


# Exchanges: A Proposed New Federal-State Partnership



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS for MEDICARE & MEDICAID SERVICES  
Center for Consumer Information and Insurance Oversight



State Exchange Grantee Meeting  
September 19-20, 2011



The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

# Overview

- Exchange Guidance
- Core Functions of an Exchange
- HHS Support for State-based Exchanges
- Collaborative Resources for States
- Federally-facilitated Exchange
- Partnership Principles and Benefits
- State Operations under Proposed Partnership
- Grant Funding to States
- Timing and Next Steps

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Exchange Related Guidance Released

<p><b>IT Guidance</b></p>	<p>IT Guidance 1.0 and 2.0, Guidance for Exchange and Medicaid Information Technology (IT) Systems</p> <p>Joint release with Medicaid -- Outline Cost Allocation and Funding for IT Systems</p>
<p><b>Exchange Grant FOAs</b></p>	<p>Exchange Planning Grant            Early Innovator Cooperative Agreements            Limited Competition Exchange Planning Grant            Territory Cooperative Agreement            Exchange Establishment Cooperative Agreement</p>
<p><b>NPRMs</b></p>	<p>Establishment of Exchanges and Qualified Health Plans (QHPs)            Standards Related to Reinsurance, Risk Corridors and Risk Adjustment            Exchange Functions in the Individual Market: Eligibility Determinations and Exchange Standards for Employers</p>
<p><b>Requests for Input</b></p>	<p>Basic Health Program, Employer Safe Harbor, Risk Adjustment, Definition of Full-Time Employee</p>

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Upcoming Exchange Related Releases

- Best practices and recommended work plan for State-based Exchange and Partnership Exchange
- Essential health benefits and actuarial value
- Quality
- Oversight and appeals
- Payment notice
- Basic Health Program

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Five Core Functions of the Exchange

<b>Consumer Assistance</b>	Consumer support assistors; education and outreach; Navigator management; call center operations; website management; and written correspondence with consumers to support eligibility and enrollment.
<b>Plan Management</b>	Plan selection approach (e.g., active purchaser or any willing plan); collection and analysis of plan rate and benefit package information; issuer monitoring and oversight; ongoing issuer account management; issuer outreach and training; and data collection and analysis for quality.
<b>Eligibility</b>	Accept applications; conduct verifications of applicant information; determine eligibility for enrollment in a Qualified Health Plan and for insurance affordability programs; connect Medicaid and CHIP-eligible applicants to Medicaid and CHIP; and conduct redeterminations and appeals.
<b>Enrollment</b>	Enrollment of consumers into qualified health plans; transactions with Qualified Health Plans and transmission of information necessary to initiate advance payments of the premium tax credit and cost-sharing reductions.
<b>Financial Management</b>	User fees; financial integrity; support of risk adjustment, reinsurance, and risk corridor programs.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# HHS Support for State-Based Exchanges

- HHS provides Exchange Grants to support State actions.
- HHS will manage a Data Services Hub or support system to connect to IRS, SSA, and DHS.
- HHS will provide financial management support related to payment processing of financial assistance.
- States can run their own risk adjustment program using their own certified model or the Federal risk adjustment model or allow HHS to run risk adjustment on their behalf.
- HHS will run risk corridors program.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Collaborative Resources for States

- Early Innovator States are a resource to other States in a number of areas by:
  - Sharing administrative materials and templates;
  - Publishing business process flows and blueprints;
  - Posting planned system architecture and implementation timelines.
- States can access a web-based environment where States and Early Innovators can share documents and processes.
- States can participate in small groups focused on working through issues/concerns and sharing best practices.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Federally-facilitated Exchange

- Federally-facilitated Exchange will perform core functions comparable to State-based Exchanges, including consultation with stakeholders.
- Federally-facilitated Exchange will make decisions where Exchanges have flexibility, including areas such as network adequacy and marketing.
- HHS will look to State standards to harmonize rules inside and outside of the Exchange.
- HHS can charge issuers user fees to run the Federally-facilitated Exchange.
- In fall 2011, HHS will devote resources to procurements for the Federally-facilitated Exchange.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011



# Federally-facilitated Exchange (cont'd)

- Federally-facilitated Exchange will work with local stakeholders through the Navigator program and other outreach efforts to educate consumers and small businesses about available options in 2014.
- Federally-facilitated Exchange will determine eligibility for qualified health plans, tax credits, cost sharing reductions, and Medicaid and CHIP eligibility based on modified adjusted gross income.
  - Federally-facilitated Exchange will provide eligibility information to the applicable State agency to enroll those individuals in coverage.
- HHS will solicit input from States when running the Federally-facilitated Exchange.

# Partnership Principles and Benefits

- Partnerships are Exchanges where both HHS and States operate functions of the Exchange; however, HHS is responsible and accountable for ensuring the Exchange meets all of the standards.
- HHS will maintain and coordinate with States for end-to-end system functionality to ensure a seamless consumer experience.
- States entering into Partnership will agree under the terms of their grants to ensure insurance department, Medicaid, and CHIP cooperation to coordinate business processes, systems, data/information, and enforcement.
- As part of their agreement, States may choose to operate plan management functions and/or some consumer services, using Exchange grant funding to establish functionality, thereby maintaining existing relationships and allowing for easier transitions to State-based Exchanges in future years.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Summary of Proposed Partnership: Three Options

- Under the proposed Partnership, States may choose to operate the following Exchange functions:
  - Option 1 – Plan management functions;
  - Option 2 – Selected consumer assistance functions;
  - Option 3 – Both selected consumer assistance & plan management functions.
- Exchange functions other than selected consumer assistance or plan management functions will be performed by HHS under these options.
- As appropriate, HHS will ensure that the Partnership meets all Exchange standards

