

# **New York State Exchange Establishment Level 1 Funding**

## **Project Narrative**

This response to the Cooperative Agreement to Support Establishment of a State-Operated Health Insurance Exchange (Agreement) is the second Level One submission made by the State of New York (New York or State). The first Agreement was submitted in June 2011 and was awarded \$10.7 million. This request will move six Core Areas to near completion as indicated in the Work Plan and this work will bring New York closer to being able to demonstrate operational readiness as required under the proposed Exchange Certification process issued by the Department of Health and Human Services (HHS) on November 28, 2011.

### ***A. Demonstration of Past Progress in Exchange Core Areas***

#### **1. Background Research**

New York has completed or is near completion on a significant amount of background research that continues to support all aspects of Exchange planning and facilitates policy discussions among state government officials, state legislators and other stakeholders. The key accomplishments completed or near completion include:

- Conducted simulation modeling to estimate the cost and insurance coverage impacts of health reform in New York
- Analyzed the impact of a Basic Health Plan (BHP) option in New York
- Analyzed the impact of merging the non-group and small group insurance markets in New York
- Developed a New York-specific business operations work plan
- Estimated costs of Exchange development, implementation, and on-going Exchange operations
- Projected a 5-year budget for Exchange operations
- Analyzed how the Exchange operations will achieve financial self-sustainability by January 2015.

Several additional Exchange policy studies are underway with consultant assistance supported by the Robert Wood Johnson Foundation (RWJF) through New York's participation in RWJF's State Health Reform Assistance Network. These include an examination of: 1) the role of third party assisters, including Navigators, producers, chambers, and business associations, in enrolling individuals and small groups into qualified health plans in the Exchange; 2) whether benefits offered to individuals and small groups should be standardized inside and/or outside the Exchange; 3) issues, options, and timeline for activity on reinsurance and risk adjustment if operating a state-based Exchange; 4) how best to align, integrate access to the range of health coverage options available through the Exchange (e.g. Qualified Health Plans, Medicaid, CHIP, Exchange subsidies, BHP; and 5) what role the Exchange can play in reducing health disparities. Each of these studies will involve stakeholder consultation and will result in a written report describing the issues and options for consideration.

Finally, additional background research has been conducted through private organizations that are committed to advancing the reform of health care such as the United Hospital Fund (UHF) and the New York State Health Foundation (NYSHF). Recently, UHF released a report authored by Peter Newell and Bela Gorman titled, "Two into One: Merging Markets and Exchanges under the Affordable Care Act." This report explores the options of combining the individual and small group Exchanges and merging New York's individual and small group markets. Also, a report by the Community Services Society of New York (CSS) and Empire Justice Center, supported by NYSHF, was published that describes, based on input from over 240 stakeholders throughout the State, options for designing a Navigator program and

consumer assistance program to help consumers access and use coverage obtained through the Exchange. These reports are available at [www.healthcarereform.ny.gov/research\\_and\\_resources](http://www.healthcarereform.ny.gov/research_and_resources).

## **2. Stakeholder Consultation**

New York has a longstanding practice of engaging stakeholders in policy development and implementation of complex program changes. As such, New York has included stakeholders in the Exchange planning process from the inception of the Affordable Care Act (ACA). Stakeholders bring important perspectives from consumers, providers, insurers, and other health industry experts to policy decisions and offer important consultation on operational decisions.

The State has successfully completed a series of public forums and continues to involve stakeholders through individual meetings to discuss their specific concerns and interests regarding the Exchange. More than 80 such meetings have taken place to date in this calendar year and continue as requested. Such meetings with individual stakeholder groups or small groups of stakeholder organizations were convened by the State this Fall to inform New York's comments to HHS on draft rules regarding the Exchange. And, as discussed above, stakeholders have been or will be consulted about the Exchange policy studies that are underway with the support of the RWJF.

Representatives from the New York State Department of Health (DOH), the New York Department of Financial Services (DFS, formerly the Insurance Department), and the Exchange planning team have participated in numerous external meetings to present on New York's Health Benefits Exchange planning activities. These have included meetings hosted by the National Governor's Association, National Academy for State Health Policy, HHS, the Centers for Medicare and Medicaid Services (CMS), The National Association of Insurance Commissioners (NAIC), Hospital Association of New York State, New York State Health Plan Association, United Hospital Fund, Association of Hispanic Healthcare Executives, and Columbia Law School.

The State has begun outreach to Indian Tribal governments for their input on the design of the New York Health Benefit Exchange and other related issues of concern. Exchange planning staff have attended public meetings or met individually with staff from HHS, CMS, the Indian Health Service (IHS), and the DOH to discuss current federal and state health services provided to Tribes, as well as ways in which the ACA will specifically benefit and improve services provided to the Tribal nations. Direct consultation with the Tribes in New York regarding the Exchange began in May 2011 when then Superintendent of Insurance sent invitations to Tribal nations to participate in public meetings held throughout the state on how New York's Exchange should be designed. In addition to the public forums, then Superintendent Wynn alerted Tribal leaders that the State would also be contacting leaders to schedule separate meetings to discuss Exchange planning and issues unique to Tribes. Exchange planning staff followed up with the Tribes in the late spring/early summer to schedule these meetings.

In August, Exchange planning staff attended and presented at a training hosted by CMS and IHS in Niagara Falls, New York. At the meeting, the Exchange planning staff met with representatives from three of New York's Tribal governments to discuss planning for the Exchange. The presentation described the State's Exchange planning activities, policy decisions that need to be addressed, and the ACA provisions that are specific to the Tribes. Exchange planning staff ended the session by inviting Tribal representatives to engage in an ongoing dialogue around Exchange planning to ensure that the Exchange meets the needs of Tribal members.

The State's federal health care reform website, [www.HealthCareReform.ny.gov](http://www.HealthCareReform.ny.gov), and implementation update emails continue to serve as the primary resources for sharing information regarding implementation with stakeholders. The website is updated continuously to include new developments of the Exchange planning process, including information regarding grant applications and awards, as well as available contractual opportunities.

In addition to these activities, the State has also engaged with stakeholders to discuss the Exchange through the Medicaid Redesign Team (MRT) work group process being coordinated by the DOH. While the MRT is focused on the more specific issue of reforming the State's Medicaid program, the Exchange was discussed in this forum because of the need for thoughtful integration of Medicaid and the Exchange. Staff from DOH and the Governor's Office who are involved in Exchange planning activities staff two of the MRT work groups and others attend relevant work group meetings to stay informed of the MRT's work related to the Exchange and to utilize these meetings as another method to receive stakeholders' input.

### **3. State Legislative/Regulatory Actions**

On June 23, 2011, the Assembly passed the Governor's Program Bill (Bill) which would create the New York Health Benefit Exchange. The Bill is available at [http://www.healthcarereform.ny.gov/health\\_insurance\\_exchange](http://www.healthcarereform.ny.gov/health_insurance_exchange). The Bill, which is awaiting action in the State Senate, would establish a single Exchange – a centralized, customer-service oriented marketplace where individuals and small groups would be able to purchase qualified health plans, receive eligibility and subsidy determinations, and enroll in a range of coverage options, including public health coverage programs – operated by a governmental entity with the flexibility to meet the ambitious deadlines set by the ACA.

The Bill includes the functions of the New York Health Benefit Exchange and also requires studies of key policy decisions that will need to be made by the State. These studies will be presented to the Governor and Legislature to inform policy decisions on the design of the New York Health Benefit Exchange. It is anticipated that further legislation will be required based on the recommendations received in the studies. Topics of these studies in the Governor's Program Bill include the following:

- Essential Health Benefits/Benchmarks
- Insurance Market Issues
- Basic Health Program
- Purchasing Role
- Self-Sufficiency
- Medicaid Benchmark Benefits
- Healthy New York and Family Health Plus Employer Buy-In
- Role of Navigators
- Health Savings Accounts
- Role of Insurance Producers, Chambers, Business Associations
- Role of Exchange in Reducing Health Disparities
- Integration of Public Health Insurance
- Large Employer Participation

The recommendations from these studies and resulting policy decisions will position New York's Exchange for the HHS's Exchange Certification Application process.

