E. Project Narrative
a. Demonstration of Past Progress in Exchange Planning Areas

Rhode Island has made significant progress in the last seven months planning for the implementation of a state Health Insurance Exchange (Exchange). Using funds from the federal planning grant received in September 2010, we have moved forward in each of the core areas. Much of the work to date has been completed or overseen by an interagency workgroup co-chaired by Medicaid Director Elena Nicolella and Health Insurance Commissioner Christopher Koller. Participants in the workgroup represent the Department of Human Services (Medicaid), the Office of the Health Insurance Commissioner (OHIC), and the Department of Health.

An initial task of our planning effort has been to create a detailed, short-term work plan focused specifically on the planning related tasks to be performed in 2011. As such, we started with the 2011 task list as defined by CCIIO. For each of the 2011 tasks, we categorized them as being either "planning related" or "implementation related." For the planning related tasks, we summarized them into a single document to use in managing our planning vendor and to ensure that we meet all objectives of the funding application. The planning-only work plan can be found in Attachment E.a.1, 2011 Work Plan—Planning Related Only, at the end of this application section. The full work plan for 2011 that includes both planning and implementation tasks is found in Attachment E.a.2, Detailed Federal Guidelines: Work Plan for 2011, following Attachment E.a.1.

Using the planning-only work plan as a guide (Attachment E.a.1), we have made focused and specific progress in each of the core areas as detailed below.

Background Research and Findings

Short-Term Planning Related Tasks: Planning-related tasks include: (1) conduct analysis of State insurance market; and (2) develop recommendations for Exchange structure based on this analysis. The analysis must include the number of uninsured in the State, the size of the current individual and small group markets, the number of carriers in each market, and market shares for the largest carriers.

Progress to Date: Draft Completed

Rhode Island has made significant progress toward completing the background research necessary to support an effective Exchange business plan by the end of April. Draft analysis has been completed, and is cited below.

Rhode Island's background research to date has focused on three primary areas: eligibility and enrollment projections, regional planning, and market analysis. To project the potential enrollment in an Exchange, we gathered and integrated multiple data sources including: Medical Expenditure Panel Survey (MEPS); American Community Survey (ACS); Current Population Survey (CPS); Mathematica (RI specific research); RI employer reporting data; and Medicaid enrollment data. Using this data, we predicted the following numbers for Rhode Islanders:

- Eligibles for Medicaid under new ACA eligibility rules
- Eligibles for a basic health plan if RI chooses to implement one
- Eligibles for subsidies under new ACA eligibility rules
- Currently enrolled in or with access to employer-based insurance, or individual "direct pay" insurance—who might have unaffordable coverage

We modeled different scenarios of take-up rates of the uninsured, as well as switching rates of privately insured individuals to Medicaid or the Exchange. We made assumptions regarding the number of uninsured undocumented immigrants who statutorily will not have access to the Exchange (currently estimated as 23,000 individuals residing in Rhode Island). This task has resulted in estimates of the numbers of Rhode Islanders in 2014 who will be enrolled in Medicaid, in the Exchange (subsidized, unsubsidized and SHOP) and in private insurance, as depicted in the table below.

Insurance Status After Reform—2014 (Legal Residents Under 65)

	Medicaid	Basic Health Plan	Exchange (with subsidy)	Exchange (no subsidy)	Commercial Small Group (SHOP)	Commercial Large Group/SI	Total
Current Uninsured	27	14	23	23	1	6	**95**
Current Medicaid	153	9	-	-	-	-	**163**
Current Private Insurance	37	11	34	-	76	436	**594**
Current Individual Insurance	2	1	4	8	-	-	**15**
TOTAL	**219**	**34**	**61**	**32**	**77**	**443**	**866**

Source: Census Bureau American Community Survey, RI Medicaid, Commercial insurance data as reported to OHIC, and Department of Homeland Security estimate of undocumented immigrants.

We also have created a special carrier report to help us understand Rhode Island commercial enrollment and market share by market segment, including the self insured. Carriers began reporting this information last fall, including both historical and current data, and have committed to providing updates twice a year.

Equipped with this critical base analysis, we are now working diligently to define, specify and operationalize a state-based Health Insurance Exchange by July 2013. While many policy decisions will be fleshed out through our stakeholder processes and new governance this spring/summer, a general vision and strategy has emerged. At its core, we anticipate that the Rhode Island Exchange will provide a robust marketplace for all Rhode Islanders to identify

options and for those eligible to purchase coverage. This will include Medicaid eligible individuals, subsidized individuals, individuals purchasing without any subsidy, small employers and employees of large employers. Additional details on this proposed strategy is provided in Section E.b. Proposal to Meet Program Requirements.

This strategy is substantially driven by the analysis above, as our small size considerably limits Rhode Island's strategic options. Toward this end, Rhode Island has actively participated in regional planning efforts with Exchange planning leaders throughout New England. Our interagency planning team has attended the regional planning meetings, which gives Rhode Island representation from Medicaid and the Health Insurance Commissioner's Office—each bringing both policy/program experience and technical expertise. To date, there have been two regional meetings hosted by New England States Consortium System Organization (NESCSO). At the first meeting on December 7, 2010, leaders from each New England state worked together to identify opportunities for collaboration. A second meeting of this group, on March 9, 2011, refined the list of potential collaboration opportunities. The regional group agreed to focus their efforts in two principal areas: (1) Early Innovator grant work; and (2) collaboration around health plan benefit design, to align the definition of actuarial value for each of tier of coverage across the regi on.

Finally, the development of Rhode Island's vision and strategy for a Rhode Island based Exchange requires a solid understanding of the priorities and preferences of individuals and employers. An immediate priority under the planning grant is to conduct a market analysis to identify priorities and issues for Rhode Island individuals and small employers. The chief deliverable from the market analysis will include a value proposition to small employers for participating in the SHOP Exchange.

Stakeholder Consultation

Short-Term Planning Related Tasks: Planning-related tasks include: (1) establish a stakeholder advisory committee with the support of the Governor and State legislature to solicit input on Exchange design and function by stakeholder groups; (2) complete stakeholder meetings that cover all regions of the State; and (3) establish, implement, and document a process for consultation with federally recognized Indian Tribal governments to solicit their input on the establishment and ongoing operation of the Exchange.

Progress to Date: Mostly Completed
Rhode Island has effectively established a stakeholder advisory committee, in accordance with our work plan. We have not yet consulted with local Tribal Governments, but this will be completed by the end of Q3.

Upon passage of the ACA, Lieutenant Governor Elizabeth Roberts immediately organized a 150 -member stakeholder group (the Healthy Rhode Island Task Force) that convened regularly from May to September 2010. Stakeholders participating in this group included: government officials;

health plan representatives; consumer advocates; insurance brokers; small business representatives; health care providers; and other community members.

The task force was organized into subcommittees. The Exchange subcommittee, led by Deb Faulkner and with active participation from a broad range of stakeholders, was tasked with assessing legislation options and identifying RI's short and long-term priorities. Key short-term priorities identified by the task force were to focus on legislation, governance, and IT systems— each of which were the focus of the interagency workgroup from September 2010 to the present. A report from the task force was released in September 2010, summarizing initial recommendation from each of the subcommittees. The full text of the report is located at http://www.ltgov.ri.gov/taskforce/index.php.

This report provided a strong, early foundation for the Rhode Island Health Care Reform Commission, which was formally established through an Executive Order by Governor Lincoln Chafee in January, 2011. A copy of the Executive Order is available at http://www.ltgov.ri.gov/rihrc/executiveorder.pdf.

The Executive Order established a formal structure for stakeholder engagement, comprised of an Executive Committee of the Healthcare Reform Commission anda broad-based stakeholder group where members can participate in issue-specific workgroups and stakeholder-specific leadership councils.

The Executive Committee consists of five interagency leaders: Lt. Governor Elizabeth H. Roberts (Chair), Secretary of Health and Human Services Steven M. Costantino, Health Insurance Commissioner Christopher F. Koller, Director of Administration Richard Licht, and Policy Director for the Governor Brian Daniels. The Executive Committee is charged with acting on the deliberations and recommendations from the broader Healthcare Reform Commission to make recommendations to Governor Lincoln D. Chafee for the implementation of specific reforms.

Currently, there are seven issue-specific workgroups of the broader Healthcare Reform Commission, each charged with key deliverables. One workgroup is focused specifically on Exchange planning and implementation. This Exchange workgroup is charged with the following:
- Ensuring passage of appropriate enabling legislation in the 2011 legislative session
- Supporting effective implementation of the Exchange planning grant activities
- Identifying regional opportunities for Exchange implementation
- Ensuring that IT infrastructure planning is aligned with the Department of Human Services modernization and MMIS redesign efforts, including all applicable federal and state statutes

This Exchange Planning Workgroup provides a valuable forum for our planning process—to test ideas and work together with diverse stakeholders to determine the best vision, strategy and business model for Rhode Island's Health Insurance Exchange.

