

**New York State
Fourth Quarter Project Report
State Planning and Establishment Grants for the
Affordable Care Act's Exchanges**

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Grant Contact Information

Primary Contact Name: Karol O'Sullivan

Primary Contact Number: 518-474-5394

Primary Contact Email Address: Karol.Osullivan@dfs.ny.gov

Secondary Contact Name: Danielle Holahan

Secondary Contact Number: 212-417-4991

Secondary Contact Email Address: dlh10@health.state.ny.us

Website (if applicable): www.HealthCareReform.ny.gov

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I. Project Summary

Below please find narrative project summaries for each of the nine core areas of the Exchange Planning Grant.

1. Background Research

New York continues to generate a strong body of background research relevant to Exchange planning and implementation. As described in previous quarterly reports, the New York State Department of Insurance¹ (DOI) has contracted with the Urban Institute to conduct simulation modeling work for New York to estimate the cost and coverage impacts of health reform in New York and to provide projections of New York-specific costs of operating and implementing the Exchange. The Urban Institute's baseline estimates of the cost and coverage impacts of federal reform in New York were developed in quarter four. In addition to this baseline data, the Urban Institute has also estimated the impact of a Basic Health Plan option in New York and the impact of merging the non-group and small group insurance markets in the state. State staff have begun to analyze and interpret the key findings from this modeling.

The Urban Institute has partnered with Wakely Consulting, Inc., to carry out analyses associated with the Exchange operations, including development of a New York-specific business operations work plan and five-year Exchange financial model and self-sustainability analysis. Wakely Consulting has prepared initial drafts of a detailed work plan of Exchange business and operational tasks, a five-year budget for Exchange operations, and analysis of funding options to achieve self-sustainability of New York's Health Benefit Exchange by January 2015. State staff have reviewed and commented on these and Wakely Consulting is preparing updated drafts for mid-November.

The New York State Departments of Health (DOH) and DOI, the lead agencies responsible for Exchange planning under the coordination of the Governor's Office, continue to consult regularly with private entities such as the United Hospital Fund (UHF) and the New York State Health Foundation (NYSHF) to generate research that draws from existing agency knowledge and will best benefit planning activities. State policymakers review the research closely to inform decision-making.

In quarter four, UHF released a report authored by Peter Newell and Bela Gorman titled, "Two into One: Merging Markets and Exchanges under the Affordable Care Act." This report explores the options of combining the individual and small group Exchanges and merging the individual and small group markets. Also in quarter four, a report by the Community Services Society of New York (CSS) and Empire Justice Center, supported by NYSHF, was published that describes, based on input from over 240 stakeholders throughout the State, options for designing a Navigator program and consumer assistance

¹ On October 3, 2011, DOI was integrated into the new NYS Department of Financial Services. While DOI no longer exists at the time this report is being submitted, it is still referenced herein since it was a unique department throughout the entire project period this report describes.

program to help consumers access and use coverage obtained through the Exchange. These reports are available at www.healthcarereform.ny.gov/research_and_resources.

2. Stakeholder Involvement

After successfully completing the series of public forums in quarter three, the State has continued to involve stakeholders through individual meetings to discuss their specific concerns and interests regarding the Exchange. More than 80 such meetings have taken place to date in this calendar year and continue as requested. Such meetings with individual stakeholder groups or small groups of stakeholder organizations were convened by the State to inform New York's forthcoming comments to HHS on draft rules regarding the Exchange.

The State has begun outreach with Indian Tribal governments for their input on the design of the New York Health Benefit Exchange and other related issues of concern. Exchange planning staff have attended public meetings or met individually with staff from the Department of Health and Human Services (HHS), the Center for Medicare and Medicaid Services (CMS), the Indian Health Service (IHS), and DOH to discuss current federal and state health services provided to Tribes, as well as ways in which the Patient Protection and Affordable Care Act (ACA) will specifically benefit the Tribal nations and improve the services provided to them. Direct consultation with the Tribes in New York began in August 2011 when Exchange planning staff attended and presented at a training hosted by CMS and IHS in Niagara Falls, New York. At the meeting, the Exchange planning staff met with representatives from New York's Tribal governments to discuss the Health Insurance Exchange and describe the ACA's impact on the State. We plan to engage the Tribal nations at similar conferences and individual meetings to ensure the benefits provided through the ACA and New York's Exchange will improve the health of all people living in the State of New York.

The State's federal health care reform website, www.HealthCareReform.ny.gov, and implementation update emails continue to serve as the primary resources for sharing information regarding implementation with stakeholders. During this report's three month project period, the website received approximately 30,200 page views (an average of approximately 2,500 page views per week). The website is updated continuously to include new developments of the Exchange planning process, including information regarding grant applications and awards, as well as available contractual opportunities.

