

Indiana Insurance Market Level One Funding Solicitation

Project Narrative & IT Gap Analysis Summary

Project Abstract

Application Title: Indiana Insurance Market, Inc. Level One Funding Solicitation

Organization: State of Indiana

Program: Health and Human Services Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchange, Funding Opportunity Number IE-HBE-11-004

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Congressional Districts Served: IN-01, IN-02, IN-03, IN-04, IN-05, IN-06, IN-07, IN-08 and IN-09

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Category of Funding: Level One **Projected Date of Completion:** March 30, 2012

The State of Indiana is applying for Level One grant funding through the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges. This application includes the Indiana Department of Insurance (IDOI) as well as the Indiana Family and Social Services Administration (FSSA), which operates the Indiana Medicaid program and houses the eligibility system for the State's largest public assistance programs: Medicaid and SNAP.

The State applied for and received the Exchange Planning Grant, Award number 1 HBEIE100021-01-00, in September 2010. At this time, the work related to the planning grant is nearly completed. Indiana Governor Mitch Daniels issued an Executive Order (EO) on January 14, 2011 requesting that FSSA and IDOI work together to conditionally establish a healthcare exchange, the Indiana Insurance Market, Inc. (Exchange). The State has not yet confirmed it will establish the Exchange in light of the constitutional challenges to the Affordable Care Act (ACA), the lack of federal guidance, or a tangible federal exchange model to consider. The impending ACA deadlines require many tasks to be completed to ensure that the State is able to establish the Exchange if it so chooses. The State is requesting a second round of funding from the Department of Health and Human Services (HHS) to continue its planning efforts, in the event that the ACA is not repealed or determined to be unconstitutional.

Indiana has 6.4 million citizens. The State Health Access and Data Assistance Center (SHADAC) has estimated nearly 1.1 million will be potential users of an Exchange. The number could rise if larger businesses drop coverage. This grant application contains a request for the remainder of the funding needed to complete Indiana's planning of the Exchange. A significant portion of the request relates to Information Technology systems, including the definition of requirements, the procurement of an IT planning vendor, IT project management and assistance with the drafting of RFPs for procurement of needed IT upgrades and/or new systems. Additional funding has been requested for project management, legal, actuarial, and financial expertise and general policy support. Indiana's full request for the remainder of 2011 amounts to \$6,895,126.

Project Narrative

a) Demonstration of Past Progress in Exchange Planning Core Areas

Since the passage of the ACA, the State of Indiana has actively worked to assess the impact of the ACA and to assure the State is prepared for implementation. While Indiana supports the several significant challenges to the ACA's constitutionality, the State also recognizes that these will take time to resolve, and Indiana must be prepared to implement the ACA in order to protect and prepare Hoosiers if the courts uphold this law and it is not otherwise repealed.

The Governor's office has convened an interagency task force, the Health Care Reform Team (HCR Team), comprised of staff from several State agencies and departments, including the Department of Insurance (IDOI) and the Family and Social Services Agency (FSSA) that oversees Medicaid and eligibility for public programs. The Governor also appointed a health care reform lead to coordinate the State's efforts. The HCR Team has worked together for nearly a year to ensure a seamless and coordinated response to federal health care reform developments.

Last year, the State applied for and received a \$1M Exchange planning grant. The grant has provided support to the State's efforts to assess the feasibility of a State-based Exchange. The State has made substantial progress in each of the core areas over the last six months. The following summary details the completed and ongoing work undertaken with the planning grant funds:

1. Background Research

In order to understand the implications, costs, and impact of a potential State-based Exchange, Indiana focused on gathering key data to predict the number of potential users of the Exchange. Indiana engaged SHADAC to complete an assessment of the current market place. Key goals were: (1) to analyze the characteristics in Indiana's uninsured population and trends in insurance coverage, and (2) to assess the number and characteristics of potential users of an Exchange in Indiana.

SHADAC began their work in November 2010, using data from the Current Population Survey (CPS), the American Community Survey (ACS) and the Medical Expenditure Panel Survey (MEPS). SHADAC found that 64% of Indiana's population has health insurance through an employer, 5% purchase health insurance directly through the private market, 14% have public coverage and 16% do not have any insurance coverage. When exploring potential users of the Exchange, SHADAC looked at the following: (1) individuals currently uninsured or purchasing insurance through the individual market who either may or may not be eligible for tax subsidies in 2014, (2) small businesses currently offering insurance who may be likely to come to an Exchange, (3) small businesses currently not offering insurance, and (4) large businesses offering and not offering insurance. The estimate is for potential users of the Exchange, and does not include individuals who will use the Exchange as a means to access Medicaid benefits. Actual participation will vary, depending on factors such as how Indiana defines small group insurance in 2014, the number of employers that drop coverage, and a number of other variables. Between 1.1 and 3 million Hoosiers could potentially access the Exchange for their health care coverage; the upper bound estimate

includes approximately 1.5 million individuals currently receiving Employer Sponsored Insurance (ESI) through their large employer. The detailed results are as follows: 1

	Number of households	Number of people
Individuals		
Must use Exchange to obtain subsidies:		
Currently uninsured, income 139 to 399% FPG	259,077	375,050
Currently have individual coverage, income 139 to 399% FPG	76,734	123,675
Not eligible for subsidies, but may purchase through Exchange:		
Currently uninsured, income 400% FPG or higher	38,343	50,366
Currently with individual coverage, income 400% FPG or higher	54,980	95,513
Total	429,134	644,604

	Employees	Dependents	Total enrollees	Number of establishments ²
Small Businesses Currently Offering Insurance				
Currently have ESI through a business with fewer than 50 employees	184,226	139,035	323,261	32,624
Potentially eligible for tax credit	96,431	69,353	165,784	18,638
Not eligible for tax credit	87,795	69,682	157,477	13,986
Currently have ESI through a business with 50-99 employees	96,896	72,788	169,684	4,081
Total	281,122	211,823	492,945	36,705

	Number of employees ³	Number of establishments*
Other Businesses		

¹ Sources: American Community Survey, Public Use Microdata Sample, 2009; Medical Expenditure Panel Survey Insurance Component, 2008-09 averages; data on businesses with fewer than 25 employees and average wages less than \$50,000 per year from Indiana Department of Workforce Development.

Note: The Exchange will also be responsible for screening and referring people for Medicaid coverage. These potential "users" of the Exchange are not included in this table.

² An establishment is a single physical location of business. A firm may consist of multiple establishments. The vast majority of firms with fewer than 20 employees have only one establishment; larger firms are more likely to have multiple establishments. (U.S. Census Bureau, Statistics of U.S. Businesses, 2007)

³ Many employees at these businesses may have health insurance through other sources (such as a spouse's employer), or may already be included in the totals for uninsured and individually purchased coverage above. Caution should be exercised to avoid double-counting of potential Exchange users.

Businesses with fewer than 50 employees, not currently offering insurance	305,218	63,612
Potentially eligible for tax credit	244,301	52,771
Businesses with 50 to 99 employees, not currently offering insurance	12,656	687
Businesses with 100 or more employees, currently offering insurance	1,590,568	32,054
Businesses with 100 or more employees, not currently offering insurance	7,993	588
Total	1,916,435	96,941

In January, 2011, a second questionnaire (more details on the questionnaires are provided in the following section) was released to insurance carriers in conjunction with the IDOI's rate review grant. This questionnaire asked Indiana insurers for information about the types of plans and policies they offer. Fourteen different carriers responded to the request for data, representing 869,000 covered lives. The large group market had 56% of the covered lives, 27% were in the small group market and 17% in the individual market. Over 50% of the products sold in the small and large group markets were actively marketed PPO products, 21% were HDHPs with HSAs in the small group market and 12% in the large group market. All insurance carriers responding to the questionnaire reported using brokers to sell their products.

Indiana has conducted extensive research on Exchanges and developed white papers on the advantages and disadvantages of a State-based Exchange, financing an Exchange, and adverse selection in Exchanges. The State also monitors and participates in all conference calls and webinars offered by our federal partners or policy organizations on Exchange planning and development.

2. Stakeholder Consultation

Prior to and throughout the past year, Indiana has sought stakeholder input. The State maintains a website (<http://www.nationalhealthcare.in.gov>) which contains information relevant to stakeholders on the State's health care reform activities. The State has also employed questionnaires as a key component of Indiana's stakeholder involvement. The questionnaires were announced via an FSSA press release sent to all major media outlets across the State, and they were emailed to all major stakeholder and advocate groups, including members of the Indiana General Assembly. Links to the questionnaires were available on the aforementioned website.

The first questionnaire was an internet-based questionnaire to gain input from insurers and business stakeholders regarding their perspective of healthcare exchanges. Of the 400 responses received, 122 (about 30%) were from businesses, 276 (about 67%) were providers, and 11 (about 3%) were submitted by insurers. In terms of size and specialties, respondents represented a diverse cross-section of these stakeholder groups. Insurers offered a mix of individual, small group and large group plans. The majority of provider responses were individual practitioners, over half of which participate in a practice with 10 or fewer practitioners. Eight hospital responses were also received. Approximately half of business respondents are considered small businesses by ACA standards (less than 100 employees). Insurers and businesses were asked what kind of Exchange governance they preferred: federal, State agency or nonprofit. There was very little stakeholder support for a federally administered Exchange, with most respondents preferring a State-based Exchange, though being undecided about whether they preferred the Exchange to be housed in an agency or a nonprofit. Businesses' responses indicated they could use more education on how a small business (SHOP) Exchange may work, and what provisions may help or hinder them (for example, defined contributions). The full analysis of this questionnaire was completed and posted online at nationalhealthcare.in.gov in December, 2010.

