U.S. Department of Health and Human Services
Office of Consumer Information and Insurance Oversight

State Planning and Establishment Grants
for the Affordable Care Act's Exchanges

California Application

Funding Opportunity Number: IE-HBE-10-001
CFDA: 93.525

August 31, 2010

DUNS #: 8074869230000
Grant Award: $1 million
Applicant: California Health and Human Services Agency
Primary Contact Person: Alex Kemper-McCall
Telephone Number: (916) 651-0407
Fax Number: (916) 653-9588
E-mail address: amccall@chhs.ca.gov

Attachment C: Application Cover Sheet

IDENTIFYING INFORMATION

Grant Opportunity: **State Planning and Establishment Grants for the Affordable Care Act's Exchanges**

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GOVERNOR ARNOLD SCHWARZENEGGER

August 30, 2010

The Honorable Kathleen Sebelius
Secretary of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Madam Secretary,

I am writing to support the California Health and Human Services Agency's application for a federal grant to support planning activities for the California's proposed Health Benefit Exchange.

In 2007, I put forth a comprehensive reform proposal that included many of the same elements ultimately adopted in federal law, including a health insurance purchasing pool which was to be established at no cost to the state General Fund. The concept of a Health Benefit Exchange, through which Californians can access a choice of high value health plans in an organized, transparent marketplace and through which subsidies can be administered to improve coverage affordability, was a central component of my reform plan. This tool for reforming our health care delivery system has been enacted into federal law and is the centerpiece of our mutual interest in expanding coverage and improving affordability.

I must stress that federal grant funds are critical to the early planning and implementation tasks of California's Exchange. My support and interest in establishing one of the nation's first health insurance exchanges was based on the broad federal authority to provide states with funding to develop the Exchanges as contemplated by the federal act. Full implementation of the Exchange, including the development of any information technology systems, must be fully supported by federal funds or California will not be able to develop and implement an operational Exchange by 2014.

Sincerely,

Arnold Schwarzenegger

STATE CAPITOL • SACRAMENTO, CALIFORNIA 95814 • (916) 445-2841

ARNOLD
SCHWARZENEGGER
GOVERNOR

State of California
HEALTH AND HUMAN SERVICES AGENCY

KIMBERLY BELSHÉ
SECRETARY

Aging

Alcohol and Drug Programs

Child Support Services

Community Services and Development

Developmental Services

Emergency Medical Services Authority

Health Care Services

Managed Risk Medical Insurance Board

Mental Health

Public Health

Rehabilitation

Social Services

Statewide Health Planning and Development

August 31, 2010

Ms. Donna Laverdiere
Department of Health and Human Services
Office of Consumer Information and Insurance Oversight

RE: CALIFORNIA HEALTH BENEFIT EXCHANGE PLANNING GRANT

Dear Ms. Laverdiere,

Please consider this as the application cover letter for California's application for "State Planning and Establishment Grants for the Affordable Care Act's Exchanges," elements of which are submitted electronically pursuant to federal instructions.

The California Health and Human Services (CHHS) Agency is submitting this application for a $1 million planning grant to support state analysis and planning activities for a California Health Benefit Exchange, consistent with Section 1311 of the Patient Protection and Affordable Care Act (PPACA). Implementation of the California Exchange will be subject to development of a comprehensive business and implementation plan and receipt of sufficient federal planning and development funds to support development of the Exchange.

Should you have any questions about the California application, please contact me at (916) 653-2902 or via email at sshewry@chhs.ca.gov or Alex Kemper-McCall at (916) 651-0407 or via email at amccall@chhs.ca.gov.

Sincerely,

Sandra Shewry
Advisor, Health Care Reform
California Health and Human Services Agency

1600 Ninth Street · Room 460 · Sacramento, CA 95814 · Telephone (916) 654-3454 · Fax (916) 654-3343
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U.S. Department of Health and Human Services
Office of Consumer Information and Insurance Oversight

State Planning and Establishment Grants for the Affordable Care Act's Exchanges

California Application
Project Narrative

Funding Opportunity Number: IE-HBE-10-001
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California Project Narrative
Application for State Planning and Establishment Grants
for the Affordable Care Act's Exchanges

Background

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (PPACA), and on March 30, 2010, the President signed the Health Care and Education Reconciliation Act of 2010, collectively referred to as the Affordable Care Act (ACA). The ACA calls for the establishment of state and/or federally administered American Health Benefit Exchanges (Exchanges) to assist individuals and small employers in purchasing and enrolling in health coverage through qualified health plans. Section 1311 of the ACA requires the federal Department of Health and Human Services (DHHS) to provide funding assistance to the states for the planning and establishment of the exchanges.

On April 29, 2010, Governor Arnold Schwarzenegger publicly announced his intention to ensure that California is a leader among states in health care reform implementation. The Governor committed to move quickly, in partnership with the federal government, to implement key provisions of the ACA. Governor Schwarzenegger pledged to work with state legislators and stakeholders to develop a health insurance purchasing pool, or exchange, for small businesses and individuals in California. As of this writing, state legislation consistent with the ACA is in process to authorize a California Health Benefit Exchange (California Exchange) (SB 900 (Alquist) and AB 1602 (Perez, J.). Pursuant to the pending legislation, the California Exchange would be administered by a new, independent public board not affiliated with any state agency or

department. If legislation is not enacted in the 2010 legislative session, the state will discuss with and present to DHHS appropriate modifications to this grant application.

