

**Office of Consumer Information and Insurance Oversight**

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

**Quarter II Project Report**

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**State:** Oregon

**Project Title:** Oregon Health Insurance Exchange Planning Grant

**Project Quarter Reporting Period:** Quarter 2 (1/1/2011 – 3/31/2011)

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**Project Summary**

During the second quarter of the planning period, Oregon utilized existing vacant agency positions to bring two new staff to respectively manage grants and contracts, and develop and analyze policy recommendations, moving Oregon forward with the creation of its health insurance exchange.

Legislation creating Oregon's Health Insurance Exchange, Senate Bill 99 (SB 99), was drafted last quarter and is currently in the process of receiving legislative hearings and work sessions, as amendments are proposed and discussed. A new House Bill, 3137, which would also establish an Exchange, was introduced in March.

Oregon signed a contract with Wakely Consulting Group to perform exchange operational development work. Members of the Wakely team travelled to Oregon for two days of meetings with the Exchange team and key stakeholders. During grant quarters three and four Wakely will deliver recommendations in the following areas: resources and needs; operations; finance; and

information technology (further described below). In February, Oregon also received notification that the state was selected to receive an Exchange IT Innovator grant award.

## **Core Areas**

### **Background Research**

Based on estimates of Medicaid eligibles and individual and small group Exchange participants developed previously, the Wakely Consulting Group is developing the following information to help guide Oregon's Exchange planning efforts:

- A detailed assessment of the resources and capabilities that exist in Oregon that can be used for the development of the Exchange to include infrastructure resource analysis and readiness assessment;
- A detailed needs and gaps assessment that will identify areas in which Oregon must develop or purchase resources or capabilities in order to establish the Exchange;
- Development of a financial model to project revenues and operating expenses over five years, including analysis of potential funding sources to make the Exchange self-sustaining by 2015;
- Identification of the Exchange's technical infrastructure needs and development of a plan to address those needs through the utilization of existing resources, building new capacity or outsourcing to meet resource needs in order to assist Exchange IT scoping for procurement; and
- Development of a detailed business operations plan.

### **Stakeholder Involvement**

**Internal stakeholders:** The Exchange Steering Committee continues to meet monthly. In January the group discussed the draft legislation that will authorize the development, implementation and operation of Oregon's Exchange (Senate Bill 99), the IT Innovator Grant application and the contract with Wakely Consulting Group. Wakely consultants were in Oregon for the February meeting to review contract deliverables and conduct needs assessment discussions with Steering Committee members. The March meeting focused on the Establishment Grant application and a discussion of the amended SB 99.

The OHA Division of Medical Assistance Programs (DMAP), DHS Children, Adults and Families (CAF), Exchange staff, and Office of Information Services (OIS) met to discuss the technological infrastructure needs of the Exchange and eligibility and enrolment issues.

**Other Stakeholder Input:** The Exchange Consumer Advisory Committee met in January to discuss possible quality indicators, development of the Community Navigator component required under the Affordable Care Act and conducted a brainstorming session on outreach. The Exchange's website became operational in March, and includes a link for public comment and/or question. The Exchange Planning Grant narrative and quarterly reports are also posted on-line.

The Exchange Technical Advisory Group met once during the second quarter to discuss market design issues. Meetings are expected to resume once consultants have submitted operational planning recommendations.

In grant quarter 2 the Exchange staff arranged to present to and discuss Exchange issues with representatives of Oregon's federally recognized Tribes at the next quarterly meeting of the Tribes with the Oregon Department of Human Services and the Oregon Health Authority. This meeting will occur in grant quarter 3, at which time Exchange staff will determine what ongoing role Tribal government representatives want to have in the Exchange development process.

### **Program Integration**

Until legislation authorizing the development of the Exchange passes and the Exchange board is appointed and confirmed, the Oregon Health Authority (OHA) is guiding and supporting the development and implementation of the Exchange. Exchange staff continues to participate in regular meetings with the leadership of the Self-Sufficiency Modernization (SSM) program, which is an effort to streamline, automate and modernize eligibility and enrollment for Medicaid and self-sufficiency programs in the state.

In February, Oregon received an Exchange IT Innovator grant. Oregon's application was based on an assessment that to meet the requirements of the Affordable Care Act, Oregon required a seamless eligibility and enrollment process that works for people who are eligible for Medicaid and for commercial insurance purchasers. Oregon was already working on an eligibility automation project and determined that coordinating the projects would be the most efficient way to proceed and provide the best solution for consumers.

The IT solution Oregon is building will improve eligibility and enrolment processing for existing public programs and allow easy transitions between Medicaid and commercial insurance. The OHA Office of Information Services is focused on a solution that will provide business applications to both DHS and OHA with a high degree of interoperability.

### **Resources & Capabilities**

Two staff joined the Exchange team in March: a Lead Operations Analyst and a Grants and Contracts Analyst. Additional staff are helping the Exchange Executive Team focus on the legislative session, meet federal grant and contractual obligations and do the project management work necessary to keep the development of Oregon's Exchange on track. See the Personnel Changes/Updates section at the end of this report for further detail on the new hires.

Wakely Consulting Group spent two days in Oregon interviewing key stakeholders for development of contract deliverables (see Background Research section). Drafts of the first deliverables are scheduled for April, with final products are due in June and July.

### **Governance**

As detailed in Oregon's first quarterly report, the state intends to establish its Exchange as a public corporation. A bill outlining the specifics of the Exchange (Senate Bill 99) had its first legislative hearing in February. The draft legislation establishes an Exchange that will do more than just determine eligibility, make health plan comparisons easy and facilitate health plan enrolment. The Oregon Exchange is envisioned as a mission-driven public corporation that can help coordinate purchasing strategies for all Oregonians, starting with the individual and small group markets. The draft legislation includes significant accountability strategies, including:

- Legislative approval of an Exchange board approved business plan in February 2012;

- Development of the Exchange as a public corporation with a citizen Board appointed by the Governor and confirmed by the Senate;
- Quarterly reporting to State legislative leadership; and
- An annual financial audit and biennial performance audit.

A second bill that would authorize the creation of Oregon's Exchange, House Bill 3137, was introduced in March. This bill mirrors the Dash-2 version of SB 99, with the exception that it requires consumers wishing to use an insurance agent to pay for the service directly. Exchange staff is aware that the Affordable Care Act requires that a plan sold both inside and outside of the Exchange have the same premium, without regard to whether an agent/broker is used by the enrollee.