### **4. Governance**

The pending New York Health Benefits Exchange bill creates a public benefit corporation (Corporation) governance structure. The choice of this governance structure was based on overwhelming stakeholder consensus due to its ability to balance the desire for transparency and accountability gained from a governmental entity with the need for the entity to be

sufficiently nimble in order to meet the October 2013 target open enrollment date and to enable it to adapt to a changing environment over time.

As stated in the Bill, the purpose of the Corporation is to facilitate the purchase and sale of qualified health plans, assist qualified employers in facilitating the enrollment of their employees in qualified health plans through the Small Business Health Options Program (SHOP), enroll individuals in health coverage for which they are eligible in accordance with federal law and carry out the functions of the Exchange.

The Assembly passed the Governor's Program Bill on June 23, 2011. The bill currently awaits action in the State Senate.

## **5. Program Integration**

The Governor's Office continues to hold weekly Exchange Implementation Planning meetings with DOH, DFS, and Exchange Planning Grant staff in furtherance of New York's ongoing commitment to ensuring a high level of coordination and integration of its public and commercial health coverage responsibilities and efforts through an Exchange. Some recent highlights of program integration efforts include:

- participating in Joint Application Design (JAD) meetings to further detail and delineate specific business requirements, processes, and policy decisions for the Exchange Information System;
- defining the scope of work and deliverables for contractors;
- releasing the Request for Proposals (RFP) for the Systems Integrator to be funded in part with the State's Early Innovator award;
- releasing an RFP for consultant studies on Exchange policy design questions;
- developing a plan to utilize the technical assistance provided through the Robert Wood Johnson Foundation "State Health Reform Assistance Network;"
- submitting comments on HHS proposed rules; and
- working on the development of applications and notices with the Enrollment UX 2014 project as well as via our participation in the Center for Consumer Information and Insurance Oversight (CCIIO) User Group on Application Language, which is being coordinated with the Enrollment UX project.

New York is also working on issues of program integration through work on eligibility and enrollment redesign activities. New York must redesign its current eligibility and enrollment systems and processes to meet the requirements of the ACA and result in real-time eligibility determinations and automated processes to the maximum extent possible. New York has made significant progress on this through JAD sessions, ongoing work between DOH staff and outside consultants, and through our participation in CMS/CCIIO User Groups and/or Learning Collaboratives on Eligibility, Income Verification, and Application Language and Application/Eligibility Flows.

New York is also an active participant in a number of other User Groups/Learning Collaboratives (e.g. Early Innovator, Plan Management, Financial Management, FMAP and MAGI Methodologies), related to Exchange design, development and implementation.

## **6. Exchange Information Technology Systems**

New York is committed to establishing a State-run health insurance Exchange with an integrated, robust, scalable, "consumer-centric" IT system to support it. As an Early Innovator State, New York was one of the first states in the nation to request federal grant funding to design, develop and implement its Exchange IT System. New York is committed to working along with other Early Innovator (EI) states and HHS (CMS and CCIIO) on the required

artifacts, activities, and deliverables contemplated under the terms and conditions of the Innovator Collaborative Agreement. New York has participated in two federal gateway reviews to date: Architecture Gateway in April 2011 and Project Baseline in May 2011. CMS/CCIIO is expected to complete a detailed design review in 2012 after New York has selected the Exchange Systems Integrator (SI) (see below).

On July 15, 2011, DOH issued an RFP for a “Systems Integrator” to build the IT system for New York’s Health Benefit Exchange, to be funded in part with the State’s Early Innovator award. Bids were received and the selection of a vendor is nearly complete. We expect the SI to be on board in January 2012.

In the interim, work on the IT system has progressed. The EI project management team has been working with DOH, DFS, and other “subject matter experts” to develop the wide range business requirements and processes required to stand-up the Exchange, and to flag important remaining policy decisions, needed to support New York’s Exchange IT solution. Additionally, the Social Interest Solutions (SIS)/Lewin Group Exchange IT “gap analysis,” funded by the NYSHF and published in May 2011, has provided important information, guidance and stakeholder perspectives that help inform the Exchange IT design and development process. We continue to “drill deeper” on the gap analysis, particularly including other core areas beyond eligibility and enrollment, such as certification and qualifications for qualified health plans, customer service, and communication.

Finally, New York is actively engaged in the Exchange User Experience (UX) 2014 project. Through this initiative, which is supported by several national and state foundations IDEO will develop IT specifications for a “best in class” user-friendly front-end for the Exchange to help ensure that large numbers of eligible consumers successfully enroll in and retain coverage. New York’s previously awarded Level 1 Establishment Grant will fund specific technical consulting expertise and assistance with the State’s participation in this project to help ensure that the front-end developed best meets the needs of New York.

## **7. Financial Management**

The Exchange is required to perform complex financial and business functions for individuals and small business employers and employees. A good deal of work has been completed during the preliminary planning process, but further review to assess the existing capacity of the financial management system, the adequacy of accounting and financial reporting, internal controls and which existing components can be leveraged by the Exchange need to be completed. Once New York’s governance structure is in place, we will make further decisions regarding the operations of the Exchange and cost estimates will need to be refined.

Using federal Exchange Planning grant dollars, New York has contracted with the Urban Institute and Wakely Consulting to determine the initial and on-going budget necessary to implement and operate the Exchange. This analysis will identify the number of operational processes and systems that must be developed as well as analysis of the funding necessary to set up and run the Exchange. Once the cost estimates have been finalized for implementation, Year 1 and projected for a 5-year period, a financial sustainability plan will be completed that will identify the revenue sources to prepare for Exchange self-sustainability by January 2015.

Based on the key decision points, New York plans to utilize staff and/or consultant services to assist with infrastructure development and further development of the work plan. This will provide the basis for developing solicitations for consultants and/or contractors to help establish or run select functions within the Exchange and for developing a model of self-sustainability for the Exchange.



As an Early Innovator state, New York has developed preliminary draft business requirements for financial management, including risk adjustment, reinsurance and premium administration. As such requirements are reviewed and finalized they will be posted to CALT for use by other states. As part of the process, a round of Financial Management JAD sessions was held in September. These sessions continued the work of defining policy issues and business processes focusing on the role of the Exchange in risk management and transaction processing.

---

## **8. Program Integrity**

New York's program integrity efforts are two-fold: 1) ensuring program integrity of the New York Health Benefit Exchange and 2) ensuring that federal grant dollars are expended as designated in the terms of our grants and contracts.

New York is a leader among states in identifying and preventing fraud, waste, and abuse in the Medicaid program and promoting program integrity on the front-end through cost avoidance, data mining, and provider compliance programs. We will apply this approach to our efforts to prevent waste, fraud, and abuse with the New York Health Benefit Exchange and will comply with the ACA provisions aimed at reducing fraud and abuse. The State is committed to developing a full plan to prevent fraud, waste, and abuse in its New York Health Benefit Exchange. This will include examining new program integrity provisions under Medicaid, Medicare, and private insurance; identifying implementation steps to meet new federal requirements; and understanding and educating QHPs on financial integrity and fraud and abuse reporting requirements.

With regard to ensuring the integrity of federal grant dollars, New York has instituted an audit function for each of its contractors that are conducting New York Health Benefit Exchange planning activities or studies. The Community Health Advocates program provides regular data to the State with regard to numbers of clients served, issues and problems raised and their resolution. The Urban Institute and Wakely Consulting have provided regular updates on the status of their work and regularly submit invoices that account for their time spent on this project. Other consultants funded through RWJF also provide regular updates on their work and submit invoices for their time. Through these consultant reports, the State is monitoring the work of its consultants and ensuring that each is meeting the requirements of their respective contracts.

---

## **9. Health Insurance Market Reforms**

### **Six-Month Reforms**

New York has successfully implemented the six-month insurance market reforms that took effect beginning on September 23, 2010. In June 2011, DFS proposed and the legislature passed legislation to conform state law with ACA-related insurance market reforms implemented to date, including prohibitions on lifetime limits and rescissions, restricting annual limits, eliminating cost-sharing for preventive services, eliminating pre-existing condition exclusions for children up to age 19, dependent coverage up to age 26 on parent's plan, direct access to OB/GYN services, disallowing discrimination based on salary, coverage of out-of-network emergency services without pre-authorization, enhanced disclosure and transparency, and enhanced appeal rights. The legislation, which was fully vetted with consumers, health insurers, health care providers and other stakeholders, strengthens New York's already extensive body of consumer protections and, where appropriate, preserves state law that exceeds federal requirements, such as providing an option for young adults through age 29 to purchase coverage through their parent's employer plan.