In addition to the Exchange Workgroup, the Lt. Governor has also established stakeholder-specific leadership councils, including:

- Non-hospital Institutional Providers (Health Centers, Community Mental Health Centers, Clinics, Large Group Practices, Nursing homes, etc.)
- Hospital Leadership
- Clinicians (defined broadly)
- Business and Labor
- Municipal leaders
- Health care consumers
- Payers (public and commercial as well as brokers)

The leadership councils will provide critical input to our Exchange planning process, as issues can be vetted and tested with an informed and focused set of stakeholders. Issue-specific workgroup participants may also participate in stakeholder-specific leadership councils. The full Healthcare Reform Commission meets quarterly, the Executive Council meets bi-weekly, and the workgroups and leadership councils will meet on an as-needed basis.

The organization chart below depicts the Healthcare Reform Commission's structure and composition.
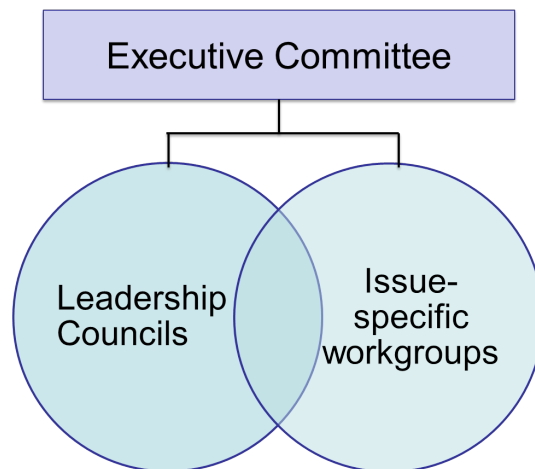
State Legislative/Regulatory

Short-Term Planning Related Tasks: Planning tasks include: (1) draft enabling legislation, implementing regulations, or other mechanism that provides the legal authority to establish and

operate an Exchange that complies with federal requirements; (2) introduce Exchange enabling legislation, and (3) hold public hearings on legislation.

Progress to Date:Mostly Completed

The interagency workgroup collaborated with Senate leaders, the Lieutenant Governor's office, Medicaid, and the Department of Health to draft authorizing legislation for an Exchange. Senate President M. Teresa Paiva-Weed introduced this legislation in the Senate in January 2011 (SB0087). On March 2, 2011, leadership in the House introduced companion legislation (HB5498). The legislation outlines a clear and accountable governance structure for the Exchange as a quasi-public authority. A public hearing has been scheduled for March 30 to hear the Senate legislation; a corresponding hearing in the House has not yet been scheduled. The legislation is available at the following links:

http://www.rilin.state.ri.us//BillText11/SenateText11/S0087.pdf

http://www.rilin.state.ri.us/BillText11/HouseText11/H5498.pdf
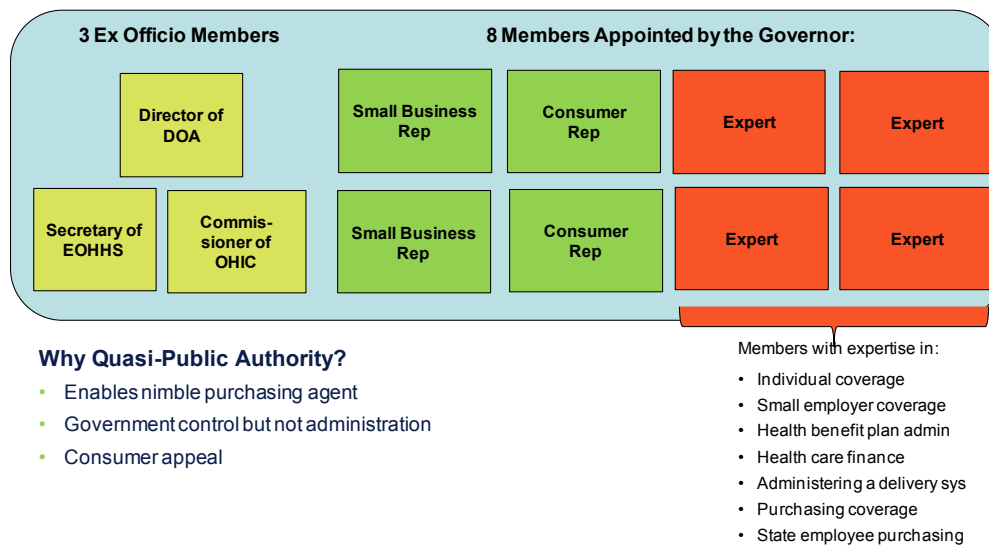
Governance

Short-Term Planning Related Tasks: Planning tasks include: (1) develop a governance model by working with stakeholders to answer key questions about the governance structure of the Exchange; and (2) determine standards for the Exchange governing body that will ensure public accountability, transparency, and prevention of conflict of interest.

Progress to Date: Mostly Completed

To develop the proper governance structure for the Exchange, we first compared governance models in all publicly accessible draft Exchange legislation (e.g., NAIC, MA, WI, CA, WA). We then drafted a proposed governance structure for RI to be included in Exchange authorizing legislation—including appointed roles, appointment process, conflict of interest rules, and accountability. We worked with key stakeholders to review and refine the drafted governance structure before the legislation was introduced in the legislature. Stakeholders consulted included consumer advocacy groups, members of the state legislature, business groups, and health insurers.

The proposed legislation provides for the Exchange to be established as a quasi-public corporation, which will be governed by an 11 member board comprised as follows: Director of the Department of Administration; Secretary of the Executive Office of Health and Human Services; and the Health Insurance Commissioner (each ex-officio voting members); and eight gubernatorial appointees, with two small business representatives, two consumer advocates, and four experts. The legislation includes a strict conflict of interest clause that prohibits anyone with any financial interest in the health care sector from being appointed to the Board. A summary of this proposed governance is shown below:

Proposed Rhode Island Exchange Governance Structure

3 Ex Officio Members		8 Members Appointed by the Governor:			
Director of DOA		Small Business Rep	Consumer Rep	Expert	Expert
Secretary of EOHHS	Commissioner of OHIC	Small Business Rep	Consumer Rep	Expert	Expert

Why Quasi-Public Authority?
- Enables nimble purchasing agent
- Government control but not administration
- Consumer appeal

Members with expertise in:
- Individual coverage
- Small employer coverage
- Health benefit plan admin
- Health care finance
- Administering a delivery sys
- Purchasing coverage
- State employee purchasing

Program Integration

Short-Term Planning Related Tasks: Planning tasks include: (1) perform detailed business process documentation to reflect current State business processes; and (2) include future State process changes to support proposed Exchange operational requirements

Progress to Date: In Process

Although OHIC is the applicant, we believe Exchange planning must be tightly integrated with several other state agencies to plan most effectively. Consequently, the interagency workgroup which has been leading our development effort has been jointly chaired by Elena Nicollela (Medicaid Director) and Christopher Koller (Health Insurance Commissioner)—with active participation from the Department of Health. We anticipate that these departments will continue to provide critical leadership through future planning and implementation efforts. As described in the introduction to this section, our interagency workgroup meets weekly to coordinate planning efforts between Medicaid and the Exchange. Through this interagency workgroup, we have identified three primary short-term areas of program integration.

First, eligibility determination—Designing a new eligibility rules engine that will serve both Medicaid and the Exchange has been a significant focus of this interagency workgroup's efforts to date.   We began an assessment of Medicaid eligibility systems and their ability to integrate with Exchange needs. Our IT Gap Analysis work to date is summarized in application Section E.c. Summary of Exchange IT Gap Analysis.

Prior to receipt of the Exchange planning grant, Public Consulting Group (PCG) had been selected by the Department of Human Services as the vendor to draft a Request for Proposals for a new eligibility system for Medicaid and other human services programs. A Memorandum of Understanding (MOU) was executed between OHIC and Medicaid to broaden the scope of PCG's work to include an assessment of eligibility systems/gap analysis on behalf of both

Medicaid and the Exchange. This work documented the "as is" business processes supporting the current InRhodes eligibility system, and the anticipated "to be" business processes we intend to implement to have a real-time eligibility determination engine operational prior to 2014. PCG's provisional report is available at the following link:

http://www.ohic.ri.gov/documents/Consumers/RI%20Provisional%20Report%20/1_RI%20provisional%20report.pdf

Second, reporting—A MOU has also been signed between OHIC (representing the Exchange) and RI Department of Health for an Exchange reporting/evaluation project. The Department of Health will work closely with the interagency workgroup and the Exchange planning vendor to design an evaluation plan for the Exchange.

