

## **Project Narrative**

### **I. Past Progress in Each Core Area**

New York has made substantial progress under its Exchange Planning, Early Innovator, Premium Rate Review, and Consumer Assistance Program grants. The State has done significant work to reach out to stakeholders for input on Exchange design; hired four full-time Exchange planning staff to supplement and help coordinate the work of agency staff on Exchange planning. With regard to information systems, New York has conducted a rigorous evaluation of its “as is” systems environment relative to the ACA’s requirements. Through numerous inter-agency discussions on existing processes and participation in two HHS gate reviews, New York has begun specifying the “to be” systems requirements and a process for achieving them for New York’s Health Benefit Exchange. New York’s DOI enhanced its rate review activities under the State’s 2010 prior approval law, which has laid the foundation for this function in New York’s Health Benefit Exchange. In November 2010 New York launched a successful Consumer Assistance Program (CAP) that in its first six months served more than 10,000 consumers with questions or problems accessing coverage. Finally, in March 2011 New York contracted with the Urban Institute/Wakely Consulting, Inc. to conduct simulation modeling of the cost and coverage impacts of reform in New York as well as analyze Exchange business operation and financing issues.

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

New York continues to generate a strong body of background research relevant to Exchange planning. In 2011, a little more than half (55 percent) of the non-elderly population had health insurance coverage through an employer, another five percent purchased coverage directly, 24 percent had public program coverage, and the remaining 16 percent were uninsured. Of the State’s estimated 2.8 million uninsured persons, 1 million were eligible for existing public coverage but not enrolled. Under reform, we anticipate significantly higher participation among those 1 million eligible but uninsured persons, an additional 1 million uninsured persons to be newly eligible for federally subsidized coverage, and improvement in the way millions more New Yorkers obtain both subsidized and unsubsidized coverage through the State’s Health Benefit Exchange. More detailed simulation modelling is underway with the Urban Institute to refine these estimates and provide a more specific profile of uninsured and newly eligible populations, as well as estimate the cost impacts of reform in New York.

The New York State Departments of Health (DOH) and Insurance (DOI), the lead agencies responsible for Exchange planning, continue to consult regularly with private entities such as the United Hospital Fund (UHF) and the New York State Health Foundation (NYSHF) to generate research that draws from existing agency knowledge and to best support planning activities. State policymakers review the research closely to inform decision-making. Reports released during the planning grant period include:

- D. Holahan. Coordinating Medicaid and the Exchange in New York. (May 2011, United Hospital Fund)
- Social Interest Solutions. Preparing New York’s Information Technology Infrastructure for Health Reform: A Gap Analysis. (May 2011, New York State Health Foundation)

- D. Bachrach, P. Boozang and M. Dutton. Medicaid's Role in the Health Benefits Exchange: A Road Map for States. (April 2011, Manatt Health Solutions and National Academy for State Health Policy)
- D. Bachrach, P. Boozang, M. Dutton, and D. Holahan. "Revisioning" Medicaid as Part of New York's Coverage Continuum. (January 2011, United Hospital Fund)
- P. Newell and R. Carey. Building the Infrastructure for a New York Health Benefit Exchange: Key Decisions for State Policymakers. (January 2011, United Hospital Fund)

In March 2011, DOI contracted with the Urban Institute to conduct simulation modeling analyses of the cost and coverage impacts of federal health care reform and to estimate the impact of various state design choices, which will inform Exchange planning efforts. Data will include the number of uninsured in the State, the size of the current individual and small group markets, the number of carriers in each market and market shares for the ten largest carriers, those potentially eligible for coverage through the New York Health Benefit Exchange, coverage and eligibility patterns for Medicaid and employer-sponsored coverage, as well as estimates of coverage shifts as health reform is implemented. Depending upon the design choices the State makes, the Urban Institute's Health Insurance Policy Simulation Model will be used to estimate distributional cost and coverage implications of many of the choices, including: implementing a Basic Health Program option; merging of the small and non-group insurance markets; defining small group prior to 2016; and including larger groups in the New York Health Benefit Exchange post-2017.

The Urban Institute has partnered with Wakely Consulting, Inc., to carry out analyses associated with the Exchange operations, including development of a New York-specific implementation plan and five-year Exchange financial model. This work commenced in mid-April 2011 and will be completed by October 2011. These nationally recognized experts bring invaluable assistance to DOH, DOI, and the Governor's Office in conducting analyses that must be completed on extremely aggressive timelines to accomplish core milestones.

In addition, the New York State Health Foundation (NYSHF) continues to provide valuable support in the planning process by convening stakeholders and funding projects that will inform decisions related to the New York Health Benefit Exchange. NYSHF has also supported the following projects: the information technology "gap analysis" cited above, prepared by Social Interest Solutions; and a forthcoming report by The Community Service Society of New York and Empire Justice Center that will describe, 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. They also supported another forthcoming report conducted by The Community Services Society that explores in detail the programmatic and financial implications of implementing a Basic Health Program. On May 20, 2011 the NYSHF convened a meeting of experts, including representatives from HHS, health insurers and DOH and DOI to discuss risk adjustment methods currently in use for the State's public health programs and the commercial insurance market and options for the Exchange.

## **2. Stakeholder Consultation**

During the past five months, the Cuomo Administration has engaged stakeholders regarding the implementation of federal health care reform. On April 21, 2011, the State held a meeting to discuss aspects of the Health Insurance Exchange with numerous stakeholder organizations representing health care consumers, providers, businesses, organized labor, local governments, health plans, health insurers, and health policy experts, as well as representatives from the State Legislature and State agencies. Approximately 120 people attended the meeting in which more than 50 stakeholder organizations were represented. The meeting began with a State presentation on the work that is being conducted through the State's Exchange Planning Grant and Early Innovator Grant, and then focused on a discussion of options regarding New York Health Benefit Exchange structure, including governance, and the principles the New York Health Benefit Exchange must achieve. For each issue, State representatives provided a brief description of the options then asked for ideas from the attendees.

A range of opinions on the design options were expressed during this meeting. Governance had the largest degree of consensus. Many attendees supported the public authority or state agency models due to the governmental functions the New York Health Benefit Exchange will need to conduct, including the management of personal information and the transparency that will be required to ensure public trust. Various stakeholder groups stressed the importance of having appropriate stakeholder representation on the New York Health Benefit Exchange's governing board or advisory group. And, many attendees noted that given the regional differences across the State, the Exchange will need to consider how to best consider these local differences in the design and operation of the Exchange.

