Office of Consumer Information and Insurance Oversight

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

Minnesota Quarterly Project Report

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State: Minnesota

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

Project Quarter Reporting Period: Quarter 1 (2/25/2011 to 3/31/2011)

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Project Summary

Please provide a narrative description (about 5-10 sentences) describing your progress so far in planning activities under each core area. We would like to know what activities you have undertaken to date and what you plan to undertake in the next quarter. Please refer to the Reference section at the end of this template for some examples of what you could include under each core area.

Core Areas

- **Background Research –** *May include research to determine the number of uninsured in the State including, but not limited to, those potentially eligible for the Exchange, and those eligible for Medicaid or their employer's coverage and currently not enrolled.*

Minnesota entered a research contract with Jonathan Gruber and Gorman Actuarial to estimate the local impact of insurance market and public program changes and options such as the size of the small group market, merger of the individual and small group markets, and implementation of a Basic Health Plan on enrollment, premium levels, state spending, and overall health care costs. This analysis will proceed and inform policy discussions and planning efforts in developing upfront and ongoing cost estimates for IT infrastructure and operations. Modeling work will continue into the next quarter and it is expected that preliminary enrollment numbers and risk mix analysis for the Basic Health Plan will be available soon.

- **Stakeholder Involvement –** *May include a list of the stakeholders within the State who will be involved in the State's decision about whether to operate the Exchange and planning/implementation of the Exchange, including the role proposed for each stakeholder as well as agreements with those stakeholders that may be in place at this time. Developing stakeholder involvement may include a plan to gain public awareness and commitment of key stakeholders through task forces and activities in various venues to obtain stakeholders' input.*

Minnesota has started to develop a statewide stakeholder engagement plan including ongoing consultation with other states regarding their stakeholder engagement activities and consideration of whether a consultant is needed to assist in the development of these plans. To gather diverse perspectives regarding Exchange structure and development, state agency representatives have participated in more than 50 meetings with more than 65 stakeholder groups including representatives from the employer, consumer, health insurer, health care provider, and broker/navigator communities. In addition, Stakeholder Involvement and Communications Work Groups have been established with participation from the Minnesota Departments of Commerce, Health, and Human Services to plan and coordinate stakeholder engagement activities and public communications.

Stakeholder engagement efforts will continue in the next quarter and specifically include facilitated sessions with employers, consumers, insurers, and brokers/navigators related to Program Integration, IT Infrastructure, and Background Research activities. Planning and development of a statewide stakeholder engagement plan will also continue.

- **Program Integration and IT Infrastructure –** *May include a description of how an Exchange will build on existing State and Federal programs such as Medicaid and CHIP. This may also include current State activities similar to an Exchange. May include the planning for a web portal and/or a call center to meet the increased need for consumer education, the coordination of Medicaid and Exchange-related activities, and the integration of Health Information Exchange standards for program interoperability.*

Minnesota's planning regarding IT Infrastructure and Program Integration includes establishment of multi-agency Program Integration and IT Infrastructure Work Groups, focusing on the business and technical needs of the Exchange, including specific program integration issues such as streamlining and integrating public programs, simplifying regulation, and incorporating information and mechanisms to incent value and competition by health insurers and health care providers.

Minnesota will work with a facilitator to develop an object framing model that will specify the business and technical requirements needed for an Exchange. Agency staff and stakeholders will be consulted for input as a part of this three-session development process. This model will be used to request proposals for development of technology options for the Exchange. Based on these proposals, multiple contractors will be selected to receive a stipend to develop a mock-up/prototype of their proposal for Exchange technology and a detailed budget for the implementation and operational costs of their proposal. Through this process, the state will obtain a more detailed range of cost estimates and a more solid understanding of the technology options available for the Exchange. The Work Group will also assess agency work on coordinating and assessing agency system environments necessary for conducting an Exchange IT Gap Analysis.

- **Business Operations and Resources and Capabilities –** *May include an assessment of current and future staff levels, contracting capabilities and needs, and information technology. May include plans for eligibility determinations, plan qualification, plan bidding, application of quality rating systems and rate justification, administration of premium credits and cost-sharing assistance, and risk adjustment.*

Minnesota's planning activities regarding Business Operations and Resources and Capabilities have included the establishment of an interagency Work Group with representatives from the Departments of Commerce, Health, and Human Services. The goal of this Work Group is to coordinate state efforts in developing cost estimates for various Exchange business operations. The Work Group has created an inventory of issue areas and existing state expertise to examine related to the development of upfront and ongoing cost estimates associated with Exchange functions.

