

**New York State
Second Quarter Project Report
State Planning and Establishment Grants for the
Affordable Care Act's Exchanges**

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I. Project Summary

Below please find narrative project summaries for each of the nine core areas of the Exchange Planning Grant.

1. Background Research

New York continues to generate a strong body of background research relevant to Exchange Planning. The New York State Departments of Health (DOH) and Insurance (DOI), the lead agencies responsible for Exchange planning, continue to consult regularly with private entities such as the United Hospital Fund (UHF) and the New York State Health Foundation (NYSHF) to generate research that draws from existing agency knowledge and will best benefit planning activities. State policymakers review the research closely to inform decision-making. Reports released in this quarter include:

- D. Bachrach, P. Boozang and M. Dutton. Medicaid's Role in the Health Benefits Exchange: A Road Map for States. (2011, Manatt Health Solutions and National Academy for State Health Policy)
- D. Bachrach, P. Boozang, M. Dutton, and D. Holahan. "Revisioning" Medicaid as Part of New York's Coverage Continuum. (2011, United Hospital Fund)
- P. Newell and R. Carey. Building the Infrastructure for a New York Health Benefit Exchange: Key Decisions for State Policymakers. (2011, United Hospital Fund)

The National Academy for State Health Policy and Manatt Health Solutions report is a product of a four-year initiative of the Robert Wood Johnson Foundation (RWJF) entitled Maximizing Enrollment: Transforming State Health Coverage. This publication is now posted on the New York health care reform website and is attached to this report as Appendix 1. The other two reports were appended to New York's first quarter report, though they were released in quarter two.

The New York State Health Foundation has funded Social Interest Solutions and the Lewin Group to conduct an information technology (IT) "gap analysis" for New York. This work, carried out in the second quarter of this grant, will inform New York's IT work to support its Exchange. (This is described in more detail below.)

In addition, DOI has entered into a contract with the Urban Institute to expand and update the existing New York-specific baseline data consistent with planning grant requirements. This work will include estimates of the projected coverage and cost impacts of federal health reform in New York, taking into account a number of design choices the State faces. It will also include projections of New York-specific costs of operating and implementing the Exchange. This work commenced with a project kick-off meeting on April 13, 2011 and will be carried out over the coming year. (This is discussed in further detail below.)

2. Stakeholder Involvement

New York continues to engage stakeholders regarding the process of federal health care reform implementation. On April 21, 2011, the State will hold a meeting to discuss aspects of the Health Insurance Exchange with numerous stakeholder organizations. Stakeholder groups will include health care consumers, providers, businesses, organized labor, local governments, health plans and health insurers, and health policy experts. (Representatives from the State Legislature and State agencies have also been invited to attend.) This meeting will include discussion of topics such as Exchange structure, including governance, and principles the Exchange must achieve. While planning for this meeting has been underway, representatives from the Governor's Office, DOH and DOI have met with individual stakeholder organizations upon request to discuss their specific concerns and interests of the Exchange. These organizations include consumer advocates, small businesses, providers of health care and health plans. Additionally, a series of public forums across the State is being planned that will occur during the third quarter of this planning grant period. It is expected that one or more stakeholder meeting(s) will also occur via conference call or webinar for the convenience of those who are not able to attend meetings or public forums.

The State's federal health care reform website and email implementation updates continue to serve as the primary resources for sharing information regarding implementation with stakeholders. An online public comment submission form is being considered for use concurrently with the public forums process to provide an additional avenue for input on the Exchange.

3. Program Integration

During the second quarter, the Governor's Office established a weekly Exchange Implementation Planning meeting with DOH and DOI, in furtherance of New York's ongoing commitment to ensuring a high level of coordination and integration of its public and commercial health coverage responsibilities and efforts through an Exchange. This is in addition to the Governor's Office weekly meeting with additional State agencies involved in federal health reform implementation. DOH and DOI continue to work closely and collaboratively on all aspects of Exchange planning. They will be working together in the third quarter to further detail and delineate specific business requirements, processes and policy decisions that will be needed to effectuate the high level of program integration envisioned and required for an Exchange's "first class customer experience" for all stakeholders. These include individuals, small businesses, employees and employers, and pertains to all types of coverage available through an Exchange – subsidized and unsubsidized qualified health plans, Medicaid and CHP, and potentially a Basic Health Program, subject to further guidance, analysis and decisions. This effort is proceeding on the expedited timetable required for development of New York's Exchange IT solution, under the auspices of the State's "Early Innovator" collaborative agreement with HHS, as outlined below.