And third, the Basic Health Plan Option (BHP)—The Basic Health Plan decision has been another opportunity for close coordination with Medicaid. If Rhode Island establishes a Basic Health Plan, we anticipate there will be 34,000 eligible Rhode Islanders throughout the state. We have developed a detailed assessment of the impact of offering a Basic Health Plan option on Exchange enrollment, enrollment in other state programs, affordability of coverage, and impact on stakeholders. We expect a decision will be made as to whether or not RI will offer a Basic Health Plan option after federal guidance is released.

Exchange IT Systems

<u>**Short-Term Planning Related Tasks:**</u> Planning activities include: (1) gap analysis of our existing systems and the end goal for systems development by 2014; and (2) complete the review of product feasibility, viability, and alignment with Exchange program goals and objectives.

<u>**Progress to Date: In Process**</u>

We recently have completed our Provisional IT Gap Analysis, specifically related to Eligibility systems. This report is available at the following link:

http://www.ohic.ri.gov/documents/Consumers/RI%20Provisional%20Report%20/1_RI%20provisional%20report.pdf

Our IT Gap Analysis related to non-eligibility systems will be completed by the end of June, 2011. Thus, the Provisional IT Gap Analysis presented here is part of a larger IT development project, which will be developed according to the timeline depicted below:

	Planning Grant Funded	Establishment One Funded			Establishment Two Funded	
	IT Gap Analysis	Operational Design	Technical Design	Purchasing Plan, RFPs	Build/Buy/ Integrate	Test
Eligibility Related Components	**Mar, 2011**	Jun, 2011	Aug, 2011	Oct, 2011	Jan, 2013	Jul, 2013
Non-Eligibility Related Components *(e.g, components to support other HIX processes, such as choosing a plan, enrollment)*	Jun, 2011	Aug, 2011	Oct, 2011	Jan, 2012	Jan, 2013	Jul, 2013

The Eligibility-related IT Gap analysis was performed via a contract between The Department of Human Services and Public Consulting Group (PCG) to assess the status of Medicaid's eligibility IT systems and recommend both an interim plan and long-term solution for eligibility determination to support all publicly subsidized health coverage. This work was funded by the planning grant, and was led by the joint Medicaid/OHIC workgroup described above.

Importantly, this assessment helped us to develop a coordinated longer-term vision among Medicaid and OHIC staff for a single, automated, real-time rules engine to support Medicaid, Exchange and other non-MA program eligibility determination in Rhode Island. It also enabled us to create a phased implementation plan, with a detailed budget and work plan established to support a July, 2013 implementation deadline for Phase I. Initial conversations with CMS leadership during the PaceCar meeting in Maryland suggested that our vision and work plan were consistent with CMS expectations.

As discussed in both application Section E.b. Proposal to Meet Program Requirements and the E.c. Summary of Exchange IT Gap Analysis, as the state moves forward with RFPs for Exchange IT infrastructure and components, requirements will include all applicable IT standards consistent with Section 1561 of the ACA regarding interoperable and secure standards and protocols that facilitate electronic enrollment of individuals in federal and state health and human services programs. Rhode Island also will require all Exchange IT components to be compatible with the National Information Exchange Model (NIEM), which is an XML-based information exchange framework. Lastly, all applicable federal and state required IT standards, such as HIPAA and ADA will be required within all Exchange IT RFPs. Rhode Island will leverage the work of the early Innovator grants throughout the RFP development and implementation process.

Financial Management

Short-Term Planning Related Tasks: Planning tasks include: (1) adhere to HHS financial monitoring activities carried out for the Planning Grant and under the Establishment Cooperative Agreement; (2) begin defining financial management structure and the scope of activities required to comply with requirements; (3) develop a plan to ensure sufficient resources to support ongoing operations; and (4) determine if legislation is necessary to assess user fees.

Progress to Date: In process
Rhode Island has in place substantial statutory and regulatory requirements and supporting administrative procedures through our Department of Administration, to ensure appropriate financial management of any grant funds. These rules and procedures apply to any federal grant received by the state. For this project, we have specifically set up a restricted receipt account, which protects these funds from state budgetary adjustments, and ensures that these funds can only be used for the specific purposes of the grant.

Grant funds will be administered through comprehensive, accurate, written procedures that have been approved by the Department of Administration to document all major aspects of the

financial management system and ensure strict adherence to the procedures. This approach includes quality assurance to ensure that the financial management system disburses, tracks, and accounts for grant disbursements accurately.

The Exchange authorizing legislation would subject the new entity to these same statutory requirements, as referenced in section 42-154-13 of the proposed legislation, however, these statutory requirements would be implemented through the administrative processes established by the Exchange entity, rather than by the State's Department of Administration. We therefore anticipate that a critical and immediate task of the new Exchange entity will be to set up appropriate administrative procedures to support these statutory requirements and ensure effective financial management. The proposed legislation is available at the following links:
http://www.rilin.state.ri.us//BillText11/SenateText11/S0087.pdf
http://www.rilin.state.ri.us/BillText11/HouseText11/H5498.pdf

We also recognize that federal grant and cooperative agreement funds will support the development and startup of an Exchange, but not its ongoing operations. Therefore, a critical task of the planning grant is to develop a plan for financial self sustainability. This is a requirement both of the planning grant and of our state legislature, based on the proposed Exchange authorizing legislation. We have therefore developed a detailed work plan to identify key implementation elements and translate them into major Exchange cost categories. We have also developed draft enrollment projections, which given our small population in Rhode Island, is a critical element of sustainability. Integrating the key implementation elements (cost categories) with enrollment projections (revenue opportunities) will allow us to consider a range of revenue/fee models to support different operational plans with the eventual goal of a self-sustaining Rhode Island Exchange business plan. We will work closely with our Exchange planning vendor in the coming months to refine this financial modeling.

Program Integrity

Short-Term Planning Related Tasks: Exchange planning must ensure the prevention of waste, fraud, and abuse related to the expenditure of Exchange Planning and Exchange Establishment grants.

Progress to Date: In Process
Regarding the exchange project, all financial activities within the Exchange planning and development process supported by this grant are reconciled and controlled through rigorous quality assurance and auditing processes. Our quality assurance approach includes manual review and automated audit trails and controls to ensure that financial activities are accurate and appropriately processed. These procedures include random samples of financial transactions to ensure that they are supported by appropriate documentation and operational procedures were correctly applied.

Regarding the new exchange entity, we recognize the importance of establishing specific procedures for Exchange auditing, financial integrity, oversight and the prevention of fraud,

waste and abuse. As such, our proposed legislation includes substantial financial accounting and auditing requirements, as documented in Section 42-154-16 Financial accountability and Section 42-154-16 Audit. Additionally, a well developed financial management plan incorporating these core elements will be part of the design proposal created in the coming six months. Such a plan is required both as part of our final planning grant deliverable, and is a critical commitment of the initial report due to the state legislature by December 2011, under the proposed legislation.

Health Insurance Market Reforms

Short-Term Planning Related Tasks: Broader than Exchange planning, OHIC works to ensure that health plans doing business in RI comply with commercial market reforms in the ACA.

Progress to Date: Substantial work effort, not specific to Exchange planning
Rhode Island has been a leader in commercial health insurance market reforms long before the development of the ACA. In 1997 the state passed the Health Care Quality and Utilization Review Act that established certification and utilization review standards for health plans, and required internal and external appeals process. In 2000 it passed guaranteed issue and adjusted community rating laws for its small group market. Since the establishment of the Office of the Health Insurance Commissioner in 2004, commercial market reforms have focused on sustaining a guaranteed issue individual market, studying the merger of small and group markets, monitoring the small group market and establishing nationally recognized practices for rate review.

All this work has left Rhode Island well positioned to lead the implementation of the commercial market reforms in the ACA. The Health Insurance Commissioner has testified on RI's work to the Senate HELP Committee, appeared with the Secretary of Health and Human Services in public forum to discuss these reforms and currently serves on the Institutes of Medicine's Commission to make recommendations on criteria for the Essential Health Benefit to the Secretary.

Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints

Short-Term Planning Related Tasks: Planning tasks include: (1) outreach and education, including performing a market analysis/environmental scan to assess outreach/education needs to determine geographic and demographic-based target areas and vulnerable populations for outreach efforts—and develop an outreach and education plan to include key milestones and contracting strategy, and distribute outreach and education plan to stakeholders and HHS for input and refinement; (2) provide assistance, including coordinate with existing organizations in the State if applicable, and assure that the following services are available and sufficient to meet State residents' needs for assistance: help individuals determine eligibility for private and public

coverage and enroll in such coverage; help file grievances and appeals; provide /information about consumer protections; and collect data on inquiries and problems and how they are resolved; (3) analyze data collected by consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and functioning of Exchanges; (4) call center, including collaborating with the State Consumer Assistance Program or Health Ombudsman program if applicable, to determine if call center functionalities can be shared, and (5) Navigator program, including conduct preliminary planning activities related to the Navigator program including developing high level milestones and timeframes for establishment of the program.