In mid-May 2011, representatives from the Governor's Office, DOH, DOI, and the Exchange Planning staff conducted a series of four in-person public forums across the State and one call-in forum to gather additional input on the design of the New York Health Benefit Exchange. The in-person forums were held in Rochester, Syracuse, Albany, and New York City. The New York City forum was broadcast via live webcast and public input was also accepted via email. We received testimony from 87 individuals who represented 66 unique organizations or themselves and included health care consumers, providers, insurers, producers, businesses, unions, academics, and the general public. Topics discussed included Exchange governance structure, purchasing role, benefit options, organization of the market, and ideas about how to prevent adverse selection. A consensus formed among many who testified around the preference for a public authority governance structure. Additionally, many stakeholders suggested that decisions on certain Exchange design options, such as market merger and purchasing role, would benefit from further study. All testimonies that have been received electronically are available on the State's federal health care reform website ([www.HealthCareReform.ny.gov](http://www.HealthCareReform.ny.gov)). An audio recording of the call-in forum and archived video from the webcast are also posted on the website.

This website, and email implementation updates, continue to serve as the primary resources for sharing information regarding implementation with stakeholders. A recent analysis of the website's traffic shows it has received 52,811 visits and 279,369 page views during the eleven month period from July 2010 – June 2011 following its launch on the DOH server. This averages to approximately 1,016 visits and 5,375 page views per week, which is the second highest traffic pattern of any website administered

by DOH. (It is less than only the main DOH website, [www.health.ny.gov](http://www.health.ny.gov), which receives over 650,000 average weekly page views.) Visitors to the health care reform website also visit more pages in a single visit than any other DOH website, indicating that the site provides information on a range of topics of interest to visitors. Further, approximately 50 percent of traffic to the website comes from referring sites, indicating that it is often being posted on other websites as a source for information.

Representatives from the Governor's Office, DOH, DOI, and the Exchange Planning staff also continually meet with individual stakeholder organizations, upon request, to discuss their specific concerns and interests regarding the Exchange. More than 60 such meetings have taken place to date in this calendar year and continue daily. Following the release of the Governor's proposed Exchange authorizing legislation on June 13, 2011, we received additional input about various provisions and suggestions for revisions.

Finally, the State has begun outreach with Indian Tribal governments for their input on the design of the New York Health Benefit Exchange and other related issues of concern. We anticipate holding meetings and calls over the coming year with Indian Tribal representatives to allow for additional feedback opportunities.

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

On June 23, 2011, the Assembly passed the Governor's Program Bill which would create the New York Health Benefit Exchange. The Bill can be found at: [http://assembly.state.ny.us/leg/?default\\_fld=&bn=A08514&term=2011&Summary=Y&Text=Y](http://assembly.state.ny.us/leg/?default_fld=&bn=A08514&term=2011&Summary=Y&Text=Y). The Bill is awaiting action in the State Senate. The Bill 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.

Consistent with federal law, once passed, functions of the New York Benefit Exchange would include making qualified health and qualified dental plans available on or before January 1, 2014; assigning qualified plan ratings; utilizing a standard format to present health benefit options through New York Health Benefit Exchange; setting enrollment periods; implementing procedures for certification, recertification and decertification of qualified plans; ensuring that plans offer essential benefits, as required by federal and state law; ensuring that plans do not charge individuals a termination fee or penalty; operation of a toll-free hotline; operation of a website where standardized comparative information on qualified health plans and public programs is available; establishing an electronic calculator to determine actual cost of coverage after any premium tax credit or cost-sharing reduction is applied; establishing a navigator program; screening and enrollment of eligible individuals in public health insurance programs; granting certification of exemption from personal responsibility requirement; operate a small business health options program (SHOP); coordinating enrollment in other social services programs; determine eligibility for premium tax credits, reducing cost-sharing and individual responsibility requirement exemptions; determining eligibility, providing notices and opportunities for appeals and redetermination.

In addition to the functions described above, the Bill requires studies of key policy decisions that will need to be made by the State. The study areas are detailed below in the proposed background research section. The Bill would require that these studies are due to the Governor and legislature by April 1, 2012. It is anticipated that further legislation will be required based on the recommendations received.

#### **4. Governance**

In late 2010 through early 2011, New York, with the input of many stakeholders, began to examine the three permitted governance options for the New York Health Benefit Exchange including: (1) placing the health insurance Exchange within an existing State agency; (2) establishing a public authority; and (3) establishing a not-for-profit agency.

In late 2010, the UHF hosted a policy roundtable to discuss governance options with key stakeholders, including State Executive and Legislative branch representatives, academics, providers, insurers, and consumer groups. Information from a comprehensive, independent report generated by UHF (Newell and Carey 2011) on Exchange structure and governance options for New York was presented at this meeting for feedback and reaction. This report was based on an analysis of both the federal law and New York laws and regulations, along with interviews with New York officials and market participants, and a review of experience in Massachusetts and other states. In April 2011, the Governor's Office, DOH, DOI, and Exchange Planning staff held a broad stakeholder meeting focused on key design questions, including governance. This meeting was informed by research conducted by the State and the aforementioned UHF report. These discussions, and other individual meetings with stakeholders, informed the development of a governance structure that was incorporated in New York Health Benefit Exchange authorizing legislation.

On June 23, 2011 the Assembly passed the Governor's Program Bill which would create a new public benefit corporation known as the New York Health Benefit Exchange. Although the Bill is awaiting action in the State Senate, this choice of governance structure has received overwhelming consensus. 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 SHOP, enroll individuals in health coverage for which they are eligible in accordance with federal law and carry out the functions of the Exchange. A public benefit corporation was the preferred governance structure because it balances 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 2014 target operational date, and to enable it to adapt to a changing environment over time. Additional details on the governance structure are provided in the governance section within the "proposal to meet program requirements" section below.