4. Resources & Capabilities

In the second quarter period, DOI and DOH have continued to work collaboratively as lead implementation planning agencies, coordinated by the Governor's Office, and in conjunction with the NYS Division of the Budget, Civil Service and other staff as needed for development of a comprehensive Exchange implementation work plan. In anticipation of applying for and receiving federal grants related to the implementation of the Exchange, the Departments worked with the NYS Division of the Budget to construct appropriations in FY2011-12 for grant opportunities including but not limited to Exchange Establishment, Early Innovator and continuation of the Consumer Assistance Program.

As explained in the planning grant application and in the quarter one report, DOI and DOH sought approval for a single source contract with Health Research, Inc. (HRI), a not-for-profit corporation, to hire new staff dedicated to Exchange planning. The HRI contract was approved in the second quarter by the NYS Office of the State Comptroller (OSC) and three of the four positions to be hired by HRI are now on staff. These are the Project Director, who will manage the Exchange planning work, under the leadership of the Governor's Office, DOH and DOI, the Stakeholder Outreach Coordinator, who will assist the Project Director and Policy Analyst with all tasks related to stakeholder involvement in planning the Exchange, and an Administrative Assistant who will support project staff and assist in coordinating stakeholder forums. The Project Director and Stakeholder Outreach Coordinator both began work on this project in early April 2011 and the Administrative Assistant will begin later this month. With the Project Director on board, interviews have resumed for the Policy Analyst and an offer will be made shortly.

The quarter one report indicated the Departments were researching appropriate external consultant assistance capable of providing comprehensive multi-layered expertise for strategic planning, legislative considerations, market impact analysis and business development. In the second quarter, DOI sought and secured approval from OSC to pursue a single source contract with the Urban Institute so that the consultant could build on prior work completed for New York to procure such multi-layered expertise at the most cost-efficient rate. While other entities could perform similar modeling efforts, this single source contract leverages funds New York has already invested in modeling options for insuring New Yorkers. The Urban Institute has extensive health insurance public policy expertise and also partners with Wakley Consulting, Inc., who brings the nationally renowned expertise of Jon Kingsdale and Patrick Holland (former Director and Chief Financial Officer of the Massachusetts health insurance Exchange) to the project. Such consultant assistance will be invaluable to the Departments in conducting health reform analyses that must be completed on extremely aggressive timelines to accomplish core milestones. An initial meeting with Urban/Wakely and the Departments took place on April 13, 2011.

5. Governance

With New York's submission and receipt of an award under the "Collaborative Agreement to Support Innovative Exchange Information Technology Systems" ("Early Innovator" grant), New York has expressed a commitment to establishing a State-run health insurance Exchange, along with an integrated, robust, scalable, "consumer-centric" IT system to support it. Other states and the federal government plan to learn, and be able to adapt and re-use elements, from the efforts of New York and the six other "Early Innovator" states/consortia of states. New York has provided the federal government with support for its commitment in the form of a letter of intent from Governor Cuomo, and by supplying a detailed roadmap for Exchange IT and associated business process development that will be required to support Exchange launch in 2013. New York's ability to effectively accomplish this task will hinge upon a number of factors, including availability of the federal data hub, issuance of further federal Exchange guidance in key areas, issuance of the final rule for 90/10 match for new Medicaid eligibility systems, and the receipt and ability to expend sufficient Exchange funding in a timely fashion to accomplish the wide range of required activities, decisions and outcomes.

