

Office of Consumer Information and Insurance Oversight

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

Reporting Templates

Quarterly Project Reports

Date: January 31, 2011

State: Nevada

Project Title: Insurance Exchange Planning Grant

Project Quarter Reporting Period:

Example:

Quarter 1 (09/30/2010-12/31/2010)

Grant Contact Information

Primary Contact Name: Gloria Macdonald
Primary Contact Number: 775-687-8407
Primary Contact Email Address: gloria.macdonald@dhcfp.nv.gov

Secondary Contact Name: Chuck Duarte
Secondary Contact Number: 775-684-3677
Secondary Contact Email Address: cduarte@dhcfp.nv.gov

Website (if applicable):

Award number: 1 HBEIE100022-01-00

Date submitted: 08/30/10

Project Summary

Please provide a narrative description (about 5-10 sentences) describing your progress so far in planning activities under each core area. We would like to know what activities you have undertaken to date and what you plan to undertake in the next quarter. Please refer to the Reference section at the end of this template for some examples of what you could include under each core area.

Please note that the State of Nevada did not approve the grant award and funding until December 15, 2010 during the Legislative Interim Committee on Finance meeting. Legislative approval was needed to initiate work on the grant requirements, which is why Nevada did not begin grant activities until after this date. However, we had been conducting Health Care

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Reform workgroup meetings on a regular basis since passage of the Patient Protection and Affordable Care Act (ACA). The Nevada Division of Health Care Financing and Policy (DHCFP) is the location of the Health Care Reform unit staff that were hired in July, 2010. Prior to and subsequent to the hiring of staff, committee meetings were conducted in order to research, review, monitor and facilitate the implementation of the various components of the health care legislation. The following committees were created for specific aspects of the law. These committees were staffed with various Medicaid staff.

Benefits and Coverage – This committee studied the aspects related to the essential benefits package, the specific coverage that must be included, and any related topics. The committee is working with DHCFP's consultant, Public Consulting Group, Inc. (PCG), who is building models of different packages that can be compared with each other and Nevada's Medicaid State Plan.

Eligibility – This committee studied the general procedures established for determining eligibility for Exchange participation, premium tax credits, reduced cost-sharing, and individual responsibility exemptions. The committee also reviewed the enrollment procedures needed for the state health subsidy programs, new coverage options, and eligibility groups for Medicaid programs. They helped to initiate the Eligibility Engine information technology project that is being managed by Nevada's Department of Welfare and Supportive Services. The goal is to design, build and implement an IT solution to modify the current system of the Nevada Operations of Multi-Automated Data Systems (NOMADS) for the purposes of program eligibility determination of consumers to facilitate purchase of insurance or to apply for Medicaid/CHIP/insurance subsidies or credits. Currently, a Preliminary Advanced Planning Document is being developed by our health care reform consultant, PCG. It should be completed by the end of January, 2011. The preparation of the planning document is the first step of a multi-year project to create the eligibility engine. This first stage has been financed by State funds.

Medical Homes/Health Homes – This committee began evaluating the Patient Centered Medical Home as a potential health care partnership between individual patients and their personal physicians. Medical home providers serve as the manager of their patients' treatment plans by assuming responsibility for coordinating all aspects of the patient's health care. Section 2703 of the ACA provides enhanced Medicaid funding to states to adopt health homes for chronically ill recipients. DHCFP is working with PCG to identify and quantify cost containment and quality improvement opportunities that may be achievable using a medical home model. PCG is currently conducting an analysis of both claims data and current medical and utilization management approaches in order to prepare recommendations for the feasibility of implementing a medical home program in Nevada.

Grants/Options/Demonstration Projects – This committee adapted the grant and funding worksheet from FFIS and used it to track all applicable funding opportunities, especially those funding awards made to Nevada's public and private organizations.

Medicaid/Medicare – This committee documented the various Medicaid/Medicare changes that will be phased in over the next six years. They have reviewed the mandatory and optional

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Medicaid provisions to determine which ones need to be implemented and when. The committee along with key finance staff, have developed projections detailing the future expansion of the Medicaid caseload.

