

Office of Consumer Information and Insurance Oversight

**State Planning and Establishment Grants for the
Affordable Care Act's Exchanges**

State of Illinois – Quarter 1 Report

Date: January 31, 2011

State: Illinois

Project Title: State Planning and Establishment Grants for the Affordable Care Act's Exchanges

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Project Summary

The State has made substantial progress in evaluating the establishment of an “American Health Benefits Exchange” (“Exchange”) in Illinois, as envisioned in the Affordable Care Act (ACA). In a report to Governor Quinn to be issued February 1, 2011, the Illinois Health Reform Implementation Council recommended that Illinois establish an Exchange. In anticipation of such a recommendation, State staff has acted accordingly to use the initial grant funding to provide the State with the necessary information to do so. To that end, the last quarter was spent preparing two separate requests for proposals (RFPs) to obtain consulting services. The goals of these RFPs, described in more detail below, are to provide the State with much needed information about (1) the current state of health coverage in Illinois, (2) the likely costs, staffing implications, and infrastructure needs associated with the Exchange, and (3) options for the State to transition its existing public health care program eligibility, verification, and enrolment systems to the level of functionality required under the ACA. During this process, the State has established the necessary intragovernmental relationships necessary to make progress on the planning and implementation of an Exchange. As part of this effort, an infrastructure for decision-making and grant management between the Department of Insurance (DOI) and the Department of Healthcare and Family Services (HFS) has been developed. The RFP contracts will be executed in February 2011.

The State has also made substantial progress in educating and engaging consumers about the Exchange. As described below, the State has held several public meetings, solicited comments from the public, completed a report for Governor Quinn that includes recommendations for an Exchange, launched a series of educational webinars open to the public, and held a series of stakeholder working group meetings on the establishment of an Exchange in Illinois. As legislation to establish an Exchange progresses, the State plans to continue this work during the spring 2011 Illinois legislative session and throughout the next several quarters.

Core Areas

- *Background Research*

On December 9, 2010, the State issued a Request for Proposals (RFP) entitled *Background Research in Support of a Health Benefits Exchange in Illinois* (RFP# 11-57312) – See Appendix A. In this RFP, the State seeks assistance with the research and development of a comprehensive report detailing the current state of health insurance coverage in Illinois and the existing health insurance marketplace. The research and subsequent report will include an analysis of Illinois’s uninsured, underinsured and insured populations, an assessment of the affordability of coverage statewide and an overview of the State’s private health insurance marketplace. Bids for this RFP were due to the State by January 25, 2011, and the State plans to execute a contract for services no later than February 2011, assuming no unforeseeable delays.

The State has also begun assessing and compiling existing data sources for the Vendor to access when a final contract is executed. This compilation includes data related to Medicaid, the State Children’s Health Insurance Program, the existing State high-risk pool (Illinois Comprehensive Health Insurance Program, I-CHIP), and insurance market information. Given the limited reporting requirements for health insurance carriers prior to the enactment of the ACA, the Department of Insurance is considering

a data call or survey to carriers for additional information not available or easily accessible. The Department intends to finalize the details of a potential data call or survey in the next two weeks, and to work with the successful vendor to ensure it meets their needs.

In the next quarter, the State intends to launch work with the chosen vendor on the background research report. As part of this, the State will establish a structure for appropriately delivering necessary information from this project to the vendor that successfully wins the Needs Assessment RFP (described below) to ensure that all vendors can provide interim estimates on the impact of the Exchange to the State on a timely basis.

- *Stakeholder Involvement*

The State has undertaken several different activities to engage all stakeholders throughout the State on the issue of health reform, the impact of the ACA, and the development of an Exchange in Illinois.

In September, the State launched a health reform implementation website, <http://healthcarereform.illinois.gov>. This website not only provides additional information for stakeholders to help educate them on health reform and the Exchange, but also enables stakeholders to provide health reform-specific feedback to the State directly. This portal has been used extensively in specific relation to the Exchange, as noted below in greater detail.