### **Finance**

Last quarter's report described the fiscal analysis using enrollment estimates developed by Dr. Jonathan Gruber of the Massachusetts Institute of Technology. Based on Dr. Gruber's estimates and information on exchange costs based on the Massachusetts experience and related similar organizations, the Wakely Consulting Group will develop a financial model to project revenues and operating expenses for the Exchange over a five year period. Wakely will also recommend the funding needed for a self-sustaining Exchange by 2015, and identify sources for that funding. The final report is due in June.

### **Technical Infrastructure**

As described in the Program Integration section, the work Oregon has undertaken to develop a system solution for the Exchange has been influenced by the state's Self-Sufficiency Modernization (SSM) effort. Oregon's Exchange will be an integrated, web-accessible portal for Medicaid and commercial coverage. During the second grant quarter Oregon continued to nurture working relationships with SSM IT staff developing high level process mapping requirements of an IT system that can meet the needs of both the Exchange and eligibility automation efforts. The state has been in contact with vendors that can develop and/or offer the software needs that meet the business purpose.

Wakely Consulting Group and its subcontractor KPMG, contracted using Exchange Planning Grant Funds, are providing assistance to the Exchange and SSM staff in preparation for the procurement of an IT software solution and system integrator that will help the state customize the software to meet eligibility automation and Exchange needs. The consultants will also help OHA and DHS choose a software vendor in grant quarter three.

Oregon originally planned to use Planning Grant funds to contract with a consultant to coordinate IT efforts between the Exchange and self sufficiency modernization efforts. Based on additional analysis of project needs, Oregon decided to hire a policy analyst who could fully integrate activities with Exchange policy, Exchange IT and SSM staff. This position will also ensure that Medicaid eligibility and enrollment issues are identified and addressed (including but not limited to issues that await further federal clarification and those that need additional state-level decisions). The position will be filled in April 2011 and additional information about the individual who fills this position will be provided in the grant quarter three report.

### **Business Operations**

Legislation that will authorize the Exchange ensures that the organization has the needed governance structure to assure compliance with the Affordable Care Act, as well as ensure transparency and accountability to Exchange consumers, the public, and state legislature. Legislation guiding the creation of Oregon's Exchange will also outline reporting requirements to the Governor and Legislature.

The Wakely Consulting Group will deliver a draft business operations plan in May, with a final report in June. The plan will include a determination of the Exchange's needs in the following areas: customer service; government relations; communications; marketing, information and outreach; publications; contracting; appeals; policy; data; financial management (including auditing, budget and general financial management); information technology; staffing (executive, managerial and operational); human resources management; internal management and organizational structure; legal; accounting; research and analysis; procurement; facilities; and any other planning needs identified.

### **Regulatory or Policy Actions**

As noted in the first quarterly report, the Oregon Health Policy Board submitted its recommendations regarding the formation of an Exchange to the Legislature in December 2010. Senate Bill 99, establishing the Exchange, its governance structure and functions was introduced by Governor John Kitzhaber in February 2011. The Senate Committee has heard this bill, discussing the language, proposing multiple amendments and hearing public testimony from interested stakeholders. Exchange and OHA leadership have testified on the legislation and have provided assistance to legislators on the ACA Exchange provisions. Additionally, a House Bill (HB 3137) establishing an insurance exchange was introduced in March by the House Committee on Health Care. Current drafts of SB 99 Dash-5 amendments and HB 3137 are included as appendices one and two.

### **Barriers, Lessons Learned, and Recommendations to the Program**

#### **Stakeholder Communications Challenges**

Oregon continues to hold Consumer Advisory Group meetings. During the 2011 Oregon legislative session, Exchange staff has held discussions with all stakeholders regarding the Exchange authorizing legislation. Communication with key stakeholders has been critical during the 2011 Legislative Session. Public hearings and/or work sessions on Exchange legislation occur on a weekly basis and as a result new amendments are regularly being drafted. Careful analysis of the amendments, and communication of the proposed changes, is a vital component in getting legislation passed.

While Exchange and other OHA staff are involved in discussions with stakeholders (including insurance carriers, consumer advocates, small business owners, insurance agents and others) the compressed timing and rapid action of the legislative session has not made it possible to gain the support of all stakeholders for all amendments to the Exchange authorizing legislation. Further, as stakeholders represent a variety of interests and positions, groups respond disparately to amendments. We have seen some successes in the process employed by the Senate

Subcommittee on Health Reform, where SB 99 originated. The Subcommittee Chair asked stakeholders to submit comments and proposed amendments by a given date and then asked Exchange staff to help organize proposals for discussion by key legislators. The analysis and support of the Exchange staff allowed legislators to dig into important policy issues, including the composition of the Exchange board, the role of the Exchange, and the use of agents within the exchange. While legislators conducted negotiations and made the final decisions about amendments to the bill, staff was able to provide assistance to clarify what was federal law, what state law and what was discretionary, as well as the implications of various policy options.

While this effort was fairly successful in educating legislators and engaging stakeholders, it did not produce a bill that was satisfactory to all stakeholders. The version of the bill passed out of the Senate Health Care, Human Services, and Rural Health Policy Committee was not supported by some consumer groups, as the bill does not explicitly authorize the Exchange to negotiate rates with participating carriers and allows up to two board members to be employed by or have a financial relationship to the health insurance, insurance agent or medical industries. Lacking the support of all consumer advocates may affect the final legislation, though the full impact is not yet known.

### **Medicaid System Challenges**

Over the past few years, Oregon has faced eligibility staffing shortages and a slow economic recovery. With DHS program and information technology staff, Exchange staff has discussed strategies to use the planned electronic system to reduce the DHS eligibility staff workload in 2014. Oregon is currently working to align Medicaid, SNAP, TANF and ERDC eligibility criteria as much as possible. A major hurdle continues to be that in 2014 Medicaid eligibility will be based on tax concepts (tax filing households and Modified Adjusted Gross Income [MAGI]) which differ from SNAP eligibility based on household numbers and income/expenses. In addition, current SNAP rules require a client interview and verification of the past 30 days of income, which limits a state's ability to automate eligibility determinations, given the absence of real-time database for certain forms of income.