The second questionnaire of insurance carriers was conducted in conjunction with the IDOI and the data from this questionnaire has also been used in connection with IDOI specific federal grants as discussed above. The IDOI solicited major Indiana insurers to respond to a questionnaire on the insurance market composition. Fourteen insurers responded. This questionnaire was administered and completed in December, 2010 and January, 2011. Much of the data submitted by insurers was confidential and agreements in place allow only the summary data to be formally reported.

The State has released a third questionnaire and comments were due at end of March, 2011. The questions serve as a guide to the State as the Exchange design options are discussed, evaluated and modeled. Consultants developed the questions based upon the options given to States in the ACA, and after consulting analyses, literature reviews, questionnaires and policy papers that other states and/or policy organizations had created. The Exchange questionnaire was again web-based, and contained separate tracks for insurers and brokers, consumers, healthcare providers and businesses. Respondents were encouraged to answer all the available questions, and all respondents were required to identify themselves and provide a valid email address. However, no respondent will be identified by name in any of the documentation available to the public. Over the upcoming weeks, the Exchange questionnaire responses will be counted, validated and analyzed. The analysis of the Exchange questionnaire will be provided to key internal stakeholders as they make decisions regarding the initial design of the Exchange.

The HCR Team has also held an extensive series of meetings with various stakeholder groups both to gain input from these groups and to update them as to its progress on the conditional establishment of an Exchange. A reference list is available in *Attachment A* of this project narrative. These meetings have included one-on-one meetings with individuals, vendors and organizations who have requested to meet with the State, as well as specific focus groups to discuss an issue pertaining to the Exchange, Question and Answer sessions and testimony before the Indiana General Assembly.

3. State Legislative/Regulatory Actions & Other Legal Services

Due to their expertise in establishing nonprofits on behalf of the State, Indiana sought legal counsel through Ice Miller. Ice Miller conducted an analysis of the legislative requirements for Exchanges and helped the State decide the potential structure for the Exchange. This analysis concluded that the State did not need legislation to begin the establishment of an Exchange as a nonprofit organization. Instead, it was determined that both FSSA and IDOI had sufficient authority to begin planning for a State-based Exchange, though legislation might eventually be needed with respect to certain functions relating to the Exchange, such as health information and data sharing.

The State decided not to seek enabling legislation at that time for a number of reasons. Among these reasons were the lack of federal rules and regulations or other guidance regarding the creation of the Exchange, as well as the absence of a federal model for purposes of comparison. By embedding the provisions in State law, it would make them more difficult to change to comply with the federal regulations when issued and if challenges to the ACA prevailed. Legal counsel recommended that the State continue to monitor the developments in other states, the status of the legal challenges to ACA and issuance of regulations and other Federal guidance prior to pursuing any legislation. After evaluation, the State, working with legal counsel, can determine whether legislation is needed or desired during the 2012 legislative session.

Governor Mitch Daniels issued the EO on January 14, 2011. The EO notes the stringent timeline and limited guidance on the exchanges from the federal government, the importance of maintaining the current free market and ensuring coverage options for Hoosiers, and the desire to protect Hoosiers from undue federal regulation as reasons for the conditional establishment of a State-based Exchange. It directs the IDOI and FSSA to work together on developing an Exchange and conditionally identifies a nonprofit entity, Indiana Insurance Market Inc., as the Indiana Exchange. The Secretary of FSSA is instructed to be the incorporator of the Exchange.

While the EO allows the State to move forward, if the State decides to pursue the Exchange, then legislation may be needed in the future. As part of on-going discussions, the HCR Team tracks items that may need to be included in legislation in future sessions of the Indiana General Assembly.

4. Governance

The State has identified the governance for the potential Exchange. The EO issued by the Governor calls for the establishment of a nonprofit entity to operate the Exchange. The rationale for this structure was rooted in recognition that none of the current agencies has the full capacity and knowledge to operate all aspects of the Exchange. Each agency holds some expertise, but no single agency could fully address the needs of an Exchange. A nonprofit entity allows the State to leverage expertise from each agency and allows for partnership between the agencies to support the Exchange. A nonprofit entity may also provide the flexibility for the Exchange in conducting future hiring decisions. The nonprofit entity has not been officially formed as the bylaws and articles of incorporation are being developed.

The Board of Directors will be comprised, in part, of the heads of agencies involved with the Exchange, including FSSA, IDOI, and IEDC as well as appointees of the General Assembly. The nonprofit entity will also have a number of advisory committees including committees for consumers, providers, businesses, and potentially insurers that provide input to the Board of Directors.

The State has also delineated which functions each of the State's current agencies will perform to support the Exchange and which functions will be performed by the Exchange itself. See Attachment B. In the next phase of planning, the State will work toward developing the legal structure and appropriate inter-agency, Exchange and agency contracts to support the coordinated effort around Exchange functions.

5. Program Integration

The HCR Team includes members of the Governor's staff, representing FSSA, IDOI, the Indiana Office of Technology (IOT), State Personnel, and the Department of Health (DOH). The HCR Team works collaboratively to guide all aspects of health care reform, including the Exchange. The HCR Team meets regularly to analyze status, technology and policy issues. Both the Commissioner of the IDOI and the Secretary of FSSA participate, as well as appropriate program staff, the Medicaid Office and the Division of Family Resources (DFR), which houses the eligibility arm for public assistance programs at FSSA. Separate meetings take place weekly where IT issues are discussed exclusively.

The HCR Team has worked together to develop the nonprofit governance model and has also focused on the potential role of each agency with respect to the operation of the Exchange. A Medicaid Expansion group meets biweekly to discuss a full range of Medicaid policy options and issues surrounding the ACA, including Exchange questions and how Medicaid will integrate into the Exchange. The Medicaid group is exploring how Medicaid and tax credit recipients will transition between Medicaid and Exchange

programs as well as consideration of the Basic Plan Option. Several policy options have been created and were incorporated into the survey. Finally, there is a subgroup of the HCR Team, joined by the actuarial staff, which is developing design options for the Exchange.

Indiana has developed a document listing the essential Exchange functions and defining whether these functions are performed by IDOI, FSSA, or are functions that will be assigned specifically to the Exchange. See Attachment B

6. Financial Management

The State continues to develop a plan for financing the Exchange. There are three components to this effort. The first is the funding options. The HCR Team has developed several potential funding options and has also developed a white paper that provides more detail on financing options. The developed white paper has been provided to the National Association of Insurance Commissioners for its use on the issue of funding options for healthcare exchanges. With input from the responses to the Exchange design questionnaire, the State will have more direction as to which financing option will be pursued.

Second, the current actuarial team is developing revenue projections around several of the funding options under consideration. Third, as different models are explored and business operations and staffing plans are developed, the financial liability of the Exchange will become clearer. The development of a financial management plan will become the focus of the Level One funding and is addressed in the proposed project plan. A long-term financing plan will be developed once the design is completed.

7. Oversight and Program Integrity

The State has not yet addressed auditing, financial integrity, oversight and prevention of fraud, waste and abuse as it relates to the Exchange. This will be a part of the Level One funding request.

8. Health Insurance Market Reforms

IDOI has moved to implement certain requirements of the ACA, and a bill currently in the Indiana General Assembly, Senate Bill 461, would codify the requirements in the ACA on coverage for dependents under age 26, pre-existing conditions for children under age 19, rescission and external appeals. IDOI spent numerous hours participating with the NAIC on medical loss ratios (MLR) subgroup(s) and standing committee(s) regarding the debate of what to include or exclude as “claims” (taxes, broker/agent fees, quality expenses, regulatory fees, licensing fees, etc.) for purposes of ACA’s premium calculation rebate in the event a carrier fails to meet the 80% MLR requirement.

9. Providing Assistance to Individuals and Small Businesses, Coverage Appeals and Complaints

The State has begun to inventory its current systems in place to address individual and small business coverage appeals and complaints. The IDOI and the FSSA’s Office of the Medicaid Policy and Planning (OMPP) and DFR have existing efforts to aid consumers. FSSA handles eligibility appeals as well as other complaints about Medicaid plans. IDOI currently handles customer complaints regarding insurance. These efforts will be coordinated across the agencies to provide a seamless system to handle customers’ needs and grievances.

The IDOI is currently working on a rate review grant. While nothing completed under the rate review grant will be added to this grant, a discussion of the work IDOI is doing that meets requirements in this category is contained in the proposal to satisfy the program requirements section for Providing Assistance to Individuals and Small Businesses.

The details of how the Exchange will provide assistance to individuals and small businesses, handle coverage appeals and complaints are yet to be developed and will be a part of the business operations efforts detailed in the next section.

10. Business Operations

As part of the Fit Gap analysis, Deloitte Consulting assisted the State in developing the 11 Exchange business functions. For each of these 11 business functions, the following activities have been completed by the State through planning activities: (1) ACA specifications and requirements mapped to business functions, and (2) additional considerations such as processes that need to be defined and policy decisions required for each business function as well as the technology components identified to support each business function.