### **Pre-existing Condition Insurance Plan**

The ACA established a pre-existing condition insurance plan for high-risk individuals. Coverage through this program will be available until January 2014 when more health insurance coverage options become available through the New York Health Benefit Exchange.

New York's current allocation to fund the NY Bridge Plan, the State's pre-existing condition insurance plan, is approximately \$85 million annually. The NY Bridge Plan covers a broad range of services; and its premium rates are \$362/month for residents of upstate counties and \$421/month for residents of downstate counties.

The NY Bridge Plan was highlighted for its relatively low out-of-pocket costs to enrollees in an Issue Brief by the Commonwealth Fund (*Realizing Health Reform's Potential, Early Implementation of Pre-Existing Condition Insurance Plans: Providing an Interim Safety Net for the Uninsurable*, June 2011).

#### Early Retiree Reinsurance Program

Through the ACA's Early Retiree Reinsurance Program (ERRP), employers or health plan sponsors may receive reimbursement for 80 percent of claims incurred and paid during a plan year above a threshold of \$15,000 and below a ceiling of \$90,000 for early retirees (those between the ages of 55 and 64) and their covered dependents. This is a temporary program which is now scheduled to end December 31, 2011. Proceeds of the program may not be used as general revenue and must be used to improve benefits or reduce premium contributions. Employers and sponsors of multi-employer health insurance plans in New York have led the way in utilizing ERRP, which makes federal funding available to help offset the cost of providing health insurance coverage for early retirees. In fact, during 2010 more approved applicants for the program came from New York than any other state, as described in the HHS's ERRP report released on March 2, 2010. (This report is available at <http://www.healthcare.gov/center/reports/retirement03022011a.pdf>.) These applicants include the State Department of Civil Service, which successfully participates in the program on behalf of the New York State Insurance Program (NYSHIP) which covers employees and retirees of the State and participating local governments throughout the State.

#### Premium Rate Review

New York received a \$1 million Cycle I Rate Review Grant from HHS in August 2010 to enhance its rate review processes. In September 2011, New York also received a Cycle II Rate Review from HHS for \$4,469,996. The DFS has used these funds to: improve rate filing requirements; enhance IT capacity and activities, including working with the NAIC to upgrade the System for Electronic Rate and Form filing system; increase public access to the rate review process and information on rate increases; partner with FAIR Health, Inc., a not-for-profit organization which manages a database of health care claims; and hire two actuaries and one examiner. These grants provide New York with key resources to enhance its rate review activities under New York's new prior approval law, which was enacted in June 2010. A new interactive website ([http://www.dfs.ny.gov/insurance/health/prior\\_app/prior\\_app.htm](http://www.dfs.ny.gov/insurance/health/prior_app/prior_app.htm)) now allows consumers to see premium rate requests and other information submitted by health insurers for prior approval by the DFS.

### **10. Providing Assistance to Individuals, Small Businesses, Coverage Appeals, and Complaints**

New York State has launched successful state-wide consumer assistance activities through the Community Health Advocates Program (CHA). CHA, administered by The Community Service Society (CSS), is comprised of a network of 27 community-based organizations and three specialist organizations.

In November 2010, CSS and the three specialist agencies Empire Justice Center, Legal Aid Society, and Medicare Rights Center started serving consumers. CSS has a live hotline that answers incoming calls during business hours. CHA network community based organizations (CBOs) began to offer services in December 2010, following intensive trainings provided by CSS and the specialist agencies. Advocates at community-based organizations, with CSS's central

hotline, can assist consumers in every county of the state. CHA consumers reflect the geographic, racial, and income diversity of the State. CHA advocates serve consumers in a number of languages in-person and through the language line in other cases. Most CHA materials are available in six languages.

Since CHA began receiving funding on October 1, 2011 the following progress has been made on the three identified goals to inform and strengthen Exchange planning and design activities by: (1) identifying and expanding local partnerships in regions of New York which are currently underserved; (2) initiating a small business assistance program; and (3) strengthening the central hotline capacity in response to call volume. With respect to the first goal, in October 2011, CHA conducted a successful RFP process which solicited and reviewed 17 proposals to engage 6 new community based organization partners in Central and Western New York, Westchester and Harlem. In November 2011, CSS and its specialist partners intensively trained new advocates at these agencies, developing and using new materials, including information about ACA benefits, a revised “options for the uninsured” training, and new materials explaining commercial coverage issues. With respect to the second goal, CHA has initiated its Small Business Assistance Program by identifying and extending invitations to key small business advocacy groups to help form an Advisory Counsel and intensively engaging in staff recruitment. Finally, in response to increasing caller demand, CHA has strengthened its central “live answer” hotline capacity by recruiting and training additional professional and volunteer staff. CHA additionally provides data and information on consumer issues to help inform Exchange customer service planning efforts.

#### **11. Business Operations/Exchange Functions**

The business requirements, functions and services of a fully operational Exchange are complex due to the interfacing with many different state and federal agencies. This complexity requires New York to fully review existing services and functions across all state agencies that can be leveraged and identify those functions, IT system support and staffing needs to meet the requirements of the Exchange.

New York is currently working with consultants at the Urban Institute and Wakely Consulting to support Exchange design. The Urban Institute has developed baseline population and premium data and completed micro-simulation modeling that will inform design choices for the health insurance Exchange. The Urban Institute’s work will provide the State with an estimate of the enrollment capacity needed in the health insurance Exchange in view of design parameters chosen and provide advice regarding the infrastructure needed to support that capacity.

Wakely Consulting, Inc. is also conducting analyses associated with the Exchange operations, including development of a New York-specific business operations work plan and five-year Exchange financial model and self-sustainability analysis. Wakely Consulting has prepared initial drafts of a detailed work plan of Exchange business and operational tasks, a five-year budget for Exchange operations, and analysis of funding options to achieve self-sustainability of New York’s Health Benefit Exchange by January 2015.

Finally, as described above, additional studies are underway with RWJF support pertaining to Exchange operations. These include the examination of: 1) the role of third party assisters, including Navigators, producers, chambers, and business associations, in enrolling individuals and small groups into qualified health plans in the Exchange; 2) whether benefits offered to individuals and small groups should be standardized inside and/or outside the Exchange; 3) issues, options, and timeline for state activity on reinsurance and risk adjustment if operating a state-based Exchange; 4) how best to align, integrate access to the range of health coverage



options available through the Exchange (e.g. QHP's, Medicaid, CHIP, Exchange subsidies, BHP); and 5) what role the Exchange can plan in reducing health disparities.

## ***B. Proposal to meet Program Requirements***

### **1. Background Research**

As described in the Past Progress section of this application, New York has completed or is in the process of completing the majority of the background research that is necessary for thoughtful Exchange planning and execution. This request is related to analyses that will need to be conducted as final regulations and additional guidance are published and as the state makes final policy decisions.

New York will require additional simulation modeling that will build upon modeling work underway with the Urban Institute. There are several policy options that have the potential to shift the way individuals would enroll in coverage inside and outside the Exchange making it critical that the future Exchange Board and the State understand consequences of their decisions. For example, the Urban Institute has conducted preliminary modeling of the potential take up rate and cost of coverage in New York through the Exchange. With recently issued guidance, we will want this modeling refined to include the impact on coverage rates and costs of state decisions' regarding the benchmark benefit plan selected for 2014-15 and the benefit mandates that are included in an Essential Health Benefits (EHB) "benchmark" plan beyond 2015, or otherwise exceed the EHB as defined by the HHS Secretary. Other examples of policy simulation modeling include further analysis of changes to the individual and small group markets in response to strategies developed to avoid adverse selection.

This research will inform the decisions necessary to move toward implementing New York's Exchange. After this work is complete, New York will move toward on-going operational analysis during the establishment phase.