In addition to these activities, the State has also engaged with stakeholders to discuss the Exchange through the Medicaid Redesign Team (MRT) open work group process being coordinated by the DOH. While the MRT is focused on the larger issue of revamping the Medicaid program, the Exchange is included in this effort due to Medicaid integration. The DOH and Governor's Office staff involved in Exchange planning activities staff two of the MRT work groups and others attend relevant work group meetings to stay informed of the MRT's work related to the Exchange and to utilize these meetings as another method to hear stakeholders' input.

3. Program Integration

During the fourth quarter, the Governor's Office continued to hold a weekly Exchange Implementation Planning meeting with DOH, DOI, and Exchange Planning Grant staff in furtherance of New York's ongoing commitment to ensuring a high level of coordination and integration of its public and commercial health coverage responsibilities and efforts through an Exchange. During this period the Governor's Office also continued to hold its regular meeting with DOH, DOI, Exchange Planning Grant staff, and additional State agencies involved in federal health reform implementation. DOH, DOI, and Exchange Planning Grant staff continue to work closely and collaboratively on all aspects of Exchange planning. During the fourth quarter, this has included:

- participating in Joint Application Design (JAD) meetings to further detail and delineate specific business requirements, processes, and policy decisions for the Exchange Information System;
- defining the scope of work and deliverables for contractors;
- releasing the Request for Proposals (RFP) for the Systems Integrator to be funded with the State's Early Innovator award;
- preparing an RFP for consultant studies;
- developing a plan to utilize the technical assistance provided through the RWJF "State Health Reform Assistance Network;"
- and preparing comments on HHS proposed rules.

4. Resources & Capabilities

In the fourth quarter, DOI and DOH have continued to work collaboratively as lead implementation planning agencies, coordinated by the Governor's Office, and in conjunction with the NYS Division of the Budget, Civil Service and other staff as needed.

As described above, Urban Institute/Wakley Consulting made progress on their simulation modeling and financial modeling throughout quarter four. The State has received two rounds of the Urban Institute's estimates of the cost and coverage impacts of federal reform in New York in the fourth quarter, as well as estimates of the impact of a Basic Health Plan option in New York and the impact of merging the non-group and small group insurance markets in New York. The State has also received Wakely Consulting's first drafts of a detailed work plan of Exchange business and operational tasks, a five-year budget for Exchange operations, and analysis of funding options to achieve self-sustainability of New York's Health Benefit Exchange by January 2015.

Additionally, five studies relating to the Exchange are being conducted for the State through the RWJF “State Health Reform Assistance Network” project.

5. Governance

As stated in previous quarterly progress reports, discussions with stakeholders through a broad stakeholder meeting, a series of public forums, and individual meetings with stakeholders informed the development of a public benefit corporation governance structure that was incorporated in New York Health Benefit Exchange authorizing legislation. The choice of this governance structure has received overwhelming consensus due to its ability to balance the desire for transparency and accountability gained from a governmental entity with the need for the entity to be sufficiently nimble in order to meet the 2014 target operational date and to enable it to adapt to a changing environment over time.

As stated in the Bill, the purpose of the corporation is to facilitate the purchase and sale of qualified health plans, assist qualified employers in facilitating the enrollment of their employees in qualified health plans through the SHOP, enroll individuals in health coverage for which they are eligible in accordance with federal law and carry out the functions of the Exchange.

The Assembly passed the Governor’s Program Bill on June 23, 2011. The bill currently awaits action in the State Senate. While a Level 2 Establishment Grant application cannot be submitted until this milestone (and others) are achieved, the State has received a Level 1 Establishment Grant award during quarter four to continue the work underway.

6. Finance

On May 16, 2011 New York received approval of its Exchange Planning Grant no-cost extension request from HHS. The Planning Grant period will now extend through June 1, 2012. Throughout this extended project period, New York will continue to comply with all HHS reporting requirements for this grant.

Since the ACA requires that state Exchanges must be financially self-sufficient by January 1, 2015, the Governor’s Program Bill would require the Exchange to study the options to generate funding for the on-going operations of the Exchange and report its findings and recommendation. New York’s contract with Urban Institute/Wakely Consulting will provide an initial financial assessment and budget analysis to determine the financial resources required to establish an Exchange, which will meet this requirement and the financial management milestones. The first draft of this product was received during quarter four.

The final financial analysis will include identification of the number of operational processes and systems that must be developed for implementation and operation of the Exchange, as well as analysis of the funding necessary to set up and run the Exchange. Based on the key decision

points, New York plans to utilize staff and/or consultant services to assist with infrastructure development and further development of the work plan. This will provide the basis for developing solicitations for consultants and/or contractors to help establish or run select functions within the Exchange and for developing a model of self-sustainability for the Exchange.