The Secretary of the CHHS submits this application on behalf of the state of California for a $1 million Exchange Planning and Establishment Grant. Contingent on the enactment of authorizing state legislation, and receipt of federal planning grant funds, California would begin establishing the infrastructure and staffing for a state Exchange planning process early in 2011. In addition, CHHS would spearhead an interagency working group to support Exchange planning activities.

During the grant period, California proposes to initiate an intense year of planning, data gathering, and public and stakeholder engagement and education. The CHHS would provide initial logistical and administrative support for the Exchange planning process and development of the Exchange infrastructure. CHHS would also provide temporary space and logistical support until the Exchange secures office space for staff and program operations.

California would use this 2010-11planning grant to develop a detailed business and implementation plan and would fully implement the California Exchange only upon receipt of sufficient federal funds to support Exchange activities through 2015. This planning grant will enable California to inventory and analyze existing state and local programs and resources, develop appropriate workplans and timelines for Exchange implementation, and begin to define the additional infrastructure, resources, data and coordination activities that will be needed to

make the California Exchange operational by 2014, consistent with federal requirements and available federal funds.

Background Research

As part of this planning project, California will actively monitor and review all federal regulations and guidance that could affect Exchange operations. Initially the CHHS, and ultimately the Exchange staff, will establish a regular process for tracking and analyzing the impact of related federal policy guidance, including federal requirements that will affect the health insurance market context for the Exchange. CHHS will also review and analyze state legislation authorizing the California Exchange, if enacted into law, and assess the implications for Exchange planning activities.

California policymakers, the Exchange Board and key stakeholders will need reliable and consistent data and information about the California insurance market to inform development and implementation of the Exchange. For example, California will need the following information in the planning process:

- Current and projected population, insurance status and sources of coverage for Californians within the state's 58 counties;
- Complete profiles of the multiple insurance markets within the state, including state and local coverage programs, public and private insurance carriers, products marketed and sold, product pricing, and marketing and distribution channels; and,

- Estimates of how the ACA may change eligibility and coverage sources for both insured and uninsured persons, including how many individuals are likely to be eligible for the public program expansions and the subsidies available through the Exchange.

California currently has existing data sources that can be leveraged as a starting point for the data and cost projections necessary for Exchange planning and implementation. Existing data sources include, among others: (1) the California Health Interview Survey, conducted every two years by the UCLA Center for Health Policy Research in collaboration with the California Department of Public Health, the Department of Health Care Services and the Public Health Institute; (2) the annual California Employer Health Benefits Survey conducted by the California HealthCare Foundation and the National Opinion Research Center; and (3) the annual estimate of health insurance sources developed through carrier surveys by the California Health Benefits Review Program administered by the University of California.

By the end of 2010, California will initiate an inventory of existing data resources and conduct a preliminary gap analysis to determine what additional data, analyses and economic modeling may be required. CHHS will develop a preliminary workplan, timeline and budget for data collection and analysis, with the goal of having an initial round of market data and research available by the time the Exchange Board recruits and hires the Executive Director in the spring of 2011. Once on board, the Exchange Board and staff will identify additional data needs on an ongoing basis and seek federal and/or private resources to commission and gather the information.

Stakeholder Involvement

To date, the CHHS and the Legislature have engaged stakeholders in the development of legislation to authorize the California Exchange through public hearings and one-on-one and group stakeholder meetings. CHHS, and ultimately the Exchange Board, will continue to do so throughout the Exchange planning process. The pending legislation would require the Exchange to consult regularly with stakeholders, consistent with the ACA.

At a minimum, CHHS initially, and subsequently the Exchange Board and staff, will consult with health care consumers; individuals and organizations with expertise in health care purchasing; representatives of small business and self-employed persons; health plans offering coverage in California; affected state agencies and departments, separately, and through an interagency working group organized to assist in the implementation of health care reform; California legislators and key legislative staff; Tribal organizations; and advocacy groups, including those focused on enrollment of hard-to-reach populations. The Exchange Board will also likely establish issue-specific advisory committees and subcommittees during the planning phase, and continue to seek stakeholder and expert input through such forums once the Exchange is operational.

In addition, because California will be establishing a new state-level public Board to administer the Exchange, stakeholder participation and feedback will be a built-in feature of the governance model since all meetings of the Exchange Board will be open, public sessions, with regular opportunities for public participation and comment. As envisioned by the pending legislation, the California Exchange Board will be subject to the Bagley-Keene Open Meeting Act, which

implements a provision of the California Constitution, requiring that "the meetings of public bodies and the writings of public officials and agencies shall be open to public scrutiny," explicitly mandating open meetings for California state agencies, boards, and commissions.

The DHHS Exchange planning grant will allow the state to build on and increase capacity for regular, broad stakeholder outreach, involvement and participation by supporting the initial staff leadership of the Exchange. Once the Executive Director is hired, he/she will continue to conduct regular one-on-one and group meetings with key stakeholders. Exchange staff will identify and participate in public meetings and convenings around the state to discuss and seek input on issues related to the Exchange planning process on an ongoing basis. Exchange Board members and staff will engage the public through Board public sessions, media communications and other public forums throughout the state. Through public meetings and community forums, the staff and Board supported through this grant will be able to increase public awareness about key provisions of the ACA, the goals of the California Exchange, opportunities for improved access to and affordability of coverage presented by the establishment of the Exchange and key milestones in the implementation process.