### **2. Program Integration**

Program integration and administrative simplification is a primary goal of the ACA. Although it is intuitive -- integrating services, functions, processes and systems across state agencies is a significant undertaking. Understanding the current processes, identifying the best solutions to integrate, securing additional, appropriate resources necessary to carry out the activities and the associated training and oversight will take time and assistance. New York requires consultant assistance with these business process redesigns and change management activities to support program integration. This funding request focuses on Exchange eligibility and enrollment, customer service/complaints and appeals, and QHP certification processes. This work will coordinate with and support the work of New York's IT Systems Integrator.<sup>1</sup> The specific core areas include:

#### **2.1 Program Integration**

New York requires the development of a comprehensive internal program integration strategy. Preliminary analysis of several key existing state agency and business functions and services relevant to core Exchange operations (e.g. plan management functions) have been conducted, but require further validation to identify potential opportunities to support new Exchange operations and to consolidate and streamline services to consumers. In addition, a redesign strategy must include how the Exchange will integrate within the State's infrastructure.

---

<sup>1</sup> The IT SI will be a contracted vendor with the responsibilities to design, develop, and deliver to DOH an operationally ready New York Health Benefit Exchange IT solution. This contract is pending and the SI is expected to be on board early 2012.

Recommendations of specific new or redesigned processes that meet the requirements of the ACA and result in highly integrated, efficient, and transparent interactions between consumers, public programs, and an Exchange will be the outcome of this request.

## **2.2 Eligibility and Enrollment**

Exchange eligibility is one of the more complex functional areas in the design and development of an Exchange. The “no wrong door” approach is ideal for consumers, but poses a technical challenge for state government. New York must redesign its current eligibility and enrollment systems and processes, in conjunction with the design and development of new Exchange system(s), to meet the requirements of the ACA and result in real-time eligibility determinations and automated processes to the maximum extent possible. New York has made significant progress on this through JAD sessions, ongoing work DOH staff and outside consultants, through our participation in HHS User Groups on Eligibility, Income Verification, Application Language and Application/Eligibility Flows. This request will provide the funding necessary to develop an implementation plan to redesign the systems to carry out our vision, as well as the necessary procedures and training materials.

## **2.3 Providing Assistance to Individuals, Small Businesses, Coverage Appeals and Complaints (Customer Service)**

New York needs to continue to build sufficient capacity to provide assistance to residents that are in need of information, assist individuals to understand their health insurance options, explain the requirement of having insurance, assist in determining if individuals are eligible for Medicaid, a premium tax credit and/or cost-sharing reductions, as well as assist small businesses and their employees. In addition, the New York Exchange must develop a strategy for handling coverage appeals within the Exchange and a process for reviewing consumer complaint information collected by the state’s Consumer Assistance programs, hotlines, etc. This request will allow New York to review existing state appeal process, federal regulations, and best practices from other states to develop an integration plan that will coordinate and streamline all similar functions across state agencies and design the appropriate processes to integrate with the Exchange. Based on recommendations as a result of this planning process, the State will develop policies and procedures to implement such procedures prior to the fall of 2013.

## **2.4 Business Operations (Plan Management)**

New York requires consultant assistance to help with the business process redesign of existing standards and policies regarding certification, recertification, and decertification of qualified health plans; a quality rating system; and an appeals process. (This work is described in more detail under “Section 5” below).

---

## **3. Exchange IT Systems**

**3.1. Systems Integrator Support.** New York requires additional funding to support the design, development, and implementation (DDI) activities that will be carried out by our Systems Integrator (SI). The SI scope of work is described below. The funding we are requesting here will supplement the EI Grant because the initial EI funding is insufficient to support the full scope of required work.

### **Background**

In February 2011 the DOH was awarded an EI federal grant to support the DDI of the business requirements, processes and IT infrastructure needed to operate a New York Health Benefit Exchange and a New York SHOP Exchange in accordance with the requirements of the ACA. New York posted a Funding Availability Solicitation (FAS) in July 2011 seeking a contractor with demonstrated expertise in the implementation of health exchanges to support DOH in this work. CMS target milestone date for an “operationally ready” EI system is October, 2012; by

mid-2013 DOH is expected to have a fully functional, Exchange IT system, along with requisite hardware, software, network and computer facility to run the Exchange, sufficient to support open enrollment beginning in October, 2013.

Major goals for the Exchange IT system are to:

- 1) Provide immediate support for New York to design, develop and deliver to DOH an operational ready Exchange IT system which meets the needs of the State, New York consumers, and a range of relevant stakeholders (e.g., employers, health plans, citizens, etc.);
- 2) Design and develop modular, reusable, scalable, open standards technology components for advancing New York Exchange IT system capabilities, working in collaboration with the HHS, CCIIO, CMS, the State of New York and other states;
- 3) Further mature and refine the New York Exchange IT system governance structure, building upon the planning work completed by DFS and DOH as a result of the State's first round planning grant award from CCIIO;
- 4) Refine and evolve the integration strategy of New York's Medicaid and Children's Health Insurance Program (CHIP) into the New York Exchange IT system;
- 5) Design the New York Exchange IT system such that it will have the potential to interoperate with other social benefit programs such as the Supplementary Nutrition Assistance Program, Temporary Assistance for Needy Families and Title IVE of the Social Security Act (Foster Care); and,
- 6) Position New York and other states to deploy successful Health Insurance Exchanges beginning in July 2013 for full implementation by January 1, 2014.

**Scope of Work for the Systems Integrator**

The selected contractor will contract with DOH to design, develop and deliver to DOH an operational ready New York Exchange IT system based upon the requirements defined in the ACA and the requirements set forth in the FAS.

The operational ready New York Exchange IT system delivered by the contractor must meet all the requirements described in the FAS at

(<http://www.health.ny.gov/funding/rfp/1106211137/1106211137.pdf>), the requirements of the federal EI grant award, the requirements in the ACA, all current federal rules and regulations governing exchanges as well as comply with all federal Funding Opportunity Announcements, guidance and framework documents pertaining to exchanges issued prior to the FAS/FAU. The contractor will also be required to provide DOH with a range of assistance and deliverables, including assessments, analyses, recommendations, options, development of scope of work for subcontracts and/or solicitations and other work products and assistance necessary to design and develop a New York Exchange IT system, and enable DOH to achieve all requirements defined herein.

The contractor will also assist DOH and/or Exchange Operator(s) as needed to develop the procedures and standards necessary for successful implementation and operation of the New York Exchange IT system, and required to support the development of detailed business requirements and processes.

**3.2. All Payer Database Development.** New York seeks support for contracted services and personnel to establish and administer a New York All Payer Database (APD). This request includes one year of funding for the IT infrastructure to house, maintain, and operate the APD, develop processes to accept commercial claims, Medicaid data and discharge data, and build master provider and patient indexes to link data across payer sources and funding to support DOH staff overseeing the contractor. Funding is being sought through this grant because New

York's APD will be an integral component of the Exchange's quality rating process and risk adjustment methodology. At a minimum, New York's APD will:

- Support Exchange requirements, including enhanced risk adjustment for health plans inside and outside of the Exchange
- Provide the Exchange with information on quality and cost
- Establish data marts designed specifically to assist DFS' efforts in reviewing and approving premium rate increases by providing valuable comparative information between plans.

### **Background**

New York State enacted legislation for the creation of an APD in the spring of 2011. The APD legislation builds on the existing Statewide Planning and Research Cooperative System (SPARCS), which collects clinical and demographic data concerning hospital discharges, emergency department visits, and certain ambulatory surgery and clinic visits. The new APD will include claims data related to inpatient, outpatient, emergency department, and other health care services, and clinical data including laboratory results and medication history. DOH has identified high priority use cases that will demonstrate the value of the APD for a wide variety of health care stakeholders. The use cases include health care transformation, comparative effectiveness, improving public health, assessing health care resource needs, and insurance regulation.

### **Project**

Currently a variety of NYS programs and agencies collect different types of information on NYS healthcare providers. The work of the APD will establish a single, integrated, accurate and timely source of NYS health care provider information for use by multiple NYS Health and Human Services agencies, health information exchanges, health care provider and hospital information systems.