The table below maps the 11 Indiana business functions to the 19 Establishment Grant Business Operations/Exchange Functions.

11 Indiana Business Functions	19 Establishment Grant Business Operations/Exchange Functions
<ul style="list-style-type: none"> • Screening & Eligibility • Enrollment Management 	<ul style="list-style-type: none"> • Exchange Website • Eligibility determinations for the Exchange participation, advance payment of premium tax credits, cost sharing reductions, and Medicaid • Seamless eligibility and enrollment process with Medicaid and other State health subsidy programs • Individual responsibility determinations • Enrollment process
<ul style="list-style-type: none"> • Premium Billing & Collection • Plan Management 	<ul style="list-style-type: none"> • Premium tax credit and cost sharing reduction calculator • Administration of premium tax credits and cost-sharing reductions • Certification, recertification, and decertification of qualified plans
<ul style="list-style-type: none"> • Outreach & Marketing • CRM & Support • Employer Relations 	<ul style="list-style-type: none"> • Navigator program • Outreach & education • Call Center • Applications & Notices • Adjudication of appeals of eligibility determinations • Notification and appeals of employer liability • Free choice vouchers • SHOP-Exchange functions
<ul style="list-style-type: none"> • Actuarial & Risk Adjustment • Program Finances 	<ul style="list-style-type: none"> • Risk adjustment and transitional reinsurance
<ul style="list-style-type: none"> • Reporting & Performance • State & Federal 	<ul style="list-style-type: none"> • Quality Rating system • Information reporting to IRS and enrollees

11 Indiana Business Functions	19 Establishment Grant Business Operations/Exchange Functions
Coordination	

Next steps will be to develop high level and detailed requirements and process flows around these business functions, which is part of the focus of the Level One funding request.

11. Exchange IT Systems

Indiana has completed its Fit Gap Assessment of the State’s current IT infrastructure. As part of this effort, meetings were held with key State stakeholders and vendors, including those that supervise the functions of ICES (the State’s eligibility system), MMIS (the State’s Medicaid claims system), IDOI IT systems, SERFF and SIRCON, the Indiana Health Information Exchange and IN.gov. The meetings were intended to provide detailed insight regarding the current operational structure and capabilities and functions of the current systems.

This research also included assessing the current internal systems, identifying best available data on exchange models, and compiling a gap analysis through the enlistment of an outside vendor to provide data on the State’s current IT systems. The system description, current system hardware and software (defined in Chart a in Section C “Summary of IT Gap Analysis”) provide specific details to better understand each of the systems that were reviewed.

A system-by-system inventory and analysis was conducted to determine required information needed to comply with expected Exchange requirements. This analysis will allow the State to outline the minimum set of requirements needed to maintain the Exchange. This minimum set of requirements could leverage some of the in-house systems in place and operational today. A specific and intentional focus was given to those systems that were recently procured and that stand a greater chance of being leveraged to address portions of these technology requirements.

Chart b in Section C identifies each system that was reviewed and the results of the analysis. The analysis depicts both the functional readiness and technical readiness of these systems’ potentials to meet Exchange requirements. Additional information learned from the assessment revealed that some systems will need to be replaced and others would need to be modified or retrofitted to serve an Exchange. Charts found in Section C detail each system and assign a readiness rating of red, yellow, or green. The functional fit green scores indicate strong alignment to Exchange functional requirements and considerations, yellow scores indicate moderate alignment to Exchange functional requirements and considerations, and red scores indicate little to alignment to Exchange functional requirements and considerations. The technical fit green scores indicate strong alignment to federal guidance and leading technology practices, yellow scores indicate moderate alignment to federal guidance and leading technology practices, and red scores indicate little to no alignment to federal guidance and leading technology practices.

b) Proposal to Meet Program Requirements

Indiana has worked diligently to plan for a potential State-based Exchange utilizing the Planning Grant Resources. As detailed in the previous section, the State has completed several key milestones including the issuance of the EO and the development of the governance structure. The State has completed its background research through review of uninsured data and has models to predict the number of potential

users of an Exchange. The initial IT Gap Assessment has been completed. Stakeholder input has been significant and is demonstrated by the three questionnaires that have been issued and the HCR Team's ongoing meetings with stakeholder groups.

Currently, Indiana is in the midst of considering the various Exchange design options. The State is reviewing the range of Exchange options from the clearinghouse and active purchasers, to hybrid models that fuse elements of these different approaches. Actuarial analysis is being performed as part of this process to assess the design options' impact on the insurance market and premiums, and white papers are being developed on a variety of design topics. Financing options are also being considered. The State will also use information generated from the stakeholder questionnaires and meetings to guide its development of the design.

Indiana's focus for the funding received during this Level One Exchange Establishment Grant period is to finalize the policy design and legal structure of the Exchange as well as complete the IT design, so that the building and testing of the Exchange can begin in calendar year 2012. The proposal includes requests for IT project management, general project management, assistance with the development of business requirements, legal counsel and drafting of Advanced Planning Documents and RFPs. Indiana will consult the information and available opportunities from the Early Innovator States throughout the process to glean processes, systems and ideas that may function for Indiana. Completion of these tasks will enable Indiana to evaluate whether an Exchange should be implemented by the State.

1. Background Research

Indiana has already completed the milestones required by HHS in this area. Additional research will continue to take place on an as-needed basis. Indiana will continue to participate in the information calls and webinars offered by the federal government and policy research institutions.

2. Stakeholder Consultation

Stakeholder consultation is an ongoing component of Indiana's conditional establishment of an Exchange. Meetings will continue to take place on a regular basis to gain feedback. Starting in April 2011, the State will begin another round of outreach to the key insurers and businesses to review the third questionnaire's results and request input on key design issues. Stakeholder groups include: insurers, brokers, consumer advocacy groups, healthcare providers and business groups, such as NFIB and the Chamber of Commerce. Later in 2011 the State plans to begin a series of presentations around the State to request additional feedback from stakeholders.

During the Spring of 2011 staff will begin analyzing, compiling and summarizing the data from the Exchange questionnaire. An executive summary and complete analysis will be available on nationalhealthcare.in.gov. The website will continue to be maintained with access to appropriate documents regarding the State's implementation efforts.

Exchange design options are expected to be finalized after the completion of the actuarial analysis, white papers, and the review of the Exchange questionnaire data. Once these options are developed, Indiana will seek stakeholder input on their advantages and disadvantages.

There are no recognized Indian Tribal governments in the State of Indiana, so at this time a plan has not been developed for stakeholder consultation in this area.

3. Overall Project Management & Direction

The State will expand its effort to complete the Level One milestones. The HCR Team Director and Coordinator will continue their efforts, and project management and coordinators will be expanded to support the intensity of the IT planning, design, as well as business operations. Administrative staff will also be added to support the HCR Team.

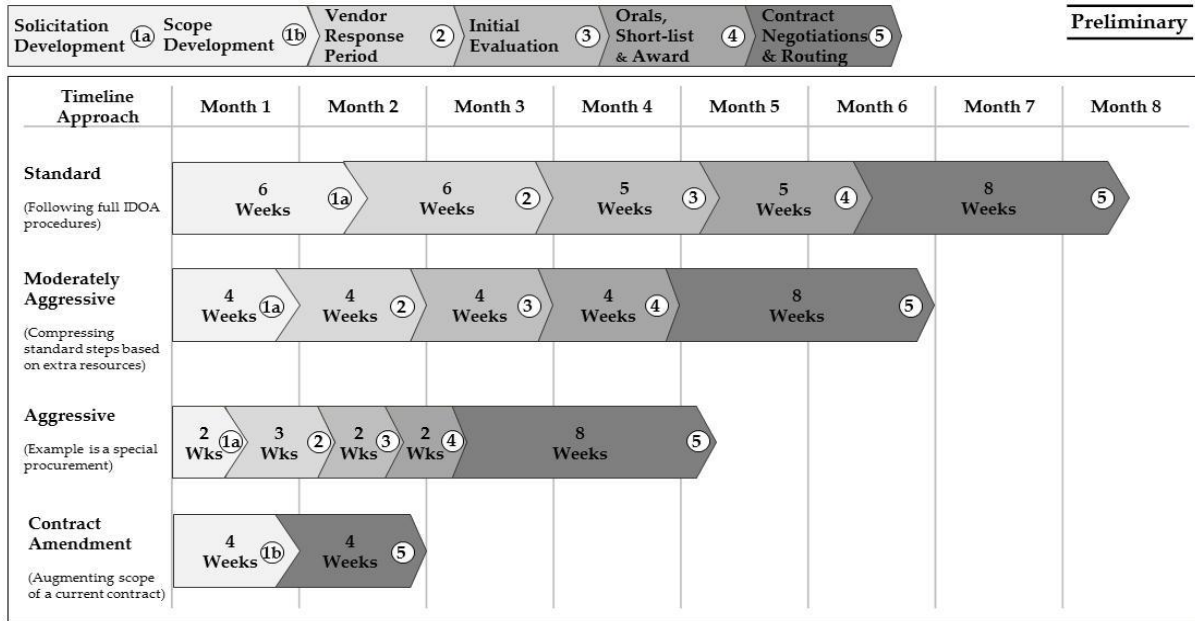
The Exchange will follow a defined project management methodology. There will be general project management and IT project management. As a part of the project management methodology, a detailed project schedule for IT and a general integrated project schedule will guide all staff assigned to the grant in order that core area deliverables are completed in a timely manner. Weekly accomplishments and barriers will be reviewed and monitored compared to the work plan core areas. Financial spending, staffing utilization, "lessons learned", and accomplishments will be reviewed, consolidated, and analyzed on a monthly basis.

a. Procurement

The State will utilize a procurement team consisting of procurement specialist, Ikaso Consulting, and Ice Miller. This team will work collaboratively with the State's Department of Administration (DOA) and the HCR Team to conduct procurements and manage the financial aspects of the relationships with contractors. Procurements and contracts will need to be fast-tracked in order to comply with the ACA deadlines while also complying with all applicable state and federal procurement laws and regulations.