Program Integration

Effective implementation of the California Exchange and compliance with requirements of the ACA will require careful planning and analysis of the necessary collaboration, integration and, potentially, consolidation of Exchange operations with functions currently performed by existing public and private entities.

During the period of this planning grant, California will initiate a baseline assessment of existing state and local coverage programs. The state will begin to evaluate the options for implementing the new federal requirement of coordination between existing public programs and the Exchange, including eligibility and enrollment for the state Medicaid program (Medi-Cal) and the California Children's Health Insurance Program (CHIP), the Healthy Families Program (HFP). This Exchange planning grant will allow California to collect basic information about existing programs and options for consideration by the Governor, the Legislature and the Exchange Board.

The ACA requires the California Exchange to implement criteria developed by the Secretary of the DHHS for certification of qualified health plans in the Exchange. As a first step until the federal criteria are known, the Exchange Board and staff will engage state and local agencies, external consultants and other appropriate experts and stakeholders to inventory and assess existing state statutory, regulatory and program standards that apply to health plans and health insurers in existing California programs.

For example, the Knox-Keene Health Care Service Plan Act of 1975 is the statutory and regulatory framework for Health Maintenance Organizations (HMOs) in California and some Preferred Provider Organizations (PPOs), and the California Insurance Code applies to health insurers offering PPO plans and traditional indemnity coverage. Both statutory frameworks establish similar but not identical standards related to accessibility and availability of provider networks, medical decision-making, quality assurance, financial solvency and consumer grievance and appeals procedures. In addition, California's Medi-Cal Managed Care program,

and the Healthy Families Program impose threshold participation criteria for health plans in the programs as well as contract performance and reporting standards.

The proposed review of California programs and standards initiated through this planning process will help to identify existing state criteria and standards which might be appropriate for use in certifying and rating the quality of health plans for the Exchange. The review will also evaluate the extent to which state requirements are consistent with or in conflict with the ACA and emerging federal standards. Exchange staff will develop a workplan and timeline for the inventory and review that includes an analysis of the feasibility and advisability of more closely aligning health care purchasing strategies among public and private programs, such as sharing of common health plan participation or performance standards.

As part of the overall assessment of existing program systems and functions, the Exchange planning process will include exploration of consumer outreach and marketing activities, including exploring opportunities for cross-program outreach strategies, materials and branding. The state will look to identify the kinds of consumer enrollment, outreach and educational activities that will help to inform and educate Californians about the Exchange, insurance market reforms, premium tax credits, cost-sharing subsidies and available plan choices, etc. The planning process will include examination of the extent to which California has programs in place that can be adapted to serve the navigator and consumer outreach and education functions contemplated under the ACA. For 2010-11, the Exchange staff will start with identification of existing programs and consideration of potential cross-program collaboration.

Resources and Capabilities

In the first organizational and planning year, California will establish the Exchange Board, the Board will recruit and hire Exchange staff, and the Secretary of CHHS will engage an interagency working group to coordinate planning and implementation of health care reform across state programs and departments. The Exchange staff will organize and provide regular briefings for the Exchange Board, stakeholders and the public regarding state and federal requirements affecting the Exchange, background research findings, potential purchasing strategies and concepts, elements of the planning process and other educational information to inform policy and operational decisions related to development of the Exchange. Exchange staff will identify and engage external consultants, experts and stakeholders, as needed, to assist with initial planning and research activities.

In 2011, a primary responsibility of the Exchange staff supported by this grant will be to develop, and facilitate adoption by the Exchange Board of, a multi-year workplan for Exchange implementation, including a detailed workplan for year two of the federal Exchange planning grants. The comprehensive workplan will include, at a minimum, identification of the key implementation tasks, the timelines required to meet Exchange formation deadlines, and the resources and capabilities necessary to ensure task completion. This grant application outlines many of the key elements and tasks that would necessarily be incorporated into the comprehensive business and workplan developed through this planning project.

Governance

The pending legislation establishes the Exchange based on the governance model of a public Board responsible for operating and administering the California Exchange. The framework of a public Board ensures public meetings, public input and public decision-making. The pending legislation would require the Governor and the Legislature to appoint a five-member Board and the Board to recruit and hire the Executive Director.

The Exchange planning grant will finance the initial team of Exchange planning staff and support activities to engage stakeholders and experts in the planning process. The planning year will enable the Board to develop basic rules of operation and decision making and to organize and assign responsibilities to staff. The Exchange Board and staff will reach out to and engage other state and local agencies and stakeholder organizations in productive partnerships to ensure successful planning for and implementation of the California Exchange and to increase public awareness and understanding of health care reform and the Exchange.

Finance

During the period of the grant, Exchange staff will develop the basic administrative and accounting systems for Board operations, staff recruitment and ongoing accounting support. The Exchange staff will manage and oversee the Exchange planning grant budget and any other federal or private resources available for purposes of the Exchange.