Linking, integrating, and aggregating disparate sets of health data within the APD requires two critical resources: a master provider index and a master patient index. While this work is critical to the success of the APD, the benefits of the indexes will be propagated throughout New York's health care system.

#### Master Provider Index:

The APD master provider index would be a single, authoritative source of provider information for use by all state agencies and by qualified entities. Index information would be accessed and maintained through service interfaces, facilitating the timely and accurate flow of information across the New York State health care system.

#### Master Patient Index:

The APD would establish a master patient index that serves as the "single source of truth" within NYS. Services would be established which will enable participants in the APD to use the index, to confirm patient information and use to populate their respective systems. Like the master provider index, the master patient index would be a resource available to all NYS Health and Human Services Agencies, local New York health entities, and other qualified entities. This will advance the goal of patient-centered health information exchange and improve the efficiency of all NYS agencies and qualified entities to identify patients across encounters, plans and care settings.

The major activities and deliverables that will be undertaken are described below:

- Assembling the project teams and establishing project processes, including project communications and risk management
- Establishing regulations for the APD;

- Developing the technical and security requirements for the APD infrastructure;
- Finalizing the reporting requirements for commercial claims (pharmacy, eligibility, and medical), Medicaid data and discharge data;
- Finalizing the requirements for data harmonization, matching, and linking between commercial claims, Medicaid and SPARCS data;
- Establishing test and QA environments for the APD;
- Finalizing the requirements for the master patient and master provider indexes;
- Developing the requirements and business rules for the conversion and loading of historic discharge and / or claims data into the APD;
- Developing and establishing the APD Data Use Agreements;
- Building the central clearinghouse for the intake of claims (pharmacy, eligibility, and medical) and discharge data;
- Building the database structures for the master patient and master provider indexes;
- Developing requirements for the initial data mart(s) necessary to support rate setting and risk adjustment activities;
- Building the mechanisms for the intake and integration of Medicaid data into the APD; and,
- Alpha testing the central clearinghouse for the intake of commercial claims (pharmacy, eligibility, and medical) data.

This grant request is for the first year of the APD project. The APD is expected to go live with the collection of commercial claims data in the sixth quarter of Phase 1, beyond the timeframe of the grant proposal. Both the master patient and master provider indexes will be part of the initial “go live” roll-out.

#### **4. Health Insurance Market Reforms**

A cornerstone of the ACA is the health insurance market reforms. Some are currently in effect and the majority will be effective January 1, 2014. The impact of these reforms is currently being studied in New York and the need for additional analyses has been identified, such as:

##### **4.1 Exchange Structure**

Through a forthcoming consultant study, the State will examine whether the Exchange should operate as a selective contractor or market organizer. Once this decision is made, adjustments to New York's community rating requirements may be required to ensure that the requirements of community rating align with the model chosen and forthcoming federal guidance regarding risk pools. Regulatory requirements may be needed to ensure appropriate values are applied to premium rates and to ensure that any selective contracting model does not operate to disrupt markets. New York will need consulting assistance to study the impact on participation of health plans within the Exchange, recommend strategies to mitigate adverse selection, review current state statutes and recommend any legislative changes that may be necessary, and share results with stakeholders.

##### **4.2 Essential Health Benefits (EHB) analyses**

New York will contract for actuarial assistance in early 2012 to analyze the potential costs to the State's budget if the State was to maintain its current mandated benefits after 2014. According to the ACA, it is the decision of the state to determine if coverage within the Exchange will exceed the EHB established by HHS. Pursuant to preliminary guidance issued on December 15, 2011, it appears that states will have the option to select among a number of “benchmark” options to establish the EHB in their state. It further appears, that for 2014 and 2015, to the extent that state mandated benefits are and would be included in any such identified benchmark, the state will not be liable for payment for such state mandated benefits as may be included in such benchmark. The potential fiscal impact on a state, in terms of liability for payment for state mandated benefits beginning in 2016, is not clear.



Final EHB guidance is expected to be issued by HHS sometime in 2012. Once released, the final guidance will need to be analyzed and compared with existing state insurance mandates to inform regulatory comments and preliminary decisions regarding the potential cost to New York of maintaining state mandates, potentially before but most likely beginning/after 2016. Similarly, analyzing the cost/coverage impact to New Yorkers of these benefits will be needed. Benchmark benefit plan decisions will affect the cost of coverage for the non-subsidized populations and the cost and coverage impact of different benchmark benefit options will need to be assessed. This request will fund the additional actuarial consulting services, facilitate stakeholder meetings, summarize findings, present options and costs estimates associated with each of the options. The results of this research will assist the Exchange Board and policymakers to determine final decisions for the implementation phase.

#### **4.3 Market Redesign**

New York is currently analyzing key questions requiring the restructuring of the existing health insurance marketplace. These analyses include adjusting group size in the small group market, merging health insurance markets, standardizing benefits, etc. These decisions will have implications for both the Exchange and the regulation of the individual and small group markets outside of the Exchange.

New York will need actuarial assistance to redesign New York's regulatory framework and inform the development of necessary changes in law, regulations and administrative requirements. Such requirements must align with the ACA and the design parameters chosen for the Exchange while ensuring a marketplace that is sustainable in the long term, and avoiding transitional marketplace disruptions. Once guidance is available regarding how risk pools must be adjusted in order to comply with the "single pool" requirement, further study will be necessary. Furthermore, New York anticipates the need for consulting services to facilitate stakeholder engagement and implement necessary marketplace modifications.

#### **4.4 Standardization**

New York is currently studying the value of standardization of benefits in the individual and small group markets. Further analysis and stakeholder input is necessary to proceed with this effort. If a determination is made that some level of standardization within the Exchange or within the individual and small group markets outside the Exchange is desirable, benefit designs must be chosen and implemented. The consulting services required to fulfill this objective consist of actuarial assistance, stakeholder engagement, review of current state statutes and recommendations of any necessary legislative modifications, and recommend an approach to standardize benefit designs options.

### **5. Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints**

New York seeks funding to continue successful consumer assistance work through the Community Health Advocates (CHA) initiative. This funding will support consumer assistance activities that do not replace or supplant other federal funds and are integral to Exchange activities. During the grant period, New York plans to use requested Establishment funds to continue to provide assistance to individuals and small businesses through the statewide independent CHA initiative administered by the Community Service Society of New York (CSS). The continued provision of these targeted services, and the collection and analysis of information on the types of problems experienced by health insurance consumers, will provide an important tool to help the State assess consumer health insurance needs and determine appropriate types of assistance, outreach and needed capacity, in the context of planning for New York Health Benefit Exchange customer service functions.

New York will subcontract to the CSS to continue to operate the CHA program. This funding would allow us to continue these activities for another 6.5 months after the current CHA contract ends in mid-August 2012. The contract would then be aligned with the timing of this establishment grant period ending February 28, 2013.

With continued federal funds through the Exchange Establishment grant, CHA will continue:

- designing, preparing, and field testing training curricula and materials to educate advocates, small businesses, and consumers about the Exchange and consumer protections
- Reviewing and assessing the secure internet-based CHA database to design a robust quality assurance protocol for consumer engagement with Exchange enrollment and other activities
- Mining the CHA data to evaluate and determine what kind of assistance consumers will need in 2014
- In 2012-2013, CHA will assess early lessons of the Small Business Assistance Program through an evaluation process. In response to this assessment and with the advice of its Advisory Council, CHA will identify underserved areas and unmet needs for the small business community.

## **6. Business Operations of the Exchange**

### **6.1 Certification, recertification, and decertification of Qualified Health Plans**

States must define criteria, set standards and develop processes to ensure and monitor that Exchange health plans are “in good standing” and meet the requirements outlined in the ACA in order to be qualified. Health plans sold in the Exchange, known as QHPs, must also meet additional standards put in place by the Exchange to be certified, re-certified or, alternatively, decertified. The business processes for plan management seek to avoid duplication and integrate with existing systems to regulate health plans. For example, actuaries reviewing rates to ensure adequacy under the State insurance law would review actuarial values to ensure compliance with benefit tiers when the health plan is certified or recertified. Similarly, those reviewing the solvency of a health plan would provide necessary guidance to the Exchange regarding the health plan's capacity to participate. Actuarial assistance will be needed to structure effective systems to meet these needs.