Progress to Date: Not Yet Addressed

Operational planning efforts to date have focused primarily on defining the business processes and technology required to support a Rhode Island Exchange. We are designing these processes to support a web based automated approach that provides real time eligibility determination and enrollment in coverage. However, we also recognize that this web based vision must be supported by an effective customer support structure. A key task of our planning grant in the coming months will be to provide the initial gap analysis for customer support—identifying and documenting the "as is" consumer support processes—the existing Medicaid customer support capacities on one end, the infrastructure already available in the commercial insurance market on the other end, and our newly funded consumer assistance program in the middle.

We have proposed Project Two, which would provide assistance to individuals and small businesses, coverage appeals, and complaints to be supported by the Establishment One funds to carefully design a coordinated consumer support plan, which leverages all of our existing capacities in a way that is both seamless to the consumer, and cost effective to the state.

Business Operations/Exchange Functions

Short-Term Planning Related Tasks: Planning tasks include: (1) eligibility, which includes coordination with agencies administering other Applicable State Health Subsidy Programs (OASHSPs), including Medicaid, CHIP agencies and other health and human services agencies as appropriate, and creation of an institutional structure to support future work; (2) coordination with the State Department of Insurance on Exchange planning efforts; (3) certification of Qualified Health Plans, which includes beginning to develop standards that will be required for certification of a qualified health plan; and (4) other business operations/Exchange functions classified as "implementation related," including Exchange website and calculator, premium tax credit and cost-sharing reduction administration, enrollment process, applications and notices, exemptions from individual responsibility requirement and payment, free choice vouchers, quality rating system, and information reporting to the IRS and enrollee.

Progress to Date: In Process

Based on our work planning effort, we have identified only two Exchange functions that require short- term tasks to be addressed under the planning grant. We have classified the rest of the Exchange functions as "implementation related." Short term tasks related to these implementation related functions are included in this application as part of our proposed

Establishment One Agreement, as described in Section E.b. Proposal to Meet Program Requirements of this document.

Regarding eligibility, we have established two Memoranda of Understanding (MOUs) between Medicaid and OHIC—one related to the planning grant, and one to support the anticipated Cooperative Agreement. These MOUs document the current and anticipated working relationship between these two departments in support of Exchange planning and implementation. These MOUs are presented as attachments to application Section H., Additional Letters of Agreement and/or Descriptions of Proposed/Existing Project.

Although we have not yet addressed the certification of qualified health plans, we anticipate developing these standards as part of the planning work to be performed this spring/summer.

For the other business processes/Exchange functions classified as "implementation-related," we are beginning to define the high level business processes and workflows required. An example of this initial process design is shown below.

Example High Level Business Process: Choosing a Health Plan
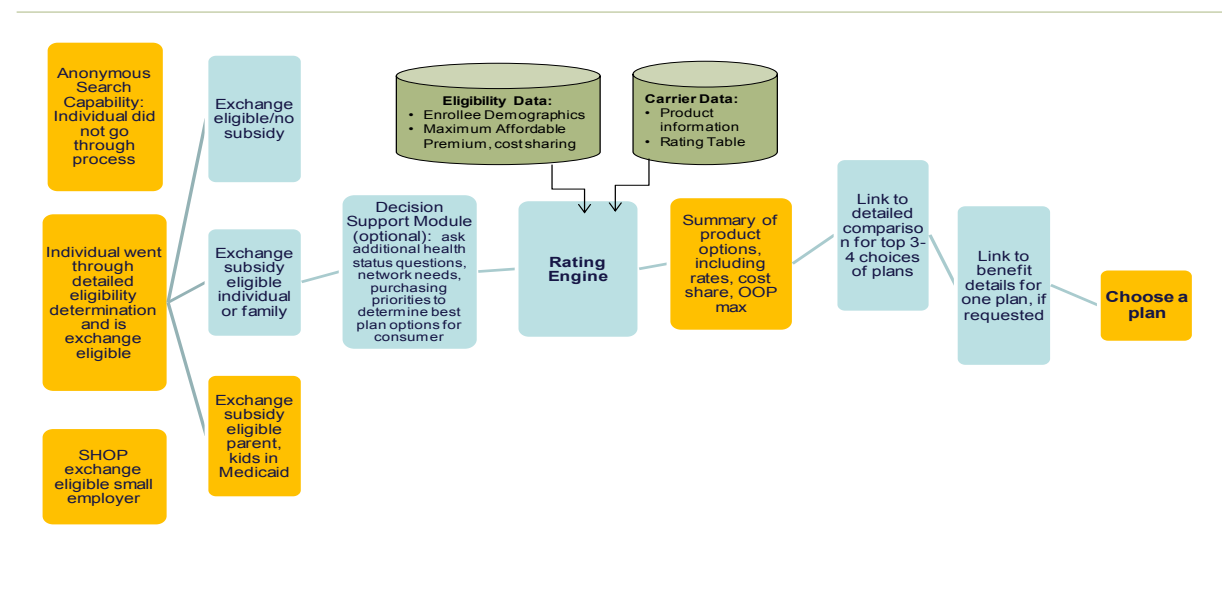
A significant portion of the funding requested in this Establishment Level One application will support the next steps of Exchange (non-eligibility) business processes and systems development. We will use Establishment Level One funding to move to the next step of creating detailed business processes and workflows and specifying technical infrastructure requirements in concert with existing and forthcoming federal guidance. This work will be carefully coordinated with the work of the New England Consortium of the Early Innovator Grant. In fact, we have carefully designed this project's timeline to best prepare for the first round of deliverables anticipated from the Consortium project.

b. Proposal to Meet Program Requirements

Rhode Island is working diligently to define, specify and operationalize a state-based health insurance Exchange by July 2013. While many details will be defined through our stakeholder processes and new governance this spring/summer, a general vision and strategy has emerged.
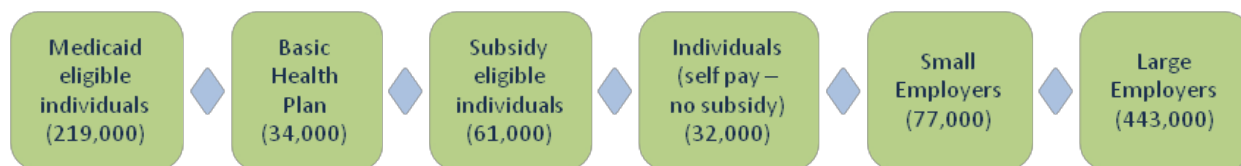
Defining the Customer

At its core, we anticipate that the Rhode Island Exchange will provide a robust marketplace for all Rhode Islanders to identify options and for those eligible to purchase coverage. This will include Medicaid eligible individuals, subsidized individuals, individuals purchasing without any subsidy, small employers and employees of large employers.

As Deb Bachrach (Manatt, Phelps and Phillips, LLC) explains, *"...while many talk about aligning Medicaid and the Exchange, it is more accurate to consider and plan for Medicaid's role in the Exchange: first, as a subsidy option, and second, as coverage vehicle."* We anticipate that Medicaid will be both an important customer of and a valued vendor to the Exchange. That is, Medicaid eligible individuals will use the portal (either alone or with the assistance of Navigators) to identify health insurance options, determine eligibility, and seamlessly purchase insurance. Additionally, Medicaid will provide the eligibility rules engine, which will determine program eligibility for Medicaid, the Basic Health Plan (if offered), and federal subsidy potential eligibility, as well as eligibility for purchasing coverage through the Exchange (citizenship).

Rhode Island is also carefully considering a Basic Health Plan option. While analysis is not yet finalized, preliminary analysis suggests this option may fit well with Rhode Island's starting point. Rhode Island currently provides Medicaid coverage to children up to 250% FPL and parents up to 175% FPL through RIte Care. This expanded coverage is supported by our RIte Share program (which provides qualified Medicaid families with premium assistance to pay for cost-effective employer-sponsored insurance (ESI), and for limited medically necessary wraparound services not fully covered by their employer-sponsored plan)—with a Basic Health plan option allowing Rhode Island to keep families together, leverage the RIte Share program, and provide stronger alignment with our existing insurance market. This decision will depend on careful stakeholder review, a detailed financial assessment and federal guidance on the proposed 95% financing rule.

On the other end of the spectrum, the Exchange will also provide a place for employees with coverage provided by their employer to research health insurance options and determine coverage affordability. We anticipate that this will be a critically important function—by our estimates 14% of Rhode Islanders currently covered by employers are enrolled in coverage that is NOT affordable by the federally defined standards. As such, these populations will look to the Exchange to determine health insurance options, and evaluate subsidy options—even if they ultimately choose to remain with their employer based coverage.