Exchange staff will build in to the longer-term workplan developed through this planning grant a process and timeline for research and development of all of the aspects of Exchange accounting and finance operations. The business and planning process will also identify the financial and

program resources necessary to support external financial and operational audits as well as adequate accounting and financial management systems to ensure the Exchange can regularly track and report to the Board, policymakers and the public accurate financial and program data.

By the end of the first planning year, the Exchange staff will develop a Request-for-Proposal for actuarial consulting services. Actuarial expertise will be essential to in-depth analysis of the existing California insurance market and specific market segments relevant to the Exchange, coverage products available, premium pricing and the broader implications of the existing market for the Exchange.

Technical Infrastructure

As part of the planning process and initial evaluation of existing California programs and resources, the CHHS initially, and then Exchange staff and/or consultants, in collaboration with the interagency work group, will conduct an inventory of existing state computer and technological systems that may be relevant to Exchange operations. The first-year planning process will identify the types of systems the state will likely need to enable important Exchange operational functions, such as plan qualification, data reporting, payment flows and eligibility and enrollment functions.

The longer-term planning process will more fully explore and identify the technology and infrastructure issues involved in Exchange operations, such as functionalities of the Internet portal required by the ACA. The state will rely on existing state technological capabilities and expertise and seek guidance from external experts and stakeholders to conduct a thorough review

of the relative costs and considerations associated with building Exchange operational, financial and information technology (IT) systems using existing systems, versus building new stand-alone Exchange IT systems. The Exchange staff will incorporate into the longer-term workplan the specific tasks, information and resources for a timely and realistic assessment of technology options and implementation of the IT initiatives required to effectively operate the Exchange and comply with federal requirements. As part of the planning process, California will also look to and review the standards adopted by the Office of the National Coordinator to determine how the emerging federal standards can be most effectively incorporated into Exchange operations.

Business Operations

During the first planning year, the Exchange staff will locate and secure office space and equipment for initial Exchange start-up and develop a working plan for facilities expansion once the Exchange becomes operational and staff resource needs grow.

The first-year planning process will include initial exploration and identification of the business functions the Exchange will need to be operational before January 1, 2014. The planning process will include identification of the core capabilities necessary to operate and manage the Exchange and a workable timeline to ensure development of the various capabilities and functionalities by 2014. In addition, the planning process will consider the resources needed for the Exchange to establish basic business operations and the extent to which existing expertise and resources might be effectively leveraged and incorporated. California will use the first year to seek expert and stakeholder input on the business operations aspects of the Exchange and

incorporate related follow-up and analyses into the longer-term workplan, commencing with year two of the federal planning grants.

Regulatory or Policy Actions

The Exchange planning grant will allow California to organize the Exchange Board and hire core staff to begin the planning process. With an initial planning team in place, the focus in year one will be primarily on planning, but also on public and Board education. As part of these educational efforts, the Exchange staff will identify, develop, commission and disseminate background materials for the Board, policymakers, stakeholders and the public regarding the federal ACA and related federal guidance and regulations, as well as applicable state laws that will affect Exchange implementation and operations.

The planning grant will support dedicated staff to provide policy and regulatory expertise and support regarding Exchange-related regulatory and policy activities. CHHS initially, and ultimately Exchange staff, will review and provide appropriate comments on proposed federal rules and guidance affecting the Exchange and the insurance market context for the Exchange. Exchange staff will review and provide regular feedback on state legislative proposals that may affect Exchange operations. The planning team will identify, and serve as a technical resource regarding, statutory changes that may be needed to authorize Exchange functions or to revise existing law and regulations to most effectively implement the mandates of the ACA.

Conclusion

California is applying for this grant to support the initial steps toward planning for a California Exchange. Pending enactment of authorizing legislation, the key deliverables supported by this grant will be: (1) Establishment of the Exchange Board and recruitment of the initial staff leadership to assume Exchange planning activities and support Board deliberations; (2) Preliminary review, assessment and evaluation of the public and private landscape and market in which the Exchange will operate; (3) Public and stakeholder input, education and awareness regarding the role of the Exchange in federal health care reform; and, (4) Completion of a multi-year workplan leading to 2014, with specific tasks, timelines and assigned responsibilities, including specific activities for year two of the federal Exchange planning grant process. Full implementation of the California Exchange will be subject to enactment of authorizing state legislation, development of a comprehensive business and implementation plan and receipt of sufficient federal funds to support development of the Exchange through 2015.

California Application
State Planning and Establishment Grants
for the Affordable Care Act's Exchanges
Workplan and Timeline

Topic	Goals/Objectives	Timeline: Completion Date	Agency/Department Responsible
Background Research	1) Compile and collect data and analyses on the California insurance market, and potential Exchange enrollment, to support planning, development and implementation of the state Exchange (i.e., number of uninsured; sources of coverage by income, region and market segment; profile of existing insurance markets; estimated Exchange population; etc.) a) Inventory existing state-specific data, information and analyses to meet data needs, and conduct a gap analysis; b) Develop a data workplan including deliverables, timeline and budget for collection and synthesis of existing data and creation of new data to fill information gap for an insurance market overview; c) Secure funding for implementation of the workplan and researchers and consultants as needed; d) Complete first level data analyses and research; and, e) Complete additional and more in-depth data collection, analyses and projections.	Data inventory (Dec 2010) Data workplan (Feb 2011) First-level market overview (April 2011) In-depth market analyses and projections (August 2011)	California Health and Human Services (CHHS) Agency initially Exchange staff External consultants
	2) Analyze state authorizing legislation if enacted (pending as of this writing) and review the implications of state authority / requirements for implementation and development of the California Exchange	October 2010	CHHS initially Exchange staff
	3) Analyze federal law and monitor federal guidance and regulations related to development and implementation of the state Exchange	Ongoing during the period of the grant	CHHS
Stakeholder Involvement	1) Conduct regular one-on-one and group meetings with stakeholders identified through the legislative process and during the first-year planning process	Ongoing	CHHS initially Exchange Executive Director and Board
	2) Organize and/or participate in stakeholder convenings and public forums to seek input and provide updates on the Exchange and increase public awareness surrounding the Exchange	Ongoing during the grant period	CHHS initially Exchange Executive Director and Board
	3) 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	February 2011 and at least monthly thereafter	Exchange Board and staff