In addition, New York has been working with other states, CMS/CCIIO and the NAIC, to explore enhancing and leveraging existing and new systems that insurers currently utilize for rate review, submission of plan benefit and cost sharing information, and form and rate filings. New York has been asked to participate in a technology workgroup on plan management, as well as the state/federal user group, to help move this effort forward.

New York must develop standards and policies regarding certification, recertification, and decertification of QHPs. This funding request will enable the development of a strategy for the certification and qualifications for QHP participation inside the Exchange that will include such activities as:

- Assess current landscape of health plan accreditation and rating system
- Research national accreditation requirements, other states' progress and federal guidelines
- Identify necessary data collection and reporting requirements
- Develop a plan that defines the standards and criteria for Exchange participation
- Define policies and procedures for the quality rating process
- Develop criteria for the re-certification and decertification processes
- Develop necessary training materials and monitoring mechanisms
- Assistance with preparation of RFPs for QHPs

This request will complete many of the steps necessary prior to the implementation of New York's plan management strategy.

## **6.2 Plan Rating System**

New York seeks consultant assistance with the development of an approach to assessing health plan quality in the Exchange. In particular, seeking to examine the HHS Secretary-developed plan quality rating system relative to New York's existing health plan performance measures and consider options for aligning standards to comply with and potentially exceed the national benchmark standards and/or accreditation requirements for QHPs.

Under the ACA Section 1311 (c)(3), state exchanges must assign a rating to each QHP in accordance with the criteria to be developed by the HHS Secretary. The rating system will assess QHPs in each benefit level on the basis of the relative quality and price. States will include the quality rating in the information posted on their Exchange websites to inform individuals and small business employers the selection of health plans. Furthermore, states can use plan quality scores to determine whether or not to certify plans as a QHP to participate in the Exchange, if it determines that its participation is "in the interest" of consumers and small businesses.

New York currently has a robust health plan quality rating system, Quality Assurance Reporting Requirements (QARR). QARR measures are required to be reported by Medicaid and CHIP plans as well as commercial PPOs and HMOs. Further, New York uses QARR scores as a factor in determining whether or not to renew Medicaid and CHIP plan contracts. New York would seek to build upon this foundation to adapt to the forthcoming HHS Secretary-developed health plan quality rating system for plans seeking to participate in the New York Health Benefit Exchange.

This request is for consulting services to review the existing data management and reporting capabilities of QARR, ensure compliance with ACA requirements, facilitate stakeholder engagement, define specifications, recommend enhancements and/or modifications and develop an implementation plan. This work will be coordinated with the contracted System Integrator's responsibilities to ensure integration and systems efficiency.

## **6.3 Risk Adjustment and Transitional Reinsurance**

This request will include work to support the development of a New York-specific risk adjustment methodology for submission to HHS in November 2012. Specifically, New York requires actuarial assistance to run risk adjustment and reinsurance simulations needed for the development of New York-specific methodology. This work would build upon work underway by Wakely Consulting to plan for the risk adjustment and reinsurance provisions of the ACA. A work plan is currently being prepared by Wakely that will describe the key issues to consider, the steps involved and associated timing to meet the tight timeline for this work. The work requested here would build upon this project to run the simulations and would also include filing the New York risk adjustment methodology and reinsurance parameters with HHS in November 2012.

Specifically, this request will fund the consulting services for facilitating stakeholder engagement, distribute preliminary parameters, define and initiate data collection, collect data and run modeling simulations, develop accounting and collection procedures for reinsurance and risk adjustment, run second round simulations, develop protocols for ongoing operations and share final results with stakeholders for use in rate development in early-to-mid 2013.

## **6.4 SHOP Exchange-specific functions**

Small businesses traditionally have lower coverage offer rates than large employers due to both the cost of offering coverage and the administrative burden associated with offering coverage. Benefits of a SHOP Exchange will include availability of tax credits to make coverage more affordable, wider choice of plan options, and help in administering health insurance benefits so small employers can focus on running their businesses. Specifically, the SHOP may assume some or all of the human resources functions of offering health insurance to employees – make plan choices available, enroll eligible employees, and collect premiums to send to health plans. If desired, the small employers' role could be limited to setting the amount to contribute toward employees' coverage. Finally, small business employees would have much broader choice of coverage through the SHOP Exchange than they typically do today.

While New York intends for its SHOP Exchange to leverage as much functionality as possible from the systems being built for the individual Exchange, New York's Exchange will require certain functionality that is specific to the SHOP. SHOP-specific functionality includes mechanisms for premium billing and employer choice. Unlike the individual Exchange, the SHOP is required to bill employers monthly, accept a single payment for employee premiums, and aggregate premium payments to QHPs. In addition, the SHOP is required to make several options available to employers offering coverage to their employees through the SHOP. These include allowing employers to choose a single plan tier from which employees would choose a QHP, allowing employers to choose a single plan, allowing employees to choose from multiple plan tiers, or allowing employees to choose specific plans in each of several plan tiers. The SHOP will be able to leverage processes developed (whether by New York or HHS) for the individual Exchange to verify whether employees have access to affordable employer-sponsored insurance. Those employees without access to affordable coverage will be eligible to enroll in individual coverage through the Exchange, which will be a particular benefit to low-wage employees. These employees are least likely to have access to affordable coverage and would likely benefit from tax credits toward the purchase of individual coverage. New York's SI will examine available databases to use for such verification.

This funding request is for consulting services for the many requirements of designing options for the New York SHOP including such services as:

- Conduct an environmental scan of existing services available to small employers
- Facilitate stakeholder engagement, including focus groups
- Work with the System Integrator to identify opportunities to integrate SHOP functions with Exchange functions (e.g., consumer assistance, marketing, etc.) and to develop processes and procedures to verify eligible employers and employees
- Provide options of SHOP models including mandatory functions and value added functions
- Propose marketing strategy and associated messaging

## **6.5 Appeals**

Under the July 15, 2011 Proposed Rule on the Establishment of Exchanges and Qualified Health Plans, Exchanges are directed to establish appeals processes for eligibility determinations, SHOP, and decertification of QHPs. New York seeks funding for consultant assistance analyzing potential pathways for appeals in the Exchange. We anticipate this work will focus largely on potential appeals related to determinations affecting employers, employees, health plans and Tribal Nations. Such appeals could include employers appealing decisions regarding penalties for failing to provide affordable health benefits, tax credit amounts, and disputes regarding premium aggregation; employees appealing a finding regarding affordable or comprehensive employer sponsored insurance; plans appealing Exchange denial of QHP certification or decertification; and Tribal Nation appeals regarding potential problems with purchasing coverage for their members. Work focused on consumer appeals is already

underway by consumer and other technical assistance entities in the state, and New York hopes to leverage, and potentially supplement, that work.

In addition to analyzing possible types of appeals, this work will identify and examine appeals processes currently in place in the commercial market, identify best practices and determine whether the process or aspects of the process can be modified to meet the needs of the Exchange. Finally we will seek recommendations on the structure we should adopt for appeals in the Exchange.

### *C. Summary of Exchange IT Gap Analysis*

New York previously submitted a required Gap Analysis in support of its Early Innovator grant application and the summary below with its June 2011 Establishment Grant application. In addition, as discussed above, the NYSHF, under a project developed in collaboration with DOI and DOH, funded SIS and Lewin to conduct an eligibility and enrollment systems gap analysis. The project's report, "Preparing New York's Information Technology Infrastructure for Health Reform: A Gap Analysis," released in May 2011, evaluates systems currently in place at DOH, the New York State Office of Temporary Disability Assistance, Hudson Center for Health Equity and Quality, New York City agencies and private health insurers. The Executive Summary from the report is provided here, the full report is available through <http://www.nyshealthfoundation.org/content/document/detail/12888/>.

#### ***IT Infrastructure GAP Analysis New York, Executive Summary*** **Prepared by Social Interest Solutions**

##### **Overview**

The ACA is a game changer both in terms of the culture of enrollment in public and subsidized health insurance and in terms of the infrastructure needed to support the enrollment process. IT readiness will play a critical role in establishing a streamlined and integrated "no wrong door" process for accessing both public and private benefits under ACA.

