

Arkansas Insurance Department (AID)
Health Benefits Exchange Partnership Division (HBEPD)
Monthly Report March 25, 2013 – April 19, 2013

General Update

Legislative Update:

- The 89th General Assembly in Arkansas neared conclusion with significant measures passed regarding the Affordable Care Act. The legislation will have wide-ranging impact on the state of Arkansas overall, but more specifically its uninsured population, the Arkansas Medicaid program, and the Health Benefits Exchange Partnership Division within the Arkansas Insurance Department. We believe the general health of the state will see major improvements as a result of the Affordable Care Act's implementation in Arkansas in cooperation with our Legislature. In addition, providers and insurers will benefit economically.
- Governor Mike Beebe is expected to sign the Arkansas Health Care Independence Act (SB1020/HB1143) on Tuesday, April 23rd. This Act and the companion appropriation bill (HB1219) will result in federally-funded premium payments being paid to private insurers to cover individuals newly eligible for Medicaid under the ACA expansion to 138% of the Federal Poverty Level. The appropriation bill was the largest hurdle in the legislative process because appropriation bills under the Arkansas Constitution require a three-fourths vote to pass. Also expected to receive the governor's signature are two bills directly affecting the operations of the Exchange: one (SB859) to create a new, non-profit governing board and likely shift to a State-Based Exchange in 2015 and another (SB1189) that would require navigator and non-navigator assisters (Guides, Certified Application Counselors, and Licensed Producers) helping inform citizens of the programs under the ACA to receive licensure/certification from the Arkansas Insurance Department. Overall, the Exchange leadership is pleased with the substance of these bills.
- House Bill 1219, the appropriation for the Division of Medical Services within the Department of Human Services, included authority to spend the Medicaid expansion dollars. The plan became known as the "private option." Cynthia Crone, planning director for the Partnership, was among state officials who appeared during a question-and-answer session before a "committee of the whole" in the House of Representatives on April 8. The plan was universally accepted among Democrats in each chamber; the GOP was divided. Republican legislative leaders, including Rep. John Burris, Sen. Jonathan Dismang, and Sen. David Sanders presented the bill. Supporters of the bill couched it as an "anti-Obamacare" vote. They argued that a government program (Medicaid) wasn't being expanded at all but instead private business would provide the additional services. Opponents said they oppose "Obamacare" in any form and that the expansion would increase the national debt. Supporters said the ACA isn't going away and that the private option is the best way to ensure that Arkansas receives its due benefits. HB1219 initially fell six votes short but it passed after the second vote with two votes to spare.
- The next hurdle for HB1219 was the Senate where it was initially short of the necessary super-majority. Some Republican senators indicated they needed more clarity in the bill to accept the

private option. After an amendment to the enabling legislation, the Senate passed it with a vote to spare.

- The enabling legislation for the private option was embodied in two identical bills, one a Senate bill, SB1020, the other a House Bill, HB1143. Each was entitled the “Health Care Independence Act” and the bills passed each house. The amendments, added later to facilitate the passage of the appropriation act in the Senate, specifically spelled out that Arkansas businesses wouldn’t be liable for tax penalties for workers in the expansion population who received coverage through the exchange. Also made clear was the fact that Arkansas could withdraw from the program in case the federal government required states to pay more. The governor described the amendments as simply making clear what was already in the bill. Each bill passed again, with the amendments.
- SB859 to set up a new governance structure for the Arkansas Insurance Exchange was pending for several weeks with no action. The sponsor, Republican Sen. Jason Rapert, held several hearings. Testimony came from those supporting the state’s continuing with a Partnership or transferring to a State-Based model and those opposing the state’s involvement in the Exchange and wanting a default to the federal government to administer the Arkansas Exchange. Sen. Rapert later proposed a State-Based Exchange with a “non-profit” board independent of the Insurance Department. Numerous conversations occurred between the sponsor, Department officials, and others desiring for the state government to maintain a strong role. Sen. Rapert’s concept subsequently was amended to add the Insurance Commissioner and Department of Human Services Directors, and the “non-profit” Exchange proposal was amended into HB1508, sponsored by Republican Rep. Mark Biviano.
- HB1508, the Arkansas Health Insurance Marketplace Act, passed each house by large margins and with little debate. It creates a State-Based Exchange that would be a “non-profit legal entity” which would be a “political subdivision” of the state. The Exchange would be exempt from all laws governing state agencies, except the Freedom of Information Act. A board will be appointed by July 1, 2013, including three appointees by the governor, three by the House speaker, and three by the Senate president pro tempore. The insurance commissioner and the director of the Department of Human Services will also be members. Other members will be both consumer and industry representatives. A section of the legislation specifies that the insurance commissioner maintains authority to carry out his or her regulatory duties. There will be a legislative oversight body. The functions of the Partnership would transfer to the new Marketplace board by July 1, 2015, should the Marketplace board decide that a State-Based Exchange would best serve Arkansas.
- SB1189, initially drafted by Republican Senator Rapert and later sponsored by Democratic Senator Paul Bookout, easily passed each chamber with little debate. It requires that navigators and non-navigator “assisters” receive licenses from Arkansas Insurance Department to carry out their duties in Arkansas. In order to qualify for a license, a navigator/non-navigator must pass background checks and the educational requirements that the insurance commissioner will set out in rule.
- HB1118, the AID appropriation bill that includes HBEPD Level One A spending authority, passed both chambers following an initial hold in the House, and was signed into law by Governor Beebe on April 19th.
- To plan and implement the private option, the Partnership continues to work with contractors Manatt Health Solutions and Optumas. The “private option” model has dominated the news from the Capitol