Topic	Goals/Objectives	Timeline: Completion Date	Agency/Department Responsible
	4) Establish stakeholder advisory committees to provide ongoing input and recommendations on Exchange program development and implementation	August 2011	Exchange Board and staff
Program Integration	1) Identify and evaluate opportunities for coordination between the Exchange and existing state and local programs, including but not limited to: a) Conduct a baseline 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; b) 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; and, c) Evaluate opportunities for cross-program outreach strategies, materials, media and program branding	August 2011	CHHS initially Exchange staff External consultants
Resources and Capabilities	1) Establish and support an interagency working group to coordinate health care reform implementation	Ongoing	CHHS, affected state departments
	2) Recruit and hire the Exchange Executive Director (ED) and Executive Assistant	March 2011	Exchange Board
	3) Develop and implement a short-term Exchange staffing plan, including number and type of staff, salaries, job descriptions, and recruitment timeline	April 2011	Executive Director
	4) Provide regular briefings and materials for the Exchange Board and the public regarding background research findings, purchasing strategies and concepts, and other educational information to inform development and implementation of the Exchange	Ongoing, consistent with implementation workplan and timing of Board decisions	Exchange staff External consultants
	5) Develop and adopt workplan and budget for year two federal Exchange grant	June 2011	Exchange Board / Staff / Consultants

Topic	Goals/Objectives	Timeline: Completion Date	Agency/Department Responsible
	6) Develop and adopt multi-year comprehensive workplan for Exchange development and implementation leading to 2014	September 2011	Exchange Board and staff External Consultants
Governance	1) Appoint and organize Exchange Board, contingent on enactment of authorizing state legislation	January 2011	Governor and Legislature Exchange Board
	2) Craft and adopt governance and operational rules for the Exchange	March 2011	Exchange Board supported by CHHS
	3) Establish Board meeting calendar for first year, including proposed issues, topics and actions for each meeting	March 2011	Exchange Board and Executive Director
Finance	1) Establish basic administrative and accounting systems for Board operations, staff recruitment and ongoing accounting support	April 2011	CHHS initially Exchange staff
	2) Monitor grant budget and establish internal auditing and accounting procedures	Ongoing throughout grant period	CHHS initially Exchange staff
	3) Develop Request-for-proposal for actuarial services in support of Exchange development to obtain information and expertise on existing markets, products, pricing and distribution networks	August 2011	Exchange staff External consultants
	4) Develop workplan and timelines for development of the administrative and accounting procedures for Exchange operations, including accounting and financial management systems, reconciliation of tax credits and cost sharing subsidies, cash flow analyses and systems to support regular tracking and public reporting of financial and program data	September 2011	Exchange Board and staff External Consultants
Technical Infrastructure	1) Inventory existing computer and technology systems, and other state infrastructure relevant to Exchange operations, including an analysis of what current and existing information technology projects will be affected by, supportive of and modified by the Exchange operations	June 2011	Exchange staff Office of the Chief Information Officer External consultants

Topic	Goals/Objectives	Timeline: Completion Date	Agency/Department Responsible
	2) Evaluate and assess standards adopted by the Office of the National Coordinator (ONC) for impact on Exchange operations and standards for qualified health plans	June 2011	Exchange staff External consultants
	3) Develop workplan and operational timeline for data and technology initiatives to support Exchange operations	September 2011	Exchange staff Office of the Chief Information Officer External consultants
Business operations	1) Locate and secure office space and equipment for Exchange staff and operations	June 2011	CHHS initially Exchange Board
	2) Manage administrative processes to support staff hiring and recruitment, including documentation and personnel requests for submission to state control agencies, as needed	Ongoing	CHHS initially Exchange staff
	3) Incorporate into long-term workplan and timeline identification of core capabilities and functionalities needed to conduct the basic business operations of the Exchange by 2014	September 2011	Exchange Board and staff External consultants
Regulatory or Policy Actions	1) 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 the operation of the Exchange	Ongoing	Exchange staff External resources
	2) Provide comments and feedback on proposed federal guidance and regulations affecting the Exchange	Ongoing	CHHS initially Exchange staff
	3) Analyze and regularly provide comments, feedback and positions on state legislative proposals affecting the Exchange, and related public program and insurance market policies	Ongoing consistent with legislative calendar	CHHS initially Exchange staff
	4) Identify statutory changes as may be needed for effective implementation of the Exchange and seek legislation enacting those changes	July 2011	Exchange Board and staff

