

## Proposed Maine Health Insurance Exchange Core Area Budget

### Level 1 Establishment Grant

#### Introduction

Maine is requesting Level One Establishment grant funding to assist us as we begin working to create a health insurance Exchange that best meets Maine’s goals and also satisfies the minimum requirements of the Patient Protection and Affordable Care Act (ACA).

The enclosed budget is based upon Maine’s intention to satisfy the minimum requirements of the ACA for the Exchange and our proposed work plan, by core area, for the Level One Establishment grant. This budget narrative demonstrates our understanding of the scope of Exchange functions as has been outlined in the guidance provided by the federal government to date and describes the work we will undertake during the grant period to achieve program goals and objectives in alignment with our work plan. The budgeting format we have used is designed to adhere to the federal budget requirements for this grant and the expense categories correspond to the guidance provided by the federal government.

#### Work Plan

Maine intends funds from the Level One Establishment grant to cover a nine month period, November 15, 2011 – August 15, 2012.

Our Core Area work plan during this time consists of two phases:

**November 15, 2011 – February 15, 2012:** The first phase will be an assessment of the ACA’s minimum functional requirements for each core area by a team of experts with experience in strategic planning, research, stakeholder consultation and consumer assistance, legal/regulatory actions, governance, Medicaid and Medicaid/Exchange integration, financial management and program integrity, and private market insurance business operations.

**February 15, 2012 – August 15, 2012:** The second phase will focus on developing plans to meet each of the functional requirements identified in Phase one by leveraging existing Maine functional capabilities where appropriate and effective.

#### Roles

To accomplish the tasks outlined in our grant application, Maine will utilize existing staff from the Exchange Steering Committee workgroups. These are state staff that will participate in and oversee the activities to meet the core area minimum requirements as described within Maine’s Level One Establishment grant. The state has not requested funding for adding any new state positions.

**Executive Director, DHA:** Co-chair of the Exchange Steering Committee and participating on the Integration workgroup, the Insurance workgroup, and the Administration/Operations Workgroup.

Represents the State of Maine as the business lead for the New England States Collaborative and staffed the Exchange Advisory Committee. As the Administration's representative, the Executive Director is responsible for oversight of Maine's Level One grant.

**Director of Operations, DHA:** Serves on the Steering Committee, chairing the Administration/Operations Workgroup and participating with the IT Workgroup. The Director is a member of California's Enroll UX 2014 project. For this Level One grant, responsible for defining the business functions and workflows of the Exchange.

**Managing Staff Accountant:** Responsible for defining the work processes and flows that the Exchange must follow to meet the minimum ACA financial management requirements.

