

Office of Consumer Information and Insurance Oversight**State Planning and Establishment Grants for the
Affordable Care Act's Exchanges****Date: 1/31/11****State: California****Project Title: California Health Benefit Exchange Planning Grant****Project Quarter Reporting Period:
Quarter 1 (09/30/2010-12/31/2010)****Grant Contact Information**

Primary Contact Name: Alex Kemper-McCall
Primary Contact Number: (916) 651-0407
Primary Contact Email Address: Amccall@chhs.ca.gov

Secondary Contact Name: Katie Marcellus
Secondary Contact Number: (916) 651-6446
Secondary Contact Email Address: kmarcel1@chhs.ca.gov

Website (if applicable): www.healthexchange.ca.gov

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Project Summary

On September 30, 2010 California became the first state in the nation to enact state statute establishing a Health Benefit Exchange pursuant to the provisions of the ACA. California statute establishes the Exchange 1/1/2011 as an independent state agency governed by a five member Board. It is anticipated that the Board will be appointed in early 2011 (as of January 3, 2011, three of the five members have been named) and that the Board will develop governance and operational rules, hire an Executive Officer, and adopt a public meeting calendar in the second grant quarter. During the first grant quarter all tasks associated with the grant were coordinated by staff at the California Health and Human Services Agency (CHHSA). No funds awarded in this grant were expended in the first grant quarter. Consistent with state legislation, all grant funds are being held for expenditure by the Exchange Board. The state has begun compilation of an inventory of existing state-specific data and information and analyses. A first-level market overview will be completed in the second grant quarter. California is being

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

assisted in these efforts by several of the California based health philanthropies. This assistance is taking the form of independent commissioned papers, sponsored projects, and support of staff assigned to CHHSA. California held two broad stakeholder meetings; one as an informational phone conference and the second an in-person meeting to explain more broadly the state's current work on health care reform in general. California has developed a website for the Exchange, which will be enhanced on an ongoing basis. CHHSA staff participated in numerous conferences and webinars to offer information regarding the Exchange and to solicit comments from interested parties. CHHSA began establishment of the basic administrative and accounting systems for the Exchange and will continue to do so into the second grant quarter. The process of locating potential office space and managing the administrative processes to support staff hiring and recruitment is underway and will be passed to the Exchange board in the late second quarter/early third grant quarter. Preliminary conversations were held with the Office of Systems Integration (OSI), the state Medicaid agency, the state CHIP agency, and California's Chief Information Officer regarding the technical infrastructure required to comply with the provisions of the ACA. California provided comments and feedback on proposed federal guidance and regulations affecting the Exchange during the first grant quarter.

Barriers, Lessons Learned, and Recommendations to the Program

The early activities related to statutory establishment of California's Exchange were marked by broad cooperation between the Executive and Legislative branches of government. This is largely attributable to the groundwork laid by earlier state-based attempts to enact universal coverage reforms similar to those continued in the ACA, and to the agreement of the Governor and legislative majority leaders to move forward on ACA implementation in 2010.

Lessons learned during the legislative process indicate that it is not necessary for state legislation to answer all the questions regarding the administration of the Exchange – key issues that should be addressed in legislation include governance, purpose, and avoidance of adverse selection beyond that provided in the ACA. Many policy issues such as reimbursement of navigators and agents/brokers, and criteria for selective contracting can be delegated to the governing entity.

Another lesson learned is that the comprehensive nature and the attendant complexity of the ACA mean that many stakeholders are unfamiliar with the details of the Exchange-related provisions of the law. The implementation and operation of the Exchange have to provide for consistent and open communication regarding the structure and responsibilities of the Exchange as defined in the ACA as well as state law.

Technical Assistance

Successful Exchange operations are essential to the overall national health reform effort. The first priority for all involved is to clarify decision making around the IT system issues upon which smooth and efficient Exchange operations are predicated. California requests details on the IT system requirements and other specifications/rules regarding eligibility and enrollment for Exchange members and the coordination of eligibility determination and enrollment with Medicaid and CHIP.

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

Exchange implementation activities must be closely coordinated with the activities undertaken to transform the Medicaid program consistent with ACA. As such, federal guidance for both the Exchange and Medicaid must be timely and coordinated.

California commends DHHS for its actions to date and encourages DHHS to continue to work collaboratively with states to identify what the federal government can and should do versus what the states are best suited to do. Crucial federal guidances that will assist California in its planning efforts are details on which policy issues will be governed by federal regulations and which will be interpreted at the state level. For those items for which federal guidance will be issued – a timeline for the issuance of the regulations would greatly assist in state planning efforts.

Finally, California will be establishing a new state agency to administer the Exchange – it is imperative that federal technical assistance be provided with regard to the rules and requirements for expenditure of federal funds.

Draft Exchange Budget

The following categories of expenditure have been identified as necessary for the operation of the Exchange. No specific dollar amounts have been developed as of this date.

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Eligibility Determination, Verification, Enrollment, & Disenrollment				
Granting of Exemptions to Individual Mandate				
Website & printed collateral materials				
Customer Service/call Center				
Premium Collection				
Open Enrollment				
Active Contracting with Plans: designation of QHPs, plus any additional criteria adopted by Board				
Risk Adjustment Mechanisms				
Training of Navigators and others involved in distribution				
IT infrastructure				

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

Marketing & Advertising				
Salary & Benefits				
Consulting Services				
General Admin				
Communications				
Travel				
Board Meetings				
Facility & related				
Eligibility Appeals				

Work Plan

Background Research

- Name of milestone: Data Inventory
 - Timing: 3/11
 - Description: Inventory existing state-specific data, information, and analyses to meet data needs, and conduct a gap analysis.
- Name of milestone: California Insurance Market
 - Timing: 3/11
 - Description: Develop a workplan including deliverable, timeline, and budget for collection and synthesis of existing marketplace data and creation of new data to fill information gap.