California Application
State Planning and Establishment Grants
for the Affordable Care Act's Exchanges 2010-11

BUDGET NARRATIVE

BUDGET CATEGORY	**AMOUNT**
a. Personnel California proposes $445,417 for personnel services to support the Exchange start-up planning team. Initially, the Exchange Board would recruit and hire an Executive Director, who would be paid an annualized salary of no more than $200,000 during the grant period and be responsible for developing job descriptions and recruiting six additional staff, three deputies, one legal officer, and two administrative support staff. The budget estimate assumes the Executive Director and executive assistant would be on Board for seven months of the federal grant period and the other staff for five months of the grant period.	**$445,417**
b. Fringe benefits Fringe benefits for six staff are included at the rate of 30%.	**$133,625**
c. Travel Board travel -- ($10,000) The travel budget for Exchange Board members is based on costs of $200 per trip for five Board members for 10 meetings. Staff travel -- ($34,408) The estimated travel budget for staff includes four federal trips ($3,102 per trip), 20 in-state meetings ($300 per trip) and four other out-of-state trips ($4,000 per trip). The travel budget would ensure that Exchange staff can attend required federal meetings and attend in-state public forums and meetings to increase public awareness about the Exchange and collaborate with key stakeholders on Exchange development and implementation.	**$44,408**
d. Equipment Equipment costs are estimated for seven computer workstations at $3,100 each, one copy/fax machine ($10,000) and two laptop computers for use by staff while on travel($5,000).	**$36,700**

California Application
State Planning and Establishment Grants
for the Affordable Care Act's Exchanges 2010-11

BUDGET NARRATIVE

BUDGET CATEGORY	AMOUNT
e. Supplies Supplies are estimated at $100 per month per staff person, for 39 staff months during the grant period. Supplies include all expendable materials and supplies, such as paper, paper clips, pens, toner cartridges, and basic office tools such as staplers, notepads, binders and filing folders.	**$3,900**
f. Contractual Web site development -- ($40,000) The estimated costs of consulting services to design and develop the initial Exchange website to inform the public about Exchange operations and the Exchange web portal, as required by federal law and guidance. Other contractual -- ($203, 850) This budget item includes estimated costs for external consultants to provide expertise and guidance with first-year planning activities, including a basic assessment of the California insurance market (estimated at $75,000), assessment of existing and required information technology (IT) systems ($75,000) and other contracted consultants, as determined by the Board and Executive Director ($53,850).	**$243,850**
g. Construction	**0**
h. Other Board and meeting support -- ($19,000) Board meeting costs are estimated based on: per diem payments for Board members at $100 per member per meeting for 10 Board meetings (excluding ex-officio member) ($4,000); additional costs for five Board meetings in California communities other than the Board's headquarter location in Sacramento ($10,000); meeting room rental at $250 per meeting for 10 meetings($2,500); and Board meeting materials at $250 per meeting ($2,500). Communications -- ($9,200) Communications costs are estimated based on $200 per month for 39 staff months for personal digital assistance (PDAs) mobile devices ($7,800), and monthly web hosting costs of $200 per month for seven months ($1,400).	**$92,100**

California Application
State Planning and Establishment Grants
for the Affordable Care Act's Exchanges 2010-11

BUDGET NARRATIVE

BUDGET CATEGORY	**AMOUNT**
Mailing and postage -- ($22,500) Mailing costs are estimated based on 5,000 pieces per month at .50 cents each for nine months. **h. Other (continued)** Office Space and Facilities -- ($31,400) Estimated costs for office space assume initial housing of Exchange staff at the California Health and Human Services Agency with separate Exchange space available by June 1, 2011. Estimated facilities costs are based on four months of rent ($27,900) and utilities ($3,500). Printing and materials -- ($10,000) Printing and materials costs are estimated for development, translation and printing of educational and informational materials about the Exchange, Exchange implementation/transition and related aspects of federal health reform.	
ESTIMATED TOTAL GRANT BUDGET	**$1,000,000**

California Exchange Planning Grant Application
Attachment B: Application Attestation

Check as many items that apply, as appropriate. States are not required to accomplish all activities nor should this list be considered exhaustive.

1. With the Planning and Establishment Grant, the State intends to:

- ✓ Determine needed and available staff and hire key staff
- ✓ Determine resource needs
- ✓ Develop a work plan and timeline for first year activities
- ✓ Determine needed statutory, regulatory, and other administrative changes (including statutory changes that may be necessary to set up the governance structure, facilitate health plan contracting, consumer outreach, etc.)
- ✓ Conduct an initial assessment of IT systems and modifications/new systems needed to facilitate eligibility and enrollment and other Exchange functions
- __ Plan the coordination of eligibility and enrollment across Medicaid, CHIP, and the Exchanges
- ✓ Provide public notice and other stakeholder engagement activities
- ✓ Develop a budget justification and implementation plan
- __ Develop performance metrics and planned milestones
- __ Plan for customer services processes, including a call center

2. The State attests that it has submitted a budget narrative and justification that fully supports the activities the State intends to pursue with Planning and Establishment Grant funds:

YES___x_____ NO_____

3. The State has adhered to the required Format, Standard Form (SF), and Content Requirements contained in Section IV.

YES___x_____ NO_____

4. The State commits to submitting a draft detailed implementation plan with the final report within 90 days of the end of the project period.