Eligibility is currently determined using a paper-based process, and there is currently no comprehensive real-time database with which the Exchange could interface. This increases the work involved in the IT solution Oregon is developing, but also makes the success of this work that much more vital. Medicaid eligibility is based on "point in time" income, and for some forms of income, there is no comprehensive real-time database showing current income; Oregon and other states are pondering the implications of this.

Exchange and Medicaid staff are starting to address how to provide outreach to the approximately 200,000 Oregonians who will become newly Medicaid eligible in 2014. Additionally, Oregon is thinking about eligibility redetermination intervals and the subsequent churning between Medicaid and Exchange products offered in the individual market, as well as how to educate newly insured people about their new insurance coverage.

Oregon is also addressing the determination of eligibility for seniors and people with disabilities, particularly the population needing long-term care (LTC), including looking at where the income limit for these populations differs from the Medicaid limit and the differing methods for

calculating income. Oregon is preparing to address a variety of issues and is hoping to be assisted by additional federal guidance, including:

- Calculations involving populations subject to MAGI and non-MAGI;
- Whether the Exchange has a role for individuals seeking a long-term care eligibility determination; and
- How and at what point in the process the system should ask about needs such as the applicant's need for help with basic activities of daily living and long-term care.

### **Information Technology Systems Challenges**

Several discussions occurred this quarter regarding where the technology for the Exchange should "reside," with a final decision that for at least the first several years it should reside with the Oregon Health Authority. The Exchange Development Director, policy staff and IT leadership agree that the Exchange's programmatic and policy needs should guide technology development and that DHS and OHA applications must maintain a high degree of interoperability, including seamless real time Medicaid/self-sufficiency determination and enrollment and individual/small group insurance comparison and enrollment. Exchange staff has been actively involved in both the research leading up to the selection of a software vendor and IT process mapping.

One challenge has been that the Legislature is skeptical about the state's ability to successfully administer large IT projects. To respond to this concern, Exchange IT and policy leadership have agreed to significant reporting to and oversight by the legislature, as well to nurture a strong partnership between the Exchange IT leadership and the state's legislative fiscal office IT lead.

### **Overall Implementation Challenges**

Oregon is currently developing budget and staffing estimates based on existing information, recognizing new staff will face a steep learning curve regarding the Exchange's functional capabilities. Attempting to accurately identify the internal and contracted resources needed for the Exchange will help Oregon's Exchange ensure long-term sustainability. One of next big challenges facing Oregon will be to garner the technical expertise needed to develop a detailed understanding the current market, enabling the state to determine structures for risk adjustment, gauge market influence and estimate small employer interest.

In addition to operational challenges, the Exchange must simplify complex provisions and issues surrounding the Exchange, in order to facilitate stakeholder communication and understanding of implications and regulatory issues.

### **Technical Assistance**

At this time, Oregon does not have specific technical assistance needs. The state anticipates that this may change once legislation authorizing the Exchange has been passed, Wakely contract deliverables have been received and/or federal guidance on the Exchange has been finalized.

### **Work Plan**

The work plan document used by the Exchange team is included as Appendix three. A narrative discussion of key milestones is presented below, expanding on the work plan items to provide some context for the objectives, milestones and key operational details presented under each core area.

## **Background Research**

### **Objective 1: Determine resource needs and funding in order to conduct operational planning for the Exchange.**

- **Milestone:** Estimate Exchange enrollment
- **Timing:** 8/1/10-12/14/10
- **Description:** Prior to the grant period, Dr. Jonathan Gruber estimated Oregon's exchange enrollment using a microsimulation model. This work is described in the Finance section located on page four. Dr. Gruber estimated individual enrollment in the Exchange and his work provided a starting point for determining employer enrollment. In the fall, the Institute for Health Policy Solutions undertook additional to estimate likely enrollment by employees of small employer groups.
  
- **Milestone:** Analysis of Sole/Dual Market Decision
- **Timing:** 10/1/10-12/14/10
- **Description:** Analyzed the impact on enrollment and operating costs of an Exchange operating under sole and dual market scenarios. Convened expert panel to identify the impacts of both and the most effective ways for the Exchange to control costs. The Oregon Health Policy Board discussed implications of both scenarios, declining to make a recommendation. Legislation assumes a dual market and staff is prepared to address further questions by legislators or others seeking to re-open this discussion.
  
- **Milestone:** Develop resource and needs assessment, gap analysis, financial modelling and analysis and IT infrastructure analysis and recommendations
- **Timing:**
  - Contract with vendor finalized 2/10/11
  - First draft deliverable: Preliminary financial model and analysis delivered 3/15/11
  - Final Resources and Needs Report due 5/15/11
  - Final Needs and Gaps assessment due 5/15/11
  - Final Financial Model and Analysis due 6/1/11
  - Final IT Infrastructure Analysis and Recommendations (in conjunction with the IT Innovator grant) due 6/1/11
  - Final Business Operations recommendations due 6/1/11
  - Final Funding Sources recommendations due 7/1/11
- **Description:** Wakely Consulting Group was selected via a competitive RFP process as the vendor to work with Oregon to develop a series of documents to lead the state in its planning efforts. The contract was finalized during the second quarter of the grant period. Products due in the third quarter include a detailed assessment of the resources and capabilities that exist in Oregon that can be used for the development of the Exchange, a detailed needs and gaps assessment that will identify areas in which Oregon must develop or purchase resources or capabilities in order to establish the Exchange, development of a financial model to project revenues and operating expenses for the Exchange over a five year period, analysis of potential funding sources and recommendations that will allow the Exchange to be self sustaining by 2015, development of a plan to address the Exchange's technical infrastructure needs and a plan to address those needs (through the utilization of existing resources,



building new capacity or outsourcing to meet resource needs) and the development of a detailed Exchange Business Operations Plan.

- **Milestone:** Develop and implement an evaluation of Oregon's Exchange
- **Timing:**
  - April 2011: Determine timeline for evaluation plan development and develop proposal for evaluation plan, activities and timeline
  - June 2011: Begin evaluation discussions with Office of Health Policy and Research and other interested parties
  - July 2011: Begin mapping a process to achieve an evaluation for the Exchange
- **Description:** Evaluation will be an integral component of Oregon's Exchange development, implementation and operations. The state's evaluation plan will include both quantitative and qualitative elements. We anticipate process measures being addressed during Exchange development, with outcome measures (such as number of successful enrollees) assessed once the Exchange is operating.

