

Arkansas Insurance Department (AID)
Health Benefits Exchange Partnership Division (HBEPD)
Monthly Report February 25, 2013 – March 22, 2013

General Update

Administrative highlights during this reporting period include:

- Governor Beebe obtained approval from Secretary Sebelius to pursue the “Medicaid Buys into the Exchange” model of “privatizing Medicaid”. This approach, suggested by Republican legislators in Arkansas and studied by Exchange Planning contractors Manatt Health Solutions and Optumas and Arkansas Medicaid was positively received by Arkansas legislators, leadership at Arkansas DHS and the Arkansas Insurance Department. There has subsequently been much local and national press coverage of this innovative approach which proposes that Medicaid eligible consumers enroll in private health plans offered on the Exchange with premium subsidies being paid by the Medicaid program. The legal basis for this model is through Medicaid “premium assistance” regulations.

Manatt and Optumas contractors (Deborah Bachrach, Patti Boozang, Joel Ario; Steve Schramm) have been in Little Rock several times over the past month (February 27-28, March 4, March 13-14) for continued operations and financial planning related to this Premium Assistance model, first evaluated to minimize the negative impact of consumer “churning”-- movement between Medicaid and private, subsidized health plans offered through the federal Health Benefits Exchange. These meetings culminated in meetings on March 14th with the Governor’s Office and a group of Arkansas legislators where Manatt/Optumas contractors, Andy Allison, and John Selig presented the model’s preliminary financial data showing a much smaller increase in federal or state spending if implementing this model in Arkansas than had been reported nationally. On Monday, March 18, 2013, Arkansas DHS presented the supporting data prepared collaboratively by HBEPD’s contractors Manatt and Optumas and the Arkansas Department of Human Services Medicaid program at a press conference.

While adoption of the Premium Assistance model is still very much contingent on legislative approval, HBEPD continues to collaborate with Arkansas DHS, CCIIO and CMS to identify the impact of changes that would be necessary to implement the Premium Assistance model in Arkansas in 2014 using the Federal eligibility and enrollment portal of the Health Insurance Marketplace for 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 and the tracking of Medicaid recipient data. 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.

Based on this new “Privatization of Medicaid” model, it may become necessary for Arkansas to request Level One “D” Cooperative Agreement funding on May 15th vs. the planned August 15th. A sooner date is needed for Medicaid-Exchange IT build and Guides expansion and for the newly eligible consumers to receive premium assistance through Medicaid. Any such funding would be cost-allocated between DHS/Medicaid and AID/Exchange Planning and would require a 10% Medicaid match for Medicaid portions.

- HBEPD received notification from four major medical carriers and three stand alone dental plans of their intent to participate on the Exchange, and a fifth major medical carrier has expressed interest. Some of these medical carriers advised AID that their intent was contingent on the outcome of the Medicaid Expansion - Premium Assistance model being considered for implementation in Arkansas. Those carriers have relayed concerns about the lack of detailed information on the new “Medicaid Buys into the Exchange” plan or the time needed for internal reviews regarding any requirement that the added Medicaid eligible population be allowed to purchase the carrier’s high-level silver plans through the Exchange as the current draft approach proposes.
- AR HBEPD has received unofficial reports that AR may be selected for Multi-State Plan(s) option in Plan Year 2014.
- Arkansas AID Bulletin 7-2013, titled “Implementation of Title I, Subtitle C and D of the Patient Protection and Affordable Care Act, Public Law No. 111-148, as Amended by the Health Care and Education Reconciliation Act of 2010, Public Law No. 111-153 ("PPACA") for Non-Grandfathered Individually Underwritten Insurance Policies and Health Plans on January 1, 2014”, was released March 15, 2013 and can be found at: <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Bulletins/7-2013.pdf>
- Arkansas AID Bulletin number 8-2013, titled “Notice of Carriers' Intent to Participate in the Exchange” , was released on March 15, 2013 and can be found at: <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Bulletins/8-2013.pdf>
- Arkansas AID Bulletin 5-2013, titled “Filing Guidance for Individual and Small Group Health and Dental Plans in Arkansas”, was released on March 7, 2013 and can be found at: <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Bulletins/5-2013.pdf>
- Arkansas Insurance Commissioner Jay Bradford will host an informational meeting with potential QHP applicants to encourage carrier applications and share more specifics about the state’s plans to “privatize Medicaid” through Medicaid premium assistance to purchase private QHPs.
- Outreach and Education activities are progressing. In April, we expect to see deployment of HBEPD website enhancements, completion of the content to be included in the Speaker’s Bureau kits, initial production of the Speaker’s Bureau Kits for distribution, and the selection of the Outreach and Education vendor for the O&E phase leading to Open Enrollment . The Speaker’s Bureau kits under development will be used by the AR Department of Health Home Town Health staff, IPA Guides trained to provide O&E services prior to and during Open Enrollment, and by the presenters secured by University of Arkansas Partners for Inclusive Communities under their Interagency Agreement to conduct awareness meetings in all Arkansas counties. The Arkansas Health Connector Resource Center has begun operations with services being provided by the AID Consumer Services Division (CSD) through a collaborative effort between AID CSD and AID HBEPD. The first phase of these services includes the Resource Center providing support for communications received because of the statewide solicitation for IPA Entity applicants.

