responsible Party	Deliverable
Determine the qualifications the State will require of an outside vendor to perform a financial audit of the Exchange.	April 2013	Exchange	Service provider qualifications
Adhering to State procurement procedures, identify a vendor who has already established a business relationship with the State or proceed with the vendor selection process according to State protocol.	April 2013	Exchange in collaboration with OGS	RFP and supporting documentation
Develop a staffing plan for initial and future years to efficiently execute the Exchange's audit contract and related functions. Determine roles and responsibilities, supporting job descriptions, performance management plan, etc.	<b>Completed</b>	Exchange	Staffing plan
Execute a contract for auditing services.	August 2013	Exchange in collaboration with external vendor	External Audit Contract
Apply State vendor management practices to the Exchange's audit service providers.	Upon contract execution and ongoing	Exchange	Audit vendor management
Ensure contract adherence through regular vendor performance assessments.	Ongoing	Exchange	
Provide results of the annual audit to necessary State and federal parties to support consolidated financial reporting.	Annually	Exchange in collaboration with HHS, OSC, etc.	Report audit results

# Detailed Design Review Summary for Section 6.0 SHOP (Supplement)

6.2 The Exchange has the capacity for SHOP premium aggregation pursuant to 45 CFR 155.705.

The following sections may serve as a supplement to the SHOP Work Plan submitted to CMS.

## Premium Processing

ACA regulations require the SHOP Exchange to perform premium processing on behalf of employers and issuers<sup>4</sup>. The State is currently exploring three options: retaining all financial transaction management within the Exchange, procuring the services of a third party billing agent, or using third parties for all basic financial management functions. The State may leverage existing business relationships with the SFS and PeopleSoft to execute the range of premium processing functions. This issue is currently under review, with results expected by year-end.

The required capabilities include, but are not limited to: premium bill generation; support for payment aggregation and collection processes; matching and reconciling employer payments with payments made to issuers; processing late or non-payment of premiums; maintaining a general ledger and ongoing reporting support; and account management. The Exchange will also assess and document the business and systems requirements needed for the successful interfacing of the premium processing system with the SHOP Exchange’s enrollment system.

The SHOP Exchange will utilize Maximus for the customer service components of premium processing, including assisting employers with billing questions or discrepancies through the call center. Maximus is the current choice for the Exchange-wide call center operator and, in concert with the SHOP, will develop training manuals and communication policies specific to small employer premium processing needs that may arise.

SHOP staff will oversee the execution of the premium processing system and consistently monitor its performance. Appropriate roles and responsibilities will be assigned to do so.

**Table 15: Premium Processing**

Task: Premium Processing	Target Date	Responsible Party	Deliverable
Determine the requirements of the premium processing solution, including systems compatibility and ability to incorporate new federal and State guidance as needed.	November 2012	Exchange in collaboration with CSC	System solution qualifications
Decide whether to build or leverage an existing relationship to establish the premium processing solution.	December 2012	Exchange in collaboration with DOB and CSC	
Develop a staffing plan for initial and future years to efficiently execute the Exchange’s premium processing solution and related functions. Determine roles and responsibilities, supporting job descriptions, performance management plan, etc.	<b>Completed</b>	Exchange	Staffing plan

<sup>4</sup> 45 CFR 155.705

Task: Premium Processing	Target Date	Responsible Party	Deliverable
Implement and test premium processing system in advance of October 2013.	September 2013	Exchange CSC and external vendor	User Acceptance Testing documentation
Ensure system performance through regular testing and reporting.	Upon contract execution and ongoing	Exchange	Monthly performance reports

### Issuer Payment Transfers

The Exchange is required to collect premiums from small businesses and facilitate the transfer of payments to issuers. The SHOP Exchange will be responsible for verifying payment amounts and reconciling issuer invoice and payment discrepancies. The Exchange will monitor the frequency and causes of any payment discrepancies to mitigate these instances.

**Table 16: Issuer Payment Transfers**

Task: Issuer Payment Transfers	Target Date	Responsible Party	Deliverable
See above for premium processing solution implementation.			
Draft late payment, payment discrepancy, and reconciliation policies to incorporate into the premium payment process.	June 2013	Exchange	Payment discrepancy policy
Develop a staffing plan for initial and future years to efficiently execute the Exchange's issuer payment transfer functions. Determine roles and responsibilities, supporting job descriptions, performance management policies, etc.	<b>Completed</b>	Exchange	Staffing plan
Monitor instances of discrepancies and their resolution as part of the performance evaluation process.	Ongoing	Exchange	Performance reviews

# Appendix 1

## Glossary

Term	Definition	Term	Definition
<b>ACA</b>	Patient Protection and Affordable Care Act of 2010	<b>HHS</b>	United States Department of Health and Human Services
<b>APD</b>	All-Payer Database	<b>IRS</b>	United States Internal Revenue Service
<b>BHP</b>	Basic health program	<b>MAGI</b>	Modified adjusted gross income
<b>CHP</b>	NYS Child Health Plus insurance plan	<b>OGS</b>	NYS Office of General Services
<b>CMS</b>	Centers for Medicare and Medicaid Services	<b>OMG</b>	United States Office of Management and Budget
<b>DFS</b>	NYS Department of Financial Services	<b>OMIG</b>	Office of the State Medicaid Inspector General
<b>DHS</b>	United States Department of Homeland Security	<b>OMR</b>	Oversight, monitoring and reporting
<b>DOB</b>	NYS Division of the Budget	<b>OSC</b>	NYS Office of the State Comptroller
<b>DOCCS</b>	NYS Department of Corrections and Community Supervision	<b>PUPS</b>	Prisoner Update Processing System
<b>DOH</b>	NYS Department of Health	<b>QHP</b>	Qualified Health Plan
<b>DOL</b>	NYS Department of Labor	<b>SSA</b>	United States Social Security Administration
<b>DOS</b>	NYS Department of State	<b>SSN</b>	Social security number
<b>The Exchange</b>	The New York Health Benefit Exchange	<b>SFS</b>	NY Statewide Financial System
<b>FM</b>	Financial management	<b>SHOP</b>	Small Business Health Options Program Exchange
<b>GAAP</b>	Generally accepted accounting principles	<b>The State</b>	New York State
<b>GAO</b>	Government Accountability Office		