Ikaso will research market capabilities and make recommendations about the strategy and structure for procurement solicitation. This includes supporting strategic decisions to pursue contract amendments and new procurements, selecting the optimal vehicle for new procurements, including special procurement options, RFI or RFP, and supporting negotiation strategies to best steward funds for the Exchange. Ikaso will assist in the contracting process, including procurement development, procurement execution, and negotiations. Thereafter, Ikaso will ensure that vendors are held financially accountable for performance through appropriate use of deliverable-based payment, performance-based payment withholds, incentives, and other mechanisms.

The chart below lays out the average timelines for each procurement approach:



Note: Steps 1 and 2 will require additional time for more complex solicitations
 Steps 3 and 4 will require additional time for more complex solicitations or those with a large number of respondents

Ice Miller will also assist the HCR Team in complying with all applicable state and federal procurement rules and regulations. Depending upon the structure of the Exchange, various procurement statutes, rules and regulations could apply to the operation of the Exchange including the Office of Management and Budget procurement regulations, HHS procurement regulations, the Indiana procurement statute, and the Indiana DOA regulations and policies. Ice Miller will provide analysis to the State detailing the applicability of each of these procurement rules, and thereafter will assist the State in drafting a procurement policy that will incorporate the applicable rules and regulations. Moreover, Ice Miller will assist in ensuring compliance with the drafted policy as well as any applicable federal and state rules and regulations when equipment or services are procured.

4. Governance, Legislative/Regulatory Action & Other Legal Services

Ice Miller has assisted, and will continue to assist, the State in ensuring compliance with ACA requirements. Upon the issuance of regulations by HHS and other applicable federal government agencies related to the Exchange, Ice Miller will also advise the State related to ongoing compliance with these regulations and will conduct a review of the actions already undertaken and policies that have been implemented by the State, FSSA, and IDOI to confirm that all such actions are consistent with the federal regulations.

Ice Miller will continue to provide support in the areas of governance and regulatory action as they did during the Exchange Planning grant period. With the Exchange still being considered, Ice Miller will work with the HCR Team in both the formation and structure of the Exchange. Ice Miller will continue to review and provide updated legal analysis regarding the options available for the structure of the Exchange, including the governance of the Health Exchange. Analysis will be provided regarding the ownership and governance of the information technology platform that will be developed to provide the underlying functions of the Exchange. This analysis will include the necessary steps to ensure that the Exchange complies with the ACA and related regulations.

After the initial analysis is completed, if the State decides to proceed with a State-based Exchange, Ice Miller will undertake the necessary steps to form the legal entity by completing and filing the Articles of Incorporation with the Indiana Secretary of State. Ice Miller will continue to develop the necessary governance policies of the Exchange, including, but not limited to:

- Articles of Incorporation;
- Bylaws of the Health Exchange;
- Conflict of interest and executive compensation policies;
- Whistleblower policy; and
- Document retention policy.

Ice Miller will provide legal analysis regarding the state and federal tax issues related to the Exchange that the State will need to consider. Such analysis will address the status of the entity for federal and state tax purposes as well as compliance with the Internal Revenue Code of 1986, as amended, and the corresponding Treasury Regulations.

a. Conflict of Interest Issues

Due to the significant operations of the exchanges, and the required consultation with various stakeholder groups that are involved in the health benefit industry, it is likely that some individuals or entities that are involved with exchanges will also have economic interests in entities interacting with the Exchange. Ice Miller will assist the State, as part of the planning efforts, in considering a Conflict of Interest Policy for its employees, board of directors, and other individuals involved in the Exchange to ensure that an individual or entity that interacts in any capacity with the Exchange has disclosed such an interest to the Exchange and does not impact or play a role in the Exchange's negotiation or participation in such an arrangement.

b. Monitoring Development of Health Benefit Exchanges in Other States

Ice Miller has been and will continue to monitor the development of health benefit exchanges in other states to analyze the legal issues, governance and operational structures of different exchanges. Due to the short time frame to have the Exchange operational by January 1, 2014, it is important to critically analyze all aspects of the Exchange and to make changes and updates as appropriate. Monitoring other states' development of exchanges will assist in obtaining different approaches and perspectives while continuing to develop the Exchange. For example, Ice Miller will analyze the governance structures to ensure best practices are being utilized to create the most efficient and effective organization. This will also include monitoring the developments in the Early Innovator States to analyze the most effective operations for Indiana's Exchange.

c. Legislation

Based on the State's policy design, Ice Miller will assist in analyzing the legislative needs for a potential State-based Exchange and the drafting of any such legislation. Legislative action will likely be needed; the scope of such legislation must be carefully considered in order to balance the interests of Indiana with compliance with the requirements of ACA. Ice Miller will work with those monitoring federal and state developments relating to the implementation of health care reform, with particular attention to legislative action taken by other states. They will also provide summaries and analyses of such legislative action in other states and how it may impact the goals and preferences of the Exchange. All of these factors will be considered and analyzed as the State determines the scope, need and timing of legislative action in

Indiana. Ice Miller will work with the State to determine the preferred approach for Indiana legislation and will then draft the specific legislative provisions. They will remain involved throughout the process of introducing the legislation, providing education on the proposed legislation, and revising the legislation as needed during the legislative session.

d. Health Insurance Market Reforms

IDOI will continue its progress in implementing the insurance market reforms required by the ACA, as required, during this 12 month period of Level One grant funding. Work in this area will align with, but not duplicate, the work taking place on the rate review grant.

As part of their work, Ice Miller will assist the State in reviewing Title 27, the Indiana Insurance Code, and coordinating IDOI rules, as appropriate, with the ACA and any additional regulations issued by the federal government. Ice Miller will help identify and evaluate conflicts between Indiana Code and the federal law and regulations and suggest solutions for resolving such legal conflicts. This may include the drafting of potential legislation for the 2012 session of the Indiana General Assembly.

e. Privacy & Security

The successful operation of the Exchange will require several State agencies and the Exchange to share and exchange confidential and sensitive personal information. Ice Miller will assist the State in ensuring that appropriate procedures are drafted and implemented to protect this confidential information. As a part of establishing and implementing these procedures, Ice Miller will provide the following services:

- Conducting an analysis of the application of HIPAA's privacy and security requirements to health information and demographic data used and disclosed through the Exchange and making determinations whether other state or federal privacy and security requirements apply to such information, financial information, or other sensitive personal information;
- Assisting in the development of appropriate written privacy and security policies and procedures related to health or other personal information and assisting in the implementation of any such policies and procedures;
- Determining the necessity of, and drafting, data use and confidentiality agreements between the Health Exchange and relevant governmental agencies, participating insurers, and other relevant stakeholders with which it will be necessary to share health and other personal information; and
- Determining the applicability of data breach notification laws to the Exchange and developing policies to comply with such laws in the event of a data breach.

f. Labor & Employment

If Indiana develops the Exchange, Ice Miller will assist the State and the Exchange on legal issues related to the hiring of employees and contracting with independent contractors to ensure compliance with all applicable state and federal laws.

5. Program Integration

As described in the Program Integration component of Section A, since the beginning of the planning process Indiana has been dedicated to ensuring that all State agency stakeholders who own resources or processes necessary to the Exchange are engaged and involved in Exchange development. Indiana State

HIT Coordinators, IDOI, OMPP, DOA and others communicate frequently and hold regular collaborative meetings on the Exchange design options.

The State has developed a preliminary document (*Attachment B*) indicating the functions currently performed by State Agencies, including IDOI and FSSA. As the work on the Exchange progresses, the HCR Team will develop detailed business process documentation that reflects the State's current business processes and describes the future processes needed to support Exchange implementation.

If the Exchange is formalized, contracts will need to be developed between the Exchange, FSSA, and IDOI. IDOI will retain all current certification and insurance market regulatory functions. FSSA will be responsible for eligibility functions, and OMPP will be responsible for assuring the appropriate transition from Exchange programs to Medicaid and vice versa. The Exchange will interact with these agencies seeking to not duplicate functions that are currently held in established State agencies. Contracts between the Exchange and FSSA detailing the transfer of information and services will be developed with the assistance of Ice Miller. This includes details of the roles and responsibilities of the IDOI relating to qualified health plans and the roles and responsibilities of FSSA relating to eligibility determination, verification and enrollment between the Exchange and FSSA. To meet the requirements for program integration, the State will seek actuarial expertise to develop recommendations on how to limit adverse selection between the Exchange and the outside market. These recommendations will be considered in the Exchange design options.