Rhode Island Populations Served by the Exchange

Medicaid eligible individuals (219,000)	Basic Health Plan (34,000)	Subsidy eligible individuals (61,000)	Individuals (self pay – no subsidy) (32,000)	Small Employers (77,000)	Large Employers (443,000)

Value Proposition

For individuals, we see four key elements of the value proposition. First the Exchange will be a marketplace, a place to shop, offering transparent and clear carrier and product options. Second, it will provide access to federal subsidies—with essentially a captive market, as it will be the only place that Rhode Islanders can access the tax credit. Third, it will provide simplified, automated on-line program eligibility determination for any health insurance programs, including tax credit, Basic Health Plan and (most) Medicaid eligibles. And fourth, it will provide automated purchasing—click and enroll in health insurance.

For small employers, the value proposition is less clear, and much will need to be ironed out with stakeholders this spring and summer. However, we know that the Exchange will be the sole source for access to the Federal small employer tax credit. Studies show that up to 82% of Rhode Island small employers may be eligible for this tax credit as of 2010. Additionally, we are carefully considering a business model that could offer employee choice—where employers could simply contribute a share of premium, and allow employees to choose among individual market options. Such a model might allow full employee choice of products and rates as established in the individual Exchange.

Achieving this value proposition requires strong leadership, careful design, and operational planning. Our timeline envisions a detailed strategic plan, financial self sustainability model and business plan to be completed by the end of calendar year 2011, with the final deliverable including a completed application for Establishment Two funding. Some of the implementation tasks can wait until we have a completed business plan, but others cannot. As such, this Establishment One grant application is intended to bridge the gap in timing and focus between the Planning Grant and the Establishment Two Cooperative Agreement. Specifically, achieving the value proposition we are considering for both individuals and small employers is built upon four key strategic elements:

- **Technical Capacity**

  Fully automated, web based shopping and enrollment for individuals and families is the core of our value proposition. This requires a fairly complex operational model that must appear to the customer as a simple, real time, point and click application. Achieving this objective requires three primary short-term investments: First, expertise—we need to build technical leadership and procurement expertise that does not currently exist within state government. Second, urgency—we need to start now to design the detailed business processes that support this vision and answer the strategic questions that such business

process work will uncover. Third, and finally, we are a small state, and we recognize that much of this functionality exists—either in the private market or will be created in the near term by innovator states. As such, we need to carefully assess the landscape of potential vendors—which vendors have these capacities, how best to leverage existing capacity, and what procurement model/combination of vendors will work best for Rhode Island.

- **A Partnership with Medicaid**

  We must achieve fully integrated eligibility determination and point and click enrollment for Medicaid and Exchange subsidy eligibles. Behind this "simple" point and click web portal, we plan to build a single eligibility and subsidy determination rules engine. This rules engine needs to enable the portal to receive basic information from the consumer, link to federal/state databases, and apply the necessary business rules to determine the appropriate category into which an individual or family fits—are they Medicaid eligible, basic health plan eligible, subsidy eligible, Exchange (unsubsidized) eligible, or none of the above. It also must function in a manner that ultimately determines eligibility on behalf of other state (non medical assistance) programs—including TANF and SNAP.

  Based on our IT gap analysis, we plan to establish one eligibility rules engine, procured and managed by the Department of Human Services, to support Medicaid, the Exchange, and the other state programs. Phase one of this new rules engine will determine eligibility for "simple Medicaid" populations (parents, children, childless adults and subsidy eligible populations who can be determined eligible by new MAGI rules). Meeting the deadlines for this project requires an aggressive timeline and resource allocation toward this project. As such, we have requested dedicated project management resources to hold us to the aggressive timetables, push through barriers, and keep this project focused.

- **Consumer Support Plan**

  While our core value proposition is web enabled, point and click eligibility determination and enrollment, we recognize that this process must be supported by a robust consumer support model. We also recognize that we already have a variety of consumer touch points in the state—in the Department of Human Services, in OHIC, in the Attorney General's office, the Department of Health and elsewhere. We therefore intend to redesign existing consumer support processes and touch points, to support new web based solutions.

- **Reporting Plan**

  One of our lessons learned from RIte Care is the importance of starting early with a clear reporting and evaluation component. Like RIte Care, we anticipate the Exchange will require significant partnerships with health plans and vendors, as we are simply too small a state to build these capacities. We will look to outside vendors and existing capacities either locally or nationally, whenever possible. RIte Care effectively used data to inform key insurance partners and stakeholders on progress to date and encouraged constant improvement. We intend to apply this model to Exchange development.

We believe that these four strategic elements will push us forward toward a well functioning Exchange in time for 2014. However, we cannot succeed without strong leadership, providing trusted decision making and direction. This leadership cannot wait until the end of the planning period—instead, it must be established as soon as possible, to build confidence and momentum for a Rhode Island Exchange, and to drive and own the core strategic recommendations that will be incorporated into our business plan. We have proposed to hire core Exchange staff as soon as state legislation is passed, with an Executive Director appointed in August, 2011, and supporting core staff hired between September 2011 and March 2012.

The Work Plan and Timeline, provided as Attachment F, translates these strategic elements into four detailed operational projects to be funded under the Establishment One Agreement and performed between April, 2011 and March, 2012. These projects are also classified according to specific core areas, as shown in the table below:

Operational Projects: Mapping of Projects to Core Areas

Project		Core Areas Addressed
Project One: Business Operations, Program Integration and Systems Architecture	**SubProject 1a:** Eligibility Operations, Program Integration and Systems Architecture	• Exchange IT Systems • Program Integration • <u>Business Operations</u> – Eligibility determinations for Exchange participation, advance payment of premium tax credits, cost-sharing reductions, and Medicaid • <u>Business Operations</u> - Seamless eligibility and enrollment process with Medicaid and other State health subsidy programs
	SubProject 1b: Exchange (Non-Eligibility) Operations and Systems Architecture	• Exchange IT Systems • <u>Business Operations</u> – Exchange website (choosing health plan) and Premium tax credit and cost-sharing reduction calculator • <u>Business Operations</u> - Enrollment process and Administration of premium tax credits and cost-sharing reductions • <u>Business Operations</u> – Free Choice Vouchers • <u>Business Operations</u> – Adjudication of appeals of eligibility determinations, Notification and appeals of employer liability • <u>Business Operations</u> - Exemptions from Individual Responsibility Requirement and Payment
	SubProject 1c: SHOP Operations and Systems Architecture	Exchange IT Systems Business Operations - SHOP Exchange-specific functions
Project Two: Consumer Support		Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints
Project Three: Reporting		• Business Operations – Certification, recertification, and decertification of qualified health plans • Business Operations – Quality rating system • Business Operations - Information reporting to IRS and enrollees
Project Four: Governance and Staffing		Governance Financial Management

Key elements of this proposal are as follows:

Project One: Business Operations, Program Integration & Systems Architecture
Core Areas: Exchange IT Systems, Program Integration, Business Operations of the Exchange

Project One will focus on developing the detailed business processes, integration plan, purchasing strategy and associated requests for proposals (RFPs) for IT systems to support the Rhode Island Exchange operations.

To begin, we have defined the core business processes required to support the Exchange. We have categorized the 16 minimum Exchange business functions identified by the Center for Consumer Information and Insurance Oversight (CCIIO) into six core Exchange functions as follows: eligibility; choosing a health plan/web portal design; enrollment; free choice vouchers; appeals; and exemptions.

Conceptually, we anticipate the following project structure:

- **Step 1: Operational Design**
  For each of these business processes, we will develop a detailed process map, including the data points/information required, the information sources, and the business rules required (how we use these data).

- **Step 2: Technical Implementation**
  This project will translate the business processes into specific technical systems requirements, and components needed. Technical integration opportunities across core functions will be specified, and a technical architecture will be developed. Rhode Island recognizes that all Exchange-related IT systems must adopt applicable IT standards consistent with Section 1561 of the Affordable Care Act regarding interoperable and secure standards and protocols that facilitate electronic enrollment of individuals in federal and state health and human services programs. Additionally, we will require all Exchange IT components to be compatible with the National Information Exchange Model (NIEM), which is an XML-based information exchange framework.   These standards will be required within all Exchange IT RFPs.

- **Step 3:   Purchasing Strategy, RFP development**
  Once the business processes and the technical components have been carefully defined, we will then assess the local, regional, and national vendors that provide these processes and technical capacities today. An essential element of this task will be to assess components available from Innovator grants to determine which components would fit with our proposed business processes, and how best to integrate them. In this step we will also determine the optimal purchasing strategy, defining the configuration of vendor(s) – e.g., a large systems integrator, 2-3 core vendors, a turnkey solution, etc.—that best fits Rhode Island's requirements. Finally, RFP(s) will be drafted to cover all IT systems needed for Exchange implementation.   For components to be sourced from Early

Innovator states, we will determine the appropriate method of knowledge/technology transfer.