#### **5. Program Integration**

In early 2011, the Governor's Office established a weekly Exchange Implementation Planning meeting with DOH and DOI, 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. This meeting is focused solely on Exchange planning activities. A second meeting, also held weekly, includes a larger number of agencies, including the Department of Civil Service which administers the state employee health benefits plan, the State Division of the Budget and experts in long term care and public health from the DOH.

New York is fortunate that its DOH and DOI have a long history of working together on regulatory matters related to the State's managed care industry. These agencies continue to work closely and collaboratively on all aspects of Exchange planning. Most recently, this has included:

- participating in Joint Application Design (JAD) meetings to further detail and delineate specific business requirements, processes, and policy decisions for the Exchange Information System;
- conducting public forums throughout the state;
- defining the scope of work and deliverables for contractors;
- developing joint project work plans; and
- drafting state legislation.

In addition to the state agency staff assigned, the Exchange planning efforts are supported by four staff including a Project Director, Policy Analyst, Stakeholder Outreach Coordinator, and Administrative Assistant through a contract with Health Research, Inc. (HRI), a not-for-profit corporation. This staff, supported by the State's Exchange Planning Grant, is dedicated to the planning effort full-time. One of the primary responsibilities of this staff is to facilitate coordination across State agencies for Exchange planning work.

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

With New York's submission and receipt of an award under the "Collaborative Agreement to Support Innovative Exchange Information Technology Systems" ("Early Innovator" grant), New York has expressed a commitment to establishing a State-run health insurance Exchange, along with an integrated, robust, scalable, "consumer-centric" IT system to support it. Other states and the federal government plan to learn, and be able to adapt and re-use elements, from the efforts of New York and the five other "Early Innovator" states/consortia of states. New York provided the federal government with support for its commitment in the form of a letter of intent from Governor Cuomo, and by supplying a detailed roadmap for Exchange IT and associated business process development that will be required to support a New York Health Benefit Exchange systems launch in 2013. New York's ability to effectively accomplish this task will hinge upon a number of factors, including availability of the federal data hub, issuance of further federal Exchange guidance in key areas, receipt of enhanced federal matching funds for new Medicaid eligibility systems, and the receipt and ability to expend sufficient Exchange Establishment funding in a timely fashion to accomplish the wide range of required activities, decisions, and outcomes.

Since New York was awarded a \$27.4 million Early Innovator grant in early 2011, the State has begun working, along with other Innovator 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 (4/1) and Project Baseline (5/13), and CMS/CCIIO is expected to schedule a third gateway design review in or after October 2011. Exchange design, development, and implementation (DDI) activities will continue under the EI grant during the grant period 2011-2012, coordinated with Establishment grant activities and supplemented by Establishment resources as outlined in the proposed budget and narrative.

Further, the EI project management team has been working with DOH, DOI, and other “subject matter experts” (SMEs) to elicit and develop the wide range business requirements and processes, and to flag important remaining policy decisions, necessary to support New York’s Exchange IT solution. As described below, Establishment grant funds would allow us to secure critically needed program and policy analysts with expertise in core Exchange business functions, as well as supplement the State’s capacity to develop and document core Exchange business processes needed to help “stand up” an ACA-compliant Exchange by 2014. Finally, the SIS/Lewin Group Exchange IT “gap analysis” has provided important information, guidance and stakeholder perspectives in this regard, that will help inform the Exchange IT design and development process.

## **7. Financial Management**

Consistent with federal statute, state Exchanges must be financially self-sufficient by January 1, 2015. Towards this requirement, the Governor’s Program Bill would require the Exchange to study the options to generate funding for the on-going operations of the Exchange and report its findings and recommendation.

To meet this requirement and the financial management milestones, New York’s contract with Urban Institute/Wakely Consulting will provide an initial financial assessment and budget analysis to determine the financial resources required to establish an Exchange. This analysis will include identification of the number of operational processes and systems that must be developed for implementation and operation of the Exchange as well as analysis of the funding necessary to set up and run the Exchange. 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. Through this grant application, the State seeks to hire additional staff and external consultants to perform tasks related to Exchange establishment (described below in the “Proposal to Meet Program Requirements” section).

New York’s plans for funding its systems work are as follows. As mentioned above, New York was selected as an “Early Innovator” state, and is designated to receive an award of \$27.4 million over two years. In May 2011, New York submitted an initial draft Advanced Planning Document (APD) for \$11.7 million to help support activities related to Medicaid eligibility in the context of the integrated Exchange

design, development and implementation (DDI) activities under the Early Innovator grant. The draft APD is currently under review at CMS/CCIIO. And, New York intends to submit another APD for at least \$1.3 million following submission of this Establishment grant application.

## **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 education. 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 Affordable Care Act (ACA) provisions aimed at reducing fraud and abuse, including expanded data reporting and matching activities, increased penalties, and federal powers to investigate 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 providers 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. The Consumer Assistance 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. 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. DOI approved ACA-compliant policy form amendments for health insurers in 2010. In June 2011, DOI submitted proposed legislation to the State Legislature 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 bill, 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.

#### NY Bridge Plan

The Affordable Care Act 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 is administered by Group Health Incorporated (GHI), an EmblemHealth company. The program is available to legal U.S. residents of New York State who have a pre-existing medical condition and have been uninsured for at least six months.

The NY Bridge Plan covers a broad range of services, including primary and specialty care, inpatient and outpatient hospital care, and prescription drugs, as well as assistance from professional nurses and caseworkers to help members manage chronic conditions and maintain overall health. 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). As of June 13, 2011, the NY Bridge Plan had 1,567 enrolled members.

#### Early Retiree Reinsurance Program

Through the Affordable Care Act's Early Retiree Reinsurance Program, employers or health plan sponsors may receive reimbursement for 80% 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 will continue until the earlier of January 2014 or the \$5 billion appropriated for the program is exhausted. 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. During 2010 more approved applicants for the program came from New York than any other state, as described in the U.S. Department of Health and Human Services' 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 state retirees and retirees of 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. The DOI has used those funds to: improve rate filing requirements; enhance IT capacity and activities, including working with 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. This grant has provided 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. New York expects to continue and expand on these enhancements when it applies for the upcoming Cycle II Rate Review Grants.

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

New York State has launched a successful state-wide consumer assistance program through the Community Health Advocates Program (CHA). CHA is comprised of network of 21 community-based organizations, three specialist organizations, and is administered by The Community Service Society (CSS). CSS's central CHA hotline served over 10,000 consumers during the program's first two quarters of the Consumer Assistance grant.