Throughout the process of Exchange development, the HCR Team will work to identify challenges posed by program integration, develop strategies for mitigating these issues and timelines for implementing these strategies.

With input from the IDOI, FSSA, and other stakeholders, the HCR Team will also develop strategies for compliance with the "no wrong door" policy and for mitigating adverse selection in the Exchange throughout its work. The strategies developed for compliance with the "no wrong door" policy and mitigating adverse selection in the Exchange will be described in a white paper completed by December 2011.

Finally, an agreement will be executed between FSSA and the Exchange describing the standard operating procedures between the Exchange and other state health subsidy programs. This includes cost allocation procedures between the Exchange grants, Medicaid General Financial Participation, and other funding streams as appropriate.

6. Financial Management

To develop the financial management structure and accounting systems for the Exchange, Indiana will seek aid from outside consultants, including experienced accountants. Once all Exchange design decisions that could impact the financial management structure are finalized, the HCR Team and finance consultants will work to develop the financial management structure and accounting systems of the Exchange.

The Exchange staffing plan will include a sufficient staff of experienced accountants as determined by the details of the financial management plan. This staff will assure that the financial management plan is successful and that all financial reporting and monitoring activities are carried out and that Exchange funds are soundly managed.

The development of the Exchange financial management structure will mirror the development of the Exchange design options. Meetings will be conducted to explore the differing options and a selection of financial management structure options will be developed.

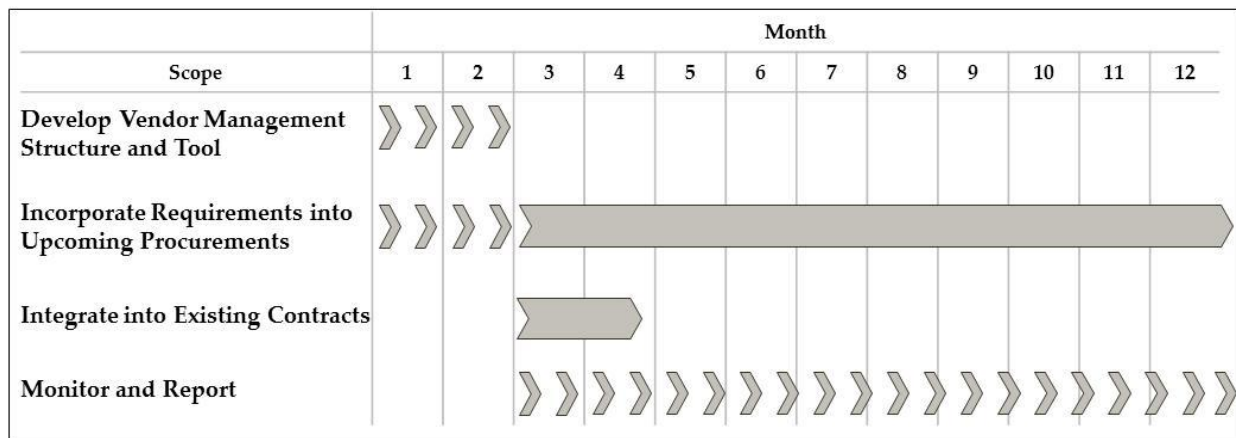
The State will also work to develop staffing plans and will identify ongoing operational costs as part of the business operations design effort. This will feed into the operational cost estimates that will be developed for each design option. Indiana will continue to adhere to all financial monitoring activities required for the use of federal grant funds.

7. Oversight and Program Integrity

Ikaso will also help manage the flow of funding for the Exchange and address the financial integrity, and prevention of fraud, waste, and abuse as it relates to the Exchange. Ikaso will provide a quarterly financial report linking actual grant spending back to milestone accomplishments and performance metrics by core area.

Ikaso will assist the HCR Team to address any contractual issues and to monitor budget adherence and adherence to performance metrics. Ikaso will work directly with agency leaders, policy leads, and vendor teams to ensure timely billing in accordance with contract terms and will assist the HCR Team in addressing any performance concerns. The chart below lays out a high-level work plan for the vendor management services role.

Preliminary



Note: Dashed arrows indicate assumptions of reduced resources to accommodate demanding periods across other project scope areas.

Through monthly reporting by the work streams, Ikaso will also be monitoring the Exchange expenditures to ensure the prevention of waste, fraud, and abuse related to the expenditure of the Exchange planning grant.

8. Providing Assistance to Individuals and Small Businesses

The HCR Team will continue to engage existing State organizations such as IDOI, OMPP, and DFR in discussions surrounding the design and implementation of the Exchange. The State recognizes the need for each of these offices to be involved in order to assure the services will be available via the Exchange in 2014, including (i) help individuals determine eligibility for private and public coverage, (ii) help individuals file grievances and appeals, (iii) provide information about consumer protections, and

(iv) collect data on inquires and problems and how they are resolved. Similar services are provided today by FSSA and IDOI. The Medicaid enrollment broker routinely counsels Medicaid recipients on their plan choice options. Eligibility appeals are performed at FSSA. IDOI also has a consumer complaint hotline. These services will be utilized and adapted when developing the Exchange's operations.

Additionally, the following services have been developed or are being developed to assist individuals and small businesses. Under the IDOI rate review grant, the IDOI is in the process of making improvements to handling constituent inquiries, external reviews and appeals for denials of coverage. Prior to IDOI receiving the rate review grant, the public's only way to access public rate filings was to make an appointment to review the IDOI files or to file a public records request. Public access is being enhanced by moving the majority of these same functions to IDOI's website. The website has a user-friendly interface that allows for public comment in order to promote communication among consumers and IDOI. The homepage includes a dynamic drop-down box listing insurers, data range and three types of coverage (major medical, long term care and Medicare supplement) to choose from in selecting rate filings to review. The homepage will also include an explanation page used to highlight the main purpose of the website and a common insurance definitions page.

IDOI will also enhance its consumer services phone systems. The system will allow for a more efficient calling environment. The tracking code system designed by IDOI's HCR Team will be similar to the NAIC Standard Complaint Form coding. The new system will not only promote more efficient communication between consumers and IDOI, but it will also allow for the collection of specific data essential to evaluating consumer responses for rate review.

Similarly, the DFR currently operates 107 local offices and serves over 1.1 million clients around Indiana through the Medicaid and Supplemental Nutrition Assistance Program (Food Stamp) and Temporary Assistance for Needy Family (TANF). Both DFR and OMPP operate call centers for eligibility and enrollment respectively. DFR and OMPP maintain statistics on call volumes and customer assistance provided. This positions them to offer a perspective critical to the design and implementation of an Exchange.

Over the course of the Level One funding period, the State will work to integrate data from various consumer assistance programs including the IDOI and the FSSA's Medicaid hotlines to form a baseline for expected volume and content of coverage appeals and complaints. The State will also work to coordinate Exchange planning with the IDOI's efforts under the rate review grant. Throughout the period of the Level One funding opportunity, the State will work to develop estimates of the needed capacity of the Exchange for providing assistance to small businesses and individuals and coverage appeals and complaints. Through the business requirements process described below, Indiana will define how this process will work and who will be the process owners.

9. Business Operations/Exchange Functions

Over the past year, the HCR Team has made significant progress in formulating and establishing the business operations of the Exchange. However, to continue this progress and expand on the foundation that has already been established, the State is undertaking an effort to further define the Exchange Business Operating Model. To accomplish this, Indiana will solicit vendor support in defining the future State business operational processes and associated agency process integrations required to support an Exchange. In the interest of time, the State has already completed the RFI for this project and solicitations

are currently pending. This activity will identify and define business operation solutions and associated cost structures that will:

- Provide functionality to support the legislated requirements of the ACA - *see* Attachment B;
- Outline the interactions and integration points between State agencies;
- Enable timely access to relevant information to support Exchange decision making;
- Support the future growth and requirements of the Exchange;
- Define intuitive business operations solutions that all employees and agencies are comfortable using without extensive training and coordination efforts;
- Provide a consumer experience of one-stop health coverage selection that is intuitive, seamless, and accessible by all; and
- Minimize duplication of operational processes and service offerings.

Vendors will be required to follow an approach that will develop process descriptions and standard operating procedures for the business operations and Exchange functions defining key activity steps, inputs, outputs, roles and responsibilities, and staffing requirements. This effort will also identify and document outstanding issues, questions, and options that require further assessment or policy decisions required to implement the Exchange Business Operating Model. Indiana will also be developing an initial estimate of the staffing model needed to support these Exchange functions and the operating costs associated with the operating model. Finally, detailed business requirements will be defined at a level which will support and enable the development of technical requirements and support solutions.

In order to further define the business processes, Indiana will organize into workgroups and conduct working sessions that include subject matter experts from FSSA, Medicaid, DFR and IDOI. The outputs from these workgroup activities will include the development of the following:

Baseline Process Models – These baseline process models will be based on the ACA legislation and the current Indiana environment/processes that are similar to the Exchange functions. These baseline process models will be used as the starting point for developing the future processes for operating the Exchange.