In accordance with Executive Order #10-12 (Attached -- *See Appendix B*) the Illinois Health Reform Implementation Council ("Council") convened a series of public hearings all over the State, soliciting input on all aspects of ACA implementation. Each session focused on a different aspect of the ACA, but most included some discussion of Exchange related issues. The Council also convened a public meeting on September 22, 2010 to specifically consider the ACA's new consumer protections and to discuss the opportunity for Illinois to establish an American Health Benefits Exchange in Illinois (Agenda attached – *See Appendix C*). Staff from the Department of Insurance delivered a 20 minute presentation on health reform, with an emphasis on the twin topics of insurance reforms and the Exchange, while Director Hamos of the Department of Healthcare and Family Services provided background on the impact on and opportunities for public programs. Following the presentation, three different panels of witnesses testified on those two topics. Each of the panels represented a different stakeholder group: the consumer perspective, the employer perspective, and the health insurer perspective. Three additional hearings were held across state on other ACA-related topics, but during several of those sessions, individuals testifying and those on the Council noted the clear connection to or impact of these policies on a potential State-based Exchange.

On November 15, 2010, the State posted a comprehensive request for public comment, entitled *The Affordable Care Act: Key Issues for Public Comment; Health Insurance Reform and the Option of Establishing an Insurance Exchange in Illinois* (Paper Attached – *See Appendix D*.) This document includes significant background information on the requirements of an Exchange as delineated in federal statute, highlights the State decision points as it relates to the Exchange, and solicits feedback from stakeholders on six different aspects of the Exchange:

1. Functions of a Health Benefit Exchange;
2. Structure and Governance;

3. The External Market and Addressing Adverse Selection;
4. Structure of the Exchange Marketplace;
5. Self-Sustaining Financing for the Exchange; and
6. Eligibility Determination.

This request for public comment was posted on the State's health reform implementation website, and circulated to all potential stakeholders. A press release was issued to announce the opportunity to provide extended input. The State received approximately 80 comments from individuals across the State and from every group of stakeholders. Each response is posted on the State's health reform website. These detailed comments have informed the final recommendations of the Council to the Governor on the Exchange and other topics. Delivery of the final report to the Governor was delayed until February 1, 2011. **It will be posted on the Reform Council's website and submitted to HHS as part of the second quarterly report as it will lay the foundation for future Exchange enabling legislation.**

The State is also actively engaged in further educating the public on the opportunity to establish an Exchange through public events, speaking engagements, and educational webinars on the Exchange. The Department of Insurance launched a series of educational webinars on the Exchange in December 2010. The first webinar, entitled *Basics of an Exchange* (PowerPoint attached – *See Appendix E*), occurred on December 14, 2010 with more than 100 participants from across the State. This webinar covered the statutory requirements of the Exchange and provided an overview of the State-specific decision points Illinois would have to address in order to establish an Exchange. The interactive webinar also enabled participants to ask questions during the session, which Michael T. McRaith, Director of Insurance for Illinois, answered following a live presentation of the PowerPoint. Since the final webinar was posted in December 2010 through January 23, 2011, the site has received 546 hits from 288 different visitors. Though technically in the "second quarter", a second webinar occurred on January 24, 2011, entitled *Exchange Governance and Long-Term Sustainability* (PowerPoint attached – *See Appendix F*), and included 88 concurrent participants. The Department of Insurance intends to host additional webinars in the future regarding other ACA-related topics.

Finally, the Department of Insurance launched a series of open stakeholder working group meetings on the Exchange. The purpose of these meetings is to solicit feedback from stakeholders in specific subject areas where their perspective and expertise is important. The five working groups, composed of patient and family advocates, employers, insurers, providers, and producers, each met once during the first quarter. These first meetings served as an introductory sessions on the purpose of the working groups and the process going forward. Since those initial meetings, the working groups have met twice more to discuss the issues of governance and options for long-term sustainability of the Exchange.

