

State Health Reform Assistance Network

Charting the Road to Coverage

POLICY BRIEF

April 2012

State Milestones for ACA Implementation

Prepared by *Manatt Health Solutions*

PURPOSE

This document identifies critical Affordable Care Act (ACA) implementation milestones for states to have achieved by the end of 2012. Organized under the major areas of Health Insurance Exchange, Private Insurance Market Reforms and Medicaid Expansion, these milestones are key checkpoints for states to stay on track in meeting 2014 implementation deadlines. These milestones have implications for policy development, business operations and IT system architecture and as such are useful as a high level framework for state Exchange development and implementation efforts. At the same time, for states relying on the Federally Facilitated Exchange, the milestones highlight core Exchange functions, some of which states may want to assume. This document may be used to inform and educate various audiences, including public officials and health care stakeholders, regarding the priorities for state health care reform through the end of the year.

ABOUT THE PROGRAM

State Health Reform Assistance Network, a program of the Robert Wood Johnson Foundation, provides in-depth technical support to states to maximize coverage gains as they implement key provisions of the Affordable Care Act. The program is managed by the Woodrow Wilson School of Public and International Affairs at Princeton University. For more information, visit www.statenetwork.org/

ABOUT MANATT HEALTH SOLUTIONS

Manatt Health Solutions (MHS) is an interdisciplinary policy and business advisory division of Manatt, Phelps & Phillips, LLP, one of the nation's premier law and consulting firms. MHS helps clients develop and implement strategies to address their greatest challenges, improve performance and position themselves for long-term sustainability and growth.

ABOUT THE ROBERT WOOD JOHNSON FOUNDATION

The Robert Wood Johnson Foundation focuses on the pressing health and health care issues facing our country. As the nation's largest philanthropy devoted exclusively to health and health care, the Foundation works with a diverse group of organizations and individuals to identify solutions and achieve comprehensive, measurable and timely change. For nearly 40 years the Foundation has brought experience, commitment, and a rigorous, balanced approach to the problems that affect the health and health care of those it serves. When it comes to helping Americans lead healthier lives and get the care they need, the Foundation expects to make a difference in your lifetime. For more information, visit www.rwjf.org.

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MILESTONES	COMMENTS
EXCHANGE	
Goals: Operationalize a state based Exchange that meets requirements for federal approval in January 2013	
Exchange Set-Up	
Secure Exchange establishment authority	Required to secure Establishment grant Level 2 funding and Exchange approval
Establish Exchange Board/governing structure: <ul style="list-style-type: none"> • Appoint members and obtain conflicts disclosures • Develop Exchange Charter, bylaws, committee structure, policies, meeting schedule 	Required to provide governance materials as part of Exchange approval
Hire core Exchange staff: Executive Director, Policy Director, Finance Director, Operations Director, IT Director	
Develop Exchange staffing plan 2013-2015	
Submit final Exchange Establishment funding request, including sustainability plan	
Define and memorialize in MOUs relationship of Exchange to Insurance Department, Medicaid Agency, and other state agencies	<ul style="list-style-type: none"> • MOUs may be provided as evidence of collaboration as part of Exchange approval • Required for Establishment grant Level 2 application
Identify necessary state-federal interfaces, define and memorialize MOUs with federal agencies	
Identify level of reliance on federally managed services	<ul style="list-style-type: none"> • Advance premium tax credit determinations • Individual mandate exemptions • Employer sponsored insurance verification
Engage with stakeholders on a regular basis	<ul style="list-style-type: none"> • Required as condition of receipt of Establishment funds
Eligibility	
Determine preferred option for Joint Application for Qualified Health Plans (QHPs) and Insurance Affordability Programs (IAPs): <ul style="list-style-type: none"> • Use HHS Secretary model application; • Modify HHS Secretary model application and seek Secretary approval for use; or, • Develop state specific application and seek Secretary approval for use. 	Pending Secretary’s model application
Determine whether state will offer a Basic Health Program	Pending federal guidance
Determine whether state Exchange will: (i) provide tax credit eligibility determination functionality or rely on federally managed service; (ii) make Medicaid/CHIP determinations or assess Medicaid/CHIP eligibility and rely on Medicaid Agency for eligibility determinations.	Determine roles of HHS, state Exchange, and Medicaid, CHIP and Insurance Agencies and incorporate into MOUs
Define reasonable compatibility standard, change reporting requirements and verification requirements, state data sources	System design implications
Define eligibility business process model and functional requirements	<ul style="list-style-type: none"> • Required to provide business process models as part of Exchange approval • Define roles and responsibilities between