In October 2010, CSS received a notice of award from DOH to operate New York's Statewide Consumer Assistance Program (CAP) through CHA. That same month, CSS issued a competitive RFP to solicit members for a statewide consumer assistance network. In November 2010, CSS assembled a review team, which consisted of staff from CSS, the three specialist organizations Empire Justice Center, the Legal Aid Society, and Medicare Rights Center, the New York Immigration Coalition, and the Children's Defense Fund, to review 93 proposals and select 21 community-based organizations to form the statewide CHA network.

In November 2010, CSS and the specialist agencies 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.

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

Detailed Exchange business processes, and the associated business requirements for the Exchange IT system, must be developed for all New York Health Benefit Exchange functions within six broad core areas: eligibility and enrollment, plan management, financial management, customer service, communications and oversight, and Exchange business operations.

In addition, the key policy determinations that will provide the framework for those operations must inform and are an integral part of the design and development of New York's Exchange. Design and implementation of all aspects of business operations for New York Health Benefit Exchange, supported by the right system solution, supplying a "first class customer experience," within a policy and fiscal framework appropriate for New York, is a complex, multi-layered endeavour. Exchange structure and governance decisions will help guide and assist in finalizing various design and operational parameters, which are needed in order to complete implementation activities within the required timeframes.

New York has begun work with the Urban Institute/Wakely Consulting to analyze issues related to the design of the New York Health Benefit Exchange. These consultants will develop baseline population and premium data, complete micro-simulation modelling that will inform design choices for the health insurance Exchange, provide the State with an estimate of the enrollment capacity needed in the health insurance Exchange in view of design parameters chosen, provide advice regarding the infrastructure needed to support that capacity, and develop five-year cost projections for the Exchange.

Additional information on the status of specific functions is described in the chart below.

Function	Planning Activity Progress
Certification, recertification, and decertification of qualified health plans	Internal Joint Application Design (JAD) sessions being held in conjunction with DOH, DOI and other State agencies.
Call center	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Exchange website	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Premium tax credit and cost-sharing reduction calculator	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Quality rating system	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Navigator program	Anticipated consultant study with results in April 2012. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Eligibility determinations for Exchange participation, advance payment of premium tax credits, cost-sharing reductions, and Medicaid	Federal guidance pending. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Seamless eligibility and enrollment process with Medicaid and other State health subsidy programs	Federal guidance pending. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Enrollment process	Federal guidance pending. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Applications and notices	Federal guidance pending. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Individual responsibility determinations	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Administration of premium tax credits and cost-sharing	Federal guidance pending.

reductions	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Adjudication of appeals of eligibility determinations	Federal guidance pending. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Notification and appeals of employer liability	Federal guidance pending. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Information reporting to IRS and enrollees	Federal guidance pending. Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Outreach and education	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
Risk adjustment and transitional reinsurance	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.
SHOP Exchange-specific functions	Internal JAD sessions being held in conjunction with DOH, DOI and other State agencies.

## **II. Proposal to Meet Program Requirements**

For this phase of Exchange establishment work, New York seeks to build upon the successful work underway in the areas of background research, stakeholder outreach, information technology, providing assistance to individuals and small businesses, and governance. We will explore numerous Exchange policy questions through ten policy consultant studies, continue outreach to a vast range of stakeholders including Indian Tribal Nations, supplement the work of our IT systems team with needed program and policy analysts that are not already funded through other sources, and begin business operations and legal work to establish New York's Health Benefit Exchange.

### **1. Background Research**

Under the Governor's Program Bill, which passed New York's Assembly on June 23, 2011 and is pending in the Senate; several studies would need to be conducted by April 1, 2012, assuming federal guidance is available, to inform policy decisions on the design of the New York Health Benefit Exchange. The ten studies for which we are seeking new funding to support consultant analysis, that do not duplicate studies funded through New York's Exchange Planning grant are:

- 1) A study of the essential health benefits identified by the secretary pursuant to section 1302(b) of the federal act and of the benefits required under the insurance law or regulations promulgated thereunder that are not determined by the secretary to be essential health benefits, such study, findings and recommendations shall address matters including but not limited to:
  - (i) whether the essential health benefits required to be included in policies and contracts sold through the exchange should be sold to similarly situated individuals and groups purchasing coverage outside of the exchange;
  - (ii) whether any benefits required under the insurance law or regulations promulgated thereunder that are not identified as essential health benefits by the secretary should no longer be required in policies or contracts sold either through the exchange or to similarly situated individuals and groups outside of the exchange;

- (iii) the costs of extending any benefits required under the insurance law or regulations promulgated thereunder to policies and contracts sold through the exchange; and
- (iv) mechanisms to finance any costs pursuant to section 1311(d)(3)(b)(ii) of the federal act of extending any benefits required under the insurance law or regulations promulgated thereunder to policies and contracts sold through the exchange.

The study should also consider the individual and small group markets outside of the exchange and consider approaches to prevent marketplace disruption, remain consistent with the exchange and avoid anti-selection;

- 2) A study of insurance market issues, including:
  - (i) whether insurers participating in the exchange should be required to offer all health plans sold in the exchange to individuals or small groups purchasing coverage outside of the exchange;
  - (ii) whether the individual and small group markets should be placed entirely inside the exchange;
  - (iii) whether the benefits in the individual and small group markets should be standardized inside the exchange or inside and outside the exchange;
  - (iv) how to develop and implement the transitional reinsurance program for the individual market and any other risk adjustment mechanisms developed in accordance with sections 1341, 1342 and 1343 of the federal act;
  - (v) whether to merge the individual and small group health insurance markets for rating purposes including an analysis of the impact such merger would have on premiums;
  - (vi) whether to increase the size of small employers from an average of at least one but not more than fifty employees to an average of at least one but not more than one hundred employees prior to January 1, 2016;
  - (vii) how to account for sole proprietors in defining "small employers"; and
  - (viii) whether to revise the definition of "small employer" outside the exchange to be consistent with the definition as it applies within the exchange;
- 3) A study of the advantages and disadvantages of the exchange serving as an active purchaser, a selective contractor, or clearinghouse of insurance.
- 4) A study of the benchmark benefits identified by the secretary and of the benefits required under the public health law or the social services law or regulations promulgated thereunder that are not determined by the secretary to be benchmark benefits. Such study, findings and recommendations shall address matters including but not limited to:
  - (i) whether any benefits required under the public health law or the social services law or regulations promulgated thereunder that are not identified as benchmark benefits by the secretary should continue to be required as covered benefits available to newly Medicaid-eligible individuals inside the exchange;
  - (ii) the costs of extending any benefits required under the public health law or the social services law or regulations promulgated thereunder as covered benefits available to newly Medicaid-eligible individuals through the exchange; and
  - (iii) mechanisms to finance any costs pursuant to the federal act of extending any benefits required under the public health law or the social services law or regulations promulgated thereunder to policies and contracts sold through the exchange;

