

1) Deliverables under Exchange Planning Grant (\$1 million)

The State contracted with Optumas Consulting for \$925,000. The Optumas team included following subcontractors

- Alicia Smith and Associates (Medicaid Policy)
- Covington & Burling (Policy and Regulatory Analysis)
- Karmada Consulting (IT Systems evaluation and design)

Optumas provided project management and actuarial services.

Working with the contract team the State produced the following key deliverables:

Medicaid Actuarial Analysis (in progress) – an examination of the implications of the ACA on existing Medicaid, Individual, Small Group, and Uninsured population segments. The analysis also includes an analysis of population movements from existing groups to the new groups under the ACA as well as the varying funding sources under different implementation options of the ACA.

IT Gap Analysis – an examination of the State’s current information technology infrastructure. The purpose of the Gap Analysis was to understand what existing technology within the state, if any, could be leveraged in operating the Exchange and also to understand which business applications would have to be modified in implementing the Exchange.

Support of the Advisory Committee on Maine’s Health Insurance Exchange - support for staff with technical and policy expertise during the Advisory Committee’s deliberations, created decision framework document including comparisons to LD 1497 and 1498, drafted proposed legislation, and wrote final report of the Advisory Committee capturing Committee recommendations.

Support of application for Establishment Level 1 Grant – assistance in creating analysis and work products that allowed State staff to demonstrate progress in the Exchange Planning Core Areas:

- Background Research: research conducted, including key findings and plans that resulted from this research.
- Stakeholder Consultation: partnerships with various stakeholders, public input into the Exchange planning process, such as State HIT Coordinators and the State’s health information exchange program, State officials, representatives of State Agencies, employers, insurers, advocacy groups, and consumer groups.
- State Legislative/ Regulatory Actions: progress made toward the creation of the necessary legal authority to establish and operate an Exchange that complies with Federal requirements available at the time of the application and provides for establishment of governance and Exchange structure
- Governance: progress made toward establishing the administrative structure (State agency, quasi-governmental agency, or non-profit organization) and governance structure of the Exchange (composition of governing body, conflict of interest standards, selection process).

- Program Integration: coordination with the State insurance regulatory entity (e.g. Department of Insurance), State Medicaid, CHIP, other State health subsidy programs, and other health and human services programs as appropriate. Planning activities related to streamlining eligibility and enrollment and coordinating with the State Department of Insurance on issues including the financial stability of insurance companies, certification of plans, rate review, State licensure, solvency, and market conduct.
- Exchange IT Systems: steps taken toward the first phase of development of Exchange IT systems in accordance with the most current Federal IT guidance. including compliance with the standards adopted by the Secretary under Section 1561 of 20 the Affordable Care Act. Steps taken to ensure a modular, flexible approach to systems development, including use of open interfaces and exposed application programming interfaces; the separation of business rules from core programming; and the availability of business rules in both human and machine readable formats.
- Financial Management: infrastructure the Exchange has established for financial management of the Exchange and Exchange grants using Planning grant funds (or other funds made available by the State for this purpose).
- Program Integrity: activities related to auditing, financial integrity, oversight, and prevention of fraud, waste and abuse.
- Health Insurance Market Reforms: progress in implementing Insurance Market Reforms under Subtitles A and C of the Affordable Care Act.
- Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints: efforts related to ensuring individuals have access to assistance services in the State.

Systems Integrator Request for Proposal Framework (in progress) – support for the submission of a RFP for a systems integrator to design and build (where appropriate) technical components of the Exchange (refer to IT Budget details below).

2) Proposed Budget and Deliverables under Level 1 Establishment Grant (requested \$5.88 million, of which \$4.2 million is for IT design and development)

Project Abstract

The Dirigo Health Agency (DHA), on behalf of the State of Maine, requests a \$5,877,676 grant to support continued progress toward the planning and establishment of a Maine Health Insurance Exchange. Maine will use its funding to build upon its progress to date in establishing a state-wide Health Insurance Exchange. The goals of Maine's Health Insurance Exchange are to:

- Meet the minimum requirements of an Exchange as defined in the ACA;
- Support and expand Maine's private insurance market;
- Operate as a competitive marketplace open to all licensed/qualified insurers;
- Align with the private and public sectors to support and promote Value Based Purchasing; and
- Build upon, reallocate, and/or streamline existing private and public resources (where cost-effective and appropriate).