MILESTONES	COMMENTS
	Exchange and Medicaid
Define consumer eligibility notice requirements for QHPs and IAPs	Required to provide description of notices as part of Exchange approval
Enrollment	
Define enrollment business process model and functional requirements	Required to provide policies and procedures as part of Exchange approval
Define consumer enrollment notice requirements	Required to describe relevant notices as part of Exchange approval
Plan Management	
Define QHP certification requirements: <ul style="list-style-type: none"> • Network adequacy • Marketing • Accreditation • Transparency 	<ul style="list-style-type: none"> • Required to certify plans as Exchange function and provide policies and procedures as part of Exchange approval • Develop QHP “best interest” test <i>These decisions will have an impact on and should be closely coordinated with private market reform decisions</i>
Hire procurement staff	
Define plan management business process model and functional requirements	<ul style="list-style-type: none"> • Required to oversee and monitor plans, analyze rates, and review benefit packages as Exchange function and provide policies and procedures as part of Exchange approval
Develop and implement multi-year issuer engagement plan	Required to engage with issuers as Exchange function and provide description and approach as part of Exchange approval <ul style="list-style-type: none"> • Outreach and education • Helpline, TA, training
Develop QHP procurement strategy addressing key policy issues: <ul style="list-style-type: none"> • Mandated carrier participation • Service areas • Standardized benefits • Limited product offerings • Limited network products 	<i>These decisions will have an impact on and should be closely coordinated with private market reform decisions. In states pursuing a BHP and states with significant Medicaid managed care penetration, considerations should be given to coordinating procurement strategies across programs</i>
Develop quality rating plan including process for carrier data collection and analysis	Required as part of Exchange approval
Issue QHP application/RFP	
Draft model QHP contract	
Consumer Assistance	
Define Navigator criteria and selection process and issue Navigator application or RFP	Required to establish a Navigator program and provide description of eligible entities, implementation plan, and funding strategy as part of Exchange approval
Define consumer assistance business process model and functional requirements <ul style="list-style-type: none"> • Call center • Web • Mail • Walk-in 	Required to establish consumer assistance mechanisms and provide description of approach and implementation plans as part of Exchange approval

MILESTONES	COMMENTS
Develop eligibility appeal process	Required to provide as Exchange function and describe process and capacity as part of Exchange approval
Financial Management	
Define and document Exchange fraud, waste and abuse prevention procedures	Required to provide policies and procedures as part of Exchange approval
Determine whether Exchange will provide individual premium billing functionality	System design implications
Define financial management business process model and functional requirements	Required to describe financial management plan and financial systems IT plan as part of Exchange approval
Refine and update Exchange sustainability plan	Required to provide description of sustainability approach as part of Exchange approval
Determine: (i) whether state will run a risk adjustment program or have HHS do it; and, (ii) what role state will play in collecting data and administering either a federal or state risk adjustment model	Required to provide decision and policies and procedures as part of Exchange approval
Determine whether state will establish or contract with a not-for-profit reinsurance entity	Required to provide decision and policies and procedures as part of Exchange approval
SHOP-Specific Functions	
Define eligibility business process model and functional requirements for employee/employers	Required to describe process as part of Exchange approval
Define enrollment business process model and functional requirements for SHOP <ul style="list-style-type: none"> • Rolling enrollment • Special enrollment periods 	Required to describe process as part of Exchange approval
Define role of SHOP in premium billing	Required to describe role as part of Exchange approval
Define plan management business process model and functional requirements for SHOP (variations from individual Exchange include: SHOP certification requirements and ensuring uniformity in timing of rate changes)	Required to describe process as part of Exchange approval
System Design and Vendor Procurement	
Complete initial system design work for all Exchange core business functions: <ul style="list-style-type: none"> • Complete initial technical design • Begin system configuration and development 	<ul style="list-style-type: none"> • Eligibility <ul style="list-style-type: none"> ○ Individual mandate exemptions ○ Medicaid MAGI ○ IAP income verification ○ Re-determination ○ Appeals • Enrollment • Plan Management • Customer Service • Financial Management
Determine Early Innovator/Enroll UX/other state system components appropriate for reuse	
Develop procurement strategy based on Exchange operational model	
Develop and issue RFPs for system vendors consistent with procurement strategy	

