

# Tennessee Level 1 Establishment Grant Application

State of Tennessee  
Department of Finance and Administration  
Division of Health Care Finance and Administration

September 30, 2011

Program Applying Under:

U.S. Department of Health and Human Services  
Office of Consumer Information and Insurance Oversight  
Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges  
(IE-HBE-11-004)

Brian Haile, Director, Insurance Exchange Planning Initiative  
312 Rosa L. Parks Avenue, Suite 2600  
William R. Snodgrass Tennessee Tower  
Nashville, Tennessee 37243  
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## **A. Standard Forms**

- a. SF 424: Official Application for Federal Assistance
- b. SF 424A: Budget Information Non-Construction
- c. SF 424B: Assurances-Non-Construction Programs
- d. SF LLL: Disclosure of Lobbying Activities
- e. Project Site Location Form(s)
- f. Lobbying Certification Form (HHS checklist, 5161)

(Begins on next page.)

<b>Opportunity Title:</b>	Cooperative Agreement to Support Establishment of State
<b>Offering Agency:</b>	Ofc of Consumer Information & Insurance Oversight
<b>CFDA Number:</b>	93.525
<b>CFDA Description:</b>	State Planning and Establishment Grants for the Afforda
<b>Opportunity Number:</b>	IE-HBE-11-004
<b>Competition ID:</b>	IE-HBE-11-004-012241
<b>Opportunity Open Date:</b>	01/20/2011
<b>Opportunity Close Date:</b>	06/29/2012
<b>Agency Contact:</b>	Christopher Clark Grants Management Specialist E-mail: christopher.clark@hhs.gov Phone: 301-492-4319

This electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.

If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application and then apply.

This opportunity is only open to organizations, applicants who are submitting grant applications on behalf of a company, state, local or tribal government, academia, or other type of organization.

\* **Application Filing Name:** TN Level 1 Establishment Grant 9/30/11

## Mandatory Documents

Project Narrative Attachment Form  
Budget Narrative Attachment Form  
Other Attachments Form

Move Form to  
Complete

Move Form to  
Delete

## Mandatory Documents for Submission

Application for Federal Assistance (SF-424)  
Budget Information for Non-Construction Programs  
Assurances for Non-Construction Programs (SF-424)  
Disclosure of Lobbying Activities (SF-LLL)  
HHS Checklist (08-2007)  
Project Abstract Summary  
Project/Performance Site Location(s)

## Optional Documents

Move Form to  
Submission List

Move Form to  
Delete

## Optional Documents for Submission

## Instructions

- Enter a name for the application in the Application Filing Name field.**
  - This application can be completed in its entirety offline; however, you will need to login to the Grants.gov website during the submission process.
  - You can save your application at any time by clicking the "Save" button at the top of your screen.
  - The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.
- Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.**
  - It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.
  - The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".
  - To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it, and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.
  - All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.
- Click the "Save & Submit" button to submit your application to Grants.gov.**
  - Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
  - Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
  - The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
  - You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

## Application for Federal Assistance SF-424

\* 1. Type of Submission:

- ☐ Preapplication  
☒ Application  
☐ Changed/Corrected Application

\* 2. Type of Application:

- ☒ New  
☐ Continuation  
☐ Revision

\* If Revision, select appropriate letter(s):

\* Other (Specify):

\* 3. Date Received:

Completed by Grants.gov upon submission.

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

### 8. APPLICANT INFORMATION:

\* a. Legal Name:

Tennessee Division of Health Care Finance and Administration

\* b. Employer/Taxpayer Identification Number (EIN/TIN):

EIN 62-6001445(K2)

\* c. Organizational DUNS:

0882830150000

### d. Address:

\* Street1:

312 Rosa L. Parks Avenue, Suite 2600

Street2:

William R. Snodgrass Tennessee Tower

\* City:

Nashville

County/Parish:

\* State:

TN: Tennessee

Province:

\* Country:

USA: UNITED STATES

\* Zip / Postal Code:

37243-1102

### e. Organizational Unit:

Department Name:

Finance and Administration

Division Name:

Health Care Finance and Admin

### f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

\* First Name:

Brian

Middle Name:

\* Last Name:

Haile

Suffix:

Title:

Director

Organizational Affiliation:

Insurance Exchange Planning Initiative

\* Telephone Number:

(615) 253-8555

Fax Number:

\* Email:

brian.haile@tn.gov

## Application for Federal Assistance SF-424

### \* 9. Type of Applicant 1: Select Applicant Type:

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\* Other (specify):

### \* 10. Name of Federal Agency:

Ofc of Consumer Information & Insurance Oversight

### 11. Catalog of Federal Domestic Assistance Number:

93.525

CFDA Title:

State Planning and Establishment Grants for the Affordable Care Act (ACA)-s Exchanges

### \* 12. Funding Opportunity Number:

IE-HBE-11-004

\* Title:

Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges

### 13. Competition Identification Number:

IE-HBE-11-004-012241

Title:

### 14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

### \* 15. Descriptive Title of Applicant's Project:

Tennessee Level 1 Establishment Grant for planning related to PPACA health insurance exchange

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

**Application for Federal Assistance SF-424****16. Congressional Districts Of:**\* a. Applicant b. Program/Project 

Attach an additional list of Program/Project Congressional Districts if needed.

**17. Proposed Project:**\* a. Start Date: \* b. End Date: **18. Estimated Funding (\$):**

* a. Federal	<input type="text" value="1,560,220.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,560,220.00"/>

**\* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- ☐ a. This application was made available to the State under the Executive Order 12372 Process for review on .
- ☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- ☒ c. Program is not covered by E.O. 12372.

**\* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**☐ Yes ☒ No

If "Yes", provide explanation and attach

**21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ \*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix:  \* First Name:

Middle Name:

\* Last Name:

Suffix:

\* Title: \* Telephone Number:  Fax Number: \* Email: \* Signature of Authorized Representative:  \* Date Signed:

# BUDGET INFORMATION - Non-Construction Programs

OMB Number: 4040-0006  
Expiration Date: 06/30/2014

## SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Total Budget		\$	\$	\$ 1,560,220.00	\$	\$ 1,560,220.00
2.						
3.						
4.						
5. Totals		\$	\$	\$ 1,560,220.00	\$	\$ 1,560,220.00

### SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Total Budget				
a. Personnel	\$ 140,813.00	\$	\$	\$	\$ 140,813.00
b. Fringe Benefits	59,142.00				59,142.00
c. Travel	33,980.00				33,980.00
d. Equipment	0.00				
e. Supplies	9,600.00				9,600.00
f. Contractual	1,231,485.00				1,231,485.00
g. Construction	0.00				
h. Other	85,200.00				85,200.00
i. Total Direct Charges (sum of 6a-6h)	1,560,220.00				\$ 1,560,220.00
j. Indirect Charges					\$
k. TOTALS (sum of 6i and 6j)	\$ 1,560,220.00	\$	\$	\$	\$ 1,560,220.00
7. Program Income	\$	\$	\$	\$	\$

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**SECTION C - NON-FEDERAL RESOURCES**

	(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e)TOTALS
8.		\$	\$	\$	\$
9.					
10.					
11.					
12. TOTAL (sum of lines 8-11)		\$	\$	\$	\$

**SECTION D - FORECASTED CASH NEEDS**

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 1,560,220.00	\$ 891,791.00	\$ 425,098.00	\$ 121,666.00	\$ 121,665.00
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$ 1,560,220.00	\$ 891,791.00	\$ 425,098.00	\$ 121,666.00	\$ 121,665.00

**SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT**

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b)First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	\$	\$	\$	\$

**SECTION F - OTHER BUDGET INFORMATION**

21. Direct Charges:	\$1,560,220	22. Indirect Charges:	
23. Remarks: Expenses by Core Planning Area are provided on a separate document. See Appendix II.			

## ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**NOTE:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee- 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

<b>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</b> <input type="text" value="Completed on submission to Grants.gov"/>	<b>* TITLE</b> <input type="text" value="Director"/>
<b>* APPLICANT ORGANIZATION</b> <input type="text" value="Tennessee Division of Health Care Finance and Administration"/>	<b>* DATE SUBMITTED</b> <input type="text" value="Completed on submission to Grants.gov"/>

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# DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352

Approved by OMB

0348-0046

<b>1. * Type of Federal Action:</b> <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	<b>2. * Status of Federal Action:</b> <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	<b>3. * Report Type:</b> <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
<b>4. Name and Address of Reporting Entity:</b> <input checked="" type="checkbox"/> Prime <input type="checkbox"/> SubAwardee * Name: <input type="text" value="TN Division of Health Care Finance and Administration"/> * Street 1: <input type="text" value="310 Great Circle Road"/> Street 2: <input type="text"/> * City: <input type="text" value="Nashville"/> State: <input type="text" value="TN: Tennessee"/> Zip: <input type="text" value="37243"/> Congressional District, if known: <input type="text" value="TN-005"/>		
<b>5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:</b>     		
<b>6. * Federal Department/Agency:</b> <input type="text" value="Ofc Consumer Info &amp; Insurance Oversight"/>		<b>7. * Federal Program Name/Description:</b> <input type="text" value="State Planning and Establishment Grants for the Affordable Care Act (ACA)-s Exchanges"/> CFDA Number, if applicable: <input type="text" value="93.525"/>
<b>8. Federal Action Number, if known:</b> <input type="text"/>		<b>9. Award Amount, if known:</b> \$ <input type="text"/>
<b>10. a. Name and Address of Lobbying Registrant:</b> Prefix <input type="text"/> * First Name <input type="text" value="N/A"/> Middle Name <input type="text"/> * Last Name <input type="text" value="N/A"/> Suffix <input type="text"/> * Street 1 <input type="text"/> Street 2 <input type="text"/> * City <input type="text"/> State <input type="text"/> Zip <input type="text"/>		
<b>b. Individual Performing Services</b> (including address if different from No. 10a) Prefix <input type="text"/> * First Name <input type="text" value="N/A"/> Middle Name <input type="text"/> * Last Name <input type="text" value="N/A"/> Suffix <input type="text"/> * Street 1 <input type="text"/> Street 2 <input type="text"/> * City <input type="text"/> State <input type="text"/> Zip <input type="text"/>		
<b>11.</b> Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.  * Signature: <input type="text" value="Completed on submission to Grants.gov"/> * Name: Prefix <input type="text"/> * First Name <input type="text" value="Brian"/> Middle Name <input type="text"/> * Last Name <input type="text" value="Haile"/> Suffix <input type="text"/> Title: <input type="text"/> Telephone No.: <input type="text"/> Date: <input type="text" value="Completed on submission to Grants.gov"/>		
<b>Federal Use Only:</b>		Authorized for Local Reproduction Standard Form - LLL (Rev. 7-97)

**CHECKLIST**

**NOTE TO APPLICANT:** This form must be completed and submitted with the original of your application. Be sure to complete each page of this form. Check the appropriate boxes and provide the information requested. This form should be attached as the last pages of the signed original of the application.

Type of Application: ☒ New ☐ Noncompeting Continuation ☐ Competing Continuation ☐ Supplemental

**PART A: The following checklist is provided to assure that proper signatures, assurances, and certifications have been submitted.**

	Included	NOT Applicable
1. Proper Signature and Date on the SF 424 (FACE PAGE) .....	<input checked="" type="checkbox"/>	
2. If your organization currently has on file with HHS the following assurances, please identify which have been filed by indicating the date of such filing on the line provided. (All four have been consolidated into a single form, HHS 690)		
<input checked="" type="checkbox"/> Civil Rights Assurance (45 CFR 80) .....	02/18/2011	
<input checked="" type="checkbox"/> Assurance Concerning the Handicapped (45 CFR 84) .....	02/18/2011	
<input checked="" type="checkbox"/> Assurance Concerning Sex Discrimination (45 CFR 86) .....	02/18/2011	
<input checked="" type="checkbox"/> Assurance Concerning Age Discrimination (45 CFR 90 & 45 CFR 91) .....	02/18/2011	
3. Human Subjects Certification, when applicable (45 CFR 46) .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**PART B: This part is provided to assure that pertinent information has been addressed and included in the application.**