In the first and second quarter grant periods, New York has been examining governance options for the Exchange including: (1) placing the health insurance Exchange within an existing State agency; (2) establishing a public authority; and (3) establishing a not-for-profit agency. New York's new Governor, Andrew Cuomo, was sworn on January 1, 2011, during the first month of the quarter two grant period. Governor Cuomo's new Administration is aggressively engaged in examining key decisions relating to governance of the Exchange. This thinking is proceeding alongside and in the context of the Governor's establishment of the Spending and Government Efficiency (SAGE) Commission, which is charged with examination of relevant issues, including the possible merger, consolidation and streamlining of existing government agencies in an effort to modernize State government while increasing efficiency and accountability. The work of the SAGE Commission in examining the State's existing assets, areas of possible duplication or alignment, opportunities for efficiencies and economies of scale will cross inform efforts to design an effective governance structure for the Exchange.

The Governor's Office, DOH and DOI have scheduled a broad stakeholder meeting focused on key design questions, including governance, for April 21, 2011. This meeting will be informed by the research performed by State staff as well as a report generated by the United Hospital Fund (UHF). New York enjoys cooperative working relationships with numerous external philanthropic and research organizations, including the United Hospital Fund, which developed this comprehensive, independent report on Exchange structure and governance options for New York. The report, also mentioned in the above Background Research section and attached to the quarter one report, was released January 4, 2011 and includes an examination of governance options for a New York Exchange. The report is based on an analysis of both the federal law and New York laws and regulations, along with interviews with New York officials and market participants and a review of experience in Massachusetts and other states. Information

from this report was presented for feedback and reaction at a roundtable discussion among key stakeholders (including State policymakers, academics, providers, insurers and consumer groups) at the end of the quarter one reporting period. The State expects the recommendations obtained on April 21, 2011 to inform the development of a governance structure to be incorporated in Exchange implementing legislation, to be introduced during the 2011 legislative session.

6. Finance

In the quarter two grant period, New York continued to evaluate pathways to meet required financial planning milestones by September 2011. As set forth in New York's grant application, financial planning for a State-based Exchange includes:

- Financial needs assessment of management structures and tools to be used internally by the Exchange;
- Assessment of New York's current accounting and auditing standards and procedures to determine their applicability to the operations of the Exchange and to meet its statutory obligations under ACA Section 1313(a) to ensure accurate accounting of all activities, receipts, and expenditures and annually submit to the Secretary a report concerning such accountings; and
- Transparency of Exchange operations as outlined in ACA section 1311(d)(7) (regarding publication of the average costs of licensing, regulatory fees, and any other payments required by the Exchange and the administrative costs of such Exchange on an Internet website).

To meet these milestones, New York's contract with the Urban Institute will provide, among other deliverables, an initial financial assessment and budget analysis to determine the financial resources required to establish an Exchange. This assessment will also strengthen New York's application for Exchange Establishment Grant funds.

As mentioned above, New York was selected as an "Early Innovator" state, and is designated to receive an award of \$27.4 million over two years. New York will pursue additional funding for new Medicaid eligibility systems through an advanced planning document for 90/10 enhanced federal Medicaid matching funds once the final rule for this enhanced federal funding is issued.

In addition, the New York State Health Foundation, under a project developed in collaboration with DOI and DOH, funded the national organization Social Interest Solutions (SIS) and the Lewin Group to conduct an eligibility and enrollment systems inventory, examining New York's existing IT assets and gaps. The assessment is nearing completion, and addresses key questions such as:

- What are the functional requirements needed to meet federal eligibility and enrollment mandates?
- What are the key federal reform priorities that should guide the systems decisions

and what are the tradeoffs in selecting certain directions over others?

- Does the New York “Early Innovator” solution meet these mandates and reflect these priorities? What are some of the strengths, weaknesses, and disconnects among various systems currently in use or under development in New York State?
- To what extent do other eligibility and enrollment system assets being deployed in New York have lessons to impart or have a realistic potential for integration into the Exchange IT solution?

The current planning grant budget allocated \$131,250 for consultants to assist the State in Exchange planning. Once New York finalizes its plans for contracting for consultant expertise, the current grant funds may require reallocation to be best utilized. Should such reallocation be required, New York will follow the processes specified by CCIIO.