Through a Level 1 Establishment Grant award received on August 12, 2011, New York has received funding to hire additional staff and external consultants to perform tasks related to Exchange establishment. These will include two accountants, who will begin the work necessary for New York Health Benefit Exchange financial planning, accounts management, budget operations, reporting, and program integrity.

New York has sought funding for its IT systems work through several grants. First, through New York's "Early Innovator" award, the State is designated to receive \$27.4 million over two years. Second, in quarter four, New York received Advanced Planning Document (APD) funding for \$10.5 million to help support activities related to Medicaid eligibility in the context of the integrated Exchange design, development and implementation activities under the Early Innovator grant. Next, in our Level 1 Establishment Grant award, we received another \$2.73 million to support staff and consultant costs for 12 new program and policy analysts, one research analyst, and expenses for IT consultants. Finally, New York plans to submit in the next quarter a corresponding APD for a \$1.23 million request for Medicaid IT systems work aligned with the Exchange systems and policy work sought in our Level 1 Establishment Grant application.

7. Technical Infrastructure

Since New York was awarded a \$27.4 million Early Innovator (EI) grant in early 2011, the State has begun working, along with other Innovator states and HHS (CMS and CCIIO) on the required artifacts, activities, and deliverables contemplated under the terms and conditions of the Innovator Collaborative Agreement. New York has participated in two federal gateway reviews to date: Architecture Gateway (4/1) and Project Baseline (5/13). CMS/CCIIO is expected to conduct a detailed design review in January 2012 after New York has selected the Exchange systems integrator (see below). Exchange design, development, and implementation (DDI) activities will continue under the EI grant during the grant period 2011-2012, coordinated with Establishment grant activities and supplemented by Establishment resources.

During quarter three, DOH completed the development of a request for proposals (RFP) for a systems integrator to build the IT system for New York's Health Benefit Exchange, to be funded with the State's Early Innovator award. This RFP was posted during quarter four and the received bids are currently under review. We expect the systems integrator to be on board no later than January 2012. During quarter four, DOH also issued an RFP for quality assurance services for the systems integrator work. Bids for this RFP are due in quarter five. We expect the quality assurance vendor to be on board in December 2011.

Further, the EI project management team has been working with DOH, DOI, and other “subject matter experts” (SMEs) to elicit and develop the wide range business requirements and processes, and to flag important remaining policy decisions, necessary to support New York’s Exchange IT solution. As described in the application, Level 1 Establishment Grant funds will allow New York to secure critically needed program and policy analysts with expertise in core Exchange business functions, as well as supplement the State’s capacity to develop and document core Exchange business processes needed to help “stand up” an ACA-compliant Exchange by 2014.

Additionally, the Social Interest Solutions (SIS)/Lewin Group Exchange IT “gap analysis” (published in quarter three) has provided important information, guidance and stakeholder perspectives in this regard, that will help inform the Exchange IT design and development process. We continue to work with SIS as subject matter experts and to “drill deeper” on the gap analysis, particularly including other core areas beyond eligibility and enrollment, such as plan management, customer service, and communication.

Finally, New York continues to participate in the Exchange User Experience (UX) 2014 project. Through this initiative, which is supported by several national and state foundations, the design and innovation consultancy IDEO will develop IT specifications for a “best in class” user-friendly front-end for the Exchange to help ensure that large numbers of eligible consumers successfully enroll in and retain coverage. New York’s Level 1 Establishment Grant will fund specific technical consulting expertise and assistance with the State’s participation in this project to help ensure that the front-end developed best meets the needs of New York.

8. Business Operations

As previously described, New York is working with consultants at the Urban Institute and Wakely Consulting to help support Exchange design. The Urban Institute has developed baseline population and premium data and complete micro-simulation modeling that will inform design choices for the health insurance Exchange. The Urban Institute’s work will provide the State with an estimate of the enrollment capacity needed in the health insurance Exchange in view of design parameters chosen and provide advice regarding the infrastructure needed to support that capacity. Wakely Consulting is refining the first drafts of five-year cost projections and sustainability analysis for the Exchange, as well as the implementation plan for New York’s Health Benefits Exchange.

Additionally, New York has reviewed the draft rules HHS has released on topics such as Exchange establishment, eligibility, tax credits, risk adjustment mechanisms, and the summary of benefits and coverage and uniform glossary, and is finalizing comments to HHS regarding its impact on system design considerations. The review process of these draft rules has included discussions with stakeholders to inform the State’s comments.