- *Program Integration*

The State has worked extensively to organize and establish the necessary intergovernmental relationships to successfully integrate the different public health care programs, as mandated by the ACA. Lead staff on the Exchange from the Illinois Department of Insurance (DOI) and the Department of Healthcare and Family Services (HFS), which houses the Medicaid and CHIP programs, jointly convened an intergovernmental working group to address Eligibility, Verification and Enrolment (EVE) determinations and processes across all related State departments and agencies as it relates specifically

to an Exchange in Illinois. This group includes representatives from the Governor's office and the Department of Human Services (DHS). Subject matter experts on various aspects of Insurance, Medicaid, CHIP and other public health programs—including policy, operational and information technology—are part of this group, as is the lead staff for the Frameworks project -- an ongoing State effort to integrate and update information systems for all health care and human service programs across seven State agencies.

The ACA EVE group has met regularly since early fall. During that time, the group jointly crafted and provided extensive feedback on the EVE portion of the Needs Assessment RFP, issued by the State on December 21, 2010 (described at greater length below). This group nominated several representatives to participate in the evaluation team for that RFP. The group will continue to convene to discuss and resolve ongoing issues related to the analysis around and development of an EVE solution for the State as it relates to the Exchange.

- *Resources & Capabilities*

As mentioned above, on December 21, 2010, the State issued an RFP, *ACA Planning - Needs Assessment for Establishment of an American Health Benefits Exchange (Attached – Appendix G)*. The goal of this RFP is to obtain consulting assistance in planning associated with the implementation of an Exchange. This RFP divides the task of evaluating the State's options for developing one or several Exchanges into two major components.

- *Exchange Organizational and Impact Assessment.* The winning vendor will help the State evaluate design options for the Illinois implementation of one or several Exchanges, taking into account the business operations, statutory requirements, and costs associated with various options and the accompanying consumer protections.
- *EVE System.* The successful bidder will help the State develop an enrollment, verification and eligibility system (EVE) that will comply with the requirements of the ACA to appropriately enroll people in either the Exchange or Medicaid in a connected and transparent manner, while requesting the least amount of necessary information.

One of the primary goals of this RFP, as articulated in the statement of work, is to assist the State in identifying the necessary resources and capabilities required to establish and maintain an Exchange. This includes an analysis of the cost and staffing implications of these responsibilities, both directly associated with the Exchange, and any Exchange-related effect on existing State departments or agencies (such as Medicaid and the Department of Insurance). The State intends to finalize a contract and launch work on this project in February.

The State has also identified and extended offers to two additional staff to fill the research assistant positions under the Exchange grant. These individuals will begin work in a contract capacity in the first half of February.

- *Governance*

As noted under the “Stakeholder Engagement” section, the State has solicited and received extensive feedback from diverse groups of stakeholders on an appropriate governance structure for an Exchange in Illinois, and it will continue to do so throughout the process. The second open stakeholder working group meeting convened by the Department of Insurance sought specific feedback on the issue of governance. This meeting included conversations related to governance structure, a governing board, the number of members, the make-up and balance of the board, and conflict of interest rules associated with Exchange staff and board members.

Based on stakeholder feedback, as well as the recommendations included in the Illinois Health Reform Implementation Council’s report to the Governor, the State has already begun to draft legislation to authorize the establishment of an Exchange. The State expects this legislation will be introduced, debated, and passed at some point during the 2011 legislative session.

- *Finance*

As noted in the “*Resources & Capabilities*” section, the State is awaiting a finalized contract for consulting services to help the State with a formal Needs Assessment. This will include assistance both in understanding the requirements of the federal law as it relates to finance, and in identifying appropriate accounting and auditing standards, as well as mechanisms for transparency that must be incorporated into the Exchange technical planning process.

- *Technical Infrastructure*

As noted in the “*Program Integration*” section, the State has focused much of its planning on the technical aspects of incorporating the eligibility, verification, and enrolment (EVE) systems for public health care programs necessary to meet the minimum requirements of the ACA. Once underway, the Needs Assessment will provide a significant amount of information to the State about the costs associated with the technical requirements of an Exchange. Based on this information, the State hopes to immediately proceed to planning the Exchange website, updating the State’s existing technical infrastructure for EVE, improving private health plan reporting and regulation, and establishing the necessary interconnections with federal agencies to enable the Exchange to make eligibility determinations for premium and cost-sharing subsidies.