If, in a later grant cycle, New York receives an award of Exchange Establishment funds, the State anticipates hiring one or more external consultant(s) to perform tasks related to Exchange establishment.

7. Technical Infrastructure

As outlined above, New York was awarded a \$27.4 million Early Innovator grant in quarter two. The State has begun working, along with other Innovator states and HHS (CMS and CCIIO) on the required artifacts, activities and deliverables contemplated under the terms and conditions of the Innovator collaborative agreement. New York completed its first milestone “gate review” (Architecture Review) for the New York Exchange with its federal partners just after the end of the quarter two reporting period, and is in the process of preparing for the next milestone review (Project Baseline Review), scheduled for early May 2011. The project management team will be working with DOH, DOI and other “subject matter experts” (SMEs) to elicit and develop the wide range business requirements and processes, and to flag important remaining policy decisions, necessary to support design, development and implementation of New York’s Exchange IT solution.

The SIS/Lewin Group Exchange IT “gap analysis,” as described in the quarter one report and outlined above, is nearing completion. The report is expected to provide important information, guidance and stakeholder perspectives that will help inform the Exchange IT design and development process.

8. Business Operations

Detailed Exchange business processes, and the associated business requirements for the Exchange IT system, must be developed for all Exchange functions within six broad core areas: eligibility and enrollment, plan management, financial management, customer service, communications and oversight. Exchange business operations, and the key policy determinations that provide the framework for those operations, must inform and are an integral part of the design and development of New York’s Exchange IT solution.

Design and implementation of all aspects of business operations for a New York Exchange, supported by the right system solution, supplying a “first class customer experience,” within a policy and fiscal framework appropriate for New York, is a complex, multi-layered endeavour. Exchange structure and governance decisions will help guide and assist in finalizing various design and operational parameters, needed in order to complete implementation activities within the required timeframes.

New York has finalized the contract with the Urban Institute for consultant services to help support Exchange design. Pursuant to this contract, the Urban Institute will develop baseline population and premium data, complete micro-simulation modeling that will inform design choices for the health insurance Exchange, provide the State with an estimate of the enrollment capacity needed in the health insurance Exchange in view of design parameters chosen, and provide advice regarding the infrastructure needed to support that capacity. The Urban Institute will also develop five-year cost projections for the Exchange. An initial meeting to discuss work plan has been scheduled with the Urban Institute and the State anticipates substantial progress on this work during the third quarter of the grant period.

9. Regulatory or Policy Actions

DOI has been reviewing model legislation from other states and the National Association of Insurance Commissioners (NAIC) to draw on relevant outside expertise. DOI has also identified New York State laws and regulations that may create barriers to Exchange planning and therefore require special consideration (e.g. lengthy procurement requirements). DOI, DOH, and the Governor’s Office have had discussions with legislative leaders, policymakers at other State agencies, as well as academics and policymakers outside of State government for feedback regarding the best governance structure for a New York Exchange. In this second quarter DOI has been drafting the Exchange establishment legislation with the intent of presenting it in the 2011 legislative session.

II. Barriers, Lessons Learned, and Recommendations to the Program

Procurement and Hiring Requirements.

New York’s deficit reduction exercises over the past few economically difficult years have led to Departments doing more with less. Existing staff of the Departments juggle multiple competing demands. In quarter two, New York transitioned to a new gubernatorial administration. The new administration immediately formed a Medicaid Redesign Team to comprehensively review spending within the Medicaid program. Difficult budget choices were made; critical stakeholders (including providers, insurers and consumers) actively participated in these choices and ultimately agreed to meaningful shared sacrifices essential to the ongoing fiscal health of the State. The new administration completed this initiative, while simultaneously ramping up to meet grant milestones and essential foundational work for federal reform. Due to procurement and civil service requirements, throughout quarter two, these efforts were completed through reliance on the already reduced State workforce, without additional staffing.