Program Integrity -- This committee created a worksheet titled "Title VI Transparency and Program Integrity" and analyzed what provisions DHCFP needed to implement and when and then followed the status of those items.

Reimbursements -- This committee developed the list for identifying and tracking HCR reimbursements and rates. Two of the most predominate items included Primary Care Physicians reimbursements and Bundled Payments for Integrated Care Physicians and Hospitals.

The Director's Health Care Reform Workgroup meets every other week at the office of the Director of Health and Human Services. Administrators and staff from various state agencies assemble to discuss and plan all activities related to health care reform. The list of participants is described under Collaborations/Partnerships.

Core Areas

- *Background Research -- We have not started this activity. However, we began the strategic planning process over the week of January 17, 2011, where we created a detailed work plan. It is attached.*
- *Stakeholder Involvement -- We have begun preparations for conducting our first stakeholder public meeting, which will take place on February 1, 2011. We developed a list of stakeholders, created the invitation, and prepared an issue brief for discussion. The invitation has been sent and the public notice was posted. The invitation is attached. Individuals have been responding by RSVP, and sufficient turnout is expected across the state. We will video conference the meeting between our four statewide district offices. It will be the first in a series of meetings.*
- *Program Integration -- We have not started this activity.*
- *Resources & Capabilities -- We have not started this activity.*
- *Governance -- We have discussed this at the Director's Workgroup, but a decision has not been made. Further meetings are planned to discuss this issue.*
- *Finance -- We have not started this activity.*
- *Technical Infrastructure -- We have started the planning and design for an eligibility engine as a modification to our current aging system. The proposed eligibility engine will determine an individual's eligibility for all publicly-subsidized health coverage programs, including Medicaid, Nevada Check-Up (CHIP), a Basic Health Program (which may be offered at the State's discretion) and premium subsidies for commercial health insurance purchased through*

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the Exchange. A critical component of the new system will include extracting the business rules out of the aging Nevada Operations of Multi-Automated Data Systems (NOMADS) system in order to share those, with new business rules, in a central repository that is more dynamic and flexible. Based on our consultant's initial assessment, the cost of developing and implementing an eligibility rules engine to serve all publicly-subsidized health coverage programs is estimated to be \$23.8 million in one-time costs and \$3.8 million in annual ongoing costs.

- Business Operations -- *We have not started this activity.*
- Regulatory or Policy Actions -- *The Insurance Commission is currently working with the Nevada Legislative Counsel Bureau to research and develop a bill draft for a Health Insurance Exchange.*

Barriers, Lessons Learned, and Recommendations to the Program

Please report on any issues or problems that have impacted the development and implementation of the project during the reporting period. Detail what impact any issues may have on the achievement of project targets, and set out how you plan to tackle these issues.

The biggest problem has been the required state procedures and processes that had to be followed in order to get the grant award approved. It delayed the implementation of grant activities for three months.

Also provide any lessons that you have learned during this quarter that you think would be helpful to share with other states as well as any recommendations you have for the program.

The lesson is that state bureaucracies need to become more nimble. Unfortunately, I have no power to make that happen.

Technical Assistance

Please describe in detail any technical assistance needs you have identified through your planning activities. Please be as specific as possible about the kind of assistance needed and the topic areas you need to address. Discuss any plans you have for securing such assistance.

It will be important to find qualified and experienced vendors who can provide the most effective design and build-out for the Insurance Exchange website. Henry Chao emphasized the necessity of having a "world class shopping experience" for customers of the exchange. We will also need a qualified vendor to design and build the eligibility engine as a modification to our current outdated information system.

Draft Exchange Budget

In order to understand state budgetary requirements moving forward, we ask that you provide a draft budget to the extent possible for Federal fiscal years 2011 through 2014. You may specify functional areas as you deem appropriate based on the types of costs you anticipate incurring. Examples of possible functional areas include personnel, other overhead, IT and systems costs,

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and other operational costs. When developing IT and systems cost estimates, please ensure that you separate costs for updating Medicaid systems from costs for Exchange systems.