The Work Group plans on developing preliminary cost estimates for key business operations by the end of the second quarter of 2011. The Work Group will continue to assess available resources and will consider the possibility of securing assistance in specific areas of need, such as a market analysis to assist in the development of options and cost estimates for outreach and marketing.

- **Governance –** *May include planning for a State-run Exchange or an Exchange run by an independent entity. If an Exchange is expected to be State-run, planning could include determinations of where the Exchange would reside, what the governing structure would be, and to what departments or officials it would be accountable. If an Exchange is expected to be established through an independent entity, planning could include the development of the governance structure, appointment process, conflict of interest rules, and mechanisms of accountability. If the State is planning to coordinate with other States for a regional Exchange, activities relating to coordination with other States to establish an Exchange, determine markets, and ensure licensure and consumer protections could be developed.*

Minnesota planning efforts related to Governance have focused on analyzing the advantages and disadvantages of different governance structures and Exchange activities. In the next quarter, these issues will continue to be analyzed.

- **Finance –** *May include pathways to developing accounting and auditing standards, mechanisms of transparency to the public, and procedures to facilitate reporting to the Secretary.*

Minnesota's planning activities in this area included the development of an Interagency Work Group. This Work Group is working with the Program Integration, IT Infrastructure, and Business Operations Work Groups.

- **Regulatory or Policy Actions –** *May include a determination of the scope and detail of enabling legislation and implementing State regulations.*

Minnesota state staff have worked on legislative issues related to the establishment of an Exchange, including analysis and monitoring of two Exchange bills that have been introduced in the Minnesota legislature. In the next quarter, staff will continue to work on these issues. Minnesota's legislative session is scheduled to end on May 23, 2011.

Barriers, Lessons Learned, and Recommendations to the Program

Please report on any issues or problems that have impacted the development and implementation of the project during the reporting period. Detail what impact any issues may have on the achievement of project targets, and set out how you plan to tackle these issues.

None.

Also provide any lessons that you have learned during this quarter that you think would be helpful to share with other states as well as any recommendations you have for the program.

Minnesota continues to be open to sharing lessons with other states.

Technical Assistance

Please describe in detail any technical assistance needs you have identified through your planning activities. Please be as specific as possible about the kind of assistance needed and the topic areas you need to address. Discuss any plans you have for securing such assistance.

Minnesota's Exchange planning grant activities include technical assistance related to Background Research, Program Integration, and IT Infrastructure. It is anticipated that additional future needs might include facilitation and technical assistance related to risk adjustment, regulatory simplification, IT infrastructure, and stakeholder engagement.

Draft Exchange Budget

In order to understand state budgetary requirements moving forward, we ask that you provide a draft budget to the extent possible for Federal fiscal years 2011 through 2014. You may specify functional areas as you deem appropriate based on the types of costs you anticipate incurring. Examples of possible functional areas include personnel, other overhead, IT and systems costs, and other operational costs. When developing IT and systems cost estimates, please ensure that you separate costs for updating Medicaid systems from costs for Exchange systems.

Because Minnesota's Exchange planning activities have only been underway for just over one month, draft budget information is not yet available. Planning activities are currently considering these issues and will provide additional information in the next quarterly report.

Work Plan

We ask that you begin working on a draft work plan for your Exchanges that will carry your planning and implementation efforts through January 1, 2014. On a quarterly basis, we would like to see your progress in developing this plan. We would like you to provide key objectives for implementing your exchange and corresponding milestones under each of these objectives. For your first quarterly report, please provide two milestones under each core area. In your second report, please provide four milestones. For your third report and the final report, we expect your work plan to be as comprehensive as possible.

Because Minnesota's Exchange planning activities have only been underway for just over one month, draft work plan information is not yet available. Planning activities are currently working on these issues and will provide additional information in the next quarterly report.

Collaborations/Partnerships

Report on who you are working with outside of your office or department, and any changes or issues in your institutional context and/or any progress or issues with your project partners (where applicable).

The activities included in this planning grant are being carried out as a collaborative effort from a number of state agencies including the Departments of Commerce, Health, Human Services and Management and Budget. As planning activities progress a number of stakeholder groups including employers, consumers, health insurers, health care providers, and brokers/navigators will be consulted regarding specific components of the planning grant.