NYSHealth, in partnership with New York State stakeholders, initiated a project to help New York State hone the New York vision for implementing health care reform in the most prudent and efficient way. Two national organizations, Social Interest Solutions (SIS) and The Lewin Group, were selected to do the following:

- Interview a wide range of stakeholders to gather insights and input
- Provide a detailed understanding of federal reform requirements and identify areas needing further federal clarification
- Catalog relevant New York systems for public and private programs
- Review relevant New York systems to determine functionality and potential for use in the Exchange
- Create a technology gap analysis to inform future decisions

A variety of activities took place to accomplish these tasks and work to assess the State's readiness kept pace with new federal guidance and other environment developments.

##### **Methodology:**

A first step in the project was to review existing guidance and documentation and to meet with State leaders to understand the current New York "vision" for implementing the Exchange. One important component of this visioning session was discussing the state's response to an HHS competitive "Early Innovators" Request for Proposals. The funding opportunity (subsequently awarded to New York) was to reward states demonstrating leadership in developing cutting-edge and cost-effective consumer-based technologies and models for insurance eligibility and enrollment in Exchanges. State stakeholders confirmed their commitment to the elements of the



Early Innovator proposal and the Project Team then conducted a series of interviews with a broad range of stakeholders to get additional perspectives and input on the evolving vision.

Through these interviews and meetings with New York leadership and key stakeholders, the Project Team identified a list of IT systems that could be relevant to the work ahead in New York. The Project Team also identified key subsystems that may have ongoing value and could potentially be leveraged for meeting federal requirements. A variety of phone, Webinar and in person sessions were held to narrow the list of potential candidate systems and to conduct systems demos and transactional walkthroughs.

The systems reviewed included:

New York State Department of Health

- eMedNY
- Healthcare Eligibility Assessment and Renewal Tool (HEART)
- New York State Office of Temporary Disability Assistance
- Welfare Management System (WMS) and five sub-systems
- myBenefits
- myWorkspace

Hudson Center for Health Equity and Quality

- EnrollNY
- Facilitated Electronic Enrollment Application (FEEA)

New York State Health Department Child Health Plus

- Knowledge Information System (KIDS)

New York City Systems

- Access NYC
- New York City EDITS
- EDITS Review
- New York City Paperless Office System (POS)

Other Insurance Systems

- Liazon Bright Choices
- HealthPass NY
- HealthCare NY Web Site

The purpose of the systems reviews was to determine the current functionality and to identify assets that may be leveraged for accomplishing New York's Exchange vision. Systems on the list above were assessed for both functional (what the user needs to do via the IT system) and technical attributes (system architecture and integration capabilities) to support all or part of New York's Health Insurance Exchange system. Systems were assessed against current Federal requirements for Exchanges.

### **Identifying Foundational Assets**

Based on analysis of New York's Early Innovator proposal, the two most valuable assets identified in the course of this assessment are:

- The technical architecture developed to ultimately support eMedNY and proposed as a central part of New York's Federal Early Innovator grant award. The value of this asset is its compliance with the Medicaid Information Technology Architecture (MITA) standards and its use of flexible and extendible Service Oriented Architecture (SOA) and Enterprise Service Bus (ESB) technology, all of which are required of Exchange IT systems.

- The Medicaid Data Warehouse, also proposed in the Early Innovator grant, which will provide robust toolsets and features that can be leveraged for the business intelligence (reporting and data analysis) requirements of the Exchange. While enhancements and new components will be needed to make these assets comply with federal requirements, they offer a strong foundation for the proposed State Exchange. These assets are the foundational assets against which other systems (and sub systems) were assessed.

### **Identifying the Gaps**

Having confirmed the two foundational assets above, the Project Team assessed those assets against the federal requirements as of March 1, 2011 to identify the remaining gaps that need to be filled in New York. At a high level, these gaps include:

- A robust consumer and eligibility worker application (or portal) that provides a “first class customer experience” that enables real-time transactions and the exchange of information seamlessly across a number of programs.
- The limitations in terms of scalability and interoperability and the absence of an automated rules engine of the current human service eligibility and enrollment system known as Welfare Management System, or WMS. From a capacity perspective, this system will not be able to support the inclusion of additional lives anticipated in 2013 and beyond and the State will need to determine how to handle the information currently in the WMS system, which will ultimately be valuable to the Exchange.
- Needed functionality on the commercial insurance side of the house: rating and managing the offerings on the Exchange, and the small employer exchange and associated administration (i.e., SHOP Exchange).

Drilling down on these gaps, Federal guidance specifically calls for:

- Full featured front-end web-based portal that will allow or provide for:
  - Consumers to explore the health insurance and other options available to them and to apply online for a range of benefits using a single online application
  - Community Assistors, Navigators and Brokers to help consumers apply online
  - Small businesses, self proprietors and employees to explore the options available to them, to apply for the plans they select and to manage their plans and benefits
  - Health Plans and Insurance Companies to set up their options in the Exchange based on required criteria set by the State
  - Integration with federal and state verification and eligibility systems (such as Internal Revenue Service, Social Security Administration, Department of Homeland Security, State Eligibility systems) to verify and access information about consumers in real-time
  - Eligibility determination for Medicaid (using the Modified Adjusted Gross Income rules), Subsidized Medicaid and other coverage available to consumers
  - Consumers able to provide electronic point in time verification by faxing, scanning or emailing their supporting documents
  - Notifications to consumers via e-mail, text messaging or paper notices about their coverage, renewals and more
  - Consumers to view and manage their eligibility and enrollment information
  - Electronic Recertification, Change in Circumstance and other subsequent application events
- Appeals
- Standards-based rules engine
- Document management
- Integration with other systems and services
- Accessibility and other usability standards
- Customer support

- Seamless eligibility and enrollment process with Medicaid and other State health subsidy programs and other human service programs. e.g., Supplemental Nutrition Assistance Program (SNAP – also known as Food Stamps) and Temporary Assistance to Needy Families (TANF – also known as cash assistance). Although this is not federally required by 2014, it is an objective of the ACA legislation.
- Support for consumer mediation
- SHOP Insurance Exchange offerings, employer reporting and third-party Administration
- Commercial insurance offerings
  - Certification, recertification, and decertification of qualified health plans
  - Premium tax credit and cost-sharing reduction calculator
  - Quality rating system
  - Risk adjustment and transitional reinsurance
- Navigator program
- Notices
- Administration of premium tax credits and cost-sharing reductions
- Adjudication of appeals of eligibility determinations
- Information reporting to IRS and enrollees
- Outreach and education
- Free choice vouchers
- SHOP Exchange-specific functions

Given the extent of what needs to be in place by January 2013, it is likely inevitable the state will need to build elements of the Exchange from scratch to meet these and future requirements. With this in mind, the next step in this analysis was to look at existing assets that might start to close the gap.

### **Assessing Potential Assets**

We looked at assets in addition to eMedNY and the Data Warehouse to see if they could help to fill the gaps. While we identified a number of possibilities, we did not find any asset or combination of assets that would completely fill the gaps identified above. Instead we found a variety of disconnected assets that we categorized into groups for further consideration by the state. We note that cobbling these varied assets together will be complicated and time consuming and has some level of risk. The state will therefore need to assess the value of each asset against the potential considerations of using the asset.

The assets identified as part of the analysis were placed into several different categories for the purposes of calling out their potential contribution to the future. Asset categories include:

- Functional Asset - expertise or thought leadership
- Transitional Asset - potential temporary technical assets that could serve a bridge to more permanent solutions
- Technical Asset - code or IT services that could be consumed or repurposed by the Exchange
- Assistive Asset – support analysis and insight but might not be integrated into the Exchange

Managers and “owners” of all of the systems assessed could provide valuable insights and learnings (known as functional assets) to contribute to the future and implementing the Exchange. However, it is important to reiterate that the ease of accessing and using an IT or systems asset will be more challenging and will depend upon a variety of factors, including who (what agency, organization, company) owns or has purview of a particular asset. The state is up against an almost impossible deadline to stand up the Exchange by January 2013. State leaders will need to assess each potential asset against the considerations of time and

practicality. For this reason, it is likely the State may not be able to take advantage of some of the potential assets identified in this analysis.