We anticipate creating a business model with budget projections related to the start-up costs for the business for the Insurance Exchange and for on-going operations. We have not started developing those numbers yet. Expense categories will most likely include: staff salary and benefit; general administrative services; consultants and professional support; facility costs and maintenance; information technology and communication; marketing and outreach; the eligibility, enrollment and premium billing services; and, evaluation, enforcement and appeals.

We currently only have estimates for the eligibility engine, which are projected in the timeline below. Federal guidance provided by the Office of Consumer Information and Insurance Oversight (OCIO) and the Center's for Medicare & Medicaid Services (CMS) indicates that Medicaid eligibility determination systems will be eligible for an enhanced Federal matching rate of 90% for system design and development and 75% for ongoing maintenance. A cost allocation methodology was used to determine the federal portion of the design and build costs and the state general fund obligation for the costs. They are detailed in the worksheet below:

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Eligibility Engine – Federal	\$564,133	\$1,026,181	\$12,069,522	\$9,426,141
Eligibility Engine – State			\$ 763,061	

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.

For each milestone, please provide the following:

- **Name of milestone:**
- **Timing:**
- **Description:**

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States may be creating their own work plan and/or timeline format. Please ensure that you provide the required number of milestones and that your plan goes through January 1, 2014.

We have completed a preliminary work plan and timeline projected through the 2011 year. It is attached. We will create a timeline that goes through 2014 as we begin performing the grant activities.

MILESTONES

Stakeholder Involvement

Name of milestone: Identify list of stakeholders and interested parties

Timing: Completed during the week of January 10, 2011

Description: Members of the Director's Workgroup provided suggestions for the Stakeholder list. The list was created in excel. The list included approximately 100 individuals, organizations, businesses, health care providers, insurance broker, health plans, associations, government agencies and elected officials.

Name of Milestone: Prepare invitation, agendas, and presentation materials for a stakeholder meeting

Timing: Materials prepared two weeks before the meeting date of February 2, 2011

Description: The invitation and public notice were prepared and sent via email to the individuals and entities on the stakeholder list. The agenda was prepared after identifying the meeting topic. The first meeting will focus on explaining the roles and functions of a health insurance exchange. An issue brief with questions was developed in order to stimulate discussion and input.

Technical Infrastructure

Name of milestone: Initial analysis for developing an eligibility engine

Timing: Completed during the summer of 2010

Description: The Department of Welfare & Supportive Services (DWSS) and the Division of Health Care Financing and Policy (DHCFP) contracted with PCG to conduct an initial assessment of a new IT system. The system will store all of the eligibility rules for the State's publicly-subsidized health coverage programs in one place. It will be accessible to individuals shopping for health coverage from multiple entry points, such as the Health Insurance Exchange. PCG also prepared a high-level cost estimate for developing and implementing a single eligibility engine in Nevada.

Name of milestone: Prepare Preliminary Advance Planning Document (P-APD)

Timing: Completed by the end of January, 2011

Description: This feasibility study will describe the overall planning and tasks required to develop the eligibility engine.

Collaborations/Partnerships

Report on who you are working with outside of your office or department, and any changes or issues in your institutional context and/or any progress or issues with your project partners (where applicable).

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- **Name of Partner:**
- **Organizational Type of Partner:**
 - Health Department
 - Federally Qualified Health Center
 - Health Maintenance Organization
 - Hospital
 - Private Insurance
 - Employer
 - Employer Group
 - Other (Please specify)
- **Role of Partner in Establishing Insurance Exchange:**
- **Accomplishments of Partnership:**
- **Barriers/Challenges of Partnership:**

The Health Care Reform unit is comprised of two individuals who work for the Department of Health and Human Services within the Division of Health Care Financing and Policy (DHCFP). They are collaborating with other state employees working with the following departments or agencies:

Department of Health and Human Services – The Director, Mike Willden, is the manager of the main health care reform work group for the State. He conducts the meetings and provides leadership to the various participants as they perform the work group tasks. He is also the liaison who provides updates, information and recommendations to the Governor's office.