The exhibit below graphically depicts the interrelationship between core Exchange business functions and tasks comprising the Planning, Operational Implementation, and Technical Implementation phases of the overall Exchange development process.

Project One: Structure of Key Tasks
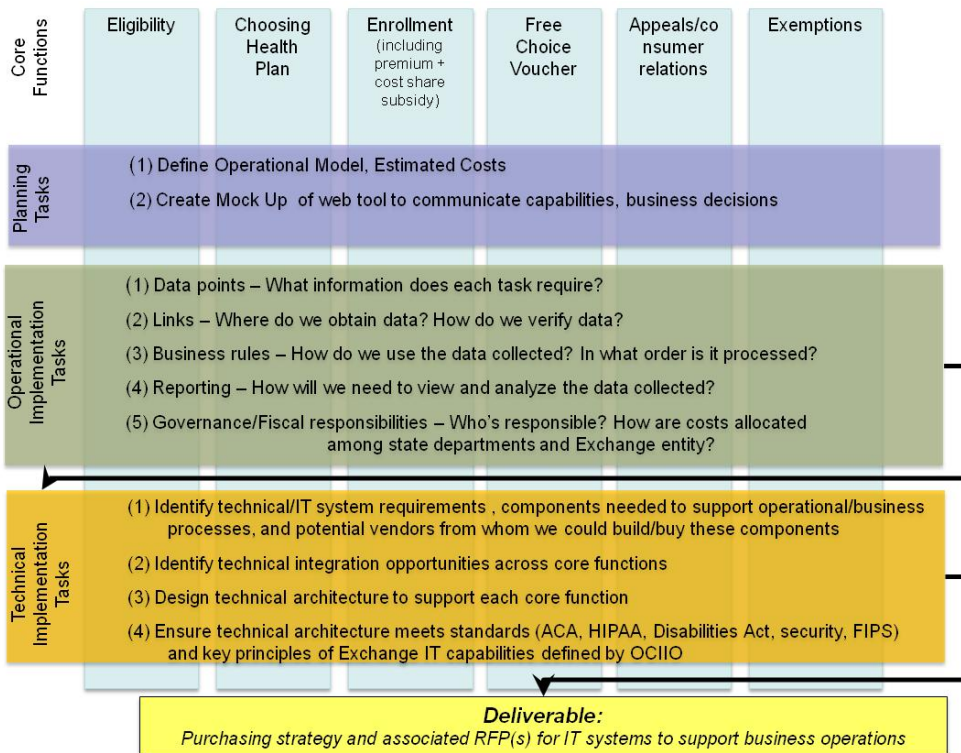
To efficiently and effectively execute the tasks above, we have organized the project into three subcomponents, each of which will perform the above described three step process for specific operational aspects of the Exchange:

__Project 1a: Eligibility Operations, Program Integration and Systems Architecture__

Starting with the IT Gap Analysis completed in March 2011, we will develop the detailed business processes, integration plan and systems architecture needed to support both Medicaid and the Exchange. This project component will be completed in conjunction with RI's Department of Human Services and will be funded by both this Establishment One grant and funding from CMS. The funding will be allocated proportionately to the expected enrollment in the Exchange and Medicaid post-2014.

Public Consulting Group (PCG), in their work to date, has provided us with a Provisional IT Gap Analysis, which specifies the timeline, budget and workplan to develop an eligibility system RFP by October 2011. The key challenge of this proposal is timing. We believe October 2011 is a critical deadline toward achieving a seamless automated eligibility rules engine by July 2013. For this to occur, however, we must assign specific and focused state resources, beyond the PCG engagement, to support and carefully project manage this effort. We have therefore established three key resources, fully dedicated to the eligibility project between April and December 2011 to make this happen. Specifically, we have allocated a Technical Project Manager (full-time), and two InRhodes experts (part-time) to ensure successful RFP development. We have assigned these resources entirely to this Cooperative agreement, as the deadlines associated with Exchange development, necessitate these resources at this time.

Project 1b: Exchange (Non-Eligibility) Operations and Systems Architecture

This sub-project will cover the business processes that can be separated from any Medicaid-related functions. This includes five core functions: choosing a health plan/web portal design; enrollment (including subsidy administration, premium billing and payment); free choice vouchers; appeals; and exemptions.

Project 1c: Small Employer (SHOP) Operations and Systems Architecture

This sub-project will cover the business processes related to SHOP, including five core functions: Employer tax credit eligibility; rating engine; facilitating choice of health plan; enrollment; and appeals. Beginning with the employer tax credit, we will define processes and systems requirements to support downstream processes of rating, facilitating choice, enrollment and appeals. These business process designs must be carefully coordinated with project 1b, in order to clarify areas of overlap and determine appropriate points of integration. Final strategy decisions around SHOP requirements will determine appropriate business processes.

Project Two: Consumer Support

Core Area: Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints

As we consider the business processes and technical architecture required to support the Exchange, we also must consider the consumer support and "people" aspect of this model. Who will Rhode Islanders call when they have questions about their health insurance coverage? What about when they have appeals or grievances related to commercial coverage, either inside or outside the Exchange? And, when they want to enroll in Medicaid whom do they call? How will these consumer "touch points" intersect?

The second project therefore will focus on designing integrated consumer support processes, with coordinated points of communication across state departments and functions. To design this process, we intend to carefully build on/ leverage existing capacities where possible. There

are consumer support functions currently provided by Medicaid, the Office of the Health Insurance Commissioner, the Attorney General's Office, the Department of Health, and by the new Consumer Assistance Program funded through a separate federal grant. It is critical to carefully define the current landscape, the new role of the Exchange, and how best to leverage our existing infrastructure. The final deliverable for this project will be a proposed business model, and the technical RFPs for systems needed to implement this consumer support capability for Rhode Island.

The starting point for this project will be the gap analysis developed under the Planning Grant that is expected to be completed by August 2011. The gap analysis will determine what consumer support capacities we currently have in place in Rhode Island to assist Rhode Islanders with understanding the requirements for health insurance, their options for coverage, their opportunities for appeals and grievances, etc. The gap analysis will summarize what consumer support processes exist in departments throughout the state and highlight any additional consumer support capacities needed post 2014/ACA implementation.

Key Tasks (to be done in succession, with some overlap):

- **Design new consumer support processes (3 months)**
  Design longer term consumer support processes coordinated across agencies, building on existing capacities and leveraging new components(Navigators, ombudsman, Exchange call center, etc.).

- **Define technical requirements (4 months)**
  Specify detailed call center requirements. Include an integration plan – specify role of DOH, OHIC, Exchange, Medicaid—and points of referrals.

- **Design Appeals Detail (4 months)**
  Design detailed appeals protocols, including review standards, timelines, process for referrals, and provisions to help consumers during appeal. Specify integration plan – role of DOH, OHIC, Exchange, Medicaid – and points of referrals.

- **Draft RFPs, as needed (3 months)**
  Assess local, regional, national vendors to determine who provides these capacities today. Determine if any components can be leveraged from Early Innovator states. Draft RFPs.

Project Three: Reporting

Core Area: Business Operations of the Exchange

We believe that a successful Exchange must effectively and transparently report on its progress. This project will focus on meeting the reporting requirements under the ACA and assessing the

effectiveness/efficiency of the Exchange. The final deliverable for this project will be technical RFPs for systems needed to implement new reporting capabilities for the Exchange.

The starting point for this project will be the gap analysis developed under the Planning Grant that is expected to be completed by August 2011. The gap analysis will determine what reporting capabilities are needed to support core Exchange functions and what reporting is required under the ACA and by state statute. The gap analysis will summarize which of these data are currently captured in existing systems/departments (Medicaid, OHIC, DOH, other), which will be captured under new capacities anticipated under Rhode Island's All Payor Claims Database (APCD) (currently under development) and which would require additional information.

Key Tasks (to be done in succession, with some overlap):

- **Design any additional reporting processes (3 months)**
  Design the recommended reporting processes and method of data capture needed to support the Exchange.

- **Define technical requirements (4 months)**
  Determine the integration plan between these reporting requirements and existing capacities. Evaluate leveraging new APCD capacities.

- **Purchasing Plan (3 months)**

  Determine which of these reporting processes and technical components will be incorporated into core business functions (project 1d). Determine which will be incorporated into the existing Health Information Exchange and/or APCD projects. Assess outside vendors capable of providing needed capabilities and if components from Early Innovator states can be leveraged.

- **Draft RFPs as needed (3 months)**

Project Four: Governance and Staffing

Core Area: Governance, Financial Management

To facilitate timely implementation of the Exchange, permanent staff must be on board during the next 12 months to own the creation of these business processes. We plan to use the Establishment One grant funds to hire the core Exchange leadership team and allow them to be involved the planning stages.