- *Business Operations*

The State expects the consultant hired to execute the Needs Assessment will provide an in-depth report on the required set of business operations and mandatory Exchange functions required under the ACA. Based on this report, the State will ensure that all requirements are incorporated into the technical planning process. Each ACA requirement that necessitates State action – such as charging an entity with certification, recertification, and decertification of health plans – will be included as a milestone in its evolving planning document.

- *Regulatory or Policy Actions*

No additional action was taken in this area, outside of the work noted in “stakeholder engagement” and “governance.”

Barriers, Lessons Learned, and Recommendations to the Program

The State has faced few barriers to progress so far. The only concern has been the ability to spend the grant funding in the first quarter. State mandated procurement processes, which are thorough and extensive, have caused delays. The State initiated the RFP planning process prior to the grant award, and began working on the formal paperwork to develop an RFP within a week of receiving the grant. Nonetheless, the RFPs could not be officially posted until December – and even that represented an unusually rapid timeline for State procurement processes. The State has also been delayed in hiring new staff under the grant. However, two new hires have been identified for the “research assistant” positions included in our grant application. These positions are in the final stages of approval within the State, and the individuals should begin their work with the State in February 2011.

In addition to the rigorous approach the State has taken in engaging stakeholders on the Exchange, one key to success was early establishment of an interagency working group on the EVE aspect of the Exchange planning. Thus far, this aspect of planning has proven to be the most complicated and daunting, but early engagement and planning has resulted in a strong working relationship that has set a positive and collaborative tone for future work on the Exchange.

Technical Assistance

Best practices from HHS, foundations, and other public policy think tanks regarding everything from evaluating and managing vendors to developing a budget is something that has been enormously helpful for the State. Additional information and opportunities to learn in a collaborative environment, similar to the HHS Exchange Grantees conference in December 2010 would be helpful. Additional technical assistance webinars on vendor management, developing a realistic budget, understanding all the low-level components of Exchange planning and maintenance, and a more detailed understanding of federal expectations by the end of 2011 for states that seek to establish an Exchange would help to inform the Illinois’ evolving timeline over the next several months.

Draft Exchange Budget

The State is still in the very early stages of planning for its Exchange, and is able to provide only very limited information regarding its anticipated budget for the next several years. More detail will be available after preliminary information from our Needs Assessment is available. The primary purpose of that assessment is to provide the State with a realistic estimate of the number of the staffing, information technology, and other costs associated with the development and long-term maintenance of an Exchange, based on the States' existing resources and staffing levels.

In the interim, to meet HHS needs, we are providing the following *extremely tentative* budget estimates. For all practical purposes these numbers are roughly informed guesses; however, they may serve to begin fleshing out the possible costs.

The outline below further defines the conceptual underpinning of our estimates for each of the mandatory core areas, including specifying which business functions were recorded in which programmatic category. An appendix to the budget tables – See Appendix H -- provides some key specific assumptions to create contexts for the dollar values.

- **Background Research:** *This category includes research that allows the State to better understand the demographic and market conditions that will shape the Exchange in Illinois. The State is likely to need additional information beyond what is being gathered under the auspices of the current grant. It is projected that the State will need to obtain additional survey data, particularly from employers or consumers, and develop detailed modelling to fill gaps in knowledge not included in the Background Research. These expenses will be primarily for consultants and will be concentrated in the next fiscal year.*
- **Stakeholder Involvement:** *This category considers the process of working with stakeholders as the State moves forward in the development of the Exchange. Additional costs the State is likely to incur include convening stakeholder groups, testing concepts (e.g. focus groups to test processes and products), and analyzing responses for incorporation into legislation and other action items. These expenses will be primarily a combination of consultants and travel, supplies, and other items for internal staff, but will not be extensive.*
- **Program Integration:** *This category includes planning and other activities to ensure that as the Exchange develops, it is able to fulfil its obligations to integrate Exchange programs into other programs, such as Medicaid. In this category, the State is estimating only policy planning and conceptual costs and does not include some of the larger business integration items. The State anticipates the need for additional consulting assistance and a modest increase in staffing; however, the bulk of these expenses will be incurred in federal support for other projects.*
- **Resources and Capabilities:** *This category estimates costs related to detailing the resources and needs that will be required to stand up the Exchange. (The actual deployment of these resources and capabilities is included in other categories.) The State anticipates most of these costs will be incurred in the initial planning grant, but additional work will be necessary to move from high and intermediate level needs analysis, and further to more granular level specific needs. (e.g. Moving from staffing needs to specific job descriptions.) The State estimates the*