The Division of Insurance – The Commissioner and staff are active participants in the work group meetings. They are overseeing the implementation of the reforms to health insurance and working with insurance plans, brokers, and agents to identify and resolve relevant issues. They presented the NAIC model legislation to the Nevada Legislative Counsel Bureau as a framework for developing the bill draft for the Health Insurance Exchange. In addition, they are performing the activities for the Rate Review Process for Premium Increases grant. Moreover, providing data and researching Exchanges in other states have been done by the Insurance Commission. Lastly, they helped in developing the Stakeholder list for public meetings.

Office of the Governor Consumer Health Assistance – The Director is an active participant in the work group meetings and is performing the grant activities for the Office of Consumer Health Grants grant. She has helped in developing the Stakeholder list for public meetings.

Department of Welfare and Supportive Services – The Director is an active participant in the work group meetings and his staff has been working on the assessment and feasibility study activities for the eligibility engine project.

The Public Employees Benefit Plan – The Director is an active participant in the work group meetings and provides information or data as needed.

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The Division of Health Financing and Policy – The Director and staff participate actively in the work group. Smaller division workgroups have been working on the various provisions and mandates of the ACA.

The Attorney General's Office – Staff actively participates in the work group meetings and provides information or recommendations as needed.

The Governor's Office – Legal staff actively participate in the work group meetings providing information or recommendations as needed.

We anticipate that we will begin working with various Stakeholder groups outside of State government after our first Health Insurance Exchange Stakeholder meeting on February 2, 2011.

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.

Final Project Report

Please include the same header information that is outlined in the Quarterly Project Report Template.

Project Detail

Succinctly summarize the project and what was accomplished during the entire grant period, highlighting anything that has not been reported since your last interim progress report for each of the core areas.

As succinctly as possible, summarize major opportunities, obstacles, challenges, and any changes in the project or your organization that have you encountered over the grant period. For each core area, please provide a description of the decisions that were made through your planning process. Some additional suggestions for information to include are below.

Core Areas

- **Background Research.** Please provide a summary of the research you conducted, key findings, and plans that resulted from this research.
- **Stakeholder Involvement.** Please provide an accounting of all stakeholder involvement that took place during the project period including a listing of the stakeholders you consulted. Please also include lessons learned from these consultations.
- **Program Integration.** Please provide a description of the activities you undertook to coordinate with Medicaid and other public programs in your state, the outcomes of these conversations, and any barriers you face or have overcome.

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- **Resources & Capabilities.** This core area should be addressed through your needs assessment.
- **Governance.** If you have reached a decision on the governance structure for your Exchange, please provide a description here. If not, please report on your progress in this area.
- **Finance.** Please describe any activities you undertook in terms of planning for financial management, prevention of fraud and abuse, and annual auditing.
- **Technical Infrastructure.** Please provide any relevant information that you did not provide in your needs assessment.
- **Business Operations.** Please provide information on any decisions you made in the areas of eligibility determinations, plan qualification, plan bidding, application of quality rating systems and rate justification, administration of premium tax credits and cost-sharing assistance, and risk adjustment.
- **Regulatory or Policy Actions.** Please describe the enabling legislation you plan to seek and any challenges or barriers you have faced in this regard. If possible, attach your enabling legislation.

Needs Assessment

Please provide a detailed needs assessment that includes:

- A budget of projected funding needs through Federal Fiscal Year 2014
- An accounting of number of personnel needed
- A list and description of contracts you plan to award and when you plan to do so (if available)
- An assessment of the information technology builds and systems changes required to establish an operational Exchange

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014

Technical Assistance

As succinctly as possible, summarize the technical assistance that you will require in order to develop and establish an Exchange. Be sure to highlight anything that has not been reported

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since your last interim progress report. Please rank in order of priority/need with one being the most crucial assistance. Discuss any plans you have for securing such assistance.