Indiana Exchange Business Operating Model – This model will describe Indiana’s business operations and Exchange functions, the processes including activity steps and the agency and persons responsible for performing each of the activity steps. In addition to process flow documentation, standard operation business function descriptions will be developed.

Operation Costs – To develop operation cost estimates, Indiana will develop a business function matrix that maps agencies responsible for performing each Exchange function. Associated costs, including the cost for staffing and services, will be used as inputs along with the process models to develop these operational cost estimates.

Business Requirements – The business processes will require services and technology to support the activities and tasks defined. The requirements to support these activities will be defined at such a level that IT can develop technical requirements and confirm the support needed through technical design review sessions or that manual support tools can be designed and developed.

The end product of this effort will be to provide the State the design of the business operations and interactions between the multiple State agencies, an estimate of the operating costs associated with offering a State-based Exchange, and the details necessary to begin the technical designs necessary to design and build the technology structure to support business processes. The list below represents the requirements and processes this effort will address.

- Certification, recertification, and decertification of qualified health plans;
- Call center – provide meaningful assistance to individuals and small businesses through a minimum of a toll-free hotline;
- Exchange website – obtain standardized comparative information on qualified health plans, apply for coverage, enroll online, and electronically calculate estimated costs of coverage;
- Premium tax credit and cost-sharing reduction calculator – accessible via the web site, provide an electronic calculator that allows individuals to view an estimated cost of their coverage once premium tax credits have been applied to their premium and the impacts of cost-sharing reductions if applicable;
- Quality rating system;
- Navigator program – program that will assist consumers in navigating their choices in the health insurance marketplace including the facilitation of enrollment;
- Eligibility determinations for Exchange participation, advance payment of premium tax credits, cost-sharing reductions, Medicaid and Free Choice Vouchers – verification and determination, appeals;
- Seamless eligibility and enrollment process with Medicaid and other State health subsidy programs – achieve interoperability for purposes of coordinating eligibility, determinations, referrals, verification;
- Enrollment process – facilitation of plan selected through payment;
- Applications and notices – facilitate program operations and communications with enrollees;
- Individual responsibility determinations – process to receive and adjudicate requests from individuals for exemptions from the individual responsibility requirements of the ACA;
- Administration of premium tax credits and cost-sharing reduction – first point of contact for enrollees who need to communicate changes of income level or have other redetermination of eligibility events;
- Payment and Premium Collection;
- Adjudication of appeals of eligibility determinations – process for individuals to contact eligibility determination;
- Notification and appeals of employer liability – Exchange pro-active notification to employers when an employee is determined to be eligible for advance payment of a premium tax credit because employer does not offer minimum essential coverage or the coverage is not affordable or does not meet the minimum value requirement;
- Information reporting to IRS and enrollees;
- Outreach and education – informs consumers about Exchange, educates on benefits of purchase;
- Free Choice Vouchers – vouchers used to offset the cost of health insurance premiums who employees that work for small employers where the cost of coverage is not affordable according to the affordability standards. Process to conduct eligibility, notify employers of employees who qualify for the, collect funds, and refund excess funds;
- Risk adjustment and transitional reinsurance; and
- SHOP Exchange-specific functions – Small Business Health Options program (SHOP) Exchange facilitates the purchase of coverage in qualified health plans for the employees of small businesses.

The HCR Team will participate in these efforts and will work with the chosen vendor. The HCR Team will utilize actuarial expertise for the quality issues, plan certification, and rate adjustment processes.

10. Exchange IT Systems

The Exchange project creates challenges with respect to Indiana's existing technology infrastructure. Both the Medicaid management system (MMIS) and eligibility systems are over 20 years old. The new

requirements of ACA, including the Exchange requirements, have created a challenging IT environment. A risk was identified early on in the Exchange assessment relating to the overall readiness of the State's suite of technology, including hardware and applications, which could be used to support an Exchange.

Some aspects of the Exchange's business needs could be accommodated by upgrading or modifying current systems, while other pieces may require a new system to be built or purchased. While some of this functionality may currently exist, the Exchange will be outside of the State agencies involved and therefore, it may be difficult to leverage the current systems.

As the Exchange's business model is developed, the State will ensure that the Exchange suite of technology includes hardware and applications that can support the Exchange, as well as interface with the existing legacy systems. These considerations will require significant cost and effort in replacement. The legacy systems that have the highest risks and need to be assessed include the primary eligibility system (ICES) and MMIS.

The Exchange Technical team will be working in parallel with the HCR Team to document the requirements for the proposed Exchange. Based on the results of the business requirements process, the State will review the technology issues at hand and develop an IT strategic plan for the Exchange. This plan will include the proposed technical architecture and options for meeting the technical requirements.

The State will issue an RFI to obtain input for technical design and a plan for FSSA, IDOI, and Exchange interoperability. The State also plans to leverage Early Innovator States' information, activities and "lessons learned" to the extent possible.

Based on the information gained from the RFI and Early Innovator States, the State can then determine what components will need to be procured or what enhancements to existing systems are needed to operate the Exchange. New components will be procured through a competitive RFP process and enhancements to existing systems will follow the Implementation Advanced Planning Documents (IAPD) process. The output of these activities will allow the State to incrementally put into place the necessary framework to receive the requisite approvals from both FNS and CMS. The work that will take place to address these risks and move towards the implementation of an Exchange are highlighted below.

a. Complete Systems Development Life Cycle Implementation plan.

First Data Government Solutions (First Data) was selected as the Exchange planning vendor by the State to assist FSSA and IDOI in eliciting and capturing the known technical requirements and developing an IT architectural model for the Exchange. First Data will also lead the planning, writing, and facilitation of a RFI and RFP to system integrators.

Part of the vendor's activity, in conjunction with the HCR Team, will include the preparation of needed IAPD as well as the supporting and requisite update documents for federal approvals. The process to be used by First Data and the HCR Team are outlined below.

The First Data Team will facilitate a series of Technology Data Gathering Sessions. These Sessions will build upon the information collected by the HCR Team to fully understand the business needs associated with the following technology components:

- Portal;
- Business Rules Engine;
- Workflow Engine;

- Reporting;
- Customer Relationship Management;
- Data Exchange/ warehouse;
- Calculators;
- Document Generation; and
- Document Management.

From these sessions, First Data will develop detailed technology requirements. The requirements will be documented in a report deliverable and present to stakeholders for buy-in and agreement before moving to the next stages of planning.

In addition to the data gathering sessions, First Data will meet with key members of the HCR Team to ensure consistency across multiple “in-flight” initiatives that may be underway. The purpose of the meetings is to determine what hardware and software are being used currently to support the business area and what the future plans are for change and expansion. Additionally, information will be gathered and analyzed on the models and technology solutions being employed by the States that have been awarded Early Innovator Grants. These findings will be documented in a technology design/architecture model deliverable and presented to stakeholders for buy-in and agreement before moving to the next stages of planning.

A comprehensive risk assessment of the proposed technology model will be conducted based on current security standards. The results will be published and a gap analysis prepared to identify those areas that are not currently in line or congruent with stated security policy. This will result in a cooperatively created action plan created by First Data and the HCR Team with proper steps identified with the milestones and dates listed.

In the event a gap cannot be closed with an existing State solution and a new technology component is required, the First Data technical resources will assess the business requirements, research appropriate products, and evaluate alternative approaches based on existing technology and future plans. For each technology component, they will assess:

- Products available for purchase;
- Build opportunity/constraints;
- Outsourcing opportunities; and
- Options used by Early Innovator States.

The main tool for assessing the available options will be the writing and distribution of an RFI document to the vendor community. First Data will manage this effort, along with the vendor responses. Once the vendor responses have been reviewed and compared against the known technical design and requirements, the First Data Team will develop a Technology Gap Matrix as a means of collecting and documenting the decisions associated with the options. Lastly, First Data will provide a recommendation for bridging each technology gap culminating in an Options Analysis Results Report.

Once agreement has been reached on the approach for each technology gap, the First Data Team will develop a procurement approach based on the need to build/enhance/buy. If the decision is to enhance existing infrastructure components, we will determine if a procurement is required or if the change can be absorbed within the system’s existing change management process. If the decision is to purchase some or all technology components, the First Data Team will assist FSSA in determining the number of procurements and the appropriate timing and scope of each.

Upon release of the RFP to the Implementation Contractor(s) community, the First Data Team will provide assistance with the following tasks:

- Prepare responses to Implementation Contractor(s) questions;
- Publish Procurement Library;
- Participate in the pre-proposal Implementation Contractor(s) conference;
- Assist with Bidder's Conference;
- Create Proposal Evaluation Plans;
- Prepare Proposal Evaluation Criteria;
- Assist with evaluation process; and
- Assist with proposal evaluation.

First Data will work closely with FSSA and IDOI to assign the requirements identified for technology gaps and the Exchange system development and implementation into appropriate RFPs to create an opportunity for competitive procurement without creating unnecessary risk to the development and implementation.

Milestone review will be managed by the FSSA and/or Ikaso to assure proper alignment with all of First Data deliverable efforts. These gate reviews will ensure an appropriate level of functional decomposition has been achieved to ensure a high expectancy of success to the proposed Exchange's objectives/ requirements and supported business process requirements.