- 5) A study of the impact of the establishment and operation of the exchange on the healthy New York program established pursuant to section forty-three hundred twenty-six of the insurance law and the family health plus employer partnership program established pursuant to section three hundred sixty-nine-ff of the social services law;
- 6) A study of procedures under which licensed health insurance producers, chambers of commerce and business associations may enroll individuals and employers in any qualified health plan in the individual or small group market as soon as the plan is offered through the exchange; and to assist individuals in applying for premium tax credits and cost-sharing reductions for plans sold through the exchange;
- 7) A study of the criteria for eligibility to serve as a navigator for purposes of section 1311(i) of the federal act, any guidance issued thereunder and subdivision fourteen of section thirty-nine hundred eighty-four of this article;
- 8) A study of the role of the exchange in decreasing health disparities in health care services and performance, including but not limited to disparities on the basis of race or ethnicity, in accordance with section forty-three hundred two of the federal act;
- 9) A study of whether and to what extent health savings accounts should be offered through the exchange;
- 10) A study of the integration of public health insurance programs, including Medicaid, Child Health Plus, and Family Health Plus within the exchange, which may include such reports as are periodically submitted to the secretary.

We anticipate contracting with qualified outside consultants to assist in carrying out these studies over the coming year.

We are also seeking to hire five additional staff to assist with Exchange establishment work. Specifically, three additional policy analysts, one actuary, and one research assistant would: help to shape the studies' design; provide consultants with New York-specific data and information on existing state law, regulation, and programs that relate to the study topics; review study drafts and help to ensure that they meet the State's needs. This staff would also help to organize the policy roundtable meetings the State will convene on the study topics over the coming year and support the work of the Exchange Board and Advisory Committees, as described in the "stakeholder section" below. These positions would be temporary and are necessary for the near and intermediate-term work to prepare and implement the New York Health Benefit Exchange. The work of these staff would be overseen by the Project Director for Exchange Planning and/or agency staff at DOI or DOH.

## **2. Stakeholder Consultation**

Stakeholders will continue to have an integral role in the development of the New York Health Benefit Exchange. The Governor's Program Bill, which passed New York's Assembly on June 23, 2011 and is pending in the Senate anticipates stakeholder consultation in several areas. The Bill calls for the formation of five regional Advisory Committees to the New York Health Benefit Exchange board, which

would rely heavily on stakeholder input as they convene forums on issues that would affect future enrollees in the Exchange. These Committees would require the appointment of consumer advocates, small business consumer representatives, health care provider representatives, representatives of the health insurance industry, and representatives for insurance producers and labor organizations. Once the Committees are established, additional stakeholder outreach would be necessary as the Committees are expected to be charged with soliciting input from the various regions of the State to determine regional differences that may affect the operations of New York Health Benefit Exchange. The Committees would also be required to issue reports on the functions of the Exchange with a focus on regional differences in the availability of health insurance throughout the State. It is anticipated that public forums and other forms of stakeholder meetings will be convened to develop these reports.

A series of studies on key policy issues will need to be completed over the coming year to inform legislative decisions for the Exchange. These studies are described in the “background research” section of this application and involve analysis of policy decisions regarding New York Health Benefit Exchange design. To better inform the study design and recommendations, the State expects to convene multiple policy meetings with stakeholders during the coming year to present the study results, discuss the implications of policy decisions, and receive stakeholder input on such choices.

The five new staff members (described in the “background research” section above) would support the work of these Committees, which would include notifying stakeholders of Committee meetings, working with the Committees to prepare meeting agendas and presentations, preparing and reviewing documents, and assisting the Committees in the preparation of the report required in Exchange legislation.

Further, outreach to Indian Tribal Nations will continue and we will implement a formal process to obtain their input on an ongoing basis throughout the establishment and operation of New York Health Benefit Exchange. We are committed to ensuring that stakeholders have multiple opportunities to provide input and feedback as the State begins the implementation phase for the Exchange.

### **3. Exchange IT system**

The State is seeking Establishment grant funding for specific technical consulting expertise and assistance with the State’s participation in a new Exchange User Experience (UX) project, and for which funding was not sought or received in the EI grant or forthcoming APD. The Enrollment UX project, supported by several national and state foundations and executed by the design and innovation consultancy IDEO in partnership with CMS, 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.

The State is also requesting Establishment Grant funding for technical consulting expertise in assessing newly identified systems, tools and processes currently being identified through joint application design (JAD) sessions for meeting the requirements of the New Exchange system. These are systems, tools and/or functions currently being used or operating within the DOI, DOH, and other state agencies that

are relevant to areas of core Exchange functionality, apart from those related to eligibility and enrollment (which were already the subject of the comprehensive SIS/Lewin gap analysis, referenced above). They include tools and processes being deployed in areas such as plan management, customer service, financial management and oversight.

Finally, the State seeks Establishment Grant support for 12 program and policy analysts with the expertise needed to supplement the state's capacity to gather business requirements and document business processes to help "stand up" an ACA compliant Exchange by 2014. Specifically, these staff will assist with the substantial effort involved in working with the various state agencies – DOI, DOH, and other State agencies – to develop the appropriate policies, procedures, and processes that will be needed to interface with, or be integrated into, core Exchange functions to be supported by the New York Health Benefit Exchange IT infrastructure. These individuals will have expertise in one or more of the core Exchange business areas, including experience with relevant, existing systems, tools, rules, and processes with potential applicability for New York's Exchange solution.