### **Stakeholder Involvement**

**Objective 1: Ensure the Oregon's Exchange is attractive to and works for individual and business consumers.**

- **Milestone:** Establish and Utilize Consumer Advisory Work Group
- **Timing:**
  - Group announced, applications solicited October 2010
  - Members chosen November 2010
  - First meeting held December 2010
  - Subsequent meetings held January 7 and 21, 2010
  - Additional meetings planned for June, August 2011, and others as needed
- **Description:** The Consumer Advisory Group (CAG) was established to solicit input and feedback from individual and small business insurance consumers, as well as those who work with them (advocacy organizations, medical and social service providers working with low income, at-risk and minority populations, insurance agents). The group does not have decision-making authority but provides input into the process. Oregon has a history of extensive stakeholder work, and the Exchange process is following that pattern.

The first meeting of the group (in grant quarter 1) provided a chance for staff to give the background on Oregon's exchange development to date and to identify some of the key areas in which consumer feedback will be especially important. Group members were encouraged to identify additional areas for input and have been enthusiastic about providing input on the issues raised by staff. To date the CAG has helped staff tease out the issues involved in decisions related to Exchange governance and market role, as well as engaging in other policy and operations discussions. In January the group had a lively discussion about the potential benefits of implementing the Exchange in either a dual or sole market, including which course would offer the best opportunity to rein in costs and ensure quality for consumers. The second meeting focused on the legislation and potential amendments that could be offered to it. In April the group will discuss progress in this and other areas of Exchange development.

- **Milestone:** Work with the DHS-OHA Tribal Liaison to involve Tribes in a consultative capacity to the Exchange
- **Timing:**
  - Attend 2011 quarterly meetings of the OHA-DHS Intergovernmental Meeting with Tribes: May, August and November 2011
  - Discuss format for and content of Exchange discussions with DHS-OHA Tribal Liaison
- **Description:** Oregon's Tribal Relations Liaison meets with the state's federally recognized Tribes on a quarterly basis. The Exchange's Development Director is scheduled to meet with the Tribes for an initial discussion on the Exchange on May 25, 2011. Additionally, Oregon DHS-OHA is home to the Office of Multicultural Health. This office works with local and state governments to promote equitable health and human services for communities of color, Tribal governments and other multicultural groups. Involving these important stakeholders up front will assist with the development of successful communications and strategic marketing of the Exchange.
- **Milestone:** Regular reporting to the Oregon Health Policy Board
- **Timing:** The Board meets on a monthly basis; Exchange reporting varies from monthly to quarterly during the Legislative Session (September 2010 – December 2011 and beyond).
- **Description:** A high-level summary of the quarterly reports for the Exchange planning grant is submitted to the Policy Board's for review. Presentations on various topics related to the development of the Exchange are delivered upon request.

**Objective 2: Design, build and implement Oregon's Exchange with the input and support of key state agencies and divisions.**

- **Milestone:** Establish Exchange Planning Grant Steering Committee
- **Timing:**
  - Established September 2010
  - Meets the fourth Monday of each month through planning grant period
  - Exchange Steering Committee will discuss and review the draft Exchange budget 3/28/11
  - Will transition to implementation steering group in October 2011
- **Description:** As described in the "Stakeholder Involvement" section on page two, the Exchange Steering Committee meets monthly to review progress, discuss next steps and provide support and guidance to the Exchange team. The Steering Committee members represent the various sectors of the Oregon Health Authority and DHS (including policy and planning, Medicaid and other publicly-sponsored health care programs, eligibility and enrollment improvement, health care purchasing), information services, non-health care public programs, and Department of Business and Consumer Services (Insurance Division).
- **Milestone:** Work with key legislators and the Governor's office to pass legislation creating the Exchange

- **Timing:**
  - 2011 Oregon Legislative Session began February 1
  - Present to relevant legislative committees on Exchange concept, February 2011
  - Work with staff and legislators involved with the Senate Committee on Health Care, Human Services and Rural Health Policy and its Subcommittee on Health Reform on the development of Exchange authorizing legislation and other relevant bills, February – April 2011
  - Work with staff and legislators of House Health Care Committee on the development of Exchange authorizing legislation and other relevant bills, April – May 2011
  - 2011 Legislative Session ends, June 30, 2011
- **Description:** As of the end of the grant quarter 2, Senate Bill 99 was amended five times, and House Bill 3137 was introduced. The bill creating authorizing legislation, SB 99, passed out of the Senate subcommittee in March. It was voted out of the full Senate Committee in April. The House Health Care Committee is currently discussing HB 3137 and will take up SB 99 soon as well.

### **Program Integration**

**Objective 1: Ensure consumers in existing State-supported or administered programs are smoothly transitioned to or are in programs that are coordinated with the Exchange.**

- **Milestone:** Include OHA Office of Private Health Partnerships staff in planning activities
- **Timing:**
  - OPHP staff loaned to Exchange project team October 2010
  - OPHP leadership participates in steering committee September 2010 - on
- **Description:** Engaging OPHP staff on the Exchange team, complimented by OPHP leadership on the steering committee, has provided the Exchange team easy access to information about the activities and functions involved in the day-to-day operations of the programs OPHP administers. This provides insights into skill sets, challenges and best practices that may be required for the Exchange as it builds and operates similar functions and activities.
- **Milestone:** Develop an Exchange Business Operations Plan
- **Timing:**
  - Draft plan due from Wakely Consulting Group 5/1/11
  - Plan is finalized 6/1/11
  - Development of functional linkages with key stakeholders is currently underway and will be ongoing
- **Description:** The Business Operations Plan will include a determination of the Exchange's needs in the following areas: customer service, government relations, communication, marketing/information/outreach, publication, contracting, appeals, policy, data, financial management (including auditing, budget and general financial management), information technology, staffing (executive, managerial and operational), human resources management, internal management and organizational structure, legal, accounting, research/analysis, procurement and facilities. The plan will provide estimates of financing requirements and a proposal for funding, as well as recommended operations details and other key recommendations.