Budget negotiations with CMS/CCIIO for the \$17.7 million Level One C Establishment grant (request submitted on February 15, 2013) occurred on March 14, 2013. Negotiations went well and requested follow-up materials were sent to CCIIO on Monday, March 18, 2013. The dollar amount remains unchanged. Category line items were changed. We now await official notice of Grant Award that will contain the final funding amount. CCIIO was not able to answer any questions about how sequestration might affect Arkansas's Level One C funding award.

- External stakeholder communications during the reporting period included presentations and meetings as follows:
 - Meeting with Jack Sisson of Senator Boozman's Washington Office re: Exchange Implementation in AR (February 21, 2013); Little Rock, AR (Crone)
 - HIV/AIDS ACA Presentation (March 8, 2013); Pine Bluff, AR (Cook & Donaldson)
 - AR Electric Coop Presentation (March 11, 2013); Little Rock, AR (Donaldson)
 - Rotary Club 99 Update on Partnership Exchange (March 19, 2013); Little Rock, AR (Crone)
 - Native American Human Resource Association (March 19, 2013); Quapaw, OK (Chrisman)
 - Arkansas Department of Health on Smoking Cessation (March 20, 2013); Little Rock, AR (Chrisman-Brill)
 - Meeting with Joe Pelphrey – Christian Science (March 20, 2013); Little Rock, AR (Crone)
 - Meeting with AR Department of Health re: Clinical Issues (March 21, 2013); Little Rock, AR (Crone)
 - Arkansas Minority Health Commission Health Fair (March 21, 2013); Little Rock, AR (Clark)

- External stakeholder communications scheduled for upcoming reporting periods include presentations and meetings as follows:
 - Meeting with Hospice Association – Vaden (March 26, 2013) (Crone)
 - Meeting with OHIT – Bartlett (March 27, 2013) (Crone)
 - Presentation for Credit Unions of AR (April 12, 2013) Hot Springs, AR (Donaldson)
 - Presentation at AR/OK VHA (April 20, 2013); Branson, MO (Crone)
 - Presentation at National Governor's Association (April 3, 2013); Baltimore, MD (Crone)
 - Presentation Office of Minority Health and Disparities ADH (April 24, 2013); Little Rock, AR (Cook)
 - Presentation at National Insurance Exchange Summit (May 2, 2013); Washington, DC (Crone)
 - Presentation to Arkansas Heart Association (May 3, 2013); Little Rock, AR (Donaldson)
 - Presentation to Arkansas Nurses Association (May 18); Hot Springs, AR (Crone)
 - SHIIP Quarterly Counselor Call (May 16, 2013); Little Rock, AR (Donaldson)
 - Bean-Hamilton Executive Forum (August 22, 2013); Little Rock, AR (Crone)