New York has recently established a centralized Enrollment Center to begin processing Medicaid renewals by phone and leveraging available state data in real-time to expedite coverage renewals. This has given New York experience in the challenges and opportunities of consolidating customer service functions. The State seeks to build upon this experience by continuing this development and validation process, and utilizing experienced staff to meet the new challenge of designing and implementing a first-class customer service function for the Exchange. The State's EC staff would continue the development and implementation of our new EC infrastructure, slated to begin phased operations in June 2011, and would also leverage the lessons learned from this experience to the work developing and implementing streamlined eligibility and enrollment processes needed for the New York Health Benefit Exchange. New York will seek funding through an APD, to be submitted following submission of this Establishment grant application, for the following positions:

- 12 Enrollment Center/Call Center (EC) positions will assist with the continued development, refinement and testing of appropriate existing tools and automated systems, in support of the new statewide EC. These staff will help effectuate the transition to integrated Exchange eligibility and enrollment determinations by 2014, incorporating the lessons learned through EC system design and development, as well as the barriers encountered and overcome, as the State implements initial and enhanced EC functionality between now and 2014. These staff will assist with development of Exchange Call Center business requirements and associated business processes and procedures.
- 10 positions will be focused on providing oversight of EC renewal and eligibility determinations, specifically to help the state further refine, update and validate the existing automated eligibility tool that will be deployed by EC vendor staff. Lessons learned will directly inform and help guide the design, development and implementation (DDI) of integrated Exchange eligibility and enrollment processes, policies and procedures, including the anticipated new MAGI- based "rules engine."



- One position will provide significant expertise on Medicaid rules and existing systems, specifically focused on the “crosswalk” of anticipated eligibility and enrollment rules and associated processes to enable seamless integration of Exchange and public coverage determinations.

New York will be seeking federal support for these 23 positions through an APD, and federal support for one of the Enrollment Center positions (the Enrollment Center’s research analyst) through this Establishment Grant application. These staff are currently federally-funded by HRSA under the State Health Access Project (SHAP), an existing HRI grant dedicated to expanding access to health insurance coverage in New York. The HRSA/SHAP grant ends August 2011, and HRI will be allowed to submit a request for a no cost extension, that the State anticipates will enable full HRSA funding support for these positions to continue through January 2012. The State will therefore be seeking APD funding for these 23 positions for at least a seven month period, from February 2012 through August 2012, in support of the Level 1 Establishment grant request, and Establishment grant funding for the remaining position (research analyst) for the same seven months. HRSA/SHAP funding was allowed to expire, in part, based on the availability of Establishment grant funding for states to support work on expanding access to health insurance coverage through the new Exchanges.

#### **4. Providing Assistance to individuals, small businesses, coverage appeals, and complaints**

##### Consumer Assistance Program

During the grant period, New York plans to use requested Establishment funds to continue to provide assistance to individuals and small businesses, including assistance with coverage appeals and complaints, through the statewide independent consumer assistance program, Community Health Advocates (CHA) 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. During the grant period, CHA plans to increase the capacity of its existing agencies by contracting with additional agencies in geographically underserved areas. In addition, CHA will conduct a needs assessment to determine how the program can better serve small businesses and implement the recommendations of that study.

**Operations/Organizational Structure.** CSS employs a “hub and spokes” model for CHA, and serves as the program’s “hub.” As the central “hub,” CSS operates a live-answer toll-free hotline and provides technical assistance, support and back up to the CHA network. The 21 network CBOs provide on-the-ground assistance (education, counseling, navigation and appeals) to consumers in the communities where they live and work. CSS ensures that their staff is well-trained and conducts quality assurance, case audits, and database management for the program. Through this model, CSS also contracts with three specialist agencies – Empire Justice Center (EJC), Legal Aid Society (LAS), and Medicare Rights Center (MRC) – to provide effective, independent health advocacy for consumers, including education,

counseling, help navigating administrative and bureaucratic obstacles, and assistance filing grievances and appeals, as needed.

The FY11 CHA contract with DOH began on November 1, 2010, and ends in September 30, 2011. In the first six months of the grant period, CHA successfully assisted over 10,000 New Yorkers with a variety of healthcare-related issues ranging from accessing affordable health insurance coverage, assistance with denials of services or bills, complaints and appeals. CHA provides seamless “no wrong door” services, assisting consumers with enrollment and navigation of the following: job-based coverage or private health insurance purchased on the individual market; group health plans of all varieties, including private ERISA and non-federal governmental plans; niche products (e.g. Freelancers Union); quasi-public products (e.g. Family Health Plus Employer Buy-In program); coverage through COBRA and New York’s mini-COBRA law; and federal and State-run public insurance programs. During the first half of the program year, CHA successfully trained its network community based organizations (CBOs) and provided over 200 community trainings to advocates and consumers. The network serves consumers in over 40 counties across the State. Through the program’s ongoing evaluation process, CHA has identified ways to increase capacity to reach underserved communities.

With \$5 million in federal funding through the Exchange Establishment Level 1 Grant, CHA plans to expand consumer assistance to achieve four goals:

- Increase the Capacity of the Helpline
- Extend CHA Services to Small Business Organizations
- Expand “Walk-In” Assistance to Additional Geographic Areas in the State
- Enhance Services for Vulnerable and Underserved Populations

**Strengthening Program Expertise.** Currently one-third of the cases handled by CHA arise from CHA’s central helpline. With funding, CSS will increase its helpline capacity by adding two additional counselors, including one counselor with a nursing degree to facilitate consumer inquiries related to questions of medical necessity, coding disputes, and so forth. Two contract managers will be hired to manage the daily correspondence with the network CBOs and oversee their casework on a monthly basis for quality assurance purposes. They will conduct CBO site visits and monitor presentations to ensure that the services provided are accurate and effective. Given the volume of requests for assistance with commercial cases, CHA also seeks to contract with a private coverage specialist and add additional capacity to provide supplemental expertise in individual, ERISA, and small group coverage and appeals during the grant period.