MILESTONES	COMMENTS
PRIVATE INSURANCE	
Goals: Implement ACA-mandated insurance market reforms. Make decisions with regard to discretionary reforms in the individual and small group insurance markets. Define essential health benefits package.	
Review reference plans and develop state Essential Health Benefit	<ul style="list-style-type: none"> • Required to define and select QHPs • Required to define Medicaid benchmark benefit <p><i>These decisions will have an impact on and should be closely coordinated with Medicaid, QHP strategy and procurement decisions</i></p>
Refine and expand insurance market and Exchange impact research and modeling	<p>Specific analysis may include:</p> <ul style="list-style-type: none"> • Size of individual and small group market • Take-up rates and anticipated premiums • Market risk profiles (risk characteristics) • Distribution of rate impacts
Identify nature and timing of statutory and regulatory modifications needed to effectuate insurance market changes	
Identify areas of state flexibility, assess options, and make policy decisions	<ul style="list-style-type: none"> • Small group rules: <ul style="list-style-type: none"> ○ Counting of employees ○ Groups of 1 <p><i>These decisions will have an impact on and should be closely coordinated with QHP strategy and procurement decisions</i></p>
Determine whether to merge individual and small group markets	<p><i>These decisions will have an impact on and should be closely coordinated with QHP strategy and procurement decisions</i></p>
Individual Market	
Develop transition strategy for PCIP and other public programs	<p>Required to provide PCIP transition plan as part of Exchange approval</p>
Develop strategy to implement guaranteed issue and rate bands	<ul style="list-style-type: none"> • Rating Areas • 3:1 Rate Band or state Specific Standard
Develop strategy to minimize adverse selection	<ul style="list-style-type: none"> • Level playing field issues • Level of alignment for rules inside and outside the Exchange • Insurer participation standards
Small Group Market	
Define level of employee choice	<ul style="list-style-type: none"> • Implement employer-selected level of coverage • Consider whether to use a “pick a plan” model and/or to allow broader forms of employee choice on all benefit levels
Determine whether state will define small group as 50 or 100 for SHOP participation in 2014	<ul style="list-style-type: none"> • Consider level playing field issues • Required to provide decision as part of Exchange approval
Identify self insurance market dynamics and decide on whether to impose ban or other limits	

MILESTONES	COMMENTS
MEDICAID	
Goals: Prepare for implementation of Medicaid expansion and modernized eligibility systems.	
Eligibility	
Identify areas of state flexibility, assess options, and make policy decisions	<ul style="list-style-type: none"> • 12 months continuous eligibility • Extension of Medicaid eligibility to month end • CHIP waiting periods • Point-in-time v. annual income • Reasonable compatibility
Crosswalk state laws and regulations with existing statute to identify statutory and regulatory modifications and timing needed to effectuate eligibility policy changes: <ul style="list-style-type: none"> • MAGI standards and coverage levels • Eligibility requirements 	
Secure statutory and regulatory authority necessary to implement changes to eligibility standards and procedures	
Develop transition strategy for populations > 133% FPL	<ul style="list-style-type: none"> • Interdependencies on statute, regulation and systems • Implications for state programs
Develop transition strategy for populations < 133% FPL	May include other 1115 waiver populations, e.g. HIV, mental health
Develop reasonable compatibility standard	
Develop draft consumer notices	
Define business processes and requirements for MAGI and non-MAGI eligibility determinations	To the extent that the state has a separate CHIP program, CHIP will also have to coordinate with Medicaid in implementing MAGI determinations
Develop state plan/waiver amendments	
Enrollment	
Define enrollment business process model and functional requirements	<ul style="list-style-type: none"> • Coordination between Exchange and Medicaid • Protocol for Medicaid managed care vs. fee for service enrollment
Define Medicaid plan management business process model and functional requirements	<ul style="list-style-type: none"> • Coordination between Exchange and Medicaid • Communication of information to state Medicaid Agency and plans
Benefits	
Evaluate Medicaid standard benefit package and EHB and define Medicaid benchmark benefits for new adult group	<ul style="list-style-type: none"> • Interdependency on EHB • Analysis of coverage and fiscal implications and considerations
Identify MCO plan contracting changes	
Develop state plan/waiver amendments	
Program Financing and Funding Opportunities	
Complete FMAP methodology analysis, select methodology and communicate to CMS; define newly eligibles	Required to provide selection to CMS by 12/31/12 under Medicaid NPRM
Develop and submit Advance Planning Documents (APDs)	

MILESTONES	COMMENTS
Operational	
Define and memorialize in MOUs relationship of Medicaid Agency to Exchange, Insurance Department, other state agencies	MOUs may be provided as evidence of collaboration as part of Exchange approval
Identify necessary state-federal interfaces, define and memorialize MOUs with federal agencies	
Develop Medicaid plan procurement strategy	Evaluate in context of QHP plan procurement strategy
System Design and Vendor Procurement	
Determine approach to Medicaid eligibility system modification, upgrade, or replacement to meet ACA requirements	Evaluate whether state will pursue an integrated Exchange/Medicaid eligibility solution
Develop procurement strategy based on Medicaid eligibility system approach	
Develop and issue RFPs for system vendors consistent with procurement strategy	