

OHIO'S PROJECT NARRATIVE

Ohio's Health Benefit Exchange planning process will begin with the development of underlying information and analyses necessary for Ohio to decide whether to and how to implement and operate an exchange that meets the state's goals and objectives. Through the planning process, Ohio will develop a vision and goals for an Ohio exchange and assess whether a state-operated or a federal exchange will best meet the needs of Ohioans. Specifically, Ohio will:

- Identify the important issues and critical areas that must be addressed to create an exchange under the new market rules;
- Collect and analyze the data needed to make important decisions;
- Develop appropriate legal entity, governance structures and operational systems to ensure the exchange is implemented to achieve Ohio's vision; and
- Develop a project plan and budget to establish and operate a state exchange.

Ohio's planning process will be transparent to the public and involve the Governor's office, state legislators, state agencies, stakeholders and the public. Planning will be led by staff funded with the planning grant funds. Grant funds also will be used to hire consultants to provide the analyses needed to make key decisions and to develop strategies, plans, systems and budgets for operating an exchange in Ohio. Public and stakeholder input will be coordinated through a specially constituted task force of the state's existing Ohio Health Care Coverage and Quality Council ("Council"). The Council was formed to develop consensus strategies to improve Ohio's health care and coverage system, and consists of leaders representing all aspects of Ohio's health care system.

In terms of the use of planning grant funds, Ohio intends to support staff to oversee and undertake the exchange planning process. Ohio also will contract with consultants to model changes to Ohio's health insurance market, provide Medicaid projections, and assist with operational and financial planning. These expenses are outlined in Ohio's budget and budget narrative.

A detailed narrative of Ohio's Health Benefit Exchange planning proposal follows.

Background Research: Ohio's exchange planning process will begin with the collection and analysis of data to inform Ohio about the decisions to be made to implement and operate an exchange in Ohio. Although Ohio already has considerable data about its population, insurance markets and the Medicaid/ State Children's Health Insurance Program (SCHIP) system, additional and updated data will be required. The data to be collected and analyzed will include, but not be limited to, the following:

- Updated data about the number of insured and uninsured Ohioans, and their characteristics, including income level, age, work status, health status, household characteristics and place of residence;
- The distribution and characteristics of insured Ohioans broken down by private market segments (individual, small group, large group, self-insured) and public programs (Medicaid/SCHIP);
- Anticipated characteristics of Ohio's health insurance markets, including the governing rules, benefits, premium rates and competitiveness of the markets;
- The number and characteristics of health insurance carriers offering coverage in the individual, small group, large group and self-insured markets;
- The anticipated number and characteristics of employers in Ohio and the health insurance programs they offer to employees;
- Anticipated characteristics of Ohio's Medicaid/SCHIP program with the 2014 expansion of health care reform;
- The performance of public and private plans in terms of clinical quality measures;
- The structure of exchanges operated in other states and the associated costs of implementing and operating one in Ohio.

Ohio also will analyze available data to determine the impact of an exchange and related insurance reforms on public and private programs in Ohio. This analysis will include, but not be limited to, the following:

- Projected take up rates for public programs, private plans and subsidy programs, including take up both inside and outside the exchange in each market segment;

- Projected impacts of an exchange and related market reforms on Ohio's individual, small group, large group and self-insured markets, including impacts on the level of benefits, premium rates and plan quality performance;
- Strategies for integrating a defined contribution "choice model" for small employers in the exchange with conventional underwriting methods in Ohio's broader small group market;
- Strategies within an exchange environment to ensure competition within Ohio's health insurance markets, and to encourage carriers, employers and individuals to participate in an exchange;
- Potential impacts of adverse selection caused by the market reforms and alternative exchange structures, including analysis of the effects of coverage offered outside an exchange, the ability of employers to self-insure, and an evaluation of approaches to mitigate adverse selection;
- Impact of merging, or not merging, Ohio's individual and small group markets;
- Impact of expanding the small group market to employers with up to 100 employees, as opposed to keeping the small group market to employers with no more than 50 employees;
- Projected prevalence and impact of grandfathered plans in Ohio;
- Impact of risk adjustment, risk corridors and transitional reinsurance with analysis of alternative approaches to address adverse selection, promote competition and create fairness in the market;
- Review the current mandated benefits in Ohio as compared to essential benefits packages to be offered in exchanges, with associated impacts;
- Study legal issues associated with establishing an exchange in Ohio;
- Evaluation of opportunities to use an exchange to improve health care quality and reduce health care costs; and
- Assessment of the impact of consumers transitioning between publicly funded Medicaid/SCHIP programs and private insurance.

Ohio will procure consulting services to model and analyze proposed changes to Ohio's private insurance markets and public programs, as described in the budget and budget narrative.

Stakeholder Involvement: Ohio will hold an open and transparent process for planning and implementing the exchange, with consumers and stakeholders contributing to the decision-making process. Ohio will engage stakeholders in the following ways:

- Ohioans will be informed of exchange planning activities through public notices and Ohio's health reform website: www.healthcarereform.ohio.gov.