Maine will use funding to:

- Identify opportunities to leverage existing services, functions, and resources;
- Continue stakeholder consultation;
- Design and begin to build the business operations and systems for the Exchange and Medicaid, including the integration of existing Medicaid eligibility systems with new Exchange eligibility systems;
- Develop consumer assistance capabilities;
- Examine opportunities to modify existing programs in light of the coverage consolidations available to the state;
- Secure expert resources to support the state's Exchange planning and implementation process; and
- Engage in all other activities required to develop an Exchange that meets federal minimum requirements.

Level One funding will provide the support for Maine to collect and analyze data, consider options, and establish the framework for its potential submission of a Level Two Exchange grant in 2012.

Level 1 Proposed Budget

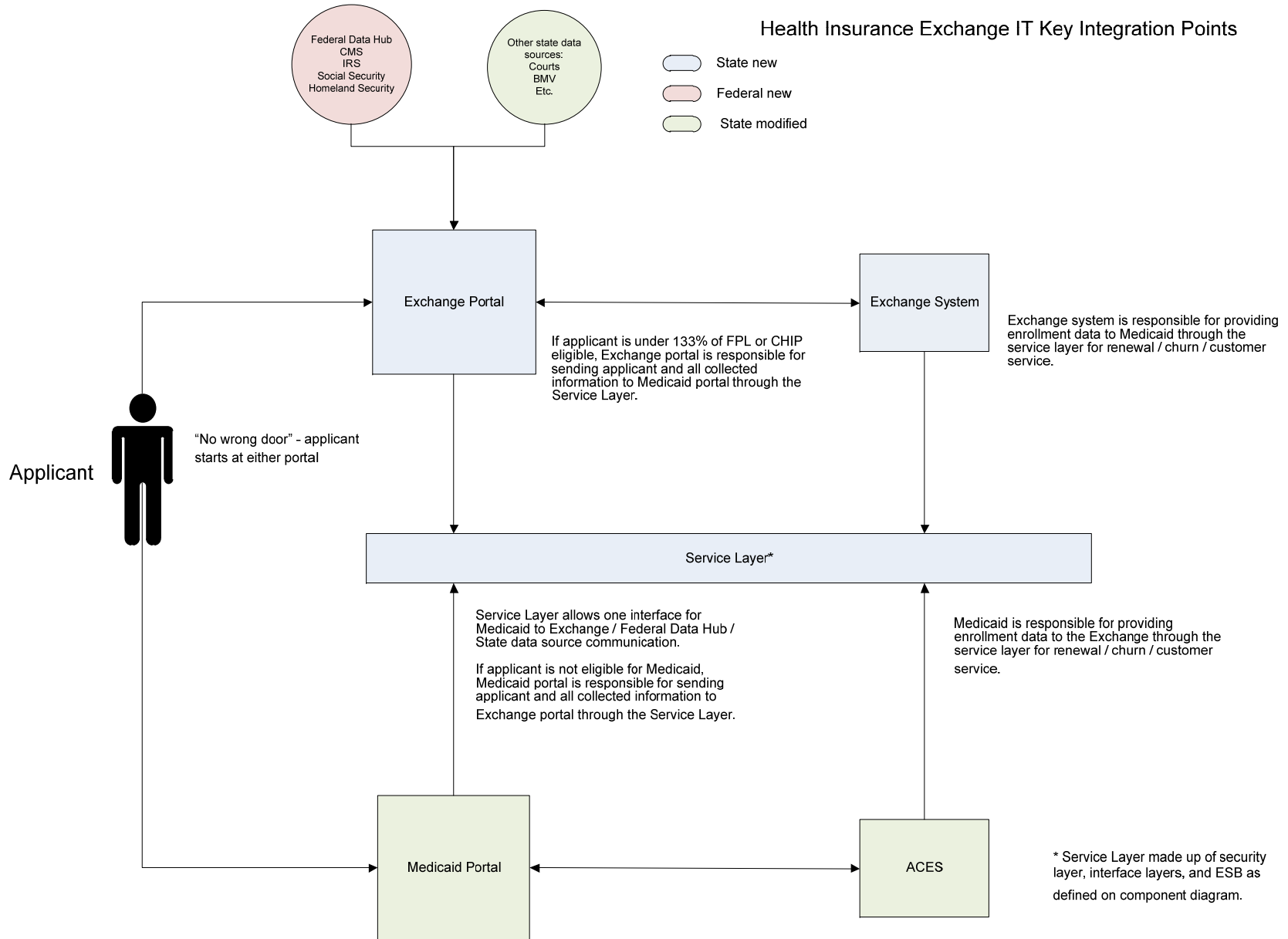
CORE AREA	SUMMARY DESCRIPTION	6 MONTH BUDGET
1. Background Research	Analysis of Market Size, Composition, and Structure	\$100,000
2. Stakeholder Involvement	Internal and External Stakeholder Input, including Providers, Payers, Brokers, Consumers, Agencies, and Tribes	\$100,000
3. Legal/Regulatory Action	Review Existing Rules/Regulation and Suggested Changes	\$75,000
4. Governance	<i>(Included within Legal/Regulatory Action)</i>	
5. Program Integration	Medicaid Program Consolidation and Design for Integration	\$450,000
6. Exchange IT Systems	System design that is a Service-Oriented Architecture	\$4,172,026
7. Financial Management	Leverage Existing and Design ACA-Required Elements of Accounting System	\$100,000
8. Oversight and Program Integrity	Leverage Existing Fraud and Abuse Capabilities	\$75,000
9. Health Insurance Market Reform	Actuarial Modeling on Impact of PL90, modeling proposed Risk Adjustment, Reinsurance, and Risk Corridors guidelines	\$50,000
10. Consumer Assistance	Design Consumer Assistance program to meet ACA-specifications	\$75,000
11. Business Operations	Leverage Existing State Resources – use, re-purpose, or reallocate where appropriate and cost-effective	\$454,675
12. Personnel, Fringe, Travel		\$1,373,961
TOTAL		\$5,877,676