bulk of these expenses will be contractual and will be front loaded (FFY11 and FFY12). The State also anticipates the need for additional internal staff in this category that will migrate to other functions associated with the Exchange at a later date.

- **Governance:** *This category estimates costs of Exchange governance through FFY14. It is hard to differentiate expenses in this category from other categories, particularly Finance and Business Operations. The State has assumed, for this exercise, that the process of hiring and reimbursing expenses for executive level staff for the Exchange will be included in this category. While the State is unclear at this point what exact Governance model will be adopted by the Illinois legislature, the State has estimated costs for the maintenance of a volunteer Board, as well as occupancy costs, though they are roughly prorated with other functions as well.*
- **Finance:** *Generally speaking, this category includes estimates for the functional administrative costs of the Exchange, as opposed to programmatic costs. These include development of plans for sustainability, internal accounting and controller functions, federal reporting, and defining mechanisms for transparency, human resource functions, and occupancy direction. The State assumes most of these costs will be incurred in hiring staff for these positions, although there will be some consulting costs associated with developing business plans—possibly including actuarial work about the impact of various financing strategies on market performance. The State also anticipates that some portion of these functions will be contracted out.*
- **Technical Infrastructure:** *This category includes costs related to both the development and the operation of the entire technical infrastructure necessary for the Exchange to function. Given the current definitions of each core function, the State considered allocating these costs into the other functions (e.g. Business Operations and Financing), however for the purposes of planning this quarter, the State did not.. The State's estimates take into account the budgets proposed by the Early Innovator grant applications to which we have access (Oregon and Wisconsin) and assume a roughly even split in costs with Medicaid and other human service agencies. The State is hopeful that the work of the Early Innovator states will reduce development costs for Illinois associated with the technical infrastructure for the Exchange. However, whereas both Oregon and Wisconsin are starting from much more advanced platforms than Illinois, establishing some infrastructure from scratch is almost certain to result in additional costs. Also, at this point, the State is not convinced that Early Innovators (at least as represented by Wisconsin and Oregon) are based on the types of advanced, open-source technologies that we would ideally pursue. The cost of other alternatives is entirely unclear at this point.*
- **Business Operations:** *This category includes all the business functions that are necessary to stand-up the Exchange. This includes, initially, development and execution of communication strategy, negotiations with insurance companies, work with small business owners, operation of a call center, maintenance of mechanisms for enrolling clients, development of quality assessment of plans, and consumer navigation. It includes financial functions that are explicitly programmatic—specifically oversight of premium payments and dealing with tax credit issues. This category also includes the costs of maintaining a robust complaint resolution function, beyond that outlined in the States Consumer Assistance Program grant. Prior to the constitution of Exchange governance—or even the completion of the needs assessment—it is impossible to know to what extent the Exchange will contract out these functions. The State has estimated*

expenses as if many of these activities are done in-house. In truth, given the time frames, there is a reasonable likelihood of contracting out all, or a large portion, of the business operation. At this point, the only functions the State assumes will be contracted out include the call center, the primary navigation functions, and complaint resolution system (to the Department of Insurance).

- Regulatory or Policy Actions:*** This category includes the legal and compliance functions inherent in implementing and maintaining an Exchange. It includes development of rules, handling policy litigation, program integrity monitoring and development of required reports and evaluations. It also includes the costs of developing and maintaining risk adjustment mechanisms. These estimates do not assume substantial new regulatory responsibilities that must be undertaken by the Department of Insurance. As such, these costs are assumed to be a blend of in-house staff and consulting/contractual assistance, particularly actuarial assistance.