Ohio makes the public aware of health reform implementation activities through www.healthcarereform.ohio.gov. This website includes information about exchange implementation activities, including a copy of this grant application. This website allows Ohioans to sign up for listservs on specific subjects, including the exchange, and to receive emails on activities and events. Notice of meetings and activities will be posted on the website and emailed to people who have signed up for the exchange listserv. The website allows the public to comment on implementation activities and approaches.

- Ohio will involve stakeholders and the public in exchange planning through the Ohio Health Care Coverage and Quality Council.

Ohio will involve stakeholders and the public in planning an exchange through the Ohio Healthcare Coverage and Quality Council ("the Council"). This Council was first created by an Executive Order issued by Governor Ted Strickland and later authorized by statute passed by the Ohio General Assembly. The Council consists of leaders representing all aspects of Ohio's health care system, including providers, hospitals, large and small employers, labor, carriers, consumer advocates, state legislators, and state agencies. The purpose of the Council, as outlined in statute, is to advise Ohio's Governor, General Assembly, entities in the public and private sectors, and consumers on strategies to expand affordable health insurance coverage to more individuals and to improve the cost and quality of the state's health insurance system and health care system.

The Council, through a new task force, is charged with reviewing and advising the State as it develops and considers options for the Ohio Health Benefit Exchange and its implementation. All full Council and task force meetings are open to the public and information, including meeting announcements and notes, is posted on its website at www.hccqc.ohio.gov. The Health Benefit Exchange Task Force, to be appointed in September, 2010, will represent all key stakeholder constituencies, including payers, plans, providers, agents and

consumers. This task force will meet on a regular, expedited basis to assure timely input. All task force meetings and deliberations will be open to the public. Through this task force, stakeholders will have the opportunity to discuss, explore and advise the state on key issues related to the planning for and establishment of a Health Benefit Exchange. The work of the task force will be coordinated by Council staff and will be supported by exchange planning grant funds as described in the budget and budget narrative.

Ohio will help to facilitate participation on the part of individuals with disabilities or illness, and their families, in the planning process as reflected in the budget and budget narrative.

Program Integration: As part of the planning process, an analysis will be undertaken to determine how an exchange can be integrated into current state and federal programs. With respect to private insurance markets, this analysis will explore:

- The regulatory authority of the Ohio Department of Insurance in comparison to the regulatory responsibilities of exchanges as outlined in the Affordable Care Act, including the development of strategies to coordinate regulatory oversight to create efficiencies and avoid duplication;
- Integration of the expertise and abilities of insurance agents in the exchange to assist individuals and businesses in making decisions with respect to health insurance coverage;
- Integration of health care quality improvement strategies, including strategies developed by the Council, into exchange activities and public and private health benefit plans to be offered through the exchange.

With respect to public programs, this analysis will include:

- Aspects of the Medicaid/SCHIP program to be integrated with the exchange;
- Integration of Medicaid/SCHIP consumer data with private consumer data for the meaningful integration of Medicaid/SCHIP enrollment through the exchange;
- Strategies to provide Ohioans with a more seamless transition to and from commercial coverage as circumstances change;
- Ensuring the confidentiality of Medicaid/SCHIP consumer information in accordance with Medicaid/SCHIP regulations and analyzing constraints on the use and integration of Medicaid/SCHIP and non-Medicaid/SCHIP consumer data;

- Which portions of the Medicaid/SCHIP categorical eligibles (mandatory and optional) should be enrolled in the exchange to achieve the greatest efficiencies and best customer service.
- The benefits and drawbacks of altering income eligibility standards for Aged, Blind and Disabled (ABD) populations and consideration of the application of Modified Adjusted Gross Income (MAGI) principles to the group.
- Possible Medicaid/SCHIP waivers related to integration in the exchange, eligibility groupings and processes, redefined benefit packages, and clinical care management programs focused on evidenced-based care;
- Most efficient use of exchange consumer data to identify and reconcile third party payer status among payer sources including private insurance and Medicare (for dual eligibles).

With respect to Ohio's Medicaid/SCHIP program, the work to conduct program integration will be supported by exchange planning dollars as described in the budget and budget narrative.

Resources and Capabilities: Ohio will analyze the current resources that can be devoted to exchange planning, implementation and operations, including resources available through the Ohio Department of Insurance and Ohio's Medicaid/SCHIP program. Ohio will assess the operational needs of the exchange, develop a plan for hiring staff and establishing operations, and determine the resources required. This analysis will focus on process efficiencies and customer service improvements that could be gained through implementation of an exchange.

The resources and staff of the Ohio Department of Insurance, the Ohio Department of Job and Family Services, the Ohio Executive Medicaid/SCHIP Administration Agency, the Council, and the Department of Administrative Services, provided on an in-kind basis, will also be used to support planning activities.

Governance: Ohio will engage in a process to determine the vision and purpose of an Ohio exchange in consultation with internal and external stakeholders, the Council, and the Health Benefit Exchange Task Force. Based on the vision and purpose, Ohio will develop the legal, governance and operational structure of an exchange. Planning will include drafting key documents to create the entity to operate the exchange.

Medicaid/SCHIP program operations; planning and design will be subject to input and approval from the Centers for Medicare and Medicaid Services.