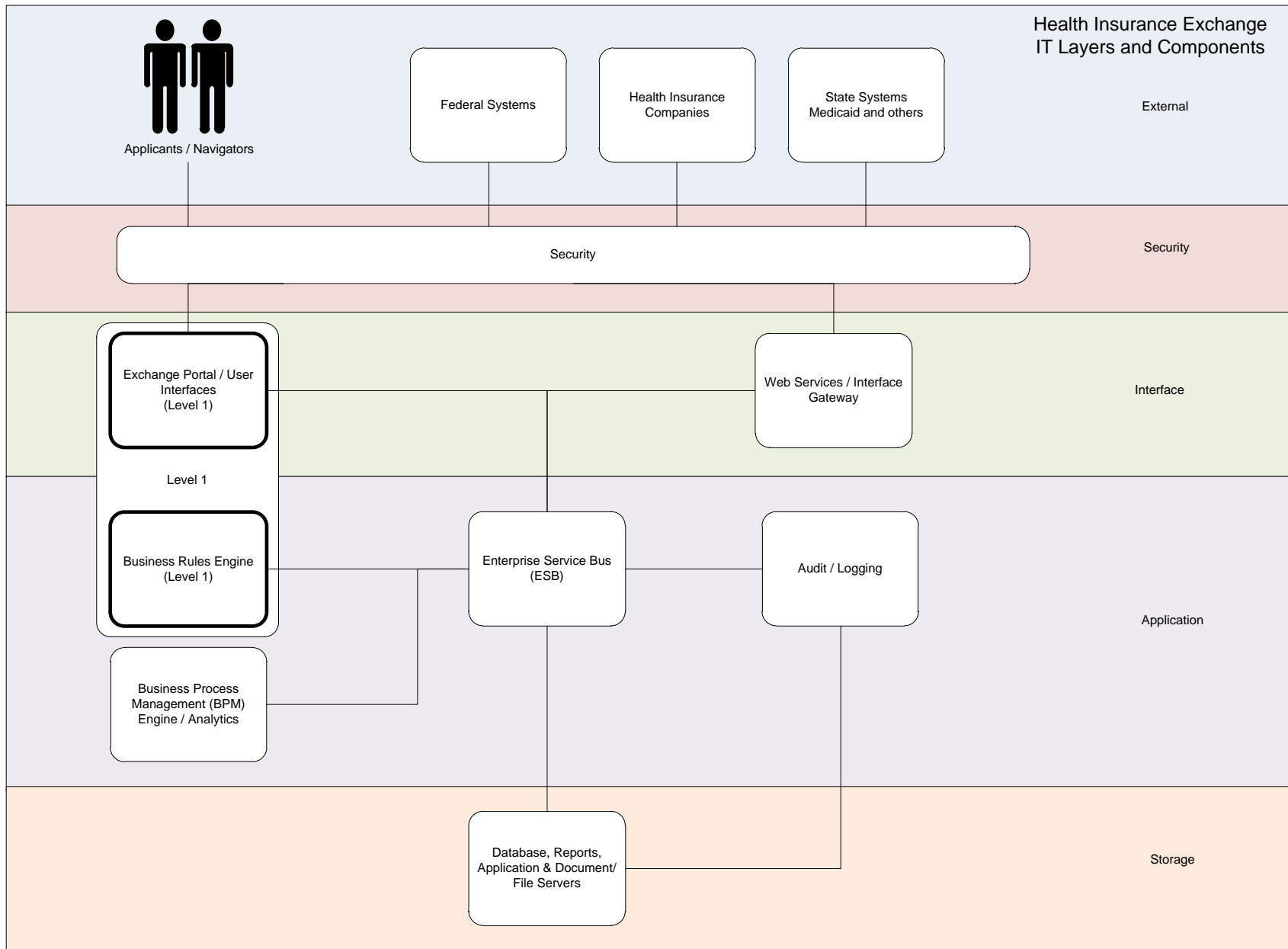
IT Budget Details

The largest part of the proposed budget (71%) is for Information Technology design and preliminary development.

Below are schematics of the proposed architecture and strategy for implementing the technology to support Maine's Health Insurance Exchange.

Health Insurance Exchange IT Key Integration Points





3) Comparison of key decision points between Utah and Massachusetts

Please see attached National Association of Health Underwriters *Massachusetts Connector and Utah Exchange Comparison* from September 2010.

The details specified in the table below are based on conversations with State Officials in Utah and Massachusetts and are subject to change as the respective State Legislatures consider legislation pertaining to Health Insurance Exchanges

Decision Point	MA	UT
Exchange Structure	The Connector (quasi State Agency) will become the Exchange (pending legislation)	Exchange will be initially placed in existing State office but within two years transitioned out of State Government (pending legislation).
Governance	<p>11 member governing Board of Directors</p> <ul style="list-style-type: none"> • 4 ex-officio • Actuary • Insurance broker • Health economist • Labor representative • Consumer advocate • Business representative • TAFT/Hartly representative <p>Implementation of Health Reform Task Force made up of 20 State Agency officials.</p> <p>Task Force has created 10-12 member Advisory Council representing hospitals, consumers, community health centers, Medicaid, etc.) to make recommendations relative to the Exchange and other aspects of the ACA.</p>	<p>Commissioner and Governor will have authority while in existing State Office</p> <p>15 member external Advisory Committee with non-binding authority</p> <ul style="list-style-type: none"> • 5 cabinet level officials • 5 members of the community (not for profit, employers, etc.) • 5 members from industry (insurance, brokers, etc.)