**Objective 2: Coordinate planning with the OHA Medicaid eligibility and enrollment transformation initiative, including an analysis of eligibility and enrollment barriers.**

- **Milestone:** The Medicaid Transformation Initiative manager coordinates formal OHA and DHS comments to federal partners on Exchange planning needs, draft regulations and other relevant areas wherever Medicaid eligibility and enrolment are (or should be) considered
- **Timing:**
  - Work with Exchange team, OHA Division of Medical Assistance Programs and DHS Division of Children, Adults and Families to coordinate comments to federal partners on development of regulations related to ACA, September 2010 – July 2013
  - Participate in Exchange team working meetings (twice monthly) ongoing starting December 2010
- **Description:** By including the Medicaid Transformation Initiative manager on the Exchange team and including him on the steering committee, the Exchange team gets the benefit of Mr. Novick's eye for cross-over issues, including but not limited to those affecting the operation of eligibility and enrollment, two of the Exchange's core functions. In addition to participating in the twice monthly work team meetings, Mr. Novick engages in regular policy and operations planning discussions with the Exchange team.
- **Milestone:** Couple Exchange and public program eligibility enrolment technology development projects to ensure streamlined, efficient result
- **Timing:**
  - Exchange IT Innovator grant award received February 2011
  - Architecture Review March 2011
  - Project Baseline Review April 2011
  - Detailed Design Review May 2011
  - Operational Readiness Review December 2012
  - Exchange IT component substantially complete February 2013
- **Description:** The Exchange Early Innovator grant application heavily leveraged work done to date for Self Sufficiency Modernization to define a solution delivery approach. This included utilization of a common health and human services framework solution to ensure common citizen entry to both the Exchange and benefits options. A key requirement of the Exchange is the ability for citizens to move easily between public and private insurance. To meet this requirement, the state must replace its manual medical eligibility and enrolment processes with automated ones.

In addition to satisfying the needs for modernization within the Exchange framework solution, this grant opportunity also provides OHA Office of Information Services (OIS) with the capability to deliver business applications to both DHS and OHA that are consolidated with a high degree of interoperability, supporting the "no wrong door" service delivery model.

**Resources and Capabilities**

**Objective 1: Identify "external" and "internal" functions of Exchange and state needs in order to implement Exchange**

- **Milestone:** Assessment of state capacity, resources, gaps, requirements
- **Timing:**
  - Contract with Wakely Consulting Group signed February 2011
  - Work commenced February 2011
  - Draft deliverables due March – June 2011
  - Final deliverables due April – July 2011
- **Description:** Operations planning includes the assessment of current state capacity and resources, gaps and requirements for implementing and operating the Exchange. First draft deliverables (Five year Administrative Budget and Exchange IT Discussion Document) received March 2011.
  
- **Milestone:** Determine staffing functions that will be moved to Exchange from existing state agencies
- **Timing:**
  - Contractor's assessment of current capacity is used to determine gaps April -July 2011
  - Exchange staff will lay out existing resources that could transfer to Exchange, lay out plans for services currently provided by state agencies to be done by Exchange using agreement with state agencies.
- **Description:** Some state staff currently working on Exchange development may move into Exchange once it becomes a free-standing organization. In addition, some Medicaid functions (eligibility and enrollment) currently done by DHS Division of Children Adults and Families on behalf of the OHA Division of Medical Assistance Programs could move to the Exchange. Planning for the transfer of functions will be needed in order to establish inter-agency agreements, MOUs, etc.
  
- **Milestone:** Implement Exchange business operations plan
- **Timing:**
  - Draft analysis due May 2011
  - Final analysis due June 2011
  - Implementation Planning begins July 2011
  - Exchange Board discusses/approves Implementation Plan October 2011
  - Legislature approves Board approved Business Plan February 2012
  - Implementation begins February 2012
- **Description:** The Business Operations Plan will include a determination of the Exchange's needs in the following areas: customer service, government relations, communication, marketing/information/outreach, publication, contracting, appeals, policy, data, financial management (including auditing, budget and general financial management), information technology, staffing (executive, managerial and operational), human resources management, internal management and organizational structure, legal, accounting, research/analysis, procurement and facilities.
  
- **Milestone:** Draft inter-agency agreements, contracts and MOUs
- **Timing:**

- Begin work on inter-agency agreements and MOUs with DCBS' Insurance Division; DHS Children, Adults and Families; and between OHA and the Division of Medical Assistance Programs, Office of Information Services and Office of Client and Community Services.
  - Draft agreements signed June 2011.
  - Agreements updated once the Exchange is operating as a public corporation October 2011.
- **Description:** Operating as a public corporation, the Exchange will need a number of agreements in place, including but not limited to agreements with OHA, DHS and the Insurance Division.

## **Governance**

### **Objective 1: Determine structure and oversight of Exchange.**

- **Milestone:** Implement Exchange as public corporation
- **Timing:**
  - Oregon Health Policy Board analysis August – November 2010
  - Oregon Health Policy Board recommendations December 2010
  - Legislative concept developed November 2010
  - Authorizing legislation (SB 99) introduced December 2010
  - Authorizing legislation (HB 3137) introduced March 2011
  - Exchange legislation passes both chambers and is signed into law June 2011
- **Description:** The Oregon Health Policy Board recommended the Exchange be built as a public corporation. This language is included in the Exchange authorizing legislation (SB 99 and HB 3137).
- **Milestone:** Establish Exchange governance structure
- **Timing:**
  - Oregon Health Policy Board analysis August-December 2010
  - Oregon Health Policy Board recommendations December 2010
  - Legislative concept developed November 2010
  - Authorizing legislation (SB 99) introduced December 2010
  - Legislation amended to include accountability measures identified by Oregon Health Policy Board February 2011
  - Authorizing legislation (HB 3137) introduced March 2011
  - Exchange legislation passes and is signed into law May 2011
- **Description:** The Oregon Health Policy Board recommended the Exchange be overseen and run by a 9 member board that includes three voting ex-officio members and six members appointed by the Governor and confirmed by the Senate. The bills under discussion in the Legislature include a board with two ex-officio and seven Governor appointed members. Ex officio members will be the Department of Consumer and Business Services Director and the Oregon Health Authority Director. No more than two of the seven appointed members may have financial affiliation with the health care or health insurance industries. Additional accountability measures (including conflict of interest provision described above) were introduced as amendments to the legislation.