- The Senate Insurance and Commerce Committee held hearings on February 27, 2013 and March 4, 2013 regarding the Exchange Model options available under federal regulations. Although Arkansas has declared its intent and received conditional approval as a State Partnership Exchange for 2014, the options discussed in the hearings included a full Federally Facilitated Exchange (FFE), State Partnership Exchange (SPE), and a State Based Exchange (SBE). The majority of those testifying were pro-State Partnership Exchange (SPE) for Plan Year 2014 with the possibility of leveraging experience as a stepping-stone for a full State Based Exchange (SBE) in a later year. Three members of the HBEPD Steering Committee and at least three from PM and CA Advisory Committees testified. Additionally, testimonies from multiple participants included strong positive testimony regarding the AID HBEPD

stakeholder engagement process. On March 19, 2013, Michael Cannon of the Cato Institute testified at the Senate Insurance and Commerce Committee meeting advocating a full FFE in an effort to stop ACA Exchange implementation. He contends that federal subsidies and penalties only apply through a State Based Exchange—although such has been refuted by DHHS and the IRS. Mr. Cannon suggested that Arkansas join Oklahoma in suing the federal government over state sovereignty issues related to Exchange implementation.

- AID Commissioner Jay Bradford and HBEPD Director Cynthia Crone attended the State Legislature’s PEER Personnel Committee meeting on Thursday, March 21, 2013 where approval of all AID positions, including Exchange Partnership Grant positions for the 2014-2015 budget year, was held without a vote following questions about what Department positions were specifically budgeted to attract new insurance carriers to Arkansas.

CCIIO/CMS Update

CCIIO announced that small businesses would be allowed to choose only one health plan through the SHOP Exchange for Plan Year 2014. This news was very disappointing for AID and small businesses in Arkansas.

Proposed and Final Rules and Guidance Published during the Reporting Period –

- March 1, 2013 - 2014 Letter to Issuers on Federally-facilitated and State Partnership Exchanges (PDF – 451 KB)
- March 11, 2013 - CMS-9964-P2: Establishment of Exchanges and Qualified Health Plans; Small Business Health Options Program
- March 11, 2013 - CMS-9964-F: HHS Benefit and Payment Parameters for 2014
- March 11, 2013 - CMS-9964-IFC: Amendments to the HHS Notice of Benefit and Payment Parameters for 2014

State Partnership Exchange Workshop – CCIIO will be conducting a workshop on April 3-5, 2013 at NIH near Bethesda, MD for all FFE Partnership states. The workshop will include breakout sessions to work with states on all areas of plan management and consumer assistance to provide support through conversations with lead federal resources and other states addressing similar tasks under the Partnership model.

CCIIO-Arkansas Leadership Meetings - Weekly meetings continue between HBEPD staff, our CCIIO Project Officer, Emily Pedneau, and other CCIIO/CMS staff as needed for discussion of new or pending CCIIO 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 as a result of the possible Medicaid Buys into the Exchange Model being evaluated by the Arkansas General Assembly.

Key upcoming events –

- Various CMS and CCIIO Technical Assistance Webinars on Exchange Development
- NGA meeting with State and Federal Resources on FFE and State Partnership Exchange April 1-3, 2013 in Baltimore, Maryland
- CCIIO State Partnership Exchange Workshop April 3-5, 2013 near Bethesda, MD.

Advisory Committees/Steering Committee Updates

Advisory Committees

Plan Management Advisory Committee – Plan Management Advisory Committee met on March 8, 2013 and made recommendations relative to Decertification and Transition plans as follows:

1. Recommend that QHPs adhere to all state regulations, statutes, bulletins and directives addressing continuity of coverage. AID will monitor continuity of coverage issues in 2014 to gather data and information for future decision-making.
2. Recommend that enrollees of a decertified plan should not be automatically enrolled in a certified plan.