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# State Option under Partnership: Option 1: Plan Management

- Goal is to let States help tailor health plan choices for their State's Exchange.
- Plan management functions include (but are not limited to) –
  - Plan selection;
  - Collection and analysis of plan rate and benefit package information;
  - Ongoing issuer account management;
  - Plan monitoring, oversight, data collection and analysis for quality.
- Under this proposed option for plan management, the State helps select plans and collects a standardized set of data on them to plug into Federally-facilitated Exchange's eligibility and enrollment functions.
- HHS coordinates with the State regarding plan oversight, including consumer complaints and issues with enrollment reconciliation.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# State Option under Partnership: Option 2: Consumer Assistance

- Goal is to take advantage of State's experience to support a seamless consumer experience.
- Consumer assistance functions that a State would operate under this proposed Partnership option include:
  - In-person assistance;
  - Navigator management;
  - Outreach and education.
- Consumer assistance functions that HHS would operate under this proposed Partnership option include:
  - Call center operations;
  - Website management;
  - Written correspondence with consumers to support eligibility and enrollment.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Availability of Federal Grant Funding to States

## By year and model

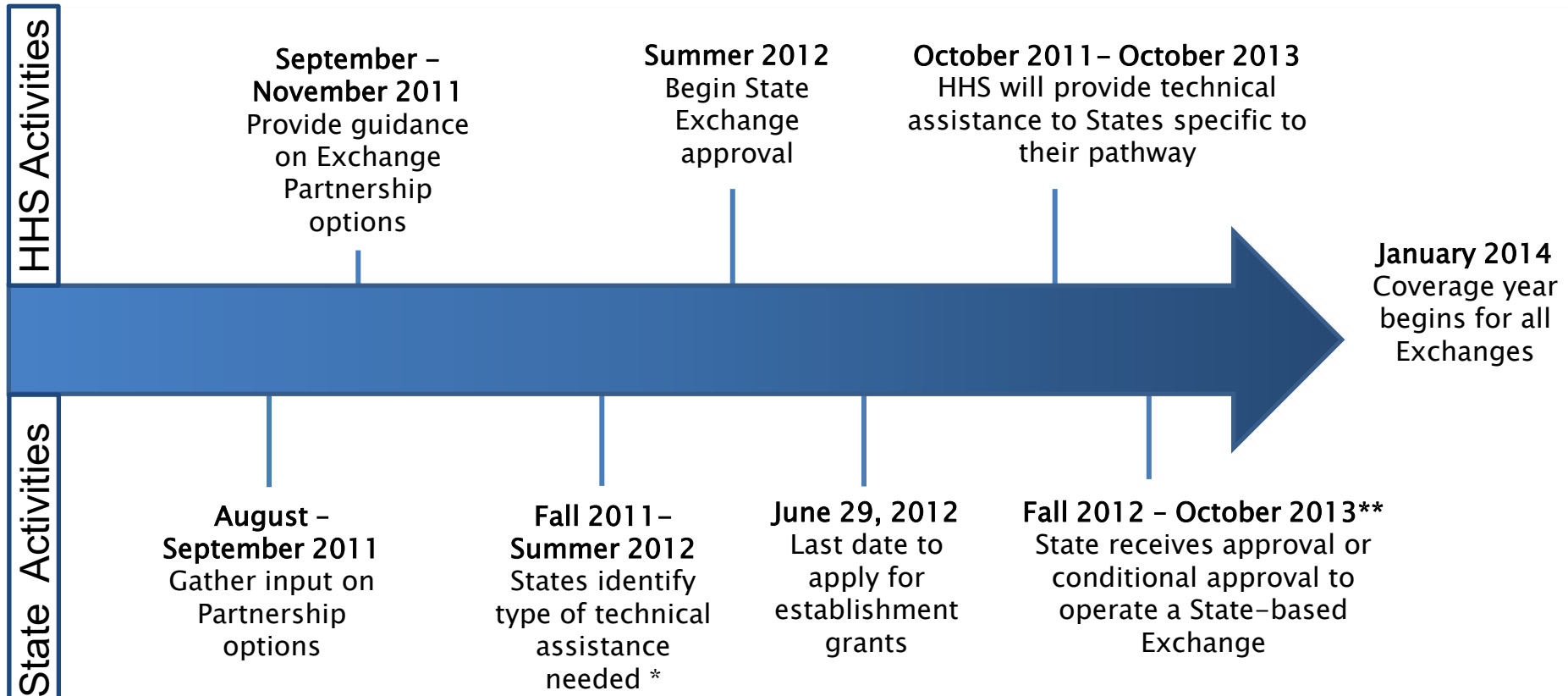
	2012*	2013*	2014	2015
<b>State Exchange</b>	Yes	Yes, if the State is certified or conditionally certified on 1/1/13.	Yes, if State is fully certified.	No
<b>Partnership Exchange</b>	Yes	Yes, to improve/support functions the State will be performing.	Yes, to improve/support functions the State is performing.	No
<b>Federally-facilitated Exchange</b>	Yes	No	No	No

\*In 2012 and 2013, grant funding is available until it is clear that an Federally-facilitated Exchange will operate in the State.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Exchange Timeline



\*The earlier a State identifies the technical assistance it needs, the better HHS can tailor support to the State.

\*\*The deadline for conditional or full approval is January 1, 2013. States may move from conditional to full approval after that.

The material in this presentation should not be viewed as having any independent legal effect, or relied upon as an interpretation or modification of the related proposed rule or statute. Not all issues or exceptions are fully addressed.

September 19-20, 2011

# Next Steps

- HHS will reach out to States and other stakeholders to receive input on Partnership.
- States and other stakeholders with feedback should submit formal comments through the Exchange proposed rule comment process ending on September 28, 2011.