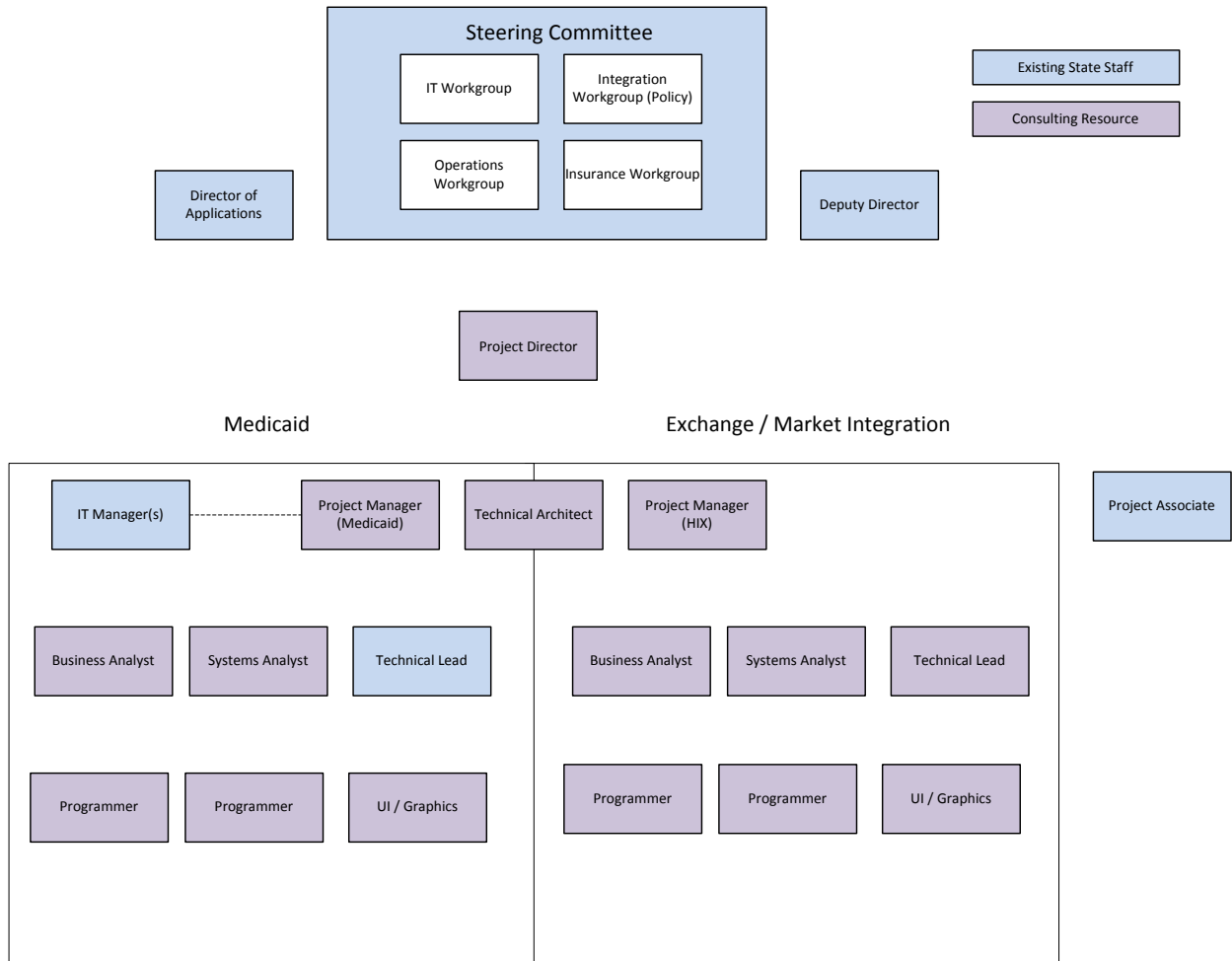
**Customer Assistance Manager:** Responsible for defining the work processes and flows that the Exchange must meet to satisfy the minimum ACA consumer assistance requirements in the Exchange.

**Medicaid Policy Analyst(s):** Responsible for defining the work processes and flows that Medicaid must follow to meet the minimum ACA program integration requirements for the Exchange. This role will work with the program integration team to identify ways for Maine to capitalize on the flexibility afforded by the Exchange to support and expand the private insurance market in Maine.

## Project Structure

Within the structure of the overall Maine Exchange project, the workgroups will coordinate with Maine's two IT two technical teams: Medicaid System Development Team, and the Exchange/Market Integration System Development Team.

State of Maine  
 Level One Establishment Grant – Project Narrative  
 Funding Opportunity Number IE-HBE-11-004