### **Options and Recommendations**

In light of IT assessment findings, the report calls out five options for New York to consider in moving towards the 2013 deadline.

**Option #1** - Utilize the New York assets identified in this assessment to cobble together a solution that would work for New York (note that many assets identified were functional assets.)

**Option #2** - Look at what other states or organizations might have developed that could be leveraged for re-use in New York (note this option still must address the data structure and associated issues that arise because of WMS.)

**Option #3** – Participate in the recently announced User Experience Project. This is a project funded by national philanthropies and conducted in partnership with the Centers for Medicaid and Medicare Services (CMS) and the Center for Consumer Information and Insurance Oversight (CCIIO) to help states design state of the art, consumer-mediated, Web-based front-end interfaces to Exchanges. The project involves conducting human factors research on the consumer “psychology” in accessing health coverage and will draw on the ability of an established design firm, IDEO, in creating the blueprint for the consumer-mediated front-end system envisioned through ACA. (Note: this option would still need to address considerations for supporting commercial insurance and the SHOP Exchange and dealing with the significant database issues associated with the eligibility and enrollment management.)

**Option #4** - Build everything from scratch and not leverage assets or projects supported by others.

**Option #5** - Leverage the most capable components of options #1 - #3, with the knowledge that many of these assets are functional. The report ultimately recommends Option #5, in which New York would leverage valuable functional assets (Option #1) and build its own Exchange front-end leveraging the User Experience work (Option #3). While much of the needed functionality for the Exchange will come through this effort, it will still require New York to build robust templating capabilities to be able to consume what is set forth by the User Experience effort. It will be critical for New York to be active participants in the project.

The contribution from Option #1 in this scenario is more about the rich functional assets in New York rather than the technical assets, though certain technical assets should not be ruled out, as described in Section H. The value of the functional assets is found in the significant experience and knowledge of those who have been thinking about and working for years to develop MyBenefits, MyWorkSpace, WMS, FEEA, ACCESS NYC and learnings from the work done on the Functional Road Map. The functional expertise of these groups should be tapped as subject matter experts in the work that lies ahead while the State makes the best and most informed decisions about leveraging, building and sharing assets to meet the 2013 timeline.

Finally, the State must still address two remaining gaps: (1) New York State’s need to handle the gap created by the fact WMS is not a re-usable or leveragable asset (yet it contains data for millions of individuals known to Medicaid, SNAP, TANF and more); and (2) the need for the SHOP Exchange functionalities in the Exchange. Options for filling these two gaps were not assessed as part of this project.

### **D. Evaluation Plan**

The overarching goals of this project are to continue the steady progress that New York has accomplished in its planning research, stakeholder engagement and IT systems development. Specifically, this project advances the objectives of six of the eleven Exchange Core Areas as follows:

1. Background Research
2. Program Integration
3. Exchange IT Systems
4. Health Insurance Market Reforms
5. Providing Assistance to Individuals and Small Businesses, Coverage Appeals and Complaints
6. Business Operations of the Exchange, which includes:
  - Certification, recertification and decertification of QHPs
  - Quality rating system
  - Risk Adjustment and Transitional Reinsurance
  - SHOP Exchange-specific functions
  - Appeals

We provide a brief summary of our approach to evaluating the progress and measuring success by Core Area. New York has experience in managing multiple federal funding sources and takes seriously the concern of proper oversight of which funds are being used (e.g., Innovator, Level 1, Exchange Planning, APD) and to ensure funds are being used effectively and efficiently. We have Exchange planning staff responsible for the integrity of the distribution of funds and to ensure that the State receives the contracted deliverables as agreed upon in a timely manner. All payment invoices will be reviewed by the State's Exchange Planning Project Director, Establishment Grant Principal Investigator, or relevant State agency staff.

1. **Background Research** – This Core Area's request involves simulation modeling studies that leverage previous work. We will contract with a qualified consultant and continually monitor progress against the agreed upon work plan, milestones and deliverables. New York is currently establishing baseline data for background research through work completed under the Planning Grant and by the nonprofit organizations that also measure the public's access to health insurance and health services as mentioned in the Project Narrative section. The most challenging aspect of final decision-making based on our research is not having final rules. Once HHS finalizes the guidelines, we will be able to complete baseline analyses for decision makers. We will track the progress of the consultants on their work to carry out these studies through regular monitoring calls and consultant submission of periodic progress reports to ensure that work on these studies will meet the required timeline for policy decisions necessary for critical design and implementation targets. Potential challenges include 1) potential delays in needed federal guidance that will inform policy options, and 2) potential delays in selecting and awarding consultant contracts to carry out these studies due to state procurement requirements.
2. **Program Integration** – The key outcome for this request is the development of a comprehensive implementation plan. The plan will integrate and streamline Exchange functions with existing state agency functions and focus in the areas of enrollment and eligibility, consumer assistance/complaints, and health plan management. The integration framework that will be approved in this Core Area will serve as the baseline for completion of the steps in designing the Exchange. Disciplined project management efforts will be the driving force behind meeting deadlines of the multiple agencies involved. Potential challenges include 1) potential delays in needed federal guidance that will inform policy options, and 2) potential delays in selecting and awarding consultant contracts to carry out these studies due to state procurement requirements.



3. **Exchange IT Systems** – The contracting with a well-qualified, well-staffed SI vendor is essential in the successful achievement of this objective. This consultant will have multiple layers of accountability to the New York IT system staff, the Early Innovator (EI) Grant, HHS and all involved state agencies. We will monitor the progress of these projects as a component of the EI gate review process. A very detailed Project Plan will be agreed to by New York and the SI that will serve as the framework to activities, milestones, deliverables and timeframe. There will be a risk identification process put in place to identify and timely resolve issues/barriers. Potential challenges include 1) potential delays in needed federal IT guidance 2) potential delays in selecting and awarding the systems integrator contract. Additionally, The All Payer Database vendor will be held accountable for meeting the activities, milestones and deliverables as set forth by the Project Plan. We will monitor progress through regular working meetings, written status updates, and through the cross-agency integration meetings.
4. **Health Insurance Market Reforms** – Several market research studies are included in this Core Area. Although some research has been completed and can be used as the baseline, we need to first receive the final rules from HHS to confirm potential impact to the marketplace based on different policy decisions options. We will track the progress of the consultants on their work to carry out these studies through regular monitoring calls and consultant submission of periodic progress reports to ensure that work on these studies will meet the required timeline for policy decisions necessary to design the Exchange. Potential challenges include 1) potential delays in needed federal guidance that will inform policy options, and 2) potential delays in selecting and awarding consultant contracts to carry out these studies due to state procurement requirements.
5. **Providing Assistance to Individuals and Small Businesses, Coverage Appeals and Complaints** - This Core Area continues the successful consumer assistance work through the Community Health Advocates (CHA) initiative and will continue already established monitoring practices (e.g., field testing training curricula; reviewing and assessing CHA database; evaluating data to ensure consumer needs are met; assessing outreach to small business community; etc.). Baseline data that is currently being used is gathered from the public regarding what types of services and assistance is required. Success is measured by CHA meeting the needs of the individuals. We will evaluate progress on this through an assessment of the capacity of the additional entities and the continued monitoring of data collected from such entities. We will evaluate the program based on data collected and consumer feedback to identify training opportunities to improve service.
6. **Business Operations of the Exchange**, which includes:
  - a. Certification, recertification and decertification of QHPs
  - b. Quality rating system
  - c. Risk Adjustment and Transitional Reinsurance
  - d. SHOP Exchange-specific functions
  - e. Appeals

This Core Area incorporates several different analyses of different functions of the Exchange. We will issue RFPs to contract with suitable consultants to accomplish the many objectives. No baseline data is available for these functions as this request is for preliminary implementation phases. We will gather the input of stakeholders and will continually assess the progress in conducting these meetings, establishing timelines, reaching milestones and ensuring that the State and the Exchange receive the desired input from each identified stakeholder group. We will require regular status updates from the consultants, working sessions to review and refine findings, and ensure that all recommendations for legislative changes are timely. Potential challenges include 1) potential delays in needed federal guidance that will inform policy options, and 2) potential delays in selecting and awarding consultant contracts to carry out these studies due to state procurement requirements.