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Friday, October 29, 2010

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HHS Announces New Competitive “Early Innovator” Grants for States that Lead the Race to Develop IT Systems for State Exchanges

The U.S. Department of Health and Human Services (HHS) today announced competitive funding opportunities for States to design and implement the Information Technology (IT) infrastructure needed to operate Health Insurance Exchanges. The Exchanges represent new competitive insurance marketplaces that will help Americans and small businesses purchase affordable private health insurance starting in 2014 and a strong IT infrastructure will be critical to their success. For the first time, funding will be directed to States that are willing and able to lead the race to develop IT systems. These systems can then be used as models by all States in their efforts to establish Exchanges.

Starting in 2014, Exchanges will help individuals and small employers shop for, select, and enroll in high-quality, affordable private health plans that fit their individual needs at competitive prices. By providing a place for one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable. Similar to any consumer-based industry such as the airline or banking industries, sophisticated, consumer-friendly IT infrastructure will be critical to the success of the Exchanges. Although Exchanges are not scheduled to launch until 2014, work is already underway to design and implement them across the country. As States prepare, they have requested early funding assistance to develop the right IT, particularly with respect to eligibility and enrollment systems.

The new competitive “Early Innovators” grants being announced today will reward States that demonstrate leadership in developing cutting-edge and cost effective consumer-based technologies and models for insurance eligibility and enrollment for Exchanges. This will help to create a simpler, consumer-oriented system for individuals, families and businesses to sign up for the health insurance plan that they choose. All States, including recipients of this award, will be eligible to apply for a future funding opportunity that will support ongoing Exchange implementation, anticipated for release in early 2011.

“States are focused on implementing the Health Insurance Exchanges because they know the Exchanges will empower their citizens by forcing health insurers to compete,” said Secretary of Health and Human Services Kathleen Sebelius. “Consumer-friendly information technology is the backbone of that effort which is why we are creating an incentive for States that are willing and able to lead the way to do so.”

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Two-year grants will be awarded by February 15, 2011, to up to five States or coalitions of States that have ambitious yet achievable proposals that can yield IT models and best practices that will benefit all States. These States will lead the way in developing consumer-friendly, cost-effective IT systems that can be used and adopted by other States and help all States and the Federal government save money as they work to develop these new competitive market places. Funding, which will vary based on States' proposals, will provide necessary resources to develop and establish the most innovative systems possible that meet consumer and employer needs in a cost effective manner.

“States are developing cutting-edge innovative systems to deliver cost-effective and consumer friendly care to families and small businesses,” said Joel Ario, Director of OCIO's Office of Health Insurance Exchanges. “By encouraging and rewarding states for their innovation, we can build and leverage models that can be adopted and tailored by other States and generate taxpayer savings across the board.”

For more information, visit www.HealthCare.gov/center/letters/improved_it_sys.pdf. To find the FOA, go to www.grants.gov and search for CFDA 93.525.

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