The Committee met again on March 20, 2013 to address two issues that were recommended to the Steering Committee for passage in February (Benefit Substitution and Geographic Rating Areas) but were returned to the Plan Management Committee for reconsideration. After additional research and discussion, the Plan Management Advisory Committee recommended that its original recommendations of “7 geographic rating areas” and “allowing benefit substitutions” should be allowed to stand. These recommendations will again be addressed at the March 28, 2013 Steering Committee Meeting.

Consumer Assistance Advisory Committee - The CAAC met on March 8, 2013 and covered the following topics:

- Introduction of IPA Guide Program IT systems
CAI, the IT vendor for the IPA Guide program, provided an overview of the IPA Guide systems planning. The short-term plan is an approach that supports the IPA Guide Entity applications and individual Guide training by May 2013. The long-term solution provides for the IPA Guide program and QHP management on the same Curam platform as the Medicaid systems build and is scheduled for completion in late fall.
- Outreach and Education update
Heather Haywood provided an overview of the outreach and education planning. A Request for Proposals (RFP) to obtain a qualified vendor to develop a comprehensive advertising campaign designed to inform and instruct uninsured and underinsured Arkansans about the Health Insurance Marketplace has been released. The proposal due date is April 1, 2013.
- The Committee also received updates on the following:
 - Proposed option for the Medicaid expansion population to choose private insurance plans on the exchange
 - Legislative hearings of the Senate Insurance and Commerce Committee about Exchange Model options for Arkansas
 - Plan Management Advisory Committee activities
 - Rules released by CCIIO in February

Steering Committee

- The Steering Committee did not approve two recommendations by the PMAC that had been approved by Commissioner Bradford and included in the QHP Bulletin: Rating Areas and Carrier allowed substitutions within a QHP. These issues were referred back to PMAC for reconsideration.

Key upcoming events –

- Steering Committee Meeting (March 28, 2013, 3:00-5:00pm)
- Consumer Assistance Advisory Committee meeting (April 11, 2013 1:00-4:00 pm)
- Plan Management Advisory Committee meeting (April 11, 8:00-11:00 am)

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 version scheduled to be completed by early May.

In-Person Assister (IPA) Contract Entities Request for Qualifications (RFQ) (Level One B) – A Request for Qualifications (RFQ) was released March 5, 2013. The RFQ and subsequent addendums can be viewed at: http://www.arkansas.gov/dfa/procurement/bids/bid_info.php?bid_number=SP-13-0190 . An optional RFQ workshop was held on Thursday, March 21, 2013 to walk through the RFQ with interested applicants and respond to questions that were asked. The remaining dates in the RFQ timeline include:

- Written Questions due - March 25, 2013 @ 3:00pm
- Responses to Questions posted on website - April 1, 2013
- RFQ proposals due April 11, 2013
- Contract Negotiations Begin and Contracts Announcement Estimated for May 1, 2013
- Resulting Vendor Work Commences – Estimated for May 15, 2013

Outreach and Education Campaign RFP (Level One B) – The Outreach & Education Request for Proposal (RFP), RFP No. OE 0001, was posted to AID website on March 1, 2013. This RFP, subsequent addendums and responses to questions from potential vendors can be viewed at: <http://hbe.arkansas.gov/> . The remaining dates in the RFP timeline include:

- Opening Date and Time/Receipt of Proposals 2:00 pm - April 1, 2013
- Selected Vendors' Notification for Presentation - April 8, 2013
- Presentation of Campaign by Selected Vendors - April 17, 2013
- Notice of Anticipation to Award - April 22, 2013

IPA Guide/Navigator/Agent & Broker Training (Level One B) - This Training RFP is pending final approval by the Office of State Procurement with an anticipated release the week of March 25, 2013. We are concerned about the timing of this procurement, as the earliest potential contract start date would be May 27th and Phase I training is needed to begin in early June, 2013. Alternate contracting methods, such as through an interagency agreement, are being evaluated.