- **Milestone:** Recruit, appoint and confirm Exchange Board members
- **Timing:**
  - Board member recruitment May 2011
  - Potential Board members submit formal applications to Governor's Office July 2011
  - Exchange Board appointed by Governor August 2011
  - Board members confirmed by Senate by September 2011
  - First Exchange Board meeting October 2011
- **Description:** Oregon employs a Director of Executive Appointments in the Governor's Office. There is a formal application process to serve on Oregon Boards and Commissions. Senate Bill 99 outlines that the Exchange Board will be appointed by the Governor and confirmed by the Senate. Board members will be confirmed by an interim committee of the legislature.
- **Milestone:** Draft articles of incorporation, by-laws and other formal governance documents
- **Timing:**
  - Drafting of articles of incorporation will begin once legislation authorizing the Exchange is final and passed into law June 2011
  - By-Laws governing the Exchange will be voted upon at the first Board meeting October 2011
  - Additional governance documents relevant to governance and structure of a public corporation will be drafted as needed, and will reflect relevant inter-agency agreements, MOUs etc.
- **Description:** OHA-Exchange will work with Oregon Department of Justice or independent counsel to ensure that all necessary forms and paperwork related to the establishment of the Exchange are completed and filed in a timely manner.

## **Finance**

### **Objective 1: Determine revenues and operating expenses for the Exchange.**

- **Milestone:** Develop a financial model to project revenues and operating expenses for the Exchange
- **Timing:**
  - State put out RFP that included financial modelling deliverables November 2010
  - Contract with Wakely consulting February 2011
  - Preliminary modelling and analysis March 2011
  - Additional modelling and draft analysis May 2011
  - Analysis used to build Business Plan July-September 2011
  - Exchange Board accepts or alters projections October 2011
  - Exchange Board will accept final recommendations
- **Description:** Contract deliverable is a financial model that projects the Exchange's revenues and expenses over five years. The model will include an analysis and recommendations regarding funding needed to make the Exchange self-sustaining by January 2015.
- **Milestone:** Develop and implement a plan for revenue collection

- **Timing:**
  - Identify requirements for assessment, determination, collection, etc. June 2011
  - Finalize requirements in 2011
  - Work with stakeholder group on process 2012
  - Finalize process 2012
  - Test collection system prior to federal certification January 2013
- **Description:** Per the ACA, the Exchange must be self sustaining by January 1, 2015.

**Objective 2: Determine source(s) of ongoing funding for Exchange.**

- **Milestone:** Analysis of potential funding sources and recommendations for a funding source that will allow the Exchange to be self-sufficient by January 1, 2015
- **Timing:**
  - State put out an RFP that included financial modelling deliverables November 2010
  - Contract with Wakely consulting February 2011
  - Draft analysis April 2011
  - Final analysis July 2011
- **Description:** Contract deliverable is a written analysis of potential funding sources, a recommended funding source and an assessment of the impact on health insurance carriers and any other affected parties.
- **Milestone:** Exchange Board accepts and implements recommendations for an ongoing funding source
- **Timing:**
  - Board discusses and adopts recommendations November 2011
  - Recommendations implemented November 2011 – December 2014
- **Description:** Per the Affordable Care Act, the Exchange must be self sustaining by January 1, 2015. Any legislation related to the operational funding Oregon's Exchange must be passed during annual legislative sessions.

**Technical Infrastructure**

**Objective 1: Develop and implement Exchange IT solution.**

- **Milestone:** Apply for and receive Exchange IT innovator grant funding
- **Timing:**
  - Exchange IT application team established November 2010
  - Application team sets up work plan and begins application process November – December 2010
  - Application reviewed, completed and submitted December 2010
  - Team responds to federal questions in writing January 2011
  - Federal grant awards announced February 2011
  - State begins RFP process for Exchange IT solution February 2011
- **Description:** Oregon's application for an IT innovator grant is based in large part on the work of the state's self-sufficiency modernization effort, which is discussed elsewhere in the



report. Using SSM as a springboard and utilizing the state's expedited procurement procedures, Oregon will be able to have contracts in place with vendors within 90 days.

- **Milestone:** Exchange and public program eligibility and enrolment technology development projects coupled to ensure streamlined result
- **Timing:**
  - Grant received February 2011
  - Exchange staff involved in process mapping activities beginning March 2011
  - First gate review March 2011: Architecture Review
  - Second gate review April 2011: Project Baseline Review
  - Third gate review September 2011: Detailed Design Review
  - Fourth gate review October 2012: Operational Readiness Review
- **Description:** In order to ensure the IT component meets the needs of both self-sufficiency and Exchange, policy staff must be involved from the very beginning of the planning process. Process mapping is a LEAN tool adopted by the state of Oregon that maps work flow and notes key decision points in the process so that the customer experiences a seamless interface with the technological system.

**Objective 2: Ensure Exchange IT development and implementation is coordinated with other relevant state IT projects and goals.**

- **Milestone:** Utilize Exchange policy analyst to work with Exchange IT staff to coordinate between Exchange IT and self-sufficiency modernization efforts, ensuring Medicaid and commercial eligibility and enrolment processes are seamless and streamlined
- **Timing:**
  - Hire Exchange policy analyst to ensure coordination of projects April 2011
  - Establish protocols and connections across IT project teams to ensure coordination and information sharing
- **Description:** Oregon's planning grant includes funding for this position originally envisioned as a contractor. Further analysis helped the team decide to hire a state position who could fully integrate with Exchange policy, IT and SSM staff. As the state is very committed to the improvement of Medicaid eligibility and enrollment processes, this person will ensure that the goals of the modernization project are aligned with Exchange goals and that the IT development tasks are conducted in a way that does not compromise Exchange requirements but that allows seamless interface and coordination with the modernization effort.
- **Milestone:** Exchange policy staff involved in key IT discussions and decision making
- **Timing:**
  - During market research, Exchange program staff engages with Exchange IT and SSM team to ensure potential vendors can meet Exchange requirements April-May 2011
  - Exchange and SSM teams are actively involved in procurement of software and system integrator vendor April-May 2011
  - Exchange program staff engages in key reporting to federal partners and state legislators February 2011-February 2013
  - Submit materials for federal certification September-October 2012

- Deadline for federal certification January 1, 2013
  - Open enrollment October-December 2014
- **Description:** Involvement of Exchange and self-sufficiency staff in the IT development process is critical in developing a product that will meet dual needs, particularly as people transition between insurance plans offered in the individual and small group markets, and Medicaid.