Due to difficult economic times, no dedicated funding source was available in New York for planning the Exchange prior to the receipt of planning grant funds. While federal planning grant funds have provided New York with the opportunity to recruit dedicated staff and some consultant support, the processes set forth in New York State law to ensure the integrity of the State's procurement and hiring practices take time to complete. In quarter two, the demands and timelines for effective implementation of federal reform demanded action prior to the availability of resources. (The three HRI hires mentioned above began/will begin work in the early weeks of quarter three.)

New York's State Finance Law sets out highly prescriptive guidelines for the purchase of services, technology and commodities by State agencies. Major purchases in excess of \$50,000 require a lengthy, competitive and detailed procurement process that does not lend itself to the federally mandated timeframes to establish contracts with vendors to assist with the federal competitive process for the Exchange Establishment Grant. During quarter two, DOH and DOI continued to work closely with the OSC to improve communications about ACA and better facilitate contract approvals and obtained approval of multiple contracts.

Likewise, New York's Civil Service Law of the hiring of staff can be complex and time-consuming. While both Laws are necessary for a fair and competitive government structure, they challenge the Departments' abilities to move as quickly with Exchange planning as required by the grant process.

III. Technical Assistance

Outside Technical Assistance.

In accordance with language in the recently enacted State budget, DOH plans to post a 30-day notice in quarter three for Exchange IT proposals under the Early Innovator grant, including expertise with respect to the policies, processes and requirements for the core Exchange business functions to be supported by the Exchange IT solution.

IV. Draft Exchange Budget and Budget Narrative

New York was awarded \$27.4 million through its Early Innovator award for Exchange Planning and IT Systems work and the State anticipates seeking at least an additional \$11.7 million through an advanced planning document now that the final rule is issued for 90/10 enhanced federal matching funds for Medicaid systems work.

New York anticipates seeking and spending at least \$500,000 per year for Exchange Establishment contractual services for 2012-2014. Spending estimates for additional contractual services and other activities necessary for Exchange implementation across all functional areas are still being developed and will continue to be refined throughout the Planning phase.

Based on preliminary calculations, the State estimates costs of \$10,000,000 over four years to help support independent health consumer assistance for about 40,000 New Yorkers, extending through Exchange planning, implementation, and phase-in of navigators, to Exchange sustainability by 2015. This would not include costs for the internal Exchange consumer assistance function/front-end needed in place by mid-2013, Call Center, or any Exchange consumer-focused outreach, education, and media. An additional \$500,000 for planning, RFP development and selection of navigators is anticipated for FFY 2013.

Spending for Exchange implementation is contingent upon federal funding and the State anticipates providing more complete estimates and detailed descriptions of Exchange-related costs as part of its subsequent grant applications.

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Exchange Planning	\$1,000,000			
Personnel	\$0			
Fringe	\$0			
Travel	\$63,004			
Equipment	\$0			
Supplies	\$0			
Contractual	\$873,916			
Other (stakeholder meetings)	\$63,080			
Innovative Exchange IT Systems	\$14,695,410*	\$19,593,881*	\$4,898,470*	
Personnel	\$1,992,428	\$2,656,571	\$664,143	
Fringe	\$868,095	\$1,157,460	\$289,365	
Travel	\$69,750	\$93,000	\$23,250	
Equipment	\$937,500	\$1,250,000	\$312,500	
Supplies	\$4,463	\$5,950	\$1,488	
Contractual	\$10,354,050	\$13,805,400	\$3,451,350	
Indirect	\$469,125	\$625,500	\$156,375	
Exchange Implementation	TBD	TBD	TBD	TBD
Personnel	TBD	TBD	TBD	TBD
Fringe	TBD	TBD	TBD	TBD
Travel	TBD	TBD	TBD	TBD
Equipment	TBD	TBD	TBD	TBD
Supplies	TBD	TBD	TBD	TBD
Contractual	TBD	\$500,000	\$500,000	\$500,000
Other	TBD	TBD	TBD	TBD
Indirect	TBD	TBD	TBD	TBD
Other Business Operations Estimates:				
Consumer Assistance	\$1,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Navigators			\$500,000	TBD
Sub-total of Current Estimates	\$17,195,410	\$23,093,881	\$8,898,470	\$3,500,000

* This budget includes the \$27.4 million Early Innovator Grant award and anticipates receipt of at least another \$11.7 million through enhanced federal Medicaid matching funds, which New York will pursue through a 90/10 APD once the final rule is issued.

