

MEMORANDUM

May 14, 2012

TO: California's Health Benefit Exchange Board Members and Interested Stakeholders

FROM: The Children's Partnership

RE: Immediate Decisions Regarding Building California's Eligibility and Enrollment System for the ACA

The Children's Partnership appreciates the outreach by the Exchange to engage us in continued discussion about the most effective eligibility and enrollment system for California, including a potential partnership with the federal government to ensure a timely and successful launch of the California Health Benefit Exchange.

We fully recognize the extraordinary demands on the California Health Benefit Exchange and relevant state agencies to retain an IT vendor, complete eligibility and enrollment design work, and adequately test and implement an entirely new health enrollment IT infrastructure and system by the fall of 2013, along with the development and implementation of multiple other Exchange programs. For those reasons, The Children's Partnership is pleased that the Exchange is considering all options that could offer the best opportunities for a timely, effective and successful launch in California, while maintaining a commitment to a first class consumer experience.

Regardless of how California undertakes these critical initial implementation efforts, we continue to believe that five core priorities must remain paramount:

1. California must create its own first class consumer experience;
2. California must implement reform in a manner that achieves the data-driven vision of federal law;
3. California must access the maximum federal financing available;
4. California must create a centralized rules engine that ensures a highly-effective single point of entry and seamless linkages to all coverage options;
5. Californians must have access to information and assistance that instills confidence and produces timely, appropriate health coverage enrollments in real time.

Our understanding is that a State/Federal Partnership Model would require the state to rely primarily on the federal government's evolving IT system to perform eligibility functions for the state's Medicaid, CHIP and Exchange populations. Additionally, such a partnership may commit the state to use of the federal "call center."

In that context, even if California moves forward with a State/Federal Partnership, it will still need to move forward with significant systems changes in order to achieve essential data-driven eligibility and enrollment functions by 2014, as required by the ACA. For a Partnership arrangement to work, at a minimum, California would still need to take the following steps in time for implementation (i.e., by Oct. 2013):

1. Build a state-level systems interface that:
 - Enables bi-directional communication between the Federally Facilitated Exchange (FFE) and the county SAWS systems, in a manner that standardizes interfaces to the consortia; and
 - Allows the FFE to query MEDS (or its replacement) to identify those already participating in Medi-Cal.
2. Reach agreement with the federal facilitated exchange on the state-specific Medi-Cal and Healthy Families eligibility rules that will be built into the FFE's centralized business rules for making all MAGI determinations.¹
3. Build these components with the intention and in a manner that allows them to become part of CalHEERS when the state transitions from the Partnership.
4. Leverage the 90% federal match to the greatest extent possible for all of these systems changes.

We strongly recommend that California reject an informational use of a federal "assessment," and, rather, treat an "assessment" as a final determination. Similarly, in a state-run Exchange model, we strongly urge CalHEERS to make all MAGI determinations and not simply have the system provide an "assessment." Failure to do this could create a bifurcated eligibility and enrollment system and will *not* result in seamless, continuous coverage across programs. Children would be disproportionately affected by a bifurcated system. Recent estimates from an Urban Institute brief found that 1.8 million California children eligible for Medi-Cal or Healthy Families will have parents eligible for the Exchange. California may be tempted to utilize the bifurcated process when working with a FFE to keep more control over final eligibility determinations and caseload. However, we believe that the precedent set during a FFE period would carry into a post-FFE period, and so would urge against creating a bifurcated system.

In addition, in assessing whether to enter into a State/Federal Partnership, California must look closely at whether a federal call center is adequate to meet the needs and demands of the millions of Californians who will need ready access to that resource.

This memo follows up on our previous recommendations, dated December 15, 2011, regarding key elements in the design of CalHEERS. The decisions being made by the Board today are crucial because even if a partnership model is implemented on a transitional basis, the protocols and "culture" established will determine the early success of ACA in California. In addition, these early decisions, and the resulting consumer experience, will heavily influence Californians' perception of the program, and establish certain important precedents for ongoing ACA implementation.

¹ We have several concerns as to how the Partnership model will function. For example, it is our understanding that the FFE will only use federal data sources from the federal hub, though we would like to see any enrollment system, whether FFE or state-run, utilize data from state systems, as well, to provide a more robust, timely income finding.

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We recognize how complex the decisions are that you face and how swiftly California must move to be prepared to meet its responsibilities under the ACA by the fall of next year. We support your exploration of the State/Federal Partnership Model, but urge your continued insistence on a first class consumer experience for Californians.

Please contact Kristen Golden Testa at (415) 505-1332 if The Children's Partnership's expertise can be helpful as you make these all-important decisions.

Thank you.

cc: Toby Douglas
Janette Casillas
Will Lightbourne
Peter Lee
David Panush