Planning for exchange governance will also address internal controls for proper management of the exchange operations, including appropriate allocation to Medicaid and SCHIP of costs related to these programs.

Finance: The planning process will include the development of a project plan and budget for implementation and operation of an exchange, including a business plan. This will include an assessment of the financial activities of the exchange and the development of systems to ensure an accurate accounting of all activities, receipts and expenditures. Plans will also be developed for an objective, third party review of all systems of internal control.

Ohio will assess the flow of funds and future funding needs. Strategies will be developed to make certain the exchange is self-sustaining by 2015. Ohio will take into account factors such as projected enrollment by year, projected premium level, operating expenses, sources of income, start-up capital, and projected variable and fixed expenses.

Planning for the financial operations of the exchange will be coordinated by the exchange planning staff, and Ohio will use the expertise of the Ohio Office of Budget and Management, the Ohio Department of Administrative Services, and fiscal officers within the Ohio Department of Insurance and the Ohio Department of Job and Family Services. Consultants may be hired to give guidance as to budgetary projections and financial systems and operations as described in the budget and budget narrative.

Technical Infrastructure: Ohio will plan for the development of the technical infrastructure of the exchange. The planning will focus on making sure the exchange best serves Ohioans seeking coverage, including individuals whose economic situation or health status presents challenges to outreach, application and enrollment. Planning for the technical infrastructure of the exchange will include consideration of the following:

- An eligibility, subsidy determination and enrollment system;

- A system for the certification of qualified plans;
- Financial and auditing systems; and
- IT systems that will:
 - ✓ Ensure data security and confidentiality;
 - ✓ Provide decision and support tools;
 - ✓ Address financial and operational needs;
 - ✓ Support a website and internet portal to provide information about and enroll individuals and businesses in public and private coverage; and
 - ✓ Allow for technical interfaces that coordinate and match with insurance carriers and other state and federal programs and allow for the secure exchange of data.

Ohio will also plan to coordinate eligibility and enrollment functions with the current processes and systems used by Ohio's Medicaid/SCHIP program. This analysis will include consideration of:

- The infrastructure, security, data and possible integration of systems within the Ohio Department of Job and Family Services, especially those systems that are federally funded and certified;
- Current linkage and interface points and to new supports available;
- Clearinghouse interface supports to simplify, standardize and improve eligibility-related data exchange nationally for Medicaid/SCHIP agencies; and
- The business and IT processes for intake, assessment, enrollment/referral from beginning to end.

Ohio will use project management and business analyst resources to develop a technical infrastructure plan. The resources will perform an environmental scan of Ohio's health plan environment, Ohio's Medicaid/SCHIP systems, and Ohio's Health Information Exchange (HIE) program, managed by the Ohio Health Information Partnership. The scan will focus on system integration opportunities, identifying interoperability standards and identity management. The team will also provide operating recommendations for a health benefit exchange web portal for consumers. The web portal recommendations will include, at minimum, general hosting recommendations, security and data protection considerations, service level agreement recommendations,

staffing recommendations, and a project cost estimate. Recommendations will be derived from requirements gathered through the environmental scan and responses to a request for information (RFI).

Ohio's planning process will address technical specifications for IT systems, a procurement strategy, key documents, and request for proposals (RFPs) as required for prompt implementation.

Business Operations: Ohio will analyze not only whether to establish a state-operated exchange but also whether to operate an exchange for individuals and an exchange for businesses together or separately. Ohio will consider the administrative efficiencies of operating one exchange, and whether to partner with other states on administrative functions to achieve efficiencies.

Ohio will also evaluate, assess and develop a project plan and budgets to implement the following business operations of the exchange:

- Marketing and outreach functions;
- A call center with toll free hotlines;
- An internet portal to provide information in a standardized format, with appropriate IT support;
- The application, eligibility, screening and enrollment process;
- The rate review functions of the exchange, with appropriate staff, in coordination with the rate review responsibilities of the Ohio Department of Insurance;
- The certification and decertification of qualified plans, with appropriate staff, in coordination with a review of policy forms by the Ohio Department of Insurance;
- Reporting requirements and coordination with federal agencies;
- Navigator programs;
- Participation of, and coordination with, insurance agents; and
- Consumer assistance programs.

Specific to Ohio's Medicaid/SCHIP program, the analysis will include consideration of:

- Impacts on legacy systems and whether those systems can be modified, integrated or retired;
- Impacts on downstream applications infrastructure including the Medicaid/SCHIP claims payment system, data warehouse, decision support system and other ancillary systems;
- Eligibility and post-eligibility process including notices, appeals, managed care enrollment, pregnancy-related services and early, periodic, screening, diagnosis, and treatment; and
- Ways to implement automatic electronic data matching.

Ohio will also consider impacts on the current mandated open enrollment program for private insurance and coordination of renewal of existing enrollment. Ohio's business operations planning will include development of key documents, including project plans, plans of operation and budgets.

Regulatory and Policy Actions: Ohio will identify the statutory and regulatory actions needed to establish and operate a Health Benefit Exchange in Ohio, and pursue the necessary regulatory and policy actions required.