<i>Function</i>	FFY 2011	FFY 2012	FFY 2013	FFY 2014
<i>Background Research</i>				
Salaries and Wages	In current grant	12,600		
FTEs				
Fringe Benefits				
Consultant Costs	100,000	100,000		
Equipment				
Supplies				
Travel	5,000	5,000		
Other	3,000	3,000		
Contractual Costs				
Subtotal	241,200	120,600		
<i>Stakeholder Involvement</i>				
Salaries and Wages	In current grant	57,600		
FTEs				
Fringe Benefits		13,500		
Consultant Costs				
Equipment				
Supplies		500		

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Travel		10,000		
Other				
Contractual Costs				
Subtotal		81,600		
<i>Program Integration</i>				
Salaries and Wages		42,600	60,000	60,000
FTEs		0.5	1	1
Fringe Benefits		9,000	18,000	18,000
Consultant Costs				
Equipment				
Supplies		750	1,000	1,000
Travel		3,000	3,000	3,000
Other				
Contractual Costs				
Subtotal		55,351	82,001	82,001
<i>Resources and Capabilities</i>				
Salaries and Wages		55,000		
FTEs				
Fringe Benefits		16,500		
Consultant Costs	50,000	50,000		
Equipment		3,000		
Supplies		300		
Travel	7,000	7,000		
Other				
Contractual Costs		50,000		
Subtotal	57,000	181,800		

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<i>Governance</i>				
Salaries and Wages		87,500	320,000	320,000
FTEs		0.75	3	3
Fringe Benefits		26,250	96,000	96,000
Consultant Costs				
Equipment		3,000	2,200	
Supplies		500	3,000	600
Travel		39,000	70,000	70,000
Other		15,000	42,000	37,000
Contractual Costs				
Subtotal		171,251	533,203	523,603
<i>Finance</i>				
Salaries and Wages		30,000	310,000	430,000
FTEs		0.25	4	6
Fringe Benefits		9,000	93,000	129,000
Consultant Costs			100,000	30,000
Equipment			6,000	4,400
Supplies			800	1,200
Travel			5,000	5,000
Other			61,000	59,000
Contractual Costs				
Subtotal		0	575,804	658,606
<i>Technical Infrastructure</i>				
Salaries and Wages		1,200,000	1,200,000	800,000
FTEs		15	15	10
Fringe Benefits		360,000	360,000	240,000

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Consultant Costs		8,000,000	10,000,000	2,000,000
Equipment		22,500	5,250	3,500
Supplies		3,000	3,000	2,000
Travel		5,000	5,000	5,000
Other				90,000
Contractual Costs		625,000	2,500,000	2,500,000
Subtotal		10,215,515	14,073,265	5,640,510
<i>Business Operations</i>				
Salaries and Wages			600,000	1,800,000
FTEs			10	30
Fringe Benefits			180,000	540,000
Consultant Costs			75,000	25,000
Equipment			15,000	10,500
Supplies			2,000	6,000
Travel			5,000	5,000
Other			90,000	270,000
Contractual Costs			550,000	17,775,000
Subtotal			1,517,010	20,431,530
<i>Regulatory or Policy Actions</i>				
Salaries and Wages			350,000	1,090,000
FTEs			4	15
Fringe Benefits			105,000	327,000
Consultant Costs			100,000	100,000
Equipment			6,000	17,900
Supplies			800	3,000
Travel			10,000	10,000
Other			5,000	5,000

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Contractual Costs				
Subtotal			576,804	1,552,915

Fixed Variables

Occupancy/Person-Year	9,000
Supplies/Person-Year	200
Equipment/Person-Year	
* First Year	1,500
* Subsequent Year	350
Benefit Rate	0.30