V. Work Plan/ Milestones

1. Core Area: Background Research

- **Milestone 1:** Update New York's baseline data.

Timing: 2011

Description: New York has contracted with the Urban Institute to update the existing baseline data. In the third quarter, the Urban Institute will begin updating the number of uninsured in the State, the size of the current individual and small group markets, the number of carriers in each market and market shares for the ten largest carriers, those potentially eligible for the Exchange, coverage and eligibility patterns for Medicaid and employer-sponsored coverage, as well as estimate coverage shifts as health reform is implemented.

- **Milestone 2:** Identify key findings from Urban's updated Health Policy Simulation Model (HIPSM) New York-specific baseline data.

Timing: 2011

Description: DOI and DOH will work with the Urban Institute to analyze and interpret the key findings in the updated baseline data. Depending upon the design choices the State makes, the Urban Institute's HIPSM shall be used to estimate distributional cost and coverage implications of many of the choices, including:

- The definition of small group prior to 2016;
 - Merging of small and non-group insurance markets;
 - Implementing basic health plan option;
 - Including larger groups in Exchange post-2017;
 - Implications of additional State-funding subsidization of federally eligible population;
 - Various premium rating options; and
 - Implications of a catastrophic plan options for young adults purchasing coverage in the non-group market.
- **Milestone 3:** Draft recommendations for key Exchange design questions informed by results of consultant analyses.

Timing: 2011-2012

Description: As a result of analyses presented by the State's health policy expert consultants, the Departments will narrow and fine-tune their recommendations for key Exchange design questions.

- **Milestone 4:** Engage data for key decision-making on Exchange planning.

Timing: 2011-2012

Description: Distribute New York's updated data and related external research to State policymakers, State legislature and stakeholders. Consult the research literature to inform key Exchange decision-making throughout planning process.

2. Core Area: Stakeholder Involvement

- Milestone 1: Include stakeholders from diverse sectors and perspectives, including consumers, in the implementation process.

Timing: 2011

Description: Meetings between State representatives and individual stakeholder organizations have taken place. A formal stakeholder meeting with representatives of numerous organizations, the State Legislature, and state agencies will occur on April 21, 2011. (The agenda for this meeting is included in Appendix B.)

- Milestone 2: Conduct stakeholder meetings that cover all regions of the State.

Timing: 2011

Description: Planning has begun for a series of public forums that will occur during the third quarter of this planning grant period.

- Milestone 3: Utilize additional avenues besides meetings to allow for stakeholder input.

Timing: 2011

Description: The State recognizes the importance of allowing for input from individuals and organizations that are not able to attend meetings or public forums that are held. Therefore, additional avenues for input are being considered, such as an online comment submission form and a forum in the format of a conference call or webinar.

- Milestone 4: Maintain the State's health care reform website to make available information regarding the implementation process.

Timing: 2011

Description: The State's health care reform website (www.HealthCareReform.ny.gov) is continuously updated as new information becomes available, including progress on the Exchange planning process. Stakeholders have noted the convenience of accessing information regarding the implementation process through this resource.

3. Core Area: Program Integration

- Milestone 1: Perform detailed business process documentation to reflect current State business processes, and include future State process changes

to support proposed Exchange operational requirements (pending federal guidance regarding, rules, processes, access to data, applications etc.).

Timing: 2011 and ongoing

Description: New York will conduct business process documentation to guide the design and development of its Exchange IT system.

- Milestone 2: Initiate communication with the State HIT Coordinators, DOH, DOI and the State's human services agencies as appropriate, and hold regular collaborative meetings to develop work plans for collaboration.

Timing: 2011 and ongoing

Description: New York's Governor's Office holds a weekly meeting with relevant State agencies to keep one another informed of health reform implementation work.