9. Regulatory or Policy Actions

On June 23, 2011, the Assembly passed the Governor's Program Bill which would create the New York Health Benefit Exchange. The Bill is available at http://www.healthcarereform.ny.gov/health_insurance_exchange. The Bill, which is awaiting action in the State Senate, would establish a single Exchange – a centralized, customer-service oriented marketplace where individuals and small groups would be able to purchase qualified health plans, receive eligibility and subsidy determinations, and enroll in a range of coverage options, including public health coverage programs – operated by a governmental entity with the flexibility to meet the ambitious deadlines set by the ACA.

The Bill includes the functions of the New York Health Benefit Exchange and also requires studies of key policy decisions that will need to be made by the State. These studies would need to be conducted and presented to the Governor and Legislature by April 1, 2012, assuming federal guidance is available, to inform policy decisions on the design of the New York Health Benefit Exchange. It is anticipated that further legislation will be required based on the recommendations received in the studies. Topics of these studies in the Governor's Program Bill include the following:

- Essential Benefits
- Insurance Market Issues
- Basic Health Program
- Purchasing Role
- Self-Sufficiency
- Benchmark Benefits
- Healthy New York and Family Health Plus Employer Buy-In
- Role of Navigators
- Health Savings Accounts
- Role of Insurance Producers, Chambers, Business Associations
- Role of Exchange in Reducing Health Disparities
- Integration of Public Health Insurance
- Large Employer Participation

During quarter four, DOH, DOI, and Exchange Planning Grant staff continue to worked collaboratively to develop a plan to ensure completion of each of these studies by utilizing the available resources, including the Exchange Planning grant, the Establishment Grants, and the technical assistance available through RWJF's "State Health Reform Assistance Network" project.

II. Barriers, Lessons Learned, and Recommendations to the Program

Procurement and Hiring Requirements.

New York's deficit reduction exercises over the past few economically difficult years have led to Departments doing more with less. Existing staff of the Departments juggle multiple competing demands.

New York's State Finance Law sets out highly prescriptive guidelines for the purchase of services, technology, and commodities by State agencies. Major purchases in excess of \$50,000 require a lengthy, competitive, and detailed procurement process that does not lend itself to the tight timelines involved in Exchange development. While this Law is necessary for a fair and competitive government structure, it challenges the Departments' abilities to move as quickly with Exchange planning as required by the grant process.

During quarter four, DOH posted a request for proposals (RFP) for a systems integrator to build the IT system for New York's Health Benefit Exchange. Due to the limitations described above, the RFP for the systems integrator was released more slowly than initially anticipated. Submitted bids are currently under review. We expect the systems integrator to be on board by January 2012.

III. Technical Assistance

Outside Technical Assistance.

In accordance with language in New York's 2011-12 State budget, DOH posted a 30-day notice in quarter four for Exchange IT systems integrator proposals under the Early Innovator grant, including expertise with respect to the policies, processes, and requirements for the core Exchange business functions to be supported by the Exchange IT solution. Submitted bids are currently under review.

In addition to the technical assistance that the State will purchase through this grant, technical assistance is also available at no cost to the state through the Robert Wood Johnson Foundation's (RWJF) grant-funded initiative, the "State Health Reform Assistance Network." Following a kick-off meeting in Chicago held at the beginning of quarter four in which state staff met with the technical assistance experts, RWJF has worked with the State to determine the work that will be conducted by the experts. This valuable work ranges from brief data requests and short issue summaries to more in-depth projects, including five consultant studies.

IV. Draft Exchange Budget and Budget Narrative

New York's \$1,000,000 Planning Grant budget is allocated in the following manner: Contractual: \$970,200, Travel: \$9,800, Other (stakeholder meetings): \$20,000. The contracts are with Health Research, Inc. (\$670,700) to support the four Exchange planning staff positions; the Urban Institute (\$250,000) to conduct the simulation and financial modeling; and Navigant Consulting (\$49,500) to assist with grant writing. The travel expenses are associated with project staff travel to stakeholder forums, national conferences, and in-state travel between New York City and Albany. The "other" costs are for the costs associated with conducting stakeholder meetings (e.g., facility usage fees, translators, and transcripts). Because much of the work under this grant was delayed until April 2011 and New York's no cost extension extends the grant period through June 2012, we have allocated our costs accordingly by year on the table below.

New York was awarded \$27.4 million through its Early Innovator award for Exchange Planning and IT Systems work, the State received an additional \$10.5 million through an advanced planning document (APD), and plans to submit in the next quarter another APD request of \$1.23 million in support of the Level 1 Establishment Grant application for Medicaid systems work.

New York received \$10.7 million through a Level 1 Establishment Grant request, which will be allocated as \$2.7 million in 2011 and \$8.1 million in 2012. These costs are detailed in the table below and will provide for additional staff to support IT activities not already funded elsewhere, continuation and expansion of our consumer assistance activities, consultant assistance to carry out a number of studies and to offer IT subject matter expertise, additional Exchange planning and implementation staff, and support continued stakeholder forums and associated staff travel.