Once the integrators solution is chosen a gap analysis will be conducted between the selected integrators solution and all known requirements to determine if there are any necessary modifications to the proposed solution prior to final design specifications are submitted by the integrators. This will be conducted by First Data. These will lead into joint application development (JAD) sessions so that preliminary documents can serve as input to use and test case scenarios. This will allow for a reconnection with the Early Innovator States to see if there have been additional lessons learned in the past several months that can be incorporated into updating the planning and system design documents. This will be produced in the form of an executive summary document.

c) IT Gap Analysis








The following provides detail to the narrative in Section a regarding IT systems. As previously noted, Deloitte Consulting conducted an IT gap analysis. The charts on the following pages give detail to the systems housed within the State, especially FSSA and IDOI, and their readiness to align with the requirements of an Exchange. Chart a gives details the current systems and their hardware and software. Chart b and the tables following are products of the Deloitte IT gap analysis. The charts provide detailed reasons supporting the current readiness given:

- Red means no functionality is expected to carry over from this application to the Exchange;
- Yellow means some limited functionality may be expected out of these applications but likely material modifications or replacement would be necessary; and
- Green applications are ready as they are to interoperate with expected Exchange design and requirements.

Chart a

Current System Name	Current System Description	Current System Hardware	Current System Software
ICES	<p><i>Indiana Client Eligibility System that houses the following data:</i></p> <ul style="list-style-type: none"> • <i>Medicaid</i> • <i>Temporary Assistance for Needy Families (TANF)</i> • <i>Children’s Health Insurance Program (CHIP)</i> • <i>Supplemental Nutrition Assistance Program (SNAP)</i> 	<ul style="list-style-type: none"> • <i>DB2</i> 	<ul style="list-style-type: none"> • <i>Cognos</i>
QualCheck	<p><i>QualCheck is a screening and referral tool used for financial and medical assistance.</i></p>	<ul style="list-style-type: none"> • <i>Web Server</i> • <i>Websphere Application Server</i> 	<ul style="list-style-type: none"> • <i>Oracle</i> • <i>Business Objects</i>
WFMS/FACTS	<p><i>WFMS/FACTS is the workflow management system and online application used for managing data related to the following programs:</i></p> <ul style="list-style-type: none"> • <i>Medicaid, TANF, SNAP, FACTS</i> 	<ul style="list-style-type: none"> • <i>Websphere Application Server</i> 	<ul style="list-style-type: none"> • <i>Curam</i> • <i>Captiva</i>
AIM/MMIS	<p><i>AIM/MMIS is a system used for Medicaid claims payment and tracking.</i></p>	<ul style="list-style-type: none"> • <i>Websphere Application Server</i> • <i>Power Builder</i> 	<ul style="list-style-type: none"> • <i>TBD</i>
IN.gov	<p><i>IN.gov is a State of Indiana government website providing information and functions associated with various Indiana State government departments.</i></p>	<ul style="list-style-type: none"> • <i>Web Server</i> 	<ul style="list-style-type: none"> • <i>Custom enterprise content management solution</i>
SERFF	<p><i>SERFF is the system that executes Electronic Rate and Form Filing.</i></p>	<p><i>Managed by Department of Insurance (DOI) in contract with National Association of Insurance Commissioners (NAIC)</i></p>	
SIRCON	<p><i>System that is used to house consumer complaints against insurance carriers and brokers.</i></p>	<p><i>Managed by DOI in contract with NAIC</i></p>	

Chart b

Current System Name	<i>Current System Description</i>	<i>Current assessed readiness</i>
ICES	Indiana Client Eligibility System (ICES)	
QualCheck	A screening and referral tool used for financial and medical assistance	
WFMS/FACTS	A workflow management system	
AIM/MMIS	Medicaid claims payment and tracking	
IN.gov	State of Indiana government website providing information and functions associated with government departments	
SERFF	Electronic Rate and Form Filing	
SIRCON	Consumer complaints against insurance carriers and brokers	

Systems Impacted by the Health Insurance Exchange (Exchange)	Family and Social Services Administration (FSSA) Health Insurance Exchange (Exchange) Associated IT Exchange Gaps				
	Portal	Business Rules Engine	Document Management	Document Generation	Customer Relationship Management (CRM)
ICES	Lacking any functionality that complies with Exchange	Embedded code in the program. Rules not separate from the code in a human readable format	No current functionality relevant to Exchange	<p>Embedded code in the program</p> <p>Use of outside vendor for printing</p> <p>Combines documents in a single package</p> <p>Each form has standard headers except for configurable address data</p> <p>Languages supported include Spanish</p>	No current functionality relevant to Exchange
QualCheck	<p>Integration with IN.gov provides ability to apply for benefits in addition to potential eligibility determination</p> <p>Apache Web Server and Websphere Application Server</p>	<p>Standardized rules engine with rules separate from code in a human readable format</p> <p>Data routing capabilities</p>	No current functionality relevant to Exchange	Allows self-printing of the results using standard web function	No current functionality relevant to Exchange

Systems Impacted by the Health Insurance Exchange (Exchange)	Family and Social Services Administration (FSSA) Health Insurance Exchange (Exchange) Associated IT Exchange Gaps				
	Portal	Business Rules Engine	Document Management	Document Generation	Customer Relationship Management (CRM)
WFMS/FACTS	Individual account: functionality to check on status / determinations Multi language support Search capabilities Online help capabilities Websphere Web Server Integration with IN.gov portal	CURAM software has a built-in rules engine not currently used	Enables processing of faxed documents, mailed in documents, scanned documents, and use of document center metrics Image cleanup, recognition, OCR, key from image, export	Batch creation capabilities Indexing and retrieval using bar code functionality Embedded code in the program Use of outside vendor for printing Supports Spanis	Oracle statistical reports
AIM	Individual account: functionality to check on status / determinations Multi language support Search capabilities Online help capabilities Websphere Web Server Integration with IN.gov portal	No current functionality relevant to Exchange	HP technology for imaging/OCR for claims processing	Embedded code in the program Use of outside vendor for printing Supports Spanish	Multi channel access Integrated call center application using I3 software Broad call center functions Account management support

Systems Impacted by the Health Insurance Exchange (Exchange)	Family and Social Services Administration (FSSA) Health Insurance Exchange (Exchange) Associated IT Exchange Gaps				
	Portal	Business Rules Engine	Document Management	Document Generation	Customer Relationship Management (CRM)
SERFF	Web based Insurer portal Individual account functionality Document storage Portal integration with IN.gov through API	No current functionality relevant to Exchange	Current functionality is limited	SERFF generates limited number of documents that users can view using Adobe Reader	No current functionality relevant to Exchange
SIRCON		No current functionality relevant to Exchange	Current functionality is limited		No current functionality relevant to Exchange

Additional areas that needed to be considered in the IT gap analysis are as follows:

1. ACA Section 1561 Recommendations

The National Information Exchange Model (NIEM) is being incorporated in future approaches as outlined in the domain documents. The State will use NIEM standards to foster more effective and timely sharing of information, such as infrastructure and potential threats to it, among federal, state, tribal, local and private-sector partners. Further adherence to the NIEM standards will be gained by leveraging Early Innovator State's technology with respect to domain areas. The application development requirements for both internally developed, commercially available off the shelf (COTS) or system integrator purchased solutions will require leveraging both lessons learned in the Early Innovator States and successful applications from States who are also utilizing similar systems that could be in whole or part used to accomplish the Exchange requirements. NIEM standards will be a requirement of all architecture standards and RFPs from the State. Special consideration will be given to those systems meeting these requirements that HHS or a department may have already purchased, such as CMS or the Center for Disease Control and Prevention (CDC).

2. HIPAA

All standards related to HIPAA will be adhered to with an architecture that will be a commercially available base to allow for future enhancements, with the areas addressed including but not limited to:

- Security Management Process;
- Security Personnel;
- Information Access Management;
- Workforce Training and Management;
- Evaluation;
- Facility Access and Control;
- Workstation and Device Security;
- Access Control;
- Audit Controls;
- Integrity Controls; and
- Transmission Security.

3. Accessibility for Individuals with Disabilities

Compliance matters relating to Section 508(b) of the Rehabilitation Act of 1973 will be addressed using commercially available technologies already purchased by the State or other funded programs. User-centered design (UCD) is an approach for employing usability. It is a structured product development methodology that involves users throughout all stages of website development, in order to create a website that meets users' needs. This approach considers an organization's business objectives and the user's needs, limitations, and preferences. The following disability types, while not an exclusion, will be taken into account:

- Visual;
- Hearing;
- Motor; and
- Cognitive.

4. Security

The Exchange shall address Fair Information Practices (FIP) in new and existing eligibility and enrollment systems to safeguard consumer information. The State will designate a Systems Security Officer (SSO) qualified to manage the system security program and assure the implementation of necessary safeguards. The SSO assures compliance with Core Security Requirements by performing the following:

- Directing the IT system security program and assuring necessary safeguards are in place and working;
- Coordinating system security activities for all components of the organization;
- Budgeting for IT systems security;
- Reviewing compliance of all components with the Core Security Requirements and reporting vulnerabilities to management;
- Establishing an incident response capability, investigating systems security breaches, and reporting significant problems;
- Ensuring that technical and operational security controls are incorporated into new IT systems;
- Ensuring that IT systems security requirements are included in RFPs and subcontracts involving the handling, processing, and analyzing of data;
- Maintaining systems security documentation in the Systems Security Profile for review;
- Ensuring that an operational Information Technology Systems Contingency Plan is in place and tested; and
- Documenting and updating the Corrective Action Plans.