TOTAL	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Salaries and Wages	0	1,485,300	2,840,000	4,500,000
FTEs	0	17	37	65
Fringe Benefits	0	434,250	852,000	1,350,000
Consultant Costs	150,000	8,150,000	10,275,000	2,155,000
Equipment	0	28,500	34,450	36,300
Supplies	0	5,050	10,600	13,800
Travel	12,000	69,000	98,000	98,000
Other	3,000	18,000	198,000	461,000
Contractual Costs	0	675,000	3,050,000	20,275,000
Subtotal	165,000	10,865,117	17,358,087	28,889,165

Work Plan

We ask that you begin working on a draft work plan for your Exchanges that will carry your planning and implementation efforts through January 1, 2014. On a quarterly basis, we would like to see your progress in developing this plan. We would like you to provide key objectives for implementing your exchange and corresponding milestones under each of these objectives. For your first quarterly report, please provide two milestones under each core area. In your second report, please provide four milestones. For your third report and the final report, we expect your work plan to be as comprehensive as possible.

Background Research

- **Name of milestone:** Comprehensive Report on the State of Health Coverage in Illinois
- **Timing:** May 31, 2011
- **Description:** Based on the information provided as part of the Background Research, and any additional information that may be identified and compiled in the interim, the State will have prepared a comprehensive report detailing the current state of health insurance coverage in Illinois, including an analysis of the insured and uninsured population, the affordability of coverage, and the current marketplace for health coverage. This report will not only inform the work of the State going forward as it relates to the Exchange, but may become a template for future annual or bi-annual reports to analyze and understand the state of insurance coverage and the marketplace in Illinois, and could inform future policy.
- **Name of milestone:** Gap Analysis for Future modelling or Survey Information
- **Timing:** May 31, 2011
- **Description:** During the course of and, potentially, at the conclusion of both the Background Research and Needs Assessment RFPs, the State should have identified additional micro-simulation modelling of the initial and ongoing capacity and financial needs of the Exchange. This is likely to include an employer survey on likelihood of enrolment in the SHOP Exchange in Illinois.

Stakeholder Involvement

- **Name of milestone:** Stakeholder Consensus on Exchange Legislation
- **Timing:** Spring 2011
- **Description:** As the State continues its efforts to educate and engage stakeholders, the State hopes to garner consensus among all stakeholder groups on enabling legislation for the Exchange.
- **Name of milestone:** Formal Website for Public Reporting
- **Timing:** February-March 2011
- **Description:** Although the State will be able to post the mandatory public reporting documents on the Exchange grant, as required under the federal guidelines, the State will also create a more formal, and user-friendly portion of the Governor's Health Reform Implementation website to share information about the progress of the State in planning for and establishing an Exchange and continue to enable two-way communication with all stakeholders.

Program Integration

- **Name of milestone:** Consensus on an EVE Solution
- **Timing:** May/June 2011
- **Description:** The State expects to achieve consensus among and a commitment by the interagency/departmental working group on a long-term solution for eligibility, verification, and enrolment (EVE) as it relates directly to the Exchange. (A report is required to the General Assembly by July 1, 2011.)

- **Name of milestone:** Integration with Department of Insurance Duties
- **Timing:** May-July 2011
- **Description:** The State plans to consider and develop a high-level plan for integration of the duties of the Department of Insurance, as they relate to regulation and oversight of health insurers interested in or already participating in the Exchange. This includes a review of state licensure and solvency requirements, certification of health plans, premium rate review processes, and market conduct examinations and procedures.

Resources and Capabilities

- **Name of milestone:** Successful Project Launch for Needs Assessment
- **Timing:** February/March 2011
- **Description:** The State hopes to successfully launch the Needs Assessment, with a strong work plan and milestones agreed to with a vendor. This also includes the development of a strong management structure to ensure appropriate accountability that progress is being made and roadblocks to success are constructively addressed.

- **Name of milestone:** Final Analysis on Resources and Capabilities
- **Timing:** May/June 2011
- **Description:** Incorporating all information provided by the final outputs of the Needs Assessment, the State expects to complete a comprehensive report on all estimated staffing, State IT-infrastructure, Exchange entity start-up and maintenance needs, and other associated costs, such as staffing increases in existing State departments and agencies.