Since the quarter two report, the State has estimated the four-year cost of continuing and expanding services for our statewide independent health consumer assistance activities has increased to \$17,400,000. This will allow our consumer assistance entities to assist approximately 40,000 New Yorkers and small businesses across the state, extending through Exchange planning, implementation, and phase-in of navigators, to Exchange sustainability by 2015. New York's Establishment Grant Level 1 award included \$5,000,000 to expand the program's capacity in the areas of commercial insurance and small businesses. The initial Consumer Assistance grant for \$2,400,000 ended on September 30, 2011. Funding for independent consumer assistance does not include costs for the internal Exchange consumer assistance function/front-end needed in place by mid-2013, Call Center, or any Exchange consumer-focused outreach, education, and media.

Estimates below under "Exchange Implementation" reflect the amount received in New York's Level 1 Establishment Grant application. We anticipate seeking additional funding through a second Level 1 Establishment Grant request in December 2011 for February 2012 through January 2013, and funding through December 31, 2014 through a Level 2 Establishment Grant request.

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Exchange Planning	\$144,640	\$855,360		
Personnel	\$0	\$0		
Fringe	\$0	\$0		
Travel	\$6,000	\$3,800		
Equipment	\$0	\$0		
Supplies	\$0	\$0		
Contractual	\$188,640	\$851,560		
Other (stakeholder meetings)	\$20,000	\$0		
Innovative Exchange IT Systems	\$14,695,410*	\$19,593,881*	\$4,898,470*	
Personnel	\$1,992,428	\$2,656,571	\$664,143	
Fringe	\$868,095	\$1,157,460	\$289,365	
Travel	\$69,750	\$93,000	\$23,250	
Equipment	\$937,500	\$1,250,000	\$312,500	
Supplies	\$4,463	\$5,950	\$1,488	
Contractual	\$10,354,050	\$13,805,400	\$3,451,350	
Indirect	\$469,125	\$625,500	\$156,375	
Exchange Implementation	\$2693,725	\$8,081,174**	TBD**	TBD**
Personnel	\$719,209	\$2,157,626	TBD	TBD
Fringe	\$311,202	\$933,605	TBD	TBD
Travel	\$14,946	\$44,837	TBD	TBD
Equipment	\$0	\$0	TBD	TBD
Supplies	\$1,908	\$5,725	TBD	TBD
Contractual	\$1,464,000	\$4,392,000	TBD	TBD
Other	\$24,691	\$74,073	TBD	TBD
Indirect	\$157,770	\$473,309	TBD	TBD
Other Business Operations Estimates:				
Consumer Assistance	\$2,400,000	\$5,000,000	\$5,000,000	\$5,000,000
Navigators			TBD	TBD
Sub-total of Current Estimates	\$19,933,755	\$33,530,415**	\$9,898,470**	\$5,000,000**

* This budget includes the \$27.4 million Early Innovator Grant award and \$11.7 million APD Medicaid funds.

**These 2012 Exchange Implementation estimates reflect only the costs including in New York's Level 1 Establishment Grant award. We anticipate seeking additional federal funds for 2012-2014 through a second Level 1 Grant request and a Level 2 Grant request.

V. Work Plan/ Milestones

1. Core Area: Background Research

- **Milestone 1:** Update New York's baseline data.

Timing: 2011

Description: New York has contracted with the Urban Institute to update existing baseline data. In the fourth quarter, the State received the updated estimates. This data includes estimates of the number of uninsured in the State, the size of the current individual and small group markets, those potentially eligible for the Exchange, coverage and eligibility patterns for Medicaid and employer-sponsored coverage, as well as estimate coverage shifts as health reform is implemented. Additional related information will be provided to the State to provide more insight into the ACA's effect on New York's population.

- **Milestone 2:** Identify key findings from Urban's updated Health Policy Simulation Model (HIPSM) New York-specific baseline data.

Timing: 2011- 2012

Description: DOI and DOH will work with the Urban Institute to analyze and interpret the key findings in the updated baseline data. Depending upon the design choices the State makes, the Urban Institute's HIPSM shall be used to estimate distributional cost and coverage implications of many of the choices, including:

- Merging of small and non-group insurance markets;
 - Implementing basic health plan option;
 - The definition of small group prior to 2016;
 - Including larger groups in Exchange post-2017.
- **Milestone 3:** Draft recommendations for key Exchange design questions informed by results of consultant analyses.

Timing: 2011-2012

Description: As a result of analyses presented by the State's health policy expert consultants, the Departments will narrow and fine-tune their recommendations for key Exchange design questions.