## Existing State Resources (Personnel, Fringe, and Travel)

State Resources: Core Area									
			% of Total EE Costs		Maine STD	Months Alloc =		9	
			65%	35%	EE Load	Object Class Categories			
Role	FTE	Salary and Benefits	Salary	ERE	Admin Load	Fringe = ERE + Admin	9 Month Fringe	9 Month Salary	9 Month Total
DHA Director	0.70	\$ 159,486	\$ 103,666	\$ 55,820	\$ 13,837	\$ 69,657	\$ 36,570	\$ 54,425	\$ 90,995
DHA Director of Operations	0.50	\$ 140,334	\$ 91,217	\$ 49,117	\$ 13,837	\$ 62,954	\$ 23,608	\$ 34,207	\$ 57,814
Managing Staff Accountant	0.20	\$ 61,164	\$ 39,757	\$ 21,408	\$ 13,837	\$ 35,245	\$ 5,287	\$ 5,964	\$ 11,250
Customer Assistance Manager	0.15	\$ 61,164	\$ 39,757	\$ 21,408	\$ 13,837	\$ 35,245	\$ 3,965	\$ 4,473	\$ 8,438
Medicaid Policy Analyst	0.50	\$ 99,438	\$ 64,634	\$ 34,803	\$ 13,837	\$ 48,640	\$ 18,240	\$ 24,238	\$ 42,478
<b>Total</b>							<b>\$ 87,670</b>	<b>\$ 123,305</b>	<b>\$ 210,975</b>

The total 2011–2012 cost for core personnel salary is estimated to be **\$123,305**.

The total 2011–2012 cost for core personnel fringe is estimated to be **\$87,670**.

### Out-of-State Travel: \$15,000

1. Two trips to Washington, DC for HHS meetings on the Exchange (3 people, 2 days)
2. Two trips to Washington, DC for HHS officials for states with similar policy agendas for the Exchange (3 people, 2 days)
3. Trip to similarly situated open-market design Exchange state (2 people, 2 days)

### Justification

The grant funds will provide for trips to various locations outside the state for Exchange staff. Two trips are budgeted for three people to attend HHS grantee meetings with CCIIO in Washington, DC. The grant funds will also provide for a meeting with a smaller group of states to meet with CCIIO officials at some point during the year for three people. We are budgeting for a two-person trip to travel to another state outside of New England with a similarly situated open-market Exchange. The purpose of this trip is to determine what applicable components Maine could leverage in its Exchange development efforts.

Maine intends to adjust its overall development budget upon completion of the second phase of t as described above. At that point Maine plans to submit its Level Two funding request, which will reflect spending against this (Level One) funding request and planned future effort at that point.

The total 2011–2012 cost for core area state personnel, fringe, and travel is estimated to be **\$225,975**.

## Consulting Resources (Estimated)

### Required Reporting Information for Consultant Hiring:

<b>1. <u>Background Research</u></b>	
<p><b>Nature of Services to be Rendered:</b>          Conduct needed research/analysis to inform exchange policy options (e.g. Demographics and health status of potential Exchange enrollees).</p> <p><b>Relevance of Service to the Project:</b>          Conduct and regularly evaluate research and analyses to inform development and implementation of an Exchange</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p> <p><b>Expected Rate of Compensation:</b>          Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b>          Specific contract deliverables and timelines.</p>	<p><b>Estimated Fees:</b>          \$100,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Identifying operational and programmatic risks for potential for selection and/or steering, both between plans/products participating in the exchanges and between the exchange and non-exchange markets; and</li> <li>• Examining distribution channels in Maine insurance market to determine how best to support and expand existing channels – e.g., producers and brokers.</li> </ul>
<b>2. <u>Stakeholder Consultation</u></b>	
<p><b>Nature of Services to be Rendered:</b>          Establish, implement, and document a process for consultation with all required stakeholders, including federally recognized Indian tribes. Develop and implement the short- and long-range process and approach for active stakeholder involvement and input.</p> <p><b>Relevance of Service to the Project:</b>          Will provide regular opportunities for input from diverse stakeholders and the public to inform Exchange programs and operations</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p>	<p><b>Estimated Fees:</b>          \$100,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Developing mechanism to ensure incorporation and meaningful participation of stakeholder feedback in the planning and establishment of the Exchange;</li> <li>• Tracking federal requirements related to stakeholder engagement to ensure state compliance; and</li> <li>• Establishing, documenting, and implementing a process for consultation with all required stakeholders, including federally recognized Indian</li> </ul>