YES___x_____ NO_____

Job Descriptions and Organizational Chart

California Application

State Planning and Establishment Grants for the Affordable Health Care Act's Exchanges

California Health Benefit Exchange Board

Executive Director

Duty Statement

The Executive Director reports directly to the Exchange Board and serves at its pleasure. Specific duties include:

1. Manages the planning, development, implementation and ongoing administration and evaluation of Board programs.

2. Provides the overall direction and supervision to the Executive staff of the Board in carrying out program goals and objectives.

3. Manages the entire staff team, including eligibility and enrollment staff, purchasing and negotiation staff and administration and operations staff.

4. Advises the Exchange Board on key policy and operational issues.

5. Assures the smooth operation of programs and operations under the Board's jurisdiction.

6. Advances the mission of the Exchange Board through legislation, program administration, research and other means, as appropriate.

7. Maintains strong liaison and good communication with the Executive and Legislative divisions of state government involved in health coverage issues.

8. Assures compliance with applicable state and federal legal and regulatory requirements, including public meeting laws, federal expenditure requirements and state personnel policies.

9. Represents the Exchange Board and its mission and programs at national, state and local meetings and forums, in the media and at legislative hearings.

California Health Benefit Exchange Board

Executive Assistant

Duty Statement

Working under the supervision of the Executive Director, the full-time Executive Assistant oversees and manages all office procedures and other tasks as assigned by the Executive Director. Specific duties include:

1. Oversees all aspects of general office coordination; Maintains office calendar to coordinate work flow and meetings; Performs general clerical duties to include, but not limited to, copying, faxing, mailing and filing; Files and retrieves organizational documents, records and reports.

2. Sets up and coordinates intensive/heavy meeting and conference schedule for management staff; Prepares and mails Board agendas and related Board mailings; makes arrangements for Board or other meetings; Interacts with the Exchange Board; Attends Board, committee meetings or other meetings, as requested, in order to record minutes; Compiles, transcribes and distributes minutes of meetings; and makes travel arrangements for staff and Board members.

3. Creates and modifies documents such as reports, memos, letters and meeting minutes using word processing, spreadsheet, database and/or other software.

4. Supports the Executive Director and members of Executive Management in assigned project-based work.

5. May supervise other administrative support personnel.

California Health Benefit Exchange Board

Chief Counsel

Duty Statement

Under the general supervision of the Executive Director, the Chief Counsel performs the following duties:

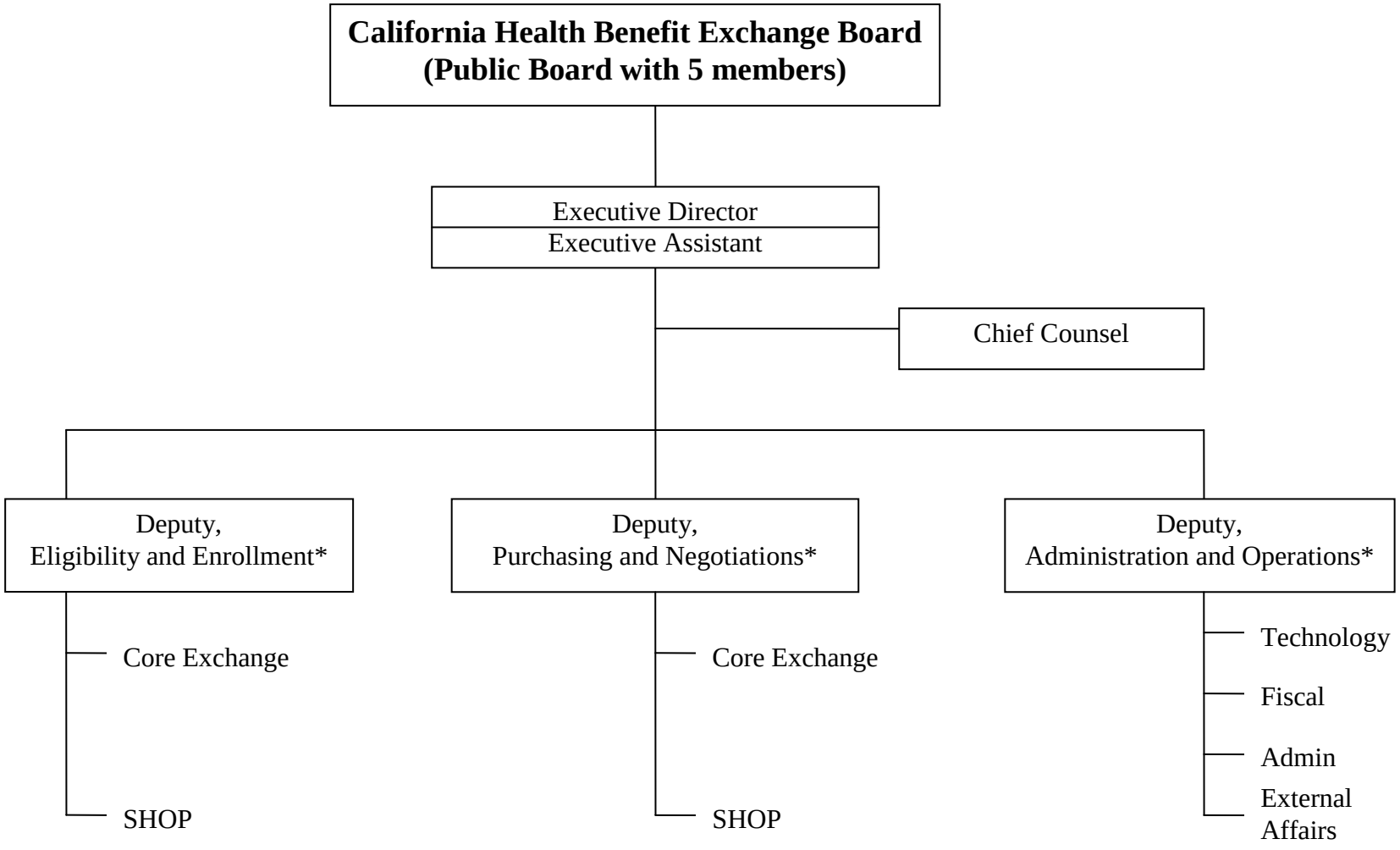
1. Consults with, advises, and assists Members of the Board and the Executive Director on legal issues as they affect the overall programs and policies of the Exchange Board; prepares formal and informal legal opinions; participates as a member of the top management team in the development and implementation of program policies; provides legal input to the Members of the Board and the Executive Director on programs the Board administers, and on issues raised by outside constituencies, including state agencies; analyzes correspondence; responds to correspondence; and answers telephone inquires that are either received directly or are directed by the Executive Director. Serves as major legal and program advisor to the Executive Director and Deputy Directors of the Board.