- **Milestone 4:** Engage data for key decision-making on Exchange planning.

Timing: 2011-2012

Description: After the Urban Institute data is finalized, New York's updated data and related external research will be distributed to State policymakers, State legislature and stakeholders. Additionally, the

research literature is being consulted to inform key Exchange decision-making throughout planning process.

2. Core Area: Stakeholder Involvement

- **Milestone 1:** Include stakeholders from diverse sectors and perspectives, including consumers, in the implementation process.

Timing: 2011 - ongoing

Description: Meetings between State representatives and individual stakeholder organizations have taken place. A formal stakeholder meeting with approximately 120 representatives of numerous organizations, the State Legislature, and state agencies occurred during quarter three. (The agenda and materials presented at this meeting are available at www.healthcarereform.ny.gov/timeline.) Additionally, State representatives meet with individual stakeholders in informal meetings on an ongoing basis.

- **Milestone 2:** Conduct stakeholder meetings that cover all regions of the State.

Timing: 2011 - completed

Description: A series of public forums were held across the State during quarter three. Four in-person forums were held. (The schedule of these forums, presentation used at each, and testimonies that were received electronically are available at www.healthcarereform.ny.gov/timeline.)

- **Milestone 3:** Utilize additional avenues besides meetings to allow for stakeholder input.

Timing: 2011 - ongoing

Description: The State recognizes the importance of allowing for input from individuals and organizations that are not able to attend meetings or public forums that are held. Therefore, a call-in forum was included in the series of public forums held in quarter three. Additionally, State representatives meet with individual stakeholders in informal meetings on an ongoing basis.

- **Milestone 4:** Maintain the State's health care reform website to make available information regarding the implementation process.

Timing: 2011 - ongoing

Description: The State's health care reform website (www.HealthCareReform.ny.gov) is continuously updated as new information becomes available, including progress on the Exchange planning process. Stakeholders have noted the convenience of accessing information regarding the implementation process through this resource.

- **Milestone 5:** Consult with Indian Tribal Governments.

Timing: 2011 – ongoing

Description: Establish, implement, and document a process for consultation with federally recognized Indian Tribal governments to solicit their input on the establishment and ongoing operation of New York's Health Benefit Exchange. During quarter four, State representatives attended a training hosted by the Centers for Medicare & Medicaid Services and the Indian Health Service to meet with representatives from New York's Native American Tribal governments to discuss the Health Insurance Exchange.

- Milestone 6: Once establishing legislation is adopted, engage stakeholders in implementation process of the Exchange.

Timing: 2011 – ongoing

Description: Ensure stakeholder input from diverse sectors and perspectives, including consumers, business, providers, insurers, producers, and labor is reflected in the implementation process for the Exchange.

- Milestone 7: As consultant reports are received, engage stakeholders in the discussion of policy issues facing the Exchange.

Timing: 2011 – ongoing

Description: Ensure stakeholder input from diverse sectors and perspectives, including consumers, business, providers, insurers, producers, and labor is reflected in the policies for the Exchange.

3. Core Area: Program Integration

- Milestone 1: Perform detailed business process documentation to reflect current State business processes, and include future State process changes to support proposed Exchange operational requirements (pending federal guidance regarding, rules, processes, access to data, applications, etc.).

Timing: 2011 and ongoing

Description: New York will conduct business process documentation to guide the design and development of its Exchange IT system.

- Milestone 2: Initiate communication with the State HIT Coordinators, DOH, DOI and the State's human services agencies as appropriate, and hold regular collaborative meetings to develop work plans for collaboration.

Timing: 2011 and ongoing

Description: New York's Governor's Office holds a regular meeting with relevant State agencies to keep one another informed of health reform implementation work. Additionally, the JAD sessions that occur as part

of New York's Early Innovator grant award encourage collaboration among these agencies.

- **Milestone 3:** Investigate other state experiences and research regarding program integration and incorporate lessons learned in design and development of the New York Exchange.

Timing: 2011 and ongoing

Description: Consult the research literature on other state experiences with program integration. The SIS IT gap analysis (described earlier) also includes an assessment of best practices in other states. Finally, the State's work as a RWJF "Maximizing Enrollment" grantee also includes in-depth exploration of best practices with regard to public program eligibility and enrollment.

- **Milestone 4:** Begin development of business requirements for design and development of Exchange IT Solution.

Timing: 2011 and ongoing

Description: This work is being conducted as part of the State's "Early Innovator" initiative.

4. Core Area: Resources and Capabilities.

- **Milestone 1:** Complete the review of current assets with respect to product feasibility, viability, and alignment with Exchange program goals and objectives.