in recent weeks and has received national press. Manatt and Optumas contractors (Deborah Bachrach, Patti Boozang, Joel Ario, Steve Schramm) have visited Little Rock several times for continued operations and financial planning related to this Premium Assistance model, first evaluated to minimize the negative impact of consumer “churning” (defined as movement between Medicaid and private, subsidized health plans offered through the federal Health Benefits Exchange.)

- Throughout the legislative debate, HBEPD has continued to collaborate with Arkansas DHS, CCIIO and CMS to identify the impact of changes that would be necessary to implement the “private option” in Arkansas in 2014. Discussion has included the possibility of using the Federal eligibility and enrollment portal of the Health Insurance Marketplace for Medicaid eligible consumer enrollment in Arkansas qualified plans offered on the Exchange. This will require ensuring sufficient interfacing is in place with the Medicaid program for the payment of premiums to carriers. Initial discussions with CMS, CCIIO and Arkansas DHS have determined that the anticipated work related to both federal and state IT systems will be a challenge and may require “work-arounds” and temporary solutions for a 2014 implementation.

Administrative Highlights:

- Based on the new private option model, it will become necessary for Arkansas to request Level One “D” Cooperative Agreement funding by May 15th instead of waiting until August 15th as originally planned. A sooner date is needed to obtain funding for additional Guides to help inform newly eligible consumers about premium assistance available through Medicaid for private plan purchasing. Any such funding would be cost-allocated between DHS/Medicaid and AID/Exchange Planning and would require at least a 10% Medicaid match for services to Medicaid eligible consumers. DHS will apply directly to CMS for funds to create the interim Private Plan Shopping Experience for newly eligible Medicaid consumers in Arkansas because the CCIIO eligibility and enrollment portal will not be able to accomplish this shopping service in 2013-2014.
- Four potentially new medical carriers attended an Arkansas Insurance Department outreach meeting on April 11 —also attended by Joel Ario (Manatt), Jay Bradford, Dr. Joe Thompson, Dr. Andy Allison, John Selig, and Steve Schramm (Optumas) by phone. The carriers were United, United Security Life and Health, Coventry, NovaSys/Centene/Celtic, Preferred Risk Insurance Services, and an additional BCBS Plan-Health Advantage. AID Letters of Intent had previously been received by BCBS POS, QualChoice, NovaSys/Centene/Celtic, and Coventry. Four stand alone dental carriers submitted letters of intent: Best Life and Health, Blue Cross Blue Shield, Delta Dental, and Dentegra.
- AID contract actuary Dave Dillon met with Optumas’ Steve Schramm and others about the Medicaid private option plan. Following an understanding that “medically frail” individuals would be pulled out and a discussion of 3Rs’ anticipated effects, the group agreed the increase in health costs and premiums for Arkansas should be relatively small—in the mid-single digits—and not as high as reported by others including the American Society of Actuaries.
- Outreach and Education activities are progressing. We continue to develop HBEPD website enhancements, establish a social media presence, build content for the roll-out of the Health Connector website, and plan for the Speaker’s Bureau operations. We expect to soon award the contract for the Outreach and Education promotional activity and media campaign. There were eight

firms who bid. An evaluation team composed of public and private members narrowed the bidders to three vendors which presented their approach to the project at the HBEPD office. An “anticipation to award” announcement is expected the week of April 22nd.