The State will maintain and adhere to currently applicable FIPS, and Security policy and standards in matters related to:

- Collection Limitation;
- Data Integrity and Quality;
- Openness and Transparency;
- Purpose Specification;
- Use Limitation;
- Security Safeguards and Controls;
- Individual Participation and Control; and
- Accountability and Oversight.

5. Federal Information Processing Standards (FIPS)

The system that is developed will meet all current FIPS and will be constructed in such a way to allow for modification using a commercially available code basis to account for expected and evolving information processing standards as well as subsequent JSMs and directives around this and all matters related to information security. While a complete and comprehensive understanding of potential future standards is unknown, the system will be developed in such way as to consider changes that are similar in nature to those of past changes. This standard specifies the security requirements that will be satisfied by a cryptographic module utilized within a security system protecting sensitive but unclassified information (hereafter referred to as sensitive information). The standard provides four increasing, qualitative levels of security: Level 1, Level 2, Level 3, and Level 4. These levels are intended to cover the wide range of potential applications and environments in which cryptographic modules may be employed. The security

requirements cover areas related to the secure design and implementation of a cryptographic module. These areas include:

- Accountability and Oversight;
- Cryptographic module specification, cryptographic module ports and interfaces;
- Roles, services, and authentication;
- Finite state model;
- Physical security;
- Operational environment;
- Cryptographic key management; and
- Electromagnetic interference/electromagnetic compatibility.

d) Evaluation Plan

The Exchange Project Manager and IT Project Manager will develop a project plan, which will be the roadmap the HCR Team will use to evaluate progress and meet milestones. The Exchange Project Manager and IT Project Manager will meet monthly with the project directors to monitor the progress of the HCR Team as related to the project plan.

Additionally, the State will be following a defined project management methodology. As part of the project plan, the State will develop an integrated project schedule, with three key work streams: Policy, Business Operations, and IT Systems. Each work stream, managing assigned core areas of the grant, will develop a more detailed project schedule and staffing plan. Included in this plan will be an overall integrated project risk/issue tracking process, status reporting, and gate review process.

Each work stream and all contracted vendors will meet on a monthly basis with the project directors to monitor the progress of the project plan. During these monthly reviews, "lessons learned", impacts of past performance on last month's results, project barriers and predictions for future performance will be reviewed. Projections and approvals for project adjustments to meet milestones will be discussed and reviewed based upon actual performance metrics and risk/issue management.

Additionally, Ikaso has been engaged to monitor and track the grant expenditures. They will be developing key performance indicators for each core area of the planning grant work activity.

Attachment A

Stakeholder Meetings	Date
Aggregator in Exchange discussion – Indiana Chamber	Thu 10/7/10
Healthcare Delivery Reform - Thomas Dunleavy	Tue 10/12/10
Indiana Employers Quality Health Alliance	Thu 10/21/10
Health Insurance Exchange and Health Insurance Issues - Stewart & Irwin, P.C. & Health Resources, Inc.	Wed 10/27/10
Exchanges – Indianapolis Business Journal	Wed 11/3/10
ACA Implementation, Children's Oral Health	Thu 11/4/10
Exchange/HealthCare Reform Implementation - Christian Science Committee on Publication Legislative	Fri 11/5/10
Indiana Chamber	Fri 11/5/10
UnitedHealth Care	Mon 11/15/10
CHOICE Board (Home & Community Based Services Program for the Aging) Presentation	Thu 11/18/10
Indiana Association of Pathologists – Presentation by Robyn Crosson	Sat 11/20/10
Roy Ranthum HSA Consulting Services & Jerry Malooley, State Personnel Department (SPD)	Thurs 12/2/10
Exchange & Quality Data –Indiana Employer’s Quality Health Alliance; Indiana Health Information Technology, Inc; Indiana Health Information Exchange (IHIE), SPD, HOI	Mon 12/6/10
Exchanges, Health Care Reform & HSAs – State of Georgia	Thurs 12/9/10
Advocates for Mental Health - Indiana Counsel on Community Mental Health Centers, Mental Health America, NAMI Indiana, KEY Consumer Corporation	Tue 1/4/11

Meeting with State Senator Connie Lawson	Tue 1/4/11
Insurers and Associations - Indiana Chamber, ISN, AHIP, Anthem, National Association of Social Workers, Covering Kids and Families – continued on following line	Tue 1/4/11
Insurers and Associations - SynCare, Bose Public Affairs Group, Indiana Hospital Association, Indiana Primary Healthcare Association– continued on following line	Tue 1/4/11
Insurers and Associations - Indiana State Medical Association, Riley Hospital, IN Minority Health Coalition, Academy of Pediatrics, American Heart Association and American Cancer Society	Tue 1/4/11
Advocates for the Elderly and Aging – AARP, Indiana Association for Home and Hospice Care, Indiana Healthcare Association, INALA	Thu 1/6/11
Advocates for Individuals with Developmental Disabilities - ARC of Indiana, Self-Advocates Board, Indiana Association of Behavioral Consultants (INABC)	Mon 1/10/11
Meeting with State Senators Pat Miller, Ryan Mishler, Vaneta Becker, Ed Charbonneau, Beverly Gard, Jean Leising and Ron Grooms (Health & Provider Services Committee members)	Mon 1/10/11
Indiana MGMA – Presentation by Seema Verma & Robyn Crosson	Fri 1/13/11
Meeting with State Senator Earline Rogers (Health and Provider Services Committee member)	Tue 1/18/11
Meeting with State Representative Peggy Welch (Public Health Committee member)	Thu 1/20/11
Healthcare Reform meeting organized by AARP – Presentation by Seema Verma	Fri 1/21/11
Call with Vicki Kunerth, Minnesota Director Performance Measurement Quality Improvement	Tue 1/25/11
Meeting with State Senator Vi Simpson (Health and Provider Services Committee member)	Tue 1/25/11
Meeting with Indiana Insurance Brokers	Wed 2/23/11
Presentation at the HFMA spring conference	Thurs 2/24/11
Testimony before the Indiana General Assembly House and Senate Health and Insurance Committees	Wed 3/2/11
Meeting with the Indiana Optometric Association	Wed 3/16/11

Attachment B

Exchange Requirements vs. Current State Infrastructure				
Exchange Requirements	FSSA	IDOI	Additional Capacity	Exchange
Eligibility				
Determine Eligibility for public programs	X		yes	
Single application for Medicaid/CHIP and the Exchange	x		One time set-up costs	
Enroll eligible individuals who qualify for public programs automatically			yes	
Application available online, in person, by phone, or on paper	X		yes	
Determine subsidies for private insurance (tax credit/premium calculator)	x		yes	
Determine employer vouchers				x
Determine employee vouchers				x
Determine affordability waiver				x
Determine general exemption				x
Determine affordability exemption				x
Determine employer access				x
Provide a secure electronic interface between the Exchange and the State's eligibility system	x			x
Refer applicants to other programs	x			
Interaction with Federal Government				
Transfer list of exempted individuals to the federal government				x
Transfer list of individuals who cease coverage under a qualified health plan to the federal government				x
Transfer list of individuals who are employed and determined to be eligible for a tax credit to feds				x

Benefit and Plan Interaction				
Contract with carriers	n/a	n/a	n/a	?
Standardize benefit categories by actuarial value		x	limited	
Certify qualified health plans		x	limited	
Recertify qualified health plans		x	limited	
Decertify qualified health plans		x	limited	
Reward quality through market based incentives				x
Assign quality ratings to plans		x (?) TBD		x? TBD
Conduct risk adjustment		x (?) TBD		x (?) TBD
Customer Service				
Toll free call center	x	x	yes	x- coordinated across all entities
Enroll individuals				Exchange
Enroll businesses				Exchange
Utilize a standard format for presenting options, uniform outline of coverage		x	limited	
Maintain website with cost and quality information and standardized plan comparisons				x
Provide cost calculator				x
Conduct enrollee satisfaction surveys for every plan with more than 500 employees	?	?	?	
Provide enrollee satisfaction ratings to individuals and employers				This will be coordinated with the quality effort
Premium Payment and Collection				
Pay brokers				x/insurers
Pay premiums to carriers				x
Aggregate premium from multiple sources				x
Manage Navigator program		x		x

Facilitate small employers in purchasing insurance in the SHOP Exchange				x
Public Education about insurance and the Exchange	x	x	yes	x
Provide fair/impartial info concerning availability of cost-sharing reductions/ premium tax credits		x	yes	
Facilitate enrollment into health plans				x
Refer to consumer services	x	x	yes	x
Assist in grievances/complaints/questions concerning insurance		x	limited	
Culturally/linguistically appropriate forms of communication	X (Spanish)	X (Spanish)		x
Other Requirements				
Offer multi state plans		x?		
Transfer list of employees who qualify for tax credits to employers				x
Consult with stakeholders on an ongoing basis		X		x
Transfer citizenship and immigration status information to SSA and Homeland Security	x			
Publish average costs including licensing, admin costs, regulatory fees, etc. on a website available to consumers				x