The following positions will be hired with Establishment One grant funding at the tentative starting times indicated:

- **Executive Director: August 2011**
  The Executive Director will be responsible for the strategy of the Exchange and the coordination of Exchange processes with other state and federal agencies. This position

needs to be filled in August 2011 to be involved in the business process design phase of projects 1-3.

- **Policy Director: August 2011**
  The Policy Director will work with stakeholders and Exchange staff to define and implement strategic goals of the Exchange, and ensure that federal reform guidelines are being met during Exchange implementation. He/she will stay abreast of activities and decisions in other states and at the Federal level regarding state Exchanges.

- **Operations/Technical Manager: September 2011**
  The Operations manager will oversee the RFP process and negotiate contracts with vendors. A September 2011 start date will have this position in place during the RFP drafting process.

- **Lawyer/Chief Legal Advisor: January 2012**
  The lawyer will provide legal advice and counsel to all aspects of the Exchange implementation process as applicable to RI and federal regulations, and review all contracts with outside parties.

- **Financial/Accountant: January 2012**
  Once RFPs are in place, the Exchange will need a financial advisor/accountant to manage the outside vendors and assist in tracking the progress of the vendors to the RFPs.

- **Admin/Office Manager: June 2011**
  The Exchange will need administrative support to begin setting up office space and equipment to support the Exchange staff as they come on board.

Additionally, we will hire a full time employee to coordinate grant management and tracking. This employee will oversee the spending of the grant money and ensure that adequate tracking processes are in place to ensure compliance with grant requirements and reporting to HHS.

c. Summary of Exchange IT Gap Analysis

As described previously in application Section E.a., Demonstration of Past Progress in Exchange Planning Core Areas, we recently have completed our IT Gap Analysis, specifically related to eligibility systems. Our IT Gap Analysis regarding non-eligibility systems will be completed by the end of June 2011. The IT Gap Analysis presented here is part of a larger IT development project, which will be developed according to the following timeline:

	Planning Grant Funded	Establishment One Funded			Establishment Two Funded	
	IT Gap Analysis	Operational Design	Technical Design	Purchasing Plan, RFPs	Build/Buy/ Integrate	Test
Eligibility Related Components	**Mar, 2011**	Jun, 2011	Aug, 2011	Oct, 2011	Jan, 2013	Jul, 2013
Non-Eligibility Related Components *(e.g, component to support other HIX processes, such as choosing a plan, enrollment)*	Jun, 2011	Aug, 2011	Oct, 2011	Jan, 2012	Jan, 2013	Jul, 2013

This phased approach to IT Gap Analysis was undertaken based on our preliminary assessment of the key ACA-based deadlines, a review of the publicly available literature and recommended implementation timelines, and our own internal assessment of our starting point. Specifically, we found that most public literature suggests that states embark on eligibility systems planning right away, and we recognized that our existing Medicaid eligibility system (InRhodes) was unlikely to provide an adequate starting point for eligibility determination post-2014. We also knew that the Medicaid-Exchange integration issues would be challenging and important to iron out early.

Results

The IT Gap Analysis performed by Public Consulting Group (PCG) provided Rhode Island with a valuable assessment of the starting point of our eligibility system, the new requirements of federal reform, and our options for getting there. Importantly, this assessment helped Rhode Island to develop a coordinated longer term vision among Medicaid and OHIC staff for a single, automated, real-time rules engine to support Medicaid, the Exchange and other non-Medicaid program eligibility determination in Rhode Island.

This rules engine cannot be completed in time for the July 2013 deadline; we therefore have established the following phased approach:

- **Phase I**—Build a system that can process applications based on the new MAGI rules for determining an applicant's eligibility for Exchange-based premium subsidies, Medicaid and (potentially) the Basic health Plan (BHP) into an eligibility rules engine by July 2013 and retain the eligibility rules for the more complex Medicaid programs that require additional documentation in InRhodes.

  The system will need to be designed so that applicants who may be eligible for "more complex" Medicaid programs are appropriately identified and subsequently routed to InRhodes for further processing of their Medicaid eligibility.

- **Phase II**—Once the Exchange is up and running by January 2014 and the new eligibility system is operating efficiently and effectively, incorporate the eligibility determination rules for the more complex Medicaid programs into the eligibility engine

- **Phase III**—Longer term, the non-Medicaid programs (e.g. RI Works, SNAP) shall be incorporated into the rules engine, thereby completely replacing InRhodes.

A conceptual diagram of phase one is documented below:
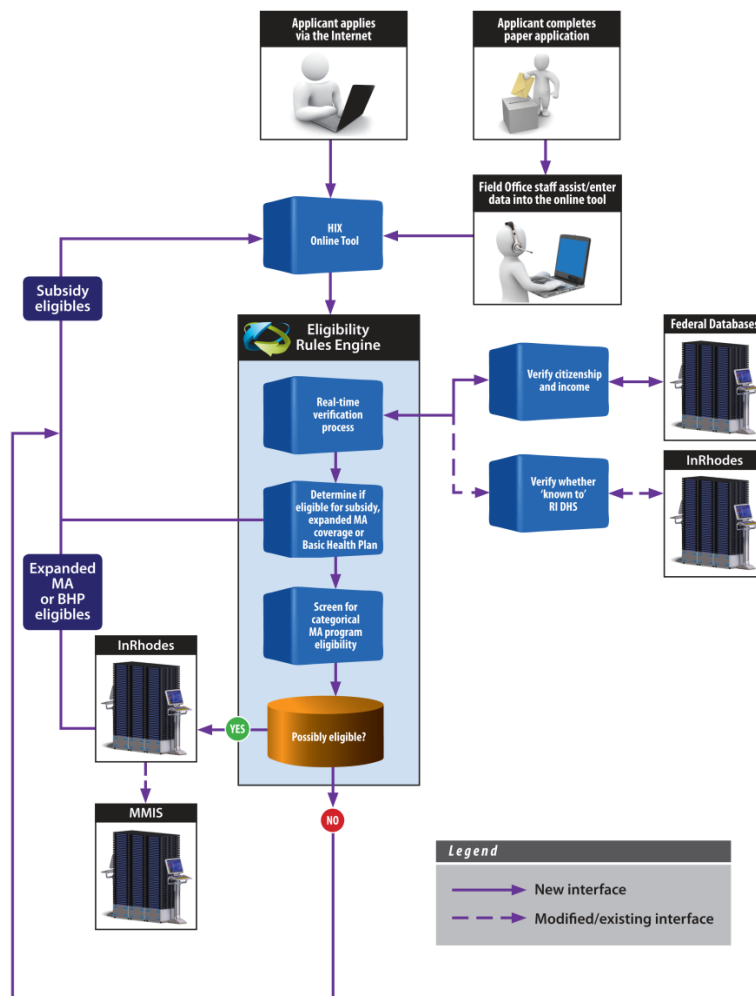
Next Steps

Based on the high level vision and strategy discussed above, PCG developed the following implementation timeline to support this vision:

Milestone	Start	Duration	Finish
Develop Establishment Grant application (level one)	March 11, 2011	13 days	March 30, 2011
Federal review of grant application	April 1, 2011	45 days	May 15, 2011
Develop I-APD	April 4, 2011	6 weeks	May 20, 2011
DHS / OHIC review	May 23, 2011	1 week	May 27, 2011
CMS review and approval	May 30, 2011	2 months	July 29, 2011

Milestone	Start	Duration	Finish
Develop RFP	April 4, 2011	4 months	July 29, 2011
DHS / OHIC review	August 1, 2011	1 week	August 5, 2011
CMS review and approval	August 8, 2011	2 months	October 7, 2011
Release RFP	October 10, 2011		
Receive vendor responses	October 10, 2011	3 months	January 6, 2012
Select vendor / contract award	January 9, 2012	2 months	March 9, 2012
CMS approval of contract	March 12, 2012	2 months	May 11, 2012
Design/ develop	May 14, 2012	13 months	June 30, 2013
Full Implementation	January 1, 2014		
Maintenance and Operations (M&O)	January 1, 2014	5 years	December 31, 2019

The next major deliverables for this project are to develop the I-APD and RFP for the new business rules engine. These two documents are due to be completed by May 20, 2011 and August 5, 2011 respectively. Work anticipated here includes a detailed assessment of the "to be" business processes and systems architecture needed to support the new business rules. Based on our timeline above, we anticipate that the RFP must be released by October 2011, to meet the aggressive ACA established schedule.

As noted earlier in application Section E.b. Proposal to Meet Program Requirements, subsection Exchange IT Systems, the state recognizes that all Exchange related IT systems must adopt applicable IT standards consistent with Section 1561 of the ACA regarding interoperable and secure standards and protocols that facilitate electronic enrollment of individuals in federal and state health and human services programs. We also will require all Exchange IT components to be compatible with the National Information Exchange Model (NIEM), which is an XML-based information exchange framework. Lastly, all applicable federal and state required IT standards, such as HIPAA and ADA will be required within all Exchange IT RFPs.