- AID received 29 (including three governmental) Office of State Procurement-qualified responses to the RFQ for Guides entities. Following an evaluation team review of bids to determine statewide coverage through currently qualified vendors, AID expects to issue notice of contract awards by May 1. If all counties are not covered, the RFQ process will be re-opened.
- The Arkansas Department of Higher Education agreed to submit a proposal for Arkansas’s IPA Training contract. ADHE has successful experience with statewide workforce training through Arkansas’s system of Community Colleges. Dr. Ed Franklin and Shane Broadway are providing leadership for this project. We expect to enter a contract with ADHE in April and begin work by May 1.
- Work continues on documenting multiple AID Division responsibilities for QHP Certification and Exchange Operations (AHBEP, Rate Review, Life and Health, License, Finance, Legal, Consumer Services, Information Systems) and Liquidation.
- External stakeholder communications this month included meetings with Joe Pelphrey of Christian Science Community (Cindy Crone), Arkansas Hospice Association (Zane Brill), Delta Dental (Zane and Cindy), Women’s Foundation of Arkansas (Cindy); and Arkansas Department of Health (Cindy, Commissioner Bradford).
- CAI, our IT vendor for the Guides, continues its work to develop management and reporting tools for that program. They will also be developing e-learning tools. Initial testing is planned for the week of April 22nd.

CCIIO/CMS Update

- Level One C grant award was at a 7% decrease from our requested amount due to federal sequestration. The new award amount is \$16,470,852 and AHBEPD submitted a budget revision request on April 19th.
- CMS/CCIIO is not providing any encouragement about the Medicaid “shopping experience” for the Arkansas private option—presenting a major implementation issue. We will be working closely with DHS on a solution including any needed “work around”.
- State Partnership Exchange Workshop – CCIIO conducted a workshop on April 3-5, 2013 at National Institutes of Health near Bethesda, MD, for all FFE Partnership states. Arkansas staff Crone, Cook, Donaldson, Brill, and Blomeley attended. The workshop included breakout sessions to work with states on all areas of plan management and consumer assistance. CCIIO staff were very informative, friendly and helpful. CCIIO Director Gary Cohen stopped by for a 20-minute visit to answer questions. He assured states that CCIIO understands concerns about timeliness and lack of concrete guidance on some matters, but he shared that what his agency does affects other agencies. He said others also have feedback regarding the implementation of the ACA that must be considered. Several states

requested that CCIIO work with the Internal Revenue Service and with the Department of Labor to facilitate similar informational sessions between those agencies and the states. Cohen said he would work on that.

- Navigator Standards – These were released April 3, 2013 <http://www.gpo.gov/fdsys/pkg/FR-2013-04-05/pdf/2013-07951.pdf>. Non-binding letters of intent are due May 1 by those interested in the Funding Opportunity Announcement for Navigators, which CCIIO announced April 9. Applications are due June 7.
- CCIIO-Arkansas Leadership Meetings - Weekly meetings continue between HBEPD staff, our CCIIO Project Officer, Emily Pedneau, and other CCIIO/CMS staff as needed regarding pending CCIIO-related questions.
- CCIIO, Manatt, Arkansas DHS, and Arkansas Insurance Department IT and Business operations staff have held several “systems” meetings to discuss needed changes to planned Information Technology and operations as a result of the newly adopted Medicaid Private Option.
- AHBPD staff also engaged in key meetings via webinar for technical assistance and Exchange development.

Advisory Committees/Steering Committee Updates

Advisory Committees

Plan Management Advisory Committee—The Plan Management Advisory Committee met on April 12th, 2013.

The Committee heard legislative updates on the Medicaid premium assistance legislation and Navigator bill as well as CCIIO updates, including new SHOP rules and new QHP certification tools and guidelines:

- The Medicaid premium assistance updates included an overview of benefit consistency, cost-sharing assistance for Medicaid beneficiaries, cost comparability to traditional Medicaid delivery, and operational considerations.
- Committee members had questions for issuers regarding anticipated plan premiums, but issuers responded that the premiums cannot be determined until Medicaid private option legislation is finalized and cannot be disclosed due to the competitive marketplace.
- Representatives from the AR Health Department brought a potential Medicaid integration issue to the attention of the committee. This was related to health units staffed by nurses and APNs that provide essential access to care but are not typically included in private insurance provider networks.

PMAC will revisit some of these topics in upcoming committee meetings and will forward recommendations to the Steering Committee.

Consumer Assistance Advisory Committee - The CAAC met on April 12, 2013 and, among other things, covered the following topics:

- New staff member Thomas Herndon was introduced.
- Suzanne Bierman from Arkansas Medicaid gave an update on the “private option” of Medicaid expansion.
- Sandra Cook provided an update on the bidding process for the Guide entity contracts.
- Cynthia Crone provided information on work with the ADHE and community colleges for the Guide training process.