**Small Business Organizations and Communities.** Having built a strong network that serves individuals effectively, CHA is preparing to extend those services more effectively to small businesses; the Exchange’s other primary constituency. CHA will increase its capacity to reach out to small businesses, educate them about coverage options and the availability of tax credits, and help small business employees to use the coverage they have or obtain coverage. With the Establishment grant funding, CHA proposes the following:

- *Create a CHA small business advisory group:* CHA will seek input from key leaders of the business communities, including but not limited, to: local Chambers of Commerce, HealthPass, Small Business Majority, ethnic Chambers of Commerce, Small Business Development Centers, Rotary Clubs, and Granges. The advisory group will provide insight into the small business landscape across the State, identify trends and issues arising for small employers seeking health coverage for their employees, including assessing the success of the ACA tax credits, participate in regular meetings with CHA, and provide other policy and program-related updates. In turn, CHA, through the central helpline and its network CBOs, will provide free community-based healthcare assistance to clients referred.
- *Conduct a needs assessment:* Working with its small business advisory group, CHA will conduct an informal needs assessment to determine how the program can reach out to and serve small businesses and their employees effectively in the current health care market. It will also determine initial recommendations for small business assistance after the implementation of New York Health Benefit Exchange in 2014. CSS will hire a business expert to oversee the expansion of the program's services to small businesses, including the needs assessment.
- *Contract with business specialist agencies:* Based on the findings of the needs assessment, CHA will fund up to three Business Specialist agencies and/or individuals to provide expertise, trainings, and technical assistance regarding the small business markets. These agencies/individuals will help small businesses with services including, but not limited to: understanding their coverage options (including public and quasi-public programs); how to apply for tax credits; "human resources" guidance about issues like how to administer COBRA benefits for employees; and helping small business's employees resolve problems with their coverage.
- *Contracting with small business-based agencies:* Based on the findings of the feasibility study, CSS will release a competitive RFP and contract with up to 10 small business-focused CBOs to provide individual consumer assistance as well as outreach through community presentations and trainings. Training topics can include: information on the small business tax credits; Healthy NY for small businesses; other small group options and commercial or job-based coverage options; how to object to proposed insurance rate increases under New York's new prior approval law; how to choose a broker, and how brokers can help them; the pros and cons of HSAs and other small group products; and more.
- *Expand CBO services to small businesses.* CHA will also extend these trainings and technical assistance to the existing network of CHA CBOs and to helpline staff to improve their ability to serve small businesses.

**Geographic Expansion.** Roughly half of CHA clients live in New York City; 29 percent live in Upstate New York, and 14 percent live in Long Island. Consumers not living in the 40 counties directly served by network CBOs are assisted by the CSS-based helpline, but CHA's goal is to increase access to advocates in underserved communities around the state by contracting with up to ten additional CBOs. Priority

regions include underserved regions of Westchester, Western and Central New York. Through a competitive RFP process, CHA will build and expand the capacity of its existing network of CBOs to provide walk-in access to services across key vulnerable and underrepresented priority communities of New York State. An initial list of such CBOs has been identified from the original CHA RFP applications that were submitted in November 2010. CHA will conduct additional outreach in targeted regions to solicit applications from additional organizations.

***Vulnerable and Underserved Populations.*** One of CHA's strengths is its ability to reach out to and serve vulnerable populations. Working with CBO-based advocates who are respected, trusted members of their communities enables CHA to reach consumers who would not otherwise seek assistance from a helpline or a government social services office. As such, the CBOs that have been a part of CHA have successfully engaged some of the most vulnerable populations in New York City, including immigrants, people with disabilities, children, and senior citizens. With the additional funding, CHA will increase efforts to reach many of the populations affected by changes implemented by the Medicaid Redesign Team (MRT), including groups who will be newly mandated to join managed care and managed care long term care plans: low-income seniors, homeless individuals, consumers with HIV/AIDS, Seriously and Persistently Mentally ill (SPMI), and others. CHA will consult with network CBOs like GMHC, the Center for Independence of the Disabled in New York, AIDS Community Resource, Inc., and Medicare Rights Center to ensure that CHA services are accessible to these difficult-to-reach communities.

***Ongoing Coordination with State Agencies.*** CHA will continue to build relationships with state agencies that administer and regulate health coverage. As New York Health Benefit Exchange implementation proceeds, these agencies will be determining how to coordinate their work with the Exchange's governing body. State agencies anticipate continuing to work with CHA during the grant period in terms of CHA's provision and reporting of its consumer assistance efforts, to help inform and advance ongoing New York Health Benefit Exchange implementation planning activities, including development of New York Health Benefit Exchange customer service and navigator functionalities.

***Ongoing Evaluation.*** CHA engages in both internal and external evaluation processes. Internally, CHA's Quality Assurance Manager reviews case notes entered by CBO advocates and provides feedback and technical support on individual cases. CSS staff makes site visits to each CBO, and holds monthly case review sessions where advocates discuss challenging cases and receive updates on legal and policy developments. CHA has provided required CAP reporting to HHS/CCIIO, following discussions and review of information and trends with the relevant state agencies. CHA will continue to collect and report on plans to inform future measures for qualified health plan accountability and functioning of the New York Health Benefit Exchange.

## **5. Governance**

As stated above, the Governor's Program Bill, which passed the Assembly on June 23, 2011 and is pending in the Senate, would establish a new public benefit corporation to be known as the New York Benefit Exchange. The process for establishing the governance structure would be as follows. The Exchange would be governed by a Board of Directors consisting of nine directors including the Commissioner of Health and the Superintendent of Insurance who will serve as ex officio members with voting rights. The remaining directors would have expertise

in one or more of the following areas: individual health care coverage, small employer health care coverage, health benefits administration, health care finance, public or private delivery system and purchasing health plan coverage. The Board would be appointed within 60 days of the law becoming effective.

Once all the directors are appointed, they would be required to hold their first Board meeting within 30 days. Once the board has met, it would begin the selection process for an Executive Director. The Board would also seek to hire other essential staff to begin operation of the Exchange including counsel to the New York Health Benefit Exchange, a financial officer, and external affairs officer. Once in place, positions for additional staff necessary to support the operations of the New York Health Benefit Exchange would be posted and filled. These positions include staff attorneys and accountants, policy/program analyst and administrative staff.