The provisional IT Gap Analysis report, prepared by Public Consulting Group (PCG) is available at the following link:

http://www.ohic.ri.gov/documents/Consumers/RI%20Provisional%20Report%20/1_RI%20provisional%20report.pdf

This report is considered provisional, as it includes the design and estimated cost for Phase I, but does not include a detailed plan and cost estimate for Phase II. A final plan and cost estimate (including Phase II) will be completed by the end of April.

d. Evaluation Plan

Rhode Island's application for a Level One Cooperative Agreement is focused on the following Core Areas:

- Exchange IT Systems
- Program Integration
- Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints
- Business Operations of the Exchange
- Governance
- Financial Management

Our Level One evaluation plan is designed to monitor progress and measure the success of our efforts not only within each Core Area, but also for the overall goals of the Exchange establishment process. This evaluation plan will ensure that the Establishment One deliverables are met, on time and on budget, and that sufficient organizational structure, work plans, processes and reporting tools are present to identify and escalate issues as needed.

Specifically, the evaluation plan presented in this application includes the following:

- Key indicators to be measured
- Baseline Data for each indicator
- Methods and their efficacy to monitor progress, evaluate achievement of program goals, including plans for timely interventions when targets are not met or unexpected obstacles delay plans
- Plan for ongoing evaluation of Exchange functions once it is operational

It should be noted that the Planning grant for the Exchange is funding the design and development of the Exchange operational evaluation plan, due to be completed by August 2011.

Key Indicators to be Measured

The Work Plan and Timeline, included in this application as Attachment F.1., identifies the principal tasks and milestones to be completed and achieved within each Core Area during the level one funding period. These tasks and milestones are the project's key indicators to be measured. We will monitor progress toward task completion and milestone achievement on an ongoing basis with weekly and monthly management reports, providing input to the Quarterly Reports provided to CCIIO.

Baseline Data for Each Indicator

The template below presents the framework to be used in documenting applicable baseline data for each principal project task and milestone. These data will provide the starting point from which project progress for each task and milestone will be measured, through the reports discussed below. These baseline data will be compiled at the initiation of the Level One Establishment funding period.

Indicator	Project Lead	Baseline
1. Business Operations, Program Integration & Systems Architecture	Project Director	
A. Eligibility		
Gap Analysis		
Process Mapping	Project Lead, Medicaid/Exchange Eligibility	
Integration Plan		
Technical Requirements		
Governance Plan		
B. Exchange (Non-Eligibility) Operations	Project Lead, Exchange business operations & systems architecture	
Processing Mapping		
Technical Requirements		
C. Small Employer (SHOP) Operations	Project Lead Exchange business operations & systems architecture	
Processing Mapping		
Technical Requirements		
D. Purchasing Strategy	Project Director, coordinating with Project Lead, Medicaid/Exchange Eligibility & Project Lead, Exchange business operations & systems architecture	
Vendor Landscape Assessment		
Purchasing Strategy		
Draft RFPs		
2. Consumer Support and Reporting		
A. Consumer Support		
Gap Analysis		
Process Design	Project Lead, Consumer Support and Reporting	
Appeals Detail		
Technical Requirements		
RFP(s), As Needed		
B. Reporting		
Gap Analysis		
Process Design	Project Lead, Consumer Support and Reporting	
Technical Requirements		
Purchasing Plan		
RFP(s), As Needed		
3. Governance/Staffing		
Executive Director	Project Director	
Core Staff		

Methods and Their Efficacy to Monitor Progress and Evaluate the Achievement of Program Goals

Project task and milestone progress is currently monitored by management, discussed in weekly team meetings and documented in Monthly Progress Reports, as well as Quarterly Reports to OCIIO. These reports are compiled by OHIC's Principal Policy Associate, Ms. Angela Sherwin. She solicits input from the project staff, consultants, and other Rhode Island State agencies responsible for specific tasks and milestones.

This process has provided effective project management support for the planning effort; however, we anticipate that a more robust evaluation plan must be implemented to support implementation. As such, this process will be substantially expanded, prior to the initiation of Level Two funding, to include the following four elements:

1. **Project Status Reports**
   Project status reports will be formalized, focusing in greater detail on which key tasks and milestones have been completed on schedule, those running behind schedule, and the mitigation strategy for those likely to miss the original scheduled completion date. For each key task and milestone likely to be late, a mitigation strategy will be identified, defining specific actions to be taken to assure completion in a timeframe that does not compromise other tasks and milestones. The three project leads, identified in Section I., Descriptions of Key Personnel will be responsible for overseeing task completion and mitigation strategy implementation for their respective projects.

2. **Deliverables Review**
   A detailed deliverables review process shall be implemented in order to assure the timeliness, accuracy and completeness of project deliverables. The project team is committed to producing and receiving high-quality deliverables from both internal and external sources. We will follow a proven approach to deliverables development, focused on defect prevention and ongoing quality improvement, taking into account the premium placed on the time and resources of project staff, as well as that of other stakeholders and consultants. Core deliverables will be placed into our online project repository and all authorized parties will be sent an e-mail and link to the item, which they can then access, view, or download as desired. The deliverables' content, schedule, presentation, tracking, and approval process will be agreed to in advance and documented in the communications plan. Project staff, stakeholders and consultants will agree on the specific content, format, and acceptance criteria for all deliverables as well as the timelines and due dates for deliverables' review and completion.

3. **Communications Among Project Staff and Stakeholders**
    An effective communications plan, both to support internal and external communications is a key component of the project team's overall management approach and method to assure effective progress monitoring and achievement of program goals. For external communications, we have established a structured stakeholder effort, led by the Lieutenant Governor, as described in application Section E.a. Demonstration of Past Progress in Exchange Planning Core Areas. The broad Healthcare Reform Commission meets quarterly, the executive committee meets bi-weekly, and the issue-specific workgroup and leadership councils meet on an as needed basis. This stakeholder communication structure is specifically designed to support both planning and implementation, and can be tailored over time to meet the needs of the project. For internal communications among project management staff, we will set up a project portal, to serve as the primary entry point for Web browser access to various communications documents, as well as deliverable documentation.

4. **Timely Interventions When Targets Are Not Met or Unexpected Obstacles Delay Plans**
    Rhode Island's Interim Project Director, Ms. Deb Faulkner leads the project's efforts in monitoring task and milestone progress, in addition to meeting the project's overall goals. The principal tools for monitoring project performance will be the progress reports noted above coupled with ongoing frequent communication with not only project staff but also stakeholders and consultants. The most effective risk management strategy is risk avoidance. Consequently, our management team asks the following key questions of all parties responsible for project activities and tasks on an ongoing basis:

    •   Is task scope being managed effectively?
    •   Are timelines accurate? Are we meeting our schedule?
    •   Are deliverables completed consistent with quality standards?
    •   Are risks and issues managed appropriately?
    •   Are the review processes effective?
    •   Are we working efficiently?
    •   Is the project meeting all contractual requirements?
    •   Are stakeholders, including CCIIO satisfied?

    This frequent ongoing communication enables us to identify the need for interventions in a timely manner when may not be met or unexpected circumstances may cause delay in task completion or milestone achievement. In addition, the three Project Leads, to be hired under the grant, will provide careful issue reporting, which is critical to effective project management and ensuring timely intervention when the schedule faces a delay. We will track issue metrics and monitor, on an ongoing basis, the issues opened, closed, and pending each month and their relative priority and severity.

The template below provides a Sample Issues Management List as an example of the type of tracking sheet we will use to monitor issues, as well as the status of key tasks and milestones—both completed and outstanding.

Sample Issues Management List

Project Lead	Task -- Milestone -- Deliverable	Due Date	Revised Due Date	Problem	Mitigation	Status (Complete, On-Schedule, Late, Seriously Late)

Plan for Ongoing Evaluation of Exchange Functioning Once It Is Operational

One of the planning grant deliverables will be a developed evaluation plan for the ongoing operations of the Exchange. This deliverable is targeted for completion by the end of August 2011and will define the metrics of evaluation, as well as the appropriate data sources to support this plan. This plan shall be submitted to CCIIO as part of our Level Two funding request.

Ongoing Exchange operation evaluation may take the form of assessing overall performance and compliance with defined performance metrics across the Exchange's principal business functions. Based on this approach, the starting point for performance evaluation would be defining the expected performance level for each principal activity within each business function. These performance levels could include both Exchange operational staff and consultants performing specific business functions, as well as the automated information systems and technology components comprising the Exchange's infrastructure. Performance measures within each functional area would be defined to include data sources for measurement, measurement techniques, and reporting processes.