The Committee leadership is considering phone updates rather than face-to-face meetings until such time as decisions are again needed by the Committee.

Steering Committee – The Steering Committee met March 28, 2013.

The Committee revisited the topic of Rating Areas and Benefit Substitution. The Committee had previously sent these back to PMAC for clarification and additional review. The committee received input from AID and issuer actuaries, and decided to maintain the original recommendation to allow 7 geographic rating areas and to allow benefit substitution. The Steering Committee approved these recommendations.

Key upcoming events

- Steering Committee Meeting (April 25, 2013, 3:00-5:00pm)
- Consumer Assistance Advisory Committee meeting (May meetings may be by phone; TBD)
- Plan Management Advisory Committee meeting - May 10, 8:00 – 11:00

Procurement Updates

In-Person Assister Program IT Services (Level One A) - CAI, the IPA IT Solution vendor, has started design and development of the initial version of the IPA Entity IT solution with testing and implementation of this initial Entity Management version scheduled to be completed by early May.

In-Person Assister (IPA) Contract Entities Request for Qualifications (RFQ) (Level One B) – Awards dates are estimated for May 1, 2013, with resulting vendor work estimated to begin by end of May, 2013.

Outreach and Education Campaign RFP (Level One B) – Notice of Anticipation to Award - April 22, 2013

IPA Guide/Navigator/Agent & Broker Training (Level One B) - The Arkansas Department of Higher Education is working with community colleges and the Arkansas Two-Year College Association to provide this service beginning by May 1, 2013. Seven Lead Colleges will design curricula and serve as train the trainers for 22 Community Colleges that will deliver training statewide beginning in June, 2013.

Interagency Agreement for Statewide Stakeholder Engagement – HBEPD is in the process of completing an agreement with the University of Arkansas Partners for Inclusive Communities to provide logistical services needed for meetings planned for all 75 counties, four Agent/Broker sessions to be conducted around the state, and a conference planned for early fall, 2013, regarding Exchange operations and Open Enrollment. The agreement is expected to be signed soon.

Key upcoming events –

- Begin RFP preparation for Exchange Evaluation vendor (Level One A).
- Selection/Contracting with Outreach and Education Vendor.

- Consider proposal for Minority Outreach and Education (Arkansas Minority Health Commission)
- Contract with IPA entities to provide Guide Services.

Exchange Staff Update

Arkansas HBEPD has hired new staff to the Consumer Assistance Section – Terry Rogers (administrative assistant II) and Thomas Herndon (contract monitor). Chantel Allbritton accepted the position of Qualified Health Plan compliance officer and will start April 26th. HBEPD vacancies currently include a Contract Monitor and an IPA Education Lead. We will be seeking additional staff positions with the Level One “C” appropriation.

Office Space has been prepared for additional staff and contractors through cubicles across the hall on the second floor. Four additional cubicles are planned for the east end of the Rate Review Center.

Stakeholder meetings/Presentations

- Southwest Business & Community Leaders Presentation, Little Rock, March 19 (Cook)
- Arkansas Minority Health Commission, State Capitol, March 21 (Cook, Clark)
- Arkansas Minority Health Commission, Hot Springs, March 28 (Cook)
- National Governor’s Association – Consumer Assistance in AR-- a Partnership State (Crone)
- Consumer Assistance in State Partnership Exchange – CCIIO Partnership Meeting (Crone, Cook)
- Hospice Association, Little Rock, April 11 (Brill)
- Delta Dental, Little Rock, April 11 (Brill)
- Arkansas Department of Health Hometown Health Initiative, Little Rock, April 10 (Clark)
- Mexican Consulate, Springdale, April 6 (Clark)
- Arkansas Minority Health Commission, April 11 (Cook)
- Arkansas Credit Unions, Hot Springs, April 12 (Donaldson)
- Kaiser Family Health Meeting – Promising Practices in Consumer Assistance, Washington DC, April 17 (Cook)
- Arkansas Minority Health Commission, Springdale, April 18 (Craig Wilson-Arkansas Center for Health Improvement)
- VHA 25th Annual Trustee/Physician/CEO Conference, Branson, MO, April 20 (Crone)

Staff attended the following informative conferences:

- The National Governors Association in Baltimore, April 2-3 (Cook, Crone, Donaldson)
- The National Association of Insurance Commissioners in Houston, April 6-9 (Donaldson)
- URAC in Washington, April 17-18 (Donaldson)
- The University of Pennsylvania in Philadelphia, April 11-12 (Blomeley).