### **Business Operations**

#### **Objective 1: Develop business operations plan, including determination of Exchange functions and requirements for conducting required activities.**

- **Milestone:** Develop detailed business plan for internal and external exchange functions, including staffing and other resource needs and plan for building
- **Timing:**
  - State put out RFP that included business plan deliverables November 2010
  - Contract with Wakely consulting February 2011
  - Draft analysis due May 2011
  - Final proposal due June 2011
  - Exchange Board accepts business plan October 2011
- **Description:** Business plan includes planning for customer service, government relations, communications, marketing, outreach, publications, contracting, appeals, policy, data, financial management, information technology, staffing, human resource management, internal management and organizational structure, legal). Exchange is in weekly contact with the Wakely Consulting Group to develop and refine a business plan that works for Oregon. The Exchange Steering Committee provides comment on deliverables during their monthly meets. Input is gleaned from additional stakeholders on an “as needed” basis. Once the Exchange Board is in place, it will agree to implement the plan.
- **Milestone:** Develop a detailed short and long-term Exchange evaluation plan
- **Timing:**
  - Evaluation plan outline will be included in the June 30, 2011 Level 1 Establishment Grant application
  - Collection of baseline data begins July 2011
- **Description:** The evaluation plan to be included in the states June 2011 grant application will include a process for evaluating progress on the eleven core areas of the health insurance Exchange including programmatic baseline data points, evaluation methodologies and intervention strategies. A long term evaluation (post 2015) will also be developed.

#### **Objective 2: Implement Exchange business plan.**

- **Milestone:** Exchange Board implements the business and evaluation plans to guide ongoing operations
- **Timing:**
  - Initial business and evaluation plans included as part of Level 1 Establishment Grant application June 2011

- Exchange Board discusses and ratifies business plan October 2011
  - Report on approved business plan to legislature December 2011
  - Legislature approves business plan February 2012
  - Full business and evaluations plans will be included in Level 2 Establishment Grant application December 2011
  - Board identifies staff and contractors to conduct implementation November 2011-February 2012
  - Exchange Board will monitor business and evaluation plan outcomes on an ongoing basis
- **Description:** The business and evaluation plans are critical to the operational success of the Exchange. Ongoing monitoring and evaluation will be key elements of the plans. The Exchange must also include intervention strategies when target performance targets are not met.
- **Milestone:** Continue to pursue opportunities for Exchange operations to support Oregon's health care reform efforts
- **Timing:**
  - Exchange leadership participates in OHA Health System Transformation Team meetings February-March 2011
  - Health System Transformation Recommendations released March 2011
  - Determine how Coordinated Care Organizations (CCOs) interface with the Exchange
- **Description:** Oregon is engaged in an effort to change the way health care is provided and paid for in this state. As part of these reform efforts, Oregon is currently developing the concept of CCOs: community-based non profit organizations that would be responsible for providing and coordinating physical health care, behavioral health care and dental care in a way that reduces duplicated treatments and ensures patients have access to the resources needed to remain healthy and away from the hospital.

### **Regulatory or Policy Actions**

#### **Objective 1: Ensure Exchange has required statutory and regulatory responsibilities and authority to conduct federally-required functions and activities.**

- **Milestone:** Pass Exchange authorizing legislation
- **Timing:**
  - Exchange team provided input for development of Exchange legislative concept October 2010
  - Legislative concept developed November 2010
  - Senate Bill 99 produced for discussion in 2011 Legislative Session: February 2011
  - SB 99 passes out of committees May 2011 (Senate April 2011; House May 2011)
  - SB 99 is approved by Oregon House and Senate June 2011
  - SB 99 signed by Governor and goes into effect June 2011
- **Description:** SB 99 is the Exchange authorizing legislation. See Appendix one for text of SB 99.
- **Milestone:** Draft corresponding Administrative Rules

- **Timing:**
  - Legislation authorizing Exchange declares an emergency upon passage
  - Drafting of Administrative Rules can begin immediately thereafter
  - Public comment period and rules hearing must be held
- **Description:** The Exchange will implement policies by establishing administrative rules.

**Objective 2: Ensure any relevant statutory or regulatory changes not included in the Exchange authorizing legislation are enacted.**

- **Milestone:** Research relevant federal law to determine whether any additional requirements need to be included in state statute or regulation prior to 2014
- **Timing:**
  - Initial research June 2011
  - Additional analysis based on federal notice of proposed rulemaking and other guidance ongoing through November 2012
- **Description:** Staff is researching the provisions of the Affordable Care Act to ensure that no additional legislative or regulatory changes are needed in order to assure successful Exchange implementation. If any are found, staff will work with relevant agency and legislative partners to ensure passage of legislation and implementation of regulation as required.
- **Milestone:** Develop needed legislative concepts in preparation for the one month February 2012 Legislative Session, and 2013 regular Legislative Session
- **Timing:**
  - Based on requirements identified in staff analysis, assist in drafting of relevant legislative concepts for the 2012 and 2013 Legislative Sessions, June 2011-November 2012
- **Description:** Recognizing that federal guidance is being provided through 2011-2012, Oregon is prepared to draft additional legislation in order to ensure the Exchange has authority to implement required functional activities.
- **Milestone:** Continue to develop working relationships with the Governor's office, legislators and elected officials
- **Timing:** Ongoing
- **Description:** Current draft legislation outlines functional reporting requirements of the Exchange to the Legislature. As the Exchange becomes a public corporation and Board members are appointed, it is critical that the agency cultivate ongoing relations with elected officials, carriers and the general public.

**COLLABORATIONS/PARTNERSHIPS**

The Exchange Steering Committee provides leadership and oversight from across the Oregon Health Authority and provides a link to the state Insurance Division. In addition to the partners described in Oregon's quarter one report (listed below with minimal changes), the Governor and

Oregon State Legislature are also included as partners with whom OHA is working, particularly during grant quarters two and three.

### **The Governor and the Oregon State Legislature**

**Organizational Type of Partner:** Oregon Governor, Oregon House and Senate members

**Role of Partner in Establishing Insurance Exchange:** The Legislature's Joint Committee on Ways and Means authorizes state agencies to apply for grant funding. Legislation creating the Exchange must be approved by the Legislature and signed by the Governor.

**Accomplishments of Partnership:** Approval for OHA to apply for and expend funds for federal Exchange Planning Grant and Early Innovator IT Grant. Passage of Exchange authorizing legislation by Oregon Senate.