<p><b>Expected Rate of Compensation:</b> Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b> Specific contract deliverables and timelines.</p>	<p>Tribal governments to solicit their input on the establishment and ongoing operations of the Exchange.</p>
<p><b>3. <u>Legislative and Regulatory Action</u></b></p>	
<p><b>Nature of Services to be Rendered:</b> Conduct review and evaluation of federal regulations and guidance that may affect Exchange programs or operations. Identify specific state authority and requirements necessary for Exchange operations, advise the Legislature, and support legislative proposals necessary to enhance the authority of the Exchange and other state agencies as needed to comply with federal law and ensure effective Exchange implementation.</p> <p><b>Relevance of Service to the Project:</b> Ensures that a Maine Exchange has sufficient state and federal authority for its programs and operations and complies with applicable state and federal rules and requirements.</p> <p><b>Duration of the Consultation:</b> November 2011-February 2012</p> <p><b>Expected Rate of Compensation:</b> Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b> Specific contract deliverables and timelines.</p>	<p><b>Estimated Fees:</b> \$75,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>Assisting Executive branch and Legislature to evaluate proposed enabling legislation, issues to consider, and act upon recommendations provided by Advisory Committee;</li> <li>Reviewing key existing rules/regulations and suggesting changes for conformity to minimum ACA requirements;</li> <li>Designing a framework for a formal operating charter or by-laws that are consistent with State and Federal requirements including public accountability, transparency, and conflict of interest.</li> </ul>
<p><b>4. <u>Governance</u></b></p>	
<p><b>Nature of Services to be Rendered:</b> <i>Included within Legislative and Regulatory Action</i></p>	<p><b>Estimated Fees:</b> <i>Included within Legislative/Regulatory Actions</i></p>
<p><b>5. <u>Program Integration</u></b></p>	
<p><b>Nature of Services to be Rendered:</b> Lead and support internal working meetings of state staff in affected agencies to identify common issues, options, and possible approaches to coordination with existing state programs including MaineCare, CHIP, other state health insurance programs, and with BOI.</p>	<p><b>Estimated Fees:</b> \$450,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>Comparing the cost of the various options of consolidating the Medicaid</li> </ul>

<p><b>Relevance of Service to the Project:</b>          Program integration is essential to the successful operation of an Exchange in Maine. These efforts will allow Maine to identify and evaluate opportunities for coordination and collaboration with state agencies, including DHHS and BOI.</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p> <p><b>Expected Rate of Compensation:</b>          Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b>          Specific contract deliverables and timelines.</p>	<p>population into the Exchange. Modeling will include unit cost, utilization, and underlying reimbursement assumptions to determine the relative impact to the State;</p> <ul style="list-style-type: none"> <li>Analyzing current and future federal government eligibility guidance, examination of potential options for Medicaid and reduction/consolidation, gap analysis with existing Medicaid eligibility and enrollment policy and process;</li> <li>Cross-walking to HIX eligibility and enrollment policy, process and IT business requirements; and</li> <li>Developing Medicaid eligibility use cases for IT rules engine development and validation.</li> </ul>
<p><b>6. <u>Exchange IT Systems</u></b></p>	
<p><b>Nature of Services to be Rendered:</b>  <i>See IT Budget Narrative</i></p>	<p><b>Estimated Fees:</b>          \$3,024,040  <i>See IT Budget Narrative</i></p>
<p><b>7. <u>Financial Management</u></b></p>	
<p><b>Nature of Services to be Rendered:</b>          Identify the key financial management and reporting systems within the state that can be leveraged for the Exchange and to assess the readiness of existing financial models.</p> <p><b>Relevance of Service to the Project:</b>          Identify and develop the necessary additional processes and systems to ensure that the exchange can meet the minimum federal requirements for financial management</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p> <p><b>Expected Rate of Compensation:</b>          Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b>          Specific contract deliverables and timelines</p>	<p><b>Estimated Fees:</b>          \$100,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>Performing a readiness assessment of the accounting and financial reporting systems in the State that may be leveraged– PCIP, DHHS, DHA, State Employees;</li> <li>Developing a work plan for the build out of an exchange financial infrastructure;</li> <li>Developing transition plan for management of grant funding from State agencies to the Exchange; and</li> <li>Identifying and develop the necessary additional processes and systems to ensure that the exchange can meet the minimum federal requirements for financial management.</li> </ul>
<p><b>8. <u>Oversight and Program Integrity</u></b></p>	