Open Market vs. Active Purchaser	TBD Open, but may have criteria beyond minimum Federal requirements for QHPs	Open Market Criteria for QHPs should be as flexible as possible
Navigators	TBD (most small group business in Connector is	Allow groups wishing to be Navigators to negotiate

	direct)	proposal with insurance producer community.
Small / Large Group Size	Small Group currently defined as up to 50 employees. TBD as to whether the State will move to 100 in 2014 or 2016 (when Federally required).	Small Group currently defined as up to 50 employees. TBD as to whether the State will move to 100 in 2014 or 2016 (when Federally required).
Estimates of Enrollment 01/01/2014	MA is currently in the process of an actuarial study to determine these numbers.	Preliminary estimates are enrollment may be in excess of 20% of the eligible population (total population is 2.7 million).
Funding Mechanism	Administrative deduction on premium for those plans in the Exchange. 3.5% on non-group and small group (considering reducing small group to 2.5%)	User fee on those that use the Exchange (pending legislation.) (Considering options, as there is concern that this mechanism will not generate enough revenue, depending on the final federal requirements of the Exchange.)
Basic Health Plan	TBD. Cost analysis underway	TBD. Cost analysis underway
Status of State Legislation	Introducing legislation to explicitly acknowledge the Connector as the Exchange.	Considering introducing legislation next session.