Timing: 2011 - ongoing

Description: This is included in the SIS/Lewin Group IT "gap analysis" and will be included in the final version of the Urban Institute/Wakely Consulting analysis.

- **Milestone 2:** Complete hiring of HRI staff and integrate their knowledge and experience into the Exchange planning process.

Timing: June 2011 - completed

Description: The four Exchange planning staff members are engaged full time.

- **Milestone 3:** Create Exchange operation and implementation plan.

Timing: 2011-2012

Description: DOI and DOH will work with the Urban Institute/Wakely Consulting to identify the distinguishing characteristics of Exchanges and the key policy and design issues that must be considered. Such decision points will include vendor procurements, certifying qualified health plans (QHPs), required functions and development of administrative staff.

During the fourth quarter, the first draft of this plan was developed. It will be refined in future quarters.

- **Milestone 4:** Development of five-year financial model.

Timing: 2011 - 2012

Description: DOI and DOH will work with the Urban Institute/Wakely Consulting to develop a five-year financial model that projects revenues and expenses and identifies potential funding sources. During the fourth quarter, the first draft of this plan was created. It will be refined in future quarters.

5. Core Area: Governance

- **Milestone 1:** Develop a governance model by working with stakeholders to answer key questions about the governance structure of the Exchange. Key questions include: (1) Will the State pursue subsidiary Exchange(s)? (2) Will the Exchange be housed in a State agency, quasi-governmental agency, or non-profit? (3) How will the governing body be structured?

Timing: 2011 - completed

Description: The State's decisions regarding Exchange governance were informed by discussions with stakeholders at the formal stakeholder meeting in quarter three, the public forums in quarter four, and the ongoing individual stakeholder meetings.

- **Milestone 2:** Establish governance structure for Exchange.

Timing: 2011 - completed

Description: Informed by stakeholder discussions, examination of the research literature, and consultant analyses, New York has decided upon the governance structure that best meets the needs of the State.

- **Milestone 3:** Incorporate governance decisions into Exchange legislation and shepherd legislation through the legislative process.

Timing: 2011 - ongoing

Description: The Governor's Program Bill, passed by the Assembly and pending action in the Senate, elects a public benefit corporation.

- **Milestone 4:** Apply for Exchange implementation funds to put the necessary infrastructure in place.

Timing: 2011 – ongoing

Description: New York submitted an Establishment Grant Level 1 application to HHS during quarter three. An award of \$10.7 million for this grant was received during quarter four. New York plans to apply for another Level 1 award in December 2011 and a Level 2 award after the enabling legislation is passed and the other requirements have been met,

including development of a complete budget through 2014 and financial sustainability plan. Additionally, New York received in quarter four an award of \$10.5 million through an Advanced Planning Document (APD) to help support activities related to Medicaid eligibility in the context of the integrated Exchange design, development and implementation activities under the Early Innovator grant. The State plans to submit a second APD with a request of \$1.23 million in the next quarter.

6. Core Area: Finance

- Milestone 1: Adhere to HHS financial monitoring activities carried out for the planning grant.

Timing: 2011 - ongoing

Description: New York will comply with all HHS reporting requirements including quarterly reports and insure any modifications to the planning budget are approved by HHS. All Federal/State procurement guidelines will be adhered to.

- Milestone 2: Identify and estimate the funding requirements to develop the Exchange.

Timing: 2011 - ongoing

Description: New York will analyze the funding necessary to set up and run the Exchange. This process will provide the basis for New York's Exchange Establishment Level 2 Grant application, for developing requests for proposals for consultants and/or contractors to help establish or run the Exchange, and for developing a model of self-sustainability for the Exchange. New York has hired the Urban Institute/Wakely Consulting to assist with achieving this milestone and received the first draft of this analysis in quarter four.

- Milestone 3: Begin defining financial management structure and the scope of activities required to comply with requirements.

Timing: 2011 - ongoing

Description: The Urban Institute/Wakely Consulting will identify the number of operational processes and systems that must be developed for implementation and operation of the Exchange. Emphasis will be placed on key decision points that will be critical to determination of implementation and operational costs of the Exchange.

- Milestone 4: Establish a financial management structure and commit to hiring experienced accountants to support financial management activities of the Exchange, which include responding to audit requests and inquiries of the Secretary and the Government Accountability Office, as needed.

Timing: 2011 - ongoing

Description: Upon the passage of New York's enabling legislation and based on the Urban Institute/Wakely Consulting's key decision points, New York will begin to procure staff or consultant services to assist with infrastructure development and further development of the work plan.

7. Core Area: Technical Infrastructure

- Milestone 1: Conduct a gap analysis of existing systems and the ACA and related guidance requirements for Exchange systems development.

Timing: June 2011 - completed

Description: The SIS/Lewin Group IT gap analysis was completed in quarter three.