<p><b>Nature of Services to be Rendered:</b>          Develop a plan that ensures the prevention of waste, fraud, and abuse in the Exchange.</p> <p><b>Relevance of Service to the Project:</b>          A waste, fraud, and abuse plan is essential to our ability to submit a Level Two Establishment grant for future operations and provides a long-term approach to ensure Maine can operate the Exchange’s programs operate with the necessary checks and balances to ensure appropriate use of funds.</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p> <p><b>Expected Rate of Compensation:</b>          Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b>          Specific contract deliverables and timelines</p>	<p><b>Estimated Fees:</b>          \$75,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Reviewing existing program integrity capabilities within state system to determine potential capabilities available for leverage; and</li> <li>• Identifying and develop the necessary additional processes and systems to ensure that the exchange can meet the minimum ACA requirements for waste, fraud, and abuse.</li> </ul>
<p><b>9. <u>Health Insurance Market Reform</u></b></p>	
<p><b>Nature of Services to be Rendered:</b>          Complete actuarial analyses necessary to determine the impact of the Exchange.</p> <p><b>Relevance of Service to the Project:</b>          It is essential that the Exchange create a level-playing field inside and out the Exchange and support and expand the existing, functioning private health insurance market in Maine.</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p> <p><b>Expected Rate of Compensation:</b>          Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b>          Specific contract deliverables and timelines</p>	<p><b>Estimated Fees:</b>          \$50,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Actuarial modeling of reinsurance, risk corridor, and risk adjustment programs for Exchange programs; and</li> <li>• Reviewing Gorman analysis for evaluation of ACA provisions that impact premium rating options and uniform underwriting rules for the small group, individual and exchange markets;</li> </ul>
<p><b>10. <u>Consumer Assistance</u></b></p>	



<p><b>Nature of Services to be Rendered:</b>          Reach out to and receive input from diverse stakeholders to identify options for consumer assistance. Identify and evaluate existing state and local consumer assistance programs and specific strategies for partnership and coordination with existing or new programs. Establish protocols and scopes of work for building capacity to handle consumer assistance functions, such as coverage appeals. Begin developing requirements for systems and program operations related to consumer assistance functions and operations.</p> <p><b>Relevance of Service to the Project:</b>          Allows Maine to develop a plan for statewide assistance for individuals eligible for Exchange and state health coverage programs through multiple access points, including but not limited to a toll-free hotline, web site, and in-person capability.</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p> <p><b>Expected Rate of Compensation:</b>          Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b>          Specific contract deliverables and timelines.</p>	<p><b>Estimated Fees:</b>          \$150,000</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Reviewing existing private consumer assistance capabilities to determine potential capabilities available for leverage;</li> <li>• Convening and communicating with other community-based organizations that facilitate consumer assistance and develop a plan for leveraging Maine’s extensive community-based consumer assistance network;</li> <li>• Developing policies and procedures for minimal compliance with consumer appeals of federal subsidy eligibility determinations; and</li> <li>• Identifying opportunities for leveraging existing private consumer assistance capabilities versus leveraging state systems and determine most cost-effective approach so that the Exchange can meet the minimum ACA requirements for consumer assistance.</li> </ul>
<p><b>11. <u>Business Operations</u></b></p>	
<p><b>Nature of Services to be Rendered:</b>          Engage in the assessment and design/ planning of the minimum requirements for an Exchange’s functionality. Prepare for application for the Level Two Establishment grant. Design and planning will focus on:</p> <ul style="list-style-type: none"> <li>• Timeline and process to demonstrate core Exchange functionality by 1/1/13 and</li> <li>• Analysis of federal mandates and reporting requirements across all Exchange activities, processes, and structures; and specific operational systems and strategies, including IT systems and support, to implement only the minimally required functionality for an Exchange.</li> </ul> <p><b>Relevance of Service to the Project:</b>          This process will allow Maine to design an Exchange that supports and expands private insurance markets in</p>	<p><b>Estimated Fees:</b>          \$454,675</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Reviewing minimum criteria for Exchange business operations, and any additional rulemaking by federal government to further define these standards;</li> <li>• Developing gap analysis between current state infrastructure – BOI, DHA, State Employees, Medicaid; to determine additional processes needed in Exchange to meet minimum ACA processes;</li> <li>• Defining the process and approach to</li> </ul>