2. Consults with, advises and provides legal guidance to the Exchange Board and staff related to statutory and regulatory requirements applicable to Board deliberations and decisions, including conflict of interest, public records and open meeting laws.

3. Reviews legislation and regulations for legal and program impact, drafts legislation and regulations; Reviews bill analyses for program and administration policy as well as for legal issues.

4. Serves as the legal focal point for the development and maintenance of federal, state and private program contracts, agreements or state plans, and related amendments or compliance audits, required by the Federal or State legislation creating the California Health Benefits Exchange.

5. Represents the Board in administrative hearings involving eligibility appeals and audits. Independently performs difficult research and preparation of legal arguments for litigation and related purposes.



Support staff: Administrative Assistant

* Deputy and support staff duty statements will be developed by the Executive Director

ARNOLD
SCHWARZENEGGER
GOVERNOR

State of California
HEALTH AND HUMAN SERVICES AGENCY

KIMBERLY BELSHÉ
SECRETARY

Aging

Alcohol and
Drug Programs

Child Support
Services

Community Services
and Development

Developmental
Services

Emergency Medical
Services Authority

Health Care Services

Managed Risk
Medical Insurance Board

Mental Health

Public Health

Rehabilitation

Social Services

Statewide Health
Planning and
Development

August 31, 2010

The Honorable Kathleen Sebelius
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius:

On behalf of the California Health and Human Services (CHHS) Agency, I am pleased to support California's 2010-11 application for the State Planning and Establishment Grants for the Affordable Care Act's Exchanges. This letter serves as the CHHS letter of agreement to provide initial support and assistance to the California Health Benefits Exchange (California Exchange) in implementing the planning grant.

As of this writing, California anticipates compliance with the Affordable Care Act through establishment of an independent, five-member, public Board to administer the California Exchange. Board members would be appointed by the Governor and the Legislature, with the Secretary of CHHS serving as an ex-officio, voting member of the Exchange Board. Pending final enactment of state authorizing legislation, Exchange Board members could be appointed as early as January 2011. As outlined in California's grant application, the Board would then immediately recruit and hire an Executive Director to assume program operations and executive management.

This letter represents the agreement of the CHHS to provide initial staff support for the Exchange Board until the Board can hire an Executive Director and establish independent administration and operations. CHHS will also provide space and administrative support until the Exchange staff is able to secure separate office space for Exchange operations. CHHS will make available to the emerging Exchange the resources and expertise of the Agency and the twelve departments and one board CHHS currently oversees.

CHHS agencies include, among other departments, the Department of Health Care Services, which serves as the state Medicaid agency, and the Managed Risk Medical Insurance Board, which administers California's Children's Health Insurance Program, the Healthy Families Program and two high risk health insurance programs, including the federal Pre-existing Condition Insurance Plan. Coordination among CHHS departments and programs and the California Exchange will be critical to the Exchange's successful implementation. CHHS expects to include the Exchange staff in interagency health care reform planning and implementation activities and to work collaboratively with the Exchange Board and staff to ensure appropriate coordination and integration between CHHS departments and programs and the Exchange.

1600 Ninth Street · Room 460 · Sacramento, CA 95814 · Telephone (916) 654-3454 · Fax (916) 654-3343
Internet Address: www.chhs.ca.gov

The 2010-11 planning grant is one of the first steps on the path to development of the California Exchange as envisioned in the Affordable Care Act. Pending final enactment of authorizing legislation and subject to receipt of federal funds California will be poised to begin timely planning and development activities that will, of necessity, require cross-agency collaboration and coordination.

CHHS is committed to early start-up support for the California Exchange and ongoing cooperation in all aspects of Exchange planning and implementation.

Sincerely,

Kimberly Belshé
Secretary