- Milestone 3: Investigate other state experiences and research regarding program integration and incorporate lessons learned in design and development of New York Exchange.

Timing: 2011 and ongoing

Description: Consult the research literature on other state experiences with program integration. The SIS IT gap analysis (described earlier) also includes an assessment of best practices in other states. Finally, the State's work as a RWJF "Maximizing Enrollment" grantee also includes in-depth exploration of best practices with regard to public program eligibility and enrollment.

- Milestone 4: Begin development of business requirements for design and development of Exchange IT Solution.

Timing: 2011 and ongoing

Description: This work will be done as part of the State's "Early Innovator" initiative.

4. Core Area: Resources and Capabilities.

- Milestone 1: Complete the review of current assets with respect to product feasibility, viability, and alignment with Exchange program goals and objectives.

Timing: 2011

Description: This will be included in the aforementioned SIS/Lewin Group IT "gap analysis" and Urban Institute analysis.

- Milestone 2: Complete hiring of HRI staff and integrate their knowledge and experience into the Exchange planning process.

Timing: June 2011

Description: The Project Director will complete the interview process for additional Exchange planning staff members to assist the Departments' existing staff.

- Milestone 3: Create Exchange operation and implementation plan.

Timing: 2011

Description: DOI and DOH will work with the Urban Institute to identify the distinguishing characteristics of Exchanges and the key policy and design issues that must be considered. Such decision points will include vendor procurements, certifying qualified health plans (QHPs), required functions and development of administrative staff.

- Milestone 4: Development of five-year financial model.

Timing: 2011

Description: DOI and DOH will work with the Urban Institute to develop a five-year financial model that projects revenues and expenses and identifies potential funding sources.

5. Core Area: Governance

- Milestone 1: Develop a governance model by working with stakeholders to answer key questions about the governance structure of the Exchange. Key questions include: (1) Will the State pursue subsidiary Exchange(s)? (2) Will the Exchange be housed in a State agency, quasi-governmental agency, or non-profit? (3) How will the governing body be structured?

Timing: 2011

Description: The State's decisions regarding Exchange governance will be informed by discussions with stakeholders at the April 21, 2011 meeting, the public forums, and individual stakeholder meetings.

- Milestone 2: Establish governance structure for Exchange.

Timing: 2011

Description: Informed by stakeholder discussions, examination of the research literature, and consultant analyses, New York will decide upon the governance structure that best meets the needs of the State.

- Milestone 3: Incorporate governance decisions into Exchange legislation and shepherd legislation through the legislative process.

Timing: 2011

Description: New York will draft legislation that includes the chosen governance structure and shepherd it through the legislative process.

- Milestone 4: Apply for Exchange implementation funds to put the necessary infrastructure in place.

Timing: 2011

Description: New York plans to apply for Exchange Establishment grant funds in quarter three.

6. Core Area: Finance

- Milestone 1: Adhere to HHS financial monitoring activities carried out for the planning grant.

Timing: 2011

Description: New York will comply with all HHS reporting requirements including quarterly reports and insure any modifications to the planning budget are approved by HHS. All Federal/State procurement guidelines will be adhered to.

- Milestone 2: Identify and estimate the funding requirements to develop the Exchange.

Timing: 2011

Description: New York will analyze the funding necessary to set up and run the Exchange. This process will provide the basis for New York's Exchange Establishment Grant application, for developing requests for proposals for consultants and/or contractors to help establish or run the Exchange, and for developing a model of self-sustainability for the Exchange. New York has hired the Urban Institute to assist with achieving this milestone.

- Milestone 3: Begin defining financial management structure and the scope of activities required to comply with requirements.

Timing: 2011

Description: The Urban Institute will identify the number of operational processes and systems that must be developed for implementation and operation of the Exchange. Emphasis will be placed on key decision points that will be critical to determination of implementation and operational costs of the Exchange.

- Milestone 4: Establish a financial management structure and commit to hiring experienced accountants to support financial management activities of the Exchange, which include responding to audit requests and inquiries of the Secretary and the Government Accountability Office, as needed.