<p>Maine.</p> <p><b>Duration of the Consultation:</b>          November 2011-August 2012</p> <p><b>Expected Rate of Compensation:</b>          Using competitively bid contracts with fixed price contract(s) or competitive hourly rates.</p> <p><b>Method of Accountability:</b>          Specific contract deliverables and timelines.</p>	<p>the certification of qualified health plans;</p> <ul style="list-style-type: none"> <li>• Further developing its plan for the call center;</li> <li>• Further developing its Exchange Website;</li> <li>• Developing its quality rating process;</li> <li>• Developing its Navigator program consistent with the guidance of the Advisory Committee and any future legislation passed by the Maine Legislature;</li> <li>• Further developing its plan for eligibility determinations;</li> <li>• Further planning and implementing of eligibility and enrollment processes and systems with Medicaid;</li> <li>• Further planning and implementing its eligibility and enrollment processes and systems;</li> <li>• Further developing its plan for applications and notices;</li> <li>• Developing its plan for individual responsibility determinations;</li> <li>• Further developing its plans for the administration of advance premium tax credits and cost-sharing reductions;</li> <li>• Further developing its plans for the adjudication of appeals of eligibility determinations;</li> <li>• Further developing its plans for information reporting to the IRS and enrollees;</li> <li>• Further developing its plans for outreach and education;</li> <li>• Planning for necessary data collection to support risk adjustment, including demographic, diagnostic, prescription drug data and to develop data and other systems to support risk adjustment;</li> <li>• Further developing its plans for the SHOP Exchange; and</li> <li>• Designing Exchange business operations to support and expand Maine’s private insurance market, to support open marketplace structure and enhance competition and consumer choice in Maine’s insurance markets, both inside and outside of the</li> </ul>
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	Exchange with a minimum of government regulation and interference.
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The total 2011–2012 cost for core consulting services is estimated to be **\$1,479,675**.

The total 2011–2012 cost for IT consulting services is estimated to be **\$3,024,040**.

### Level One Budget Summary (Core and IT)

CORE AREA	SUMMARY DESCRIPTION	9 MONTH BUDGET
<b>Object Class Category: Contractual</b>		
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	\$3,024,040 <i>See IT Budget for additional detail</i>
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
	<b>Total Consulting Resources</b>	<b>\$4,503,715</b>
<b>Object Class Category: Personnel, Fringe, Travel, Equipment, and Supplies</b>		
Core Areas	<b>Total Personnel, Fringe, and Travel</b>	<b>\$225,975</b>
Exchange IT Systems	<b>Total Personnel, Fringe, and Supplies</b>	<b>\$1,147,986</b>
<b>OVERALL TOTAL</b>		<b>\$5,877,676</b>

**Budget Class (Including IT)**

<b>OBJECT CLASS CATEGORIES</b>	<b>DESCRIPTION</b>	<b>9 MONTH BUDGET</b>
<b>a. Personnel</b>	State staff time allocated to Exchange efforts	\$328,934
<b>b. Fringe Benefits</b>	Employee related expenses at Maine rate of 35% Plus State Per Employee Administrative Load	\$247,687
<b>c. Travel</b>	Exchange related trips	\$15,000
<b>d. Equipment</b>	N/A	\$ -
<b>e. Supplies</b>	Software procurement	\$782,340
<b>f. Contractual</b>	Consulting Budget	\$4,503,715
<b>g. Construction</b>	N/A	\$ -
<b>h. Other</b>	N/A	\$ -
<b>i. Total Direct Charges</b>		\$5,877,676