Final Project Work Plan

Please provide a draft work plan that includes goals, objectives, responsible parties, costs, timeframes, and milestones for each year through January 1, 2014. For each core area of work, either those defined above or a different designation of core functional areas viewed as more useful by your state, provide key objectives and milestones for carrying out the establishment of an Exchange. We want to know how you plan to get to 2014 and the steps that you plan to take along the way. We would also like to know how you are monitoring progress toward these milestones. Please refer to the framework for listing milestones that was provided in the quarterly report template.

Final Evaluation Report

Please provide an evaluation plan to include a detailed description of data collection activities and analyses, from which the State will evaluate the progress of your Exchange in meeting your goals and the goals of the Exchange as articulated by the federal government. Please provide information on the performance measures you intend to track.

Exchange Deliverables

Submit copies of any deliverables (plans, documentation of planning activities, etc.), public recognition, press releases, or new articles that are pertinent to this project and that were received since the last progress report, if any.

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Public Report

Grantees are required to prominently post progress reports about their planning grants on their respective Internet websites to ensure that the public has information on the use of funds. The Public Report must be compliant with Section 508 (see <http://www.section508.gov/> for more information). The required public report includes, but is not limited to:

1. Project Summary – an overview of the grantee's activities, both planned and accomplished
2. Stakeholder Involvement – an outline of any and all opportunities for involvement to the residents of the State and other pertinent stakeholders. This includes any discussions regarding the Exchanges such as public hearings, town hall meetings, etc.
3. Budget – the total amount of the grant award and the broad budgetary categories of the award.
4. Deliverables – all press releases, news articles, public recognition, and any other documentation allowed by law for public disclosure.

In addition, it is the grantees discretion to publicly disclose any and all information in the quarterly and/or final project reports.

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Reference – Core Areas

- **Background Research** – May include research to determine the number of uninsured in the State including, but not limited to, those potentially eligible for the Exchange, and those eligible for Medicaid or their employer's coverage and currently not enrolled.
- **Stakeholder Involvement** – May include a list of the stakeholders within the State who will be involved in the State's decision about whether to operate the Exchange and planning/implementation of the Exchange, including the role proposed for each stakeholder as well as agreements with those stakeholders that may be in place at this time. Developing stakeholder involvement may include a plan to gain public awareness and commitment of key stakeholders through task forces and activities in various venues to obtain stakeholders' input.
- **Program Integration** – May include a description of how an Exchange will build on existing State and Federal programs such as Medicaid and CHIP. This may also include current State activities similar to an Exchange.
- **Resources and Capabilities** – May include an assessment of current and future staff levels, contracting capabilities and needs, and information technology.
- **Governance** – May include planning for a State-run Exchange or an Exchange run by an independent entity. If an Exchange is expected to be State-run, planning could include determinations of where the Exchange would reside, what the governing structure would be, and to what departments or officials it would be accountable. If an Exchange is expected to be established through an independent entity, planning could include the development of the governance structure, appointment process, conflict of interest rules, and mechanisms of accountability. If the State is planning to coordinate with other States for a regional Exchange, activities relating to coordination with other States to establish an Exchange, determine markets, and ensure licensure and consumer protections could be developed.

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- **Finance** – May include pathways to developing accounting and auditing standards, mechanisms of transparency to the public, and procedures to facilitate reporting to the Secretary.
- **Technical Infrastructure** – May include the planning for a web portal and/or a call center to meet the increased need for consumer education, the coordination of Medicaid and Exchange-related activities, and the integration of Health Information Exchange standards for program interoperability.
- **Business Operations** – May include plans for eligibility determinations, plan qualification, plan bidding, application of quality rating systems and rate justification, administration of premium credits and cost-sharing assistance, and risk adjustment.
- **Regulatory or Policy Actions** – May include a determination of the scope and detail of enabling legislation and implementing State regulations.