# Appendix 2

## Sample Exchange Performance Indicators

### Exchange-Specific Metrics

- Health Insurance Coverage/enrollment
  - # of individuals with health insurance coverage purchased through the SHOP, in total and as a percentage of all covered lives in the New York small group market
  - # of employers that purchase health insurance through the SHOP, in total and as a percentage of all small employers that offer employer-sponsored insurance in New York
  - # of insurers offering small group coverage through the SHOP, in total and as a percentage of all insurers that offer coverage in New York's small group market
  - # of individuals with health insurance coverage purchased through the Individual Exchange, in total and as a percentage of all covered lives in the New York individual market
  - Distribution of enrollment by actuarial value tier (Bronze, Silver, Gold, Platinum) for Individual and SHOP Exchanges
  
- Financial Measures
  - # and dollar value of premiums collected monthly
  - # and dollar value of aggregated premiums sent to issuers monthly
  - # and dollar value of discrepancies between projected and actual collected premiums
  
- IT/eligibility system
  - # of employers, producers and employees accessing the web portal vs. the call-center
  - User errors reported
  
- Administration
  - Number of Exchange staff in total and per Exchange enrollee
  
- Communications/Appeals/Complaints
  - # of appeals by type (eligibility, enrollment, etc.)
  - # of complaints received by type

## ■ Call Center and Customer Support Statistics

### Consolidated Call Center

- Percentage of all calls answered within the first three rings, either in person or by the automated voice response.
- Average wait/hold time for a live voice
- Percentage of incoming calls that receive a busy signal
- Percentage of all calls received during regular business hours each month in which a message was left that were subsequently returned within 24 hours or the next business day.
- Abandoned call rate

### Renewal Processing

- Percentage of all renewals that were completed before the expiration of the current authorization period
- Percentage of requests for follow-up documentation that were delivered within five business days.
- Accuracy rate of all renewals.

### Web-based Renewals

- Percentage of web-based renewals that were completed before the expiration of the current authorization period.
- Percentage of confirmations of the web-based renewal and/or requests for follow-up documentation that were delivered within two business days.
- Accuracy rate of all web-based renewals.

### New Applications

- Percentage of applications that were logged into the system, and reviewed for completeness within 2 business days of the receipt of the application.
- Percentage of incomplete applications that were sent a written notice within two business days of the review to inform the applicant of the reasons why the application is incomplete.
- Percentage of incomplete applications that the Contractor made three attempts to contact the applicant via telephone, email, fax or any other communication method to notify the applicant of the missing information.

## ■ Cost of QHP Coverage

- Average cost of employer-sponsored insurance
- Average employer contributions to health insurance by employer size
- Distribution of employer contributions to health insurance, overall and by employer size
- Employees' share of the premium by rate basis type
- Bronze/silver/gold/platinum premiums by rate basis type
- Cost-sharing information (office visits, inpatient admission, outpatient surgery, prescription drugs)

■ Eligibility and Enrollment

- Producer participation in the SHOP Exchange
- Direct employer enrollment in the SHOP Exchange
- # of residents obtaining insurance coverage via the Exchange
- Automatic re-enrollment by plan tier and issuer
- Re-enrollment into different tiers or issuer plans

■ Utilization of Services

- Total Service Volume Trends by service (e.g., inpatient, ER, primary care, prescription drugs, etc.)
- Hospital Demand and Payment Trends
- Hospital Service Volume Trends
- In-network vs. Out-of-Network utilization

■ Affordability of QHPs

- Advance premium tax credit data
- Cost sharing reduction data

## **Broader Health Reform Metrics**

### ■ Insurance Coverage and Access to Care

- Insured by type of insurance (e.g., group, individual, Medicaid/CHP, Medicare)
- # of insurers offering coverage by market segment (e.g., individual, small group)
- Enrollment by carrier
- Change in enrollment by carrier
- # and percentage of employers offering health insurance by employer size
- Employees enrolled in employer-sponsored insurance by employer size
- # and percentage of residents without health insurance
- # and percentage of residents subject to individual mandate penalty
- # and percentage of residents granted certificate of exemption from individual mandate
- Uninsured by race/ethnicity/geography
- Uninsured by percentage of Federal Poverty Level
- Percentage of residents that needed care but viewed cost as an obstacle
- Percentage of resident that report having a personal health care provider (PCP)
- Percentage of residents that have regular screening / preventive care visits (e.g., annual visit, well-baby care, dentist, eye exam, mammogram, colonoscopy, screenings for different types of cancer, etc...)

### ■ Other Financials

- Trends in Medical Expense Ratio
- Trends in Administrative Expense Ratio
- Trends in Profit Margins
- Trends in Days in Reserve
- Medical Expense Ratio
- Administrative Expense Ratio
- Profit margin
- Days in reserve
- Total margin trend
- Operating Margin trend
- Non-Operating Margin Trend
- Total margin
- Operating margin
- Non-operating margin

# Appendix 3

This is an illustrative example of what information might be included on a dashboard depicting SHOP website activities.

Figure 2 – Dashboard Illustration