- **Name of milestone:** Initial 6-Year Strategic Plan
- **Timing:** July 2011
- **Description:** By the time, the State should have sufficient information to develop an initial 6-year strategic plan to develop, launch, and maintain an Exchange. This plan will include, to the greatest extent possible, details about staffing, funding, contracting, IT infrastructure, the EVE solution adopted by the State, business operations, oversight and coordination with existing state agencies, such as Medicaid, and the Department of Insurance), a high-level plan for education and outreach to consumers, program integrity, financial management, and a plan for either issuing or identifying necessary future legislation or regulatory action on the part of the State.

Governance

- **Name of milestone:** Introduce Exchange Legislation

- **Timing:** March/April 2011
- **Description:** Once the State has completed efforts to achieve consensus among stakeholders regarding the structure of an Exchange in Illinois, detailed legislation will be introduced in the State legislature to authorize the establishment of an Exchange.

- **Name of milestone:** Passage of Exchange Legislation
- **Timing:** May 2011
- **Description:** After hearings, debate, and negotiation, the State hopes the legislature will pass enabling legislation for the Exchange, which the Governor would then sign into law.

Finance

- **Name of milestone:** Plan for Financial Management of Exchange Grants
- **Timing:** March 2011
- **Description:** The State intends to finalize a plan for financial management of all Exchange-related grant funds, including finalizing all intergovernmental agreements necessary to be in compliance with all state procurement and ethics laws.

- **Name of milestone:** Consensus on a plan for Long-Term Sustainability
- **Timing:** May 2011
- **Description:** The State hopes to find resolution among key stakeholders regarding a long-term financial sustainability function for the Exchange that will be incorporated into legislation.

Technical Infrastructure

- **Name of milestone:** Develop a Plan for Consumer Information and Assistance
- **Timing:** August 2011
- **Description:** As part of preparing for the State's 6-year strategic plan, the State will develop an integrated plan for providing consumer assistance on the Exchange. This plan will take into account the role of the online web portal, a toll-free call center, the Navigator role, and an in-person option that coordinates appropriately with existing State programs and offices as well as community partnerships.

- **Name of milestone:** Define the nexus between health information technology and the Exchange
- **Timing:** Fall 2011
- **Description:** The State will begin to define the nexus between the health information exchange being developed by the State and the health insurance exchange. This technical infrastructure should be incorporated into any planning document which the State drafts for public consumption, or as part of IT infrastructure planning for the Exchange.

Business Operations

- **Name of milestone:** Draft RFP for Design of the EVE Functionality
- **Timing:** July/August 2011
- **Description:** Following the development of Needs Assessment, the State will begin the next phase of EVE implementation. This phase requires the State to design in great detail the plan for the EVE

transition, the timeline for building, testing, and launching that aspect of the Exchange functionality, as well as a plan for coordinating its design with the overall design of the Exchange web-portal.

- **Name of milestone:** Health Plan Evaluation and Qualification
- **Timing:** Fall 2011
- **Description:** Whether the Exchange will certify health plans for participation itself, or whether the Department of Insurance has this responsibility, the State must develop a plan for the actual process of certification. If the process requires electronic filing or other IT infrastructure, these requirements must be incorporated into future planning.

Regulatory or Policy Actions

- **Name of milestone:** Appropriation for EVE Solution
- **Timing:** May/June 2011
- **Description:** Moving ahead on the EVE solution will require a legislative appropriation in the spring session of the General Assembly, even though the exact nature of the solution will not be determined at that time.

- **Name of milestone:** Determine Responsibility for Certification of Exchange Health Plans
- **Timing:** Spring 2011
- **Description:** The State will determine if the Exchange or another existing State entity, such as the Department of Insurance, will bear responsibility for certifying, recertifying, and decertifying health plans for participation in the Exchange. This may need to be incorporated into legislation or regulation.

Collaborations/Partnerships

None at this time.

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1101. The time required to complete this information collection is estimated to average (433 hours) per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.