Timing: 2011

Description: Based on the Urban Institute's key decision points, New York will begin to procure staff or consultant services to assist with infrastructure development and further development of the work plan.

7. Core Area: Technical Infrastructure

- Milestone 1: Conduct a gap analysis of existing systems and the ACA and related guidance requirements for Exchange systems development

Timing: June 2011

Description: The aforementioned SIS/Lewin Group IT gap analysis will be completed by June 2011.

- Milestone 2: Complete preliminary business requirements and develop an IT architectural and integration framework.

Timing: 2011

Description: High-level business requirements have been completed and the IT architectural review was held April 1, 2011, with CCIIO and CMS. Development of business requirements will be ongoing during 2011.

- Milestone 3: Conduct a Project Baseline Review with CMS/CCIIO

Timing: 2011

Description: New York will conduct this review as part of its Early Innovator required milestone process.

- Milestone 4: Conduct a Detailed Design Review with CMS/CCIIO

Timing: 2011

Description: Design development is to be accomplished in connection with the design and development of the Exchange IT system.

8. Core Area: Business Operations

- Milestone 1: Assessment of federal quality rating requirements to determine key data collection points.

Timing: 2011

Description: In order to fulfill quality rating scoring, certain elements will be required. The State will consider the requisite data for development of quality measures.

- Milestone 2: Analyze data collected by consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and functioning of Exchanges.

Timing: 2011/12

Description: This work will be conducted in 2011-12.

- Milestone 3: Begin development of business processes for all six core areas of Exchange business operations/functions.

Timing: 2011

Description: This work will be conducted in 2011-12.

- Milestone 4: Complete development of business processes for plan administration core area.

Timing: 2011

Description: This work will be conducted in 2011-12.

9. Core Area: Regulatory or Policy Actions

- Milestone 1: Hold public hearings on structure of Exchange.

Timing: 2011

Description: The State will hold a series of public hearings in quarter three, which will inform the decisions on the structure of the Exchange.

- Milestone 2: Allow opportunity for legislative input on Exchange structure decisions.
- Timing: 2011
- Description: The Governor's Office, DOH, and DOI will continue discussions with the State Legislature on Exchange design questions.
- Milestone 3: Draft enabling legislation, implementing regulations, or other mechanism that provides the legal authority to establish and operate an Exchange that complies with Federal requirements.

Timing: 2011

Description: New York plans to draft enabling legislation during 2011.

- Milestone 4: Introduce enabling legislation.

Timing: 2011

Description: Current expectations are that legislation will be introduced in the 2011 legislative session.

VI. Collaborations/ Partnerships

United Hospital Fund (UHF)

As discussed in the narrative, critical work on a State-operated Exchange in New York was directed by UHF, with financial support from both UHF and the New York State Health Foundation. UHF is a nonprofit health services research and philanthropic organization whose mission is to shape positive change in health care for the people of New York. UHF's work on the Exchange included input from State policymakers as well as a range of stakeholders including providers, insurers, legislators, academics and consumer groups.

New York State Health Foundation (NYSHF)

NYSHF is a private, statewide foundation that aims to improve New York's health care system by expanding health insurance coverage, containing health care costs, increasing access to high-quality services, and addressing public and community health. As outlined above, in support of the State's implementation planning efforts, NYSHF has funded Social Interest Solutions (SIS) and the Lewin Group to do an inventory and gap analysis of New York's eligibility systems and IT capabilities and needs, in terms of Exchange and related requirements under the ACA. SIS and Lewin have conducted interviews with key staff and stakeholders to review existing IT systems and assets and assess the degree to which New York's existing systems meet the requirements of the ACA and in which areas the State will need to invest in new or upgraded systems.

Maximus

DOH has been working with a new Enrollment Center contractor, Maximus, to develop and launch a statewide consolidated call center for public coverage options in New York, and to handle telephone renewals for self-attesting populations, starting in 2011. Deliverables and lessons learned from this effort will help inform and support Exchange implementation in New York.