- Milestone 2: Complete preliminary business requirements and develop an IT architectural and integration framework.

Timing: 2011 - ongoing

Description: High-level business requirements have been completed and the IT architectural review was held during quarter three with CCIIO and CMS. Development of business requirements will be ongoing during 2011.

- Milestone 3: Conduct a Project Baseline Review with CMS/CCIIO

Timing: 2011 - completed

Description: New York completed this review as part of its Early Innovator required milestone process.

- Milestone 4: Conduct a Detailed Design Review with CMS/CCIIO

Timing: January 2012

Description: Design development is to be accomplished in connection with the design and development of the Exchange IT system.

- Milestone 5: Contract with vendors through RFPs for systems integrator and quality assurance.

Timing: January 2012

Description: The systems integrator RFP was released in quarter four and bids were due in the same quarter. The quality assurance RFP was released in quarter four and bids are due in quarter five.

8. Core Area: Business Operations

- Milestone 1: Assessment of federal quality rating requirements to determine key data collection points.

Timing: 2011

Description: In order to fulfill quality rating scoring, certain elements will be required. The State will consider the requisite data for development of quality measures.

- Milestone 2: Analyze data collected by consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and functioning of Exchanges.

Timing: 2011 - 2012

Description: This work will be conducted in 2011 - 2012.

- Milestone 3: Begin development of business processes for all six core areas of Exchange business operations/functions.

Timing: 2011

Description: This work will be conducted in 2011 - 2012.

- Milestone 4: Complete development of business processes for plan administration core area.

Timing: 2011

Description: This work will be conducted in 2011 - 2012.

9. Core Area: Regulatory or Policy Actions

- Milestone 1: Hold public hearings on structure of Exchange.

Timing: 2011 - completed

Description: The State held a series of public hearings in quarter three, which informed the structure of the Exchange the Governor's Program Bill.

- Milestone 2: Allow opportunity for legislative input on Exchange structure decisions.

Timing: 2011 - ongoing

Description: The Governor's Office, DOH, and DOI worked with the State Legislature on Exchange governance and design questions. The Governor's Program Bill was adopted by the Assembly on June 23, 2011 and is currently pending in the Senate. The Bill would require that thirteen studies are conducted on key Exchange design issues and would be due to the Governor and legislature by April 1, 2012 (and one study is due December 2014). Future discussions on these topics are expected with the Legislature as the studies are completed. It is also anticipated that further legislation will be required based on the recommendations received.

- Milestone 3: Draft enabling legislation, implementing regulations, or other mechanism that provides the legal authority to establish and operate an Exchange that complies with Federal requirements.

Timing: 2011 - completed

Description: The Governor's Office, DOH, and DOI worked with the State Legislature on Exchange governance and design questions. The Governor's Program Bill was adopted by the Assembly on June 23, 2011 and is currently pending in the Senate.

- Milestone 4: Introduce enabling legislation.

Timing: 2011 - completed

Description: Legislation was introduced in the 2011 legislative session. It was adopted by the Assembly on June 23, 2011 and is currently pending before the Senate.

VI. Collaborations/ Partnerships

New York State Health Foundation (NYSHF)

NYSHF is a private, statewide foundation that aims to improve New York's health care system by expanding health insurance coverage, containing health care costs, increasing access to high-quality services, and addressing public and community health. In support of the State's implementation planning efforts, NYSHF has funded a series of reports on issues related to the Exchange and the ACA, is supporting SIS's continued involvement in New York's IT work, and has also provided funding to support New York's involvement in the Enrollment UX project described above.

United Hospital Fund (UHF)

As discussed in the narrative, UHF has analysed key design options relating to a State-operated Exchange in New York, with financial support from both UHF and the New York State Health Foundation. UHF is a nonprofit health services research and philanthropic organization whose mission is to shape positive change in health care for the people of New York. UHF's work on the Exchange included input from State policymakers as well as a range of stakeholders including providers, insurers, legislators, academics and consumer groups.

Maximus

DOH has been working with a new Enrollment Center contractor, Maximus, to develop and launch a statewide consolidated call center for public coverage options in New York, and to handle telephone renewals for self-attesting populations, starting in 2011. Deliverables and lessons learned from this effort will help inform and support Exchange implementation in New York.

Robert Wood Johnson Foundation (RWJF)

RWJF is a nonprofit philanthropic organization that focuses on health policy and practice. New York is one of ten states that was chosen to receive technical assistance under a RWJF grant-funded initiative, the “State Health Reform Assistance Network.” Through this initiative, the RWJF is funding consultants to provide technical assistance, research and monitoring, and consumer engagement to support efforts to maximize coverage gains made possible by the ACA.