Stakeholder Involvement

- Name of milestone: Stakeholder Meetings
 - Timing: Ongoing
 - Description: Conduct regular one-on-one and group meetings with stakeholders identified through the legislative process and during the first-year planning process.
- Name of milestone: Exchange Board Public Meetings
 - Timing: 3/11 and monthly thereafter
 - Description: Conduct open, public meetings of the Exchange Board, consistent with the Bagley-Keene Open Meeting Act, and promote the opportunity for public comment and testimony on the Exchange.

Program Integration

- Name of milestone: Existing Coverage Programs Assessment
 - Timing: 8/11
 - Description: Conduct a baselines assessment of existing coverage programs and develop options for meeting federal requirements related to the interaction between eligibility and enrollment for public programs (i.e. Medi-Cal and Healthy Families Program) and screening and enrollment activities to be implemented by the Exchange.

- Name of milestone: Begin Health Plan Assessment
 - Timing: 8/11
 - Description: Develop a workplan to assess existing health plan standards, requirements, and performance measurements and evaluate the feasibility and advisability of aligning health care purchasing strategies and standards among public and private programs.

Resources and Capabilities

- Name of milestone: Hire Exchange Executive Officer (EO) and Support
 - Timing: 4/11
 - Description: Recruit and hire the Exchange EO and Executive Assistant.
- Name of milestone: Short-term Staffing Plan
 - Timing: 5/11
 - Description: Develop and implement a short-term Exchange staffing plan, including number and type of staff, salaries, job descriptions, and recruitment timeline.

Governance

- Name of milestone: Establish Exchange Board
 - Timing: 2/11
 - Description: Appoint and organize the Exchange Board, pursuant to authorizing state legislation.
- Name of milestone: Establish Board Calendar
 - Timing: 3/11
 - Description: Establish Board meeting calendar for the first year, including proposed issues, topics, and actions for each meeting.

Finance

- Name of milestone: Establish Administrative Systems
 - Timing: 4/11
 - Description: Establish basic administrative and accounting systems for Board operations, staff recruitment, and ongoing accounting support.
- Name of milestone: RFP for Actuarial Services
 - Timing: 8/11
 - Description: Develop RFP for actuarial services in support of Exchange development to obtain information and expertise on existing markets, products, pricing, and distribution networks.

Technical Infrastructure

- Name of milestone: IT Inventory
 - Timing: 6/11
 - Description: Inventory existing computer and technology systems, and other state infrastructure relevant to Exchange operations, including an analysis of

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

what current and existing information technology projects will be affected by, supportive of, and modified by the Exchange operations.

- Name of milestone: Assess ONC Standards
 - Timing: 6/11
 - Description: Evaluate and assess standards adopted by the Office of the National Coordinator (ONC) for impact on Exchange operations and standards for qualified health plans.

Business Operations

- Name of milestone: Secure Office Space
 - Timing: 6/11
 - Description: Locate and secure office space and equipment for Exchange staff and operations.
- Name of milestone: Identify and Incorporate Core Capabilities
 - Timing: 9/11
 - Description: Incorporate into the long-term workplan and timeline identification of core capabilities and functionalities needed to conduct the basic business operations of the Exchange by 2014.

Regulatory or Policy Actions

- Name of milestone: Public Information Regarding the California Health Benefit Exchange
 - Timing: Ongoing
 - Description: Develop and disseminate for the Exchange Board and the public materials related to the Affordable Care Act (ACA) and related federal law, guidance, and regulations, as well as applicable state laws, affecting the implementation and operation of the Exchange.
- Name of milestone: Required Statutory Changes
 - Timing: 7/11
 - Description: Identify statutory changes as may be needed for effective implementation of the Exchange and seek legislation enacting those changes.

Collaborations/Partnerships

- **Name of Partners:** Department of Health Care Services (DHCS), Managed Risk Medical Insurance Board (MRMIB), Office of Systems Integration (OSI)
 - **Organizational Type of Partner:** DHCS is the Medicaid Agency; MRMIB is the CHIP agency; OSI procures and manages technology systems that support the delivery of health and human services.
 - **Role of Partner in Establishing Insurance Exchange:** The interaction between the Exchange, Medicaid, and CHIP is a key part of the success of the Exchange especially as relates to IT infrastructure for eligibility and enrollment and for contracting with health plans.
 - **Accomplishments of Partnership:** Collaborative preliminary planning work done on eligibility and enrollment procedures for the Exchange and Medi-Cal.

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

- **Barriers/Challenges of Partnership:** Although the Exchange and Medi-Cal are closely interwoven due to eligibility and enrollment processes the Exchange must perform, they are two separate programs with independent goals that may not always lead to consensus.

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1101. The time required to complete this information collection is estimated to average (433 hours) per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
REPORTING TEMPLATES**

OMB #0938-1101

Public Report

Grantees are required to prominently post progress reports about their planning grants on their respective Internet websites to ensure that the public has information on the use of funds. The Public Report must be compliant with Section 508 (see <http://www.section508.gov/> for more information). The required public report includes, but is not limited to:

1. Project Summary – an overview of the grantee’s activities, both planned and accomplished
2. Stakeholder Involvement – an outline of any and all opportunities for involvement to the residents of the State and other pertinent stakeholders. This includes any discussions regarding the Exchanges such as public hearings, town hall meetings, etc.
3. Budget – the total amount of the grant award and the broad budgetary categories of the award.
4. Deliverables – all press releases, news articles, public recognition, and any other documentation allowed by law for public disclosure.

In addition, it is the grantees discretion to publicly disclose any and all information in the quarterly and/or final project reports.

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