### **Department of Consumer and Business Services, Insurance Division**

**Organizational Type of Partner:** State agency that regulates individual and small group health insurance carriers.

**Role of Partner in Establishing Insurance Exchange:** Leadership participates on the Steering Committee, leadership and staff collaborate on design and planning with Exchange team, staff provides data and analysis as needed. The Exchange and DCBS worked together on SB 91 and SB 89 related to Oregon insurance market rules.

**Accomplishments of Partnership:** The Insurance Division's Annual Report "Health Insurance in Oregon" has provided baseline data for Exchange development work. The 2011 report is available at: [http://www.cbs.state.or.us/external/ins/health\\_report/health-report\\_intro.html](http://www.cbs.state.or.us/external/ins/health_report/health-report_intro.html).

### **Department of Human Services Division of Children, Adults and Families**

**Organizational Type of Partner:** Administers self-sufficiency programs for state, currently contracts with OHA/DMAP to conduct eligibility and enrollment for Medicaid through its field office staff.

**Role of Partner in Establishing Insurance Exchange:** Leadership participates on the Steering Committee, staff collaborates to coordinate Self-Sufficiency Modernization (SSM) and Exchange IT development and implementation. Staff of CAF and the Exchange team participate on a cross-divisional group focused on eligibility and enrolment issues in preparation for 2014.

**Accomplishments of Partnership:** Collaboration on the coordination of resources, staff and goals for the SSM and Exchange IT projects.

### **Oregon Health Authority Office of Information Services (OIS)**

**Organizational Type of Partner:** Administers and supports OHA and DHS information technology, including technical staffing of Self-Sufficiency Modernization (SSM) effort and of Exchange IT.

**Role of Partner in Establishing Insurance Exchange:** Leadership participates on Steering Committee, planning implementation of IT development under innovator grant. OIS provides leadership and technical support to the Exchange IT project.

**Accomplishments of Partnership:** OIS Leadership is very committed to this project and understands its high priority to the OHA and Governor's office. Leadership and assigned task were instrumental in the state's application for IT innovator grant funding (including establishing a work team and Exchange IT steering committee, developing and implementing a project plan, and working with Exchange staff to ensure all elements of the application were completed in a timely manner).

#### **Oregon Health Authority Division of Medical Assistance Programs**

**Organizational Type of Partner:** Single state Medicaid agency, administers Oregon Health Plan, the state Medicaid program.

**Role of Partner in Establishing Insurance Exchange:** Leadership participates on Steering Committee. DMAP staff and the Exchange team participate on a cross-divisional group focused on eligibility and enrolment issues in preparation for 2014.

**Accomplishments of Partnership:** Ensures Medicaid is aware of and agrees to planning and implementation decisions, including but not limited to aligning Self-Sufficiency Modernization project with Exchange IT work in order to ensure seamless access to medical insurance for all Oregonians.

#### **Oregon Health Authority Office of Private Health Partnerships**

**Organizational Type of Partner:** Administers several state health care programs: the state high risk pool (Oregon Medical Insurance Pool) and federal high risk pool (Federal Medical Insurance Pool); the Family Health Insurance Assistance Program; and the Healthy KidsConnect program.

**Role of Partner in Establishing Insurance Exchange:** OPHP staff person provides input to the Exchange team, leadership participates on Steering Committee, staff provides information on experience running programs with qualities similar to that of the Exchange. This quarter the agency began funding an Exchange staff position (Grants and Contracts Analyst).

**Accomplishments of Partnership:** Loaned staff is engaged in building implementation work plan.

#### **OHA Office for Oregon Health Policy and Research**

**Organizational Type of Partner:** Conducts policy analysis and research on Medicaid, health care reform and related areas. Provides analytic support for policy development and legislative analysis on an as-needed basis.

**Role of Partner in Establishing Insurance Exchange:** Leadership participate in Steering Committee. Staff provide analysis as needed.

**Accomplishments of Partnership:** In the first grant quarter, Exchange leadership worked out of OHPR and engaged staff in the development of work plans and analysis in support of the Exchange policy planning conducted for the Oregon Health Policy Board. Staff is well versed in the Exchange work, engaged in the development of ACA-mandated and state-initiated health reform activities, and are aware of the cross-cutting implications of the Exchange work.

### **OHA Office of Healthy Kids**

**Organizational Type of Partner:** Administers the Healthy Kids program, including Healthy KidsConnect, which offers all Oregon children coverage through commercial carriers.

**Role of Partner in Establishing Insurance Exchange:** Leadership participates on Steering Committee and regularly partners to work through operational and policy planning issues.

**Accomplishments of Partnership:** Leadership worked through areas of overlap with Exchange and have started to develop plans for “split families” in which children are eligible for Healthy Kids (using CHIP funds) and parents will be eligible for tax credits. Providing counsel on the program’s lessons learned and best practices in communications, consumer education, enrollment, use of application assistants, etc.

### **Personnel Changes/Updates**

Both Kelly Harms and Claudia Grimm joined the Exchange Team in March. Ms. Harms is the Lead Operations Analyst for the Exchange (resume attached as Appendix four). Ms. Harms has a degree in journalism from Drake University. She began working for the state in 1993 and in 1997 joined the newly created Family Health Insurance Assistance Program (Oregon’s premium assistance program that conducts some Exchange-like functions) in the OHA Office of Private Health Partnerships (OPHP). Ms. Harms has held several positions at OPHP including Policy and Communications Manager and Policy and Legislative Liaison, working on Medicaid waivers and the implementation of Oregon’s Healthy Kids program. Ms. Harms most recently comes to the Exchange from the OHA Office for Oregon Health Policy and Research, where she served as a policy analyst working on Oregon’s exchange and benefit design efforts.

Ms. Grimm is the Grants and Contracts Analyst for the Exchange (resume attached as Appendix five). Ms. Grimm holds a Master’s degree in social work, with an emphasis in social service administration and program management, from Portland State University. Ms. Grimm has over sixteen years experience both writing and managing grants and contracts for the non-profit and public sectors. She has been working for the State of Oregon for ten years, where she has been responsible for leading efforts to implement legislation guiding public policy, most notably the Medicare Part D Prescription Drug benefit in 2005. Ms. Grimm most recently comes to the

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES  
GRANT QUARTER 2 REPORT**

OMB #0938-1101

Exchange from the OHA Addictions and Mental Health Division, where she managed the federal Mental Health Block Grant.