In addition to hiring essential staff, the Board, pursuant to the Bill, would be responsible for selecting the county compositions of the five regional Advisory Committees and for adopting rules of governance for the committees. Regional Advisory Committees have been designated for the following regions: New York City, Metropolitan Suburban, Northern, Central and Western. The Committees would each have five members appointed by the Governor. The Temporary President of the Senate and the Speaker of the Assembly would each recommend one of the appointed members within 60 days of the effective date of the statute.

The Board and legal staff would develop by-laws, rules of governance for the Regional Advisory Committees, rules and regulations for the New York Health Benefit Exchange, handle procurement and contracting, issues regarding the finances of the New York Health Benefit Exchange, conflicts and ethical considerations, ensure public access including compliance with open meeting and freedom of information law requirements and labor issues. During this interim phase, financial staff would also be needed to establish a general New York Health Benefit Exchange account and other accounts as needed and to begin establishing financial practices necessary to operate the New York Health Benefit Exchange.

#### **Synopsis of Exchange Planning for 2014**

In sum, the policy studies that we will conduct this year will inform key decisions and design choices that the State will make in the next two years. Our IT and business operations work will take the critical steps needed to design and implement systems and operations needed to stand up New York's Exchange in 2014. Our work to explore New York Health Benefit Exchange funding options will inform decisions to ensure the self-sustainability of the New York Health Benefit Exchange by 2015. Our CAP program will continue to assist consumers statewide with health insurance issues and will expand its capacity to serve small businesses. Finally, once Exchange authorizing legislation has been passed, we will establish a core team of personnel needed to begin business and legal operations needed for the establishment of the New York Health Benefit Exchange.

### **III. Summary of Gap Analysis**

New York previously submitted a required Gap Analysis in support of its Early Innovator 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 Affordable Care Act (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. Information Technology (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 a U.S. Department of Health and Human Services (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., Small Business Health Option Programs (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.

#### **IV. Evaluation Plan**

We will evaluate the success of our work in the five core areas for which we seek Establishment Grant funds as described below. The overarching goals of this project are to conduct rigorous analysis of Exchange design options to inform key policy decisions in the coming year; continue the critical task of soliciting stakeholder input, including from Indian Tribal nations, in the development of the New York Health Benefit Exchange; continue to inform the design, development, and implementation of the New York Health Benefit Exchange information systems through the subject matter expert analysis of key design issues, the development of needed supporting policies, procedures and processes, and the lessons learned from New York's Enrollment Center experience; increase the capacity and scope of the state's Consumer Assistance Program to meet the needs of individuals and small businesses across the state, and to help inform Exchange planning efforts; and, once exchange authorizing legislation has passed, we will establish a core team of personnel needed to begin business and legal operations needed for the establishment of the New York Health Benefit Exchange.

**Studies:** We will carry out the ten aforementioned studies needed to make well-informed policy decisions. 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 inform the drafting of additional legislation. 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. Milestones: Identify and contract with qualified consultants; conduct ten policy studies; interpret and disseminate study results; convene policy discussions on study topics.

**Stakeholder Consultation:** We will gather the input of stakeholders through a series of policy roundtable meetings on key Exchange design topics; through the establishment of regional Advisory Committees and associated meetings; and through continued individual meetings with stakeholders, including Indian Tribal nations. We will assess the progress in conducting these meetings, establishing these committees on the prescribed timeline, and the work of these committees to ensure that the state and the New York Health Benefit Exchange receive the desired input from each identified stakeholder group. Milestones: engage key stakeholders in the formation of the Exchange Advisory Committees; solicit stakeholder input on key Exchange issues in all regions of the state; engage stakeholders in series of policy roundtable discussions on Exchange design topics; and consult with Indian Tribal governments on issues related to Exchange establishment and operation.

**Information Technology:** New York's EC staff will launch the EC in June 2011 and begin processing

Medicaid renewals by phone in August 2011. Lessons learned from this work will lay the groundwork for systems work needed for the New York Health Benefit Exchange. The consultant subject matter experts (SME) will examine and help inform the IT development and design work through assisting the state's participation in the UX project, and through technical support involving the assessment of specific tools, systems and processes within other agencies (e.g., DOH, DOI) helpful to design and development of the New York Health Benefit Exchange system. The requested program and policy analysts will help with work with the various state agencies to develop the appropriate policies, procedures and processes in support of core Exchange functions and the New York Health Benefit Exchange IT infrastructure. We will monitor the progress of these projects as a component of the EI gate review process. Potential challenges include 1) potential delays in needed federal IT guidance 2) potential delays in selecting and awarding the systems integrator contract. Milestones: Identify and contract with qualified technical consultants to support State's participation in UX project; identify and contract with qualified subject matter experts to assess systems, tools, and processes identified through JAD sessions; identify and hire program and policy staff; and develop policies, procedures and processes regarding Exchange functions.

**Providing Assistance to Individuals, Small Businesses, Coverage Appeals and Complaints:** We will increase the capacity of the CAP program on commercial insurance issues, small businesses, and in-person access in underserved regions of the State. 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. Milestones: Evaluate prior performance and program's needs to determine appropriate deliverables; evaluate program needs (target populations, geographic areas) consistent with Federal and State requirements; expand regional access of network; expand outreach to small business community; develop small business advisory group; ensure network is up to date on ACA-related issues, including small business tax credits, individual and business tax penalties, affordable options to cover employees and dependents, and other rules and regulations; conduct on-going evaluation of network performance through reporting from CAP entities; continue to coordinate with New York's DOH, DOI, HHS and Exchange Planning team.

**Governance:** Once Exchange authorizing legislation is passed, it is anticipated that we will begin the implementation process for the New York Health Benefit Exchange. This process will include hiring staff considered critical to a successful initial phase of the implementation process. The focus of staff in this phase will be on governance of the Exchange and Board which includes the creation of by-laws, code of ethics, establishment of personnel policies and procedures, adoption of an indemnification policy, adoption of audit and governance committees, adoption of policies and procedures in accordance with transparency provisions and procurement procedures. Milestones: Appoint nine member board of directors; identify and hire attorney, financial, public relations and administrative staff to establish Exchange; establish 5 regional Advisory Committees; establish by-laws, adopt a code of ethics, establish personnel policies and procedures, adopt of an indemnification policy, adopt audit and governance committees, adopt policies and procedures in accordance with transparency provisions and procurement procedures.