The HBEPD Bi-Weekly Status Meeting – This gathering was held April 18, 2013 and was attended by the HBEPD staff, contracted vendors, and other resources engaged through intra-agency and interagency agreements.

Key upcoming events

- Complete interviews for remaining Level One (B) new staff positions
- Obtain legislative approval for Level One (C) positions
- Continue space renovations for new staff

- Meet with faculty from seven lead community colleges for IPA training
- AR-CMS meeting on Arkansas private option implementation – week of April 29th in Baltimore
- National Health Insurance Exchange Summit, May 1-3, Washington DC (Crone)
- Meetings with Insurance Producers across Arkansas (Donaldson)
- Hometown Health Speakers Bureau training May 21, June 6
- Arkansas Heart Association (ACA presentation), May 3 (Donaldson)
- ACA presentation with SHIP, May 16 (Donaldson)
- Arkansas District 4 Nurses Association presentation on ACA/Exchanges, May 18, Hot Springs (Crone)
- America’s Health Insurance Plan meeting, June 11, Las Vegas (Crone)

Key Risks/Issues

Below is a summary of submitted/open risks/issues for the report period.

Risk	Risk Category	Possible Outcome if Risk Occurs	Risk Response Strategy	Risk Status
SFY 2014 Exchange Planning Appropriation is not Approved	Legislative	<ul style="list-style-type: none"> • Exchange Partnership Division goes away and State defaults to a full FFM 	Educate policy-makers on consumer risks associated with loss of FFE Partnership	Closed. HB1118 was signed by Gov. Mike Beebe on April 19, 2013. It is now Act 1373
Lack of continued cohesiveness between the FFE Partnership, Arkansas DHS and ACHI- related healthcare improvement initiatives (workforce, payment reform, health information technology).	Organizational	<ul style="list-style-type: none"> • Different messages being distributed by different agencies. • Redundancy of work. • Increased workload due to multiple requirements. 	Regular/frequent communications with key stakeholders and agency leaders to ensure ongoing and consistent information sharing and status updates.	Open
The Federal Funding model coupled with the State of Arkansas spending authorization model creates the need for multiple spending approval cycles plus introduces the possibility of available federal funds without the authority to spend.	Organizational	<ul style="list-style-type: none"> • Schedule delays due to lack of funding for staff, operations or services required to meet Partnership responsibilities. 	<ul style="list-style-type: none"> • Evaluate impact of CCIIO review process on the release of IT funds from CCIIO • Develop subsequent Grant requests well in advance of the end of current grant monies allocation 	Open. Some grant appropriations for SFY14 still must be approved following the session.
The guidance for the Navigator Program will not be received from CMS in a timely fashion, impacting the ability of Arkansas	Organizational	<ul style="list-style-type: none"> • Reduced enrollment for Arkansans due to lack of assistance 	<ul style="list-style-type: none"> • Escalate the priorities for obtaining state information needed for IPA design to allow for as 	Closed Navigator standards

Risk	Risk Category	Possible Outcome if Risk Occurs	Risk Response Strategy	Risk Status
to develop an accurate and viable IPA business model.		and/or lack of information for consumers.	<p>much time as possible to focus on aligning with required aspects once guidance is received.</p> <ul style="list-style-type: none"> Regular/frequent communications with CCIO State Officer and others. 	released April 3, 2013.
Continuity of Coverage recommendation for Medicaid to purchase private plans through the Exchange is accepted by Governor's office and DHHS but rejected by Arkansas Legislature.	Legislative	A quarter million low income Arkansans remain without health insurance coverage and those with coverage risk continuity of care with life changes.	<ul style="list-style-type: none"> Provide data for economic and human benefit of Medicaid buying into private health insurance. Continue planning for "privatizing Medicaid" so state will be ready to implement when/if approved. 	Closed. Legislature approved the "private option" plan.

Key Meetings/Milestones Completed

Meeting/Milestone	Type	Completed Date
Steering Committee Meeting	State	03/28/2013
Insurance and Commerce Committee, House and Senate	Legislative	held several times during the reporting period
Plan Management Advisory Committee	State	04/12/2013
Consumer Assistance Advisory Committee	State	04/12/2013
Presentations at CCIO State Partnership Meeting	Federal	04/03/2013

Key Meetings/Milestones Upcoming

Meeting/Milestone	Type	Date
Steering Committee Meeting	State	04/25/2013
Plan Management Advisory Committee	State	May 10, 2013
Consumer Assistance Advisory Committee	State	TBD

Meeting/Milestone	Type	Date
CCIIO Implementation Review (tentative)	Federal	Week of 06/17/2013