Revised Inter-Agency Agreement for Outreach and Education Materials Development and Delivery – A new interagency agreement was completed on February 28, 2013 with UAMS Creative Services. This agreement replaces an earlier agreement for these services that had included both ACHI and UAMS Creative Services. It was determined that ACHI's role in this agreement had been completed and it was agreeable by all parties to revise the agreement to only include UAMS Creative Services going forward.

Interagency Agreement for Statewide Stakeholder Engagement – HBEPD is in the process of completing an agreement with the U of A Partners for Inclusive Communities to provide logistical services needed for county level 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 by the first of April.

Actuarial Services – An Exchange-specific contract is needed with an actuary firm for evaluation of QHP actuarial values in preparation for October 1, 2013 open enrollment. Based on Letters of Intent to apply for QHP status and subsequent inquiries, AID estimates 5-6 carriers will submit plans for QHP approval.

AID has requested a proposal from the Arkansas Minority Health Commission to provide Exchange outreach and education to minority populations across Arkansas.

Key upcoming events –

- Release request for Training Vendor that will develop and deliver state level mandatory training for IPA Guides, federal Navigators and licensed Agent/Brokers.
- Begin RFP preparation for Exchange Evaluation vendor (Level One A)
- Select ion of Outreach and Education Vendor
- Consider Minority Health Commission proposal for minority outreach and education.
- Qualify potential vendors for IPA entity contracts.

Exchange Staff Update

Arkansas HBEPD Staff Hiring – HBEPD has filled two of the vacant positions previously reported. Terry Rogers started on March 18, 2013 in IPA Program Administrative Assistant position. Thomas Herndon has accepted one of the Contract Monitor positions and will begin work on April 1, 2013. HBEPD vacancies currently include a Contract Monitor, IPA Education Lead and QHP Compliance Officer. HBEPD is anticipating an additional vacancy in late May when our newly married Plan Management Specialist, Zane Chrisman Brill, will be moving to Missouri.

Office Space is being prepared for additional staff and contractors through cubicles across the hall on the second floor and cubicles in the east end of the Rate Review Center.

The HBEPD Bi-weekly Status Meeting - Meetings were held on March 7 and March 21, 2013 and were 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
- Continue space renovations for new staff

- Attend rescheduled PEER Personnel Committee to seek approval of Level One A grant positions carrying forward into new biennium.
- PCG grant amendments for Level One “B” funding to be heard in PEER on March 27th.

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 FFE 	Educate policy-makers on consumer risks associated with loss of FFE Partnership	Open
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
The guidance for the Navigator Program will not be received from CMS in a timely fashion, impacting the ability of Arkansas to develop an accurate and viable IPA business model.	Organizational	<ul style="list-style-type: none"> • Reduced enrollment for Arkansans due to lack of assistance and/or lack of information for consumers. 	<ul style="list-style-type: none"> • Escalate the priorities for obtaining state information needed for IPA design to allow for as much time as possible to focus on aligning with required aspects once guidance is received. • Regular/frequent communications with CCIIO State Officer and 	Open

Risk	Risk Category	Possible Outcome if Risk Occurs	Risk Response Strategy	Risk Status
			others.	
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. 	Open

Key Meetings/Milestones Completed

Meeting/Milestone	Type	Completed Date
February Steering Committee Meeting	State	02/28/2013
Insurance and Commerce Committee Hearing	Legislative	02/27/13 03/04/13 03/19/13
Plan Management Advisory Committee	State	03/08/2013 03/22/2013
Consumer Assistance Advisory Committee	State	03/08/2013

Key Meetings/Milestones Upcoming

Meeting/Milestone	Type	Date
March Steering Committee Meeting	State	03/28/2013
NGA State Partnership Exchange Meeting	Federal	04/02-03/2013
CCIIO State Partnership Exchange Meetings	Federal	04/03 – 04/05/2013
Plan Management Advisory Committee	State	04/12/2013
Consumer Assistance Advisory Committee	State	04/12/2013