	YES	NOT Applicable
1. Has a Public Health System Impact Statement for the proposed program/project been completed and distributed as required? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Has the appropriate box been checked on the SF-424 (FACE PAGE) regarding intergovernmental review under E.O. 12372 ? (45 CFR Part 100) .....	<input checked="" type="checkbox"/>	
3. Has the entire proposed project period been identified on the SF-424 (FACE PAGE)?.....	<input checked="" type="checkbox"/>	
4. Have biographical sketch(es) with job description(s) been provided, when required?.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Has the "Budget Information" page, SF-424A (Non-Construction Programs) or SF-424C (Construction Programs), been completed and included? .....	<input checked="" type="checkbox"/>	
6. Has the 12 month narrative budget justification been provided? .....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Has the budget for the entire proposed project period with sufficient detail been provided? .....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. For a Supplemental application, does the narrative budget justification address only the additional funds requested? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. For Competing Continuation and Supplemental applications, has a progress report been included? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**PART C: In the spaces provided below, please provide the requested information.**

Business Official to be notified if an award is to be made

Prefix:  First Name:  Middle Name:   
 Last Name:  Suffix:   
 Title:   
 Organization:   
 Street1:   
 Street2:   
 City:   
 State:  ZIP / Postal Code:  ZIP / Postal Code4:   
 E-mail Address:   
 Telephone Number:  Fax Number:

Program Director/Project Director/Principal Investigator designated to direct the proposed project or program.

Prefix:  First Name:  Middle Name:   
 Last Name:  Suffix:   
 Title:   
 Organization:   
 Street1:   
 Street2:   
 City:   
 State:  ZIP / Postal Code:  ZIP / Postal Code4:   
 E-mail Address:   
 Telephone Number:  Fax Number:

**PART D: A private, nonprofit organization must include evidence of its nonprofit status with the application. Any of the following is acceptable evidence. Check the appropriate box or complete the "Previously Filed" section, whichever is applicable.**

- ☐ (a) A reference to the organization's listing in the Internal Revenue Service's (IRS) most recent list of tax-exempt organizations described in section 501(c)(3) of the IRS Code.
- ☐ (b) A copy of a currently valid Internal Revenue Service Tax exemption certificate.
- ☐ (c) A statement from a State taxing body, State Attorney General, or other appropriate State official certifying that the applicant organization has a nonprofit status and that none of the net earnings accrue to any private shareholders or individuals.
- ☐ (d) A certified copy of the organization's certificate of incorporation or similar document if it clearly establishes the nonprofit status of the organization.
- ☐ (e) Any of the above proof for a State or national parent organization, and a statement signed by the parent organization that the applicant organization is a local nonprofit affiliate.

If an applicant has evidence of current nonprofit status on file with an agency of HHS, it will not be necessary to file similar papers again, but the place and date of filing must be indicated.

Previously Filed with: (Agency)

on (Date)



## INVENTIONS

If this is an application for continued support, include: (1) the report of inventions conceived or reduced to practice required by the terms and conditions of the grant; or (2) a list of inventions already reported, or (3) a negative certification.

## EXECUTIVE ORDER 12372

Effective September 30, 1983, Executive Order 12372 (Intergovernmental Review of Federal Programs) directed OMB to abolish OMB Circular A-95 and establish a new process for consulting with State and local elected officials on proposed Federal financial assistance. The Department of Health and Human Services implemented the Executive Order through regulations at 45 CFR Part 100 (Inter-governmental Review of Department of Health and Human Services Programs and Activities). The objectives of the Executive Order are to (1) increase State flexibility to design a consultation process and select the programs it wishes to review, (2) increase the ability of State and local elected officials to influence Federal decisions and (3) compel Federal officials to be responsive to State concerns, or explain the reasons.

The regulations at 45 CFR Part 100 were published in the Federal Register on June 24, 1983, along with a notice identifying the

Department's programs that are subject to the provisions of Executive Order 12372. Information regarding HHS programs subject to Executive Order 12372 is also available from the appropriate awarding office.

States participating in this program establish State Single Points of Contact (SPOCs) to coordinate and manage the review and comment on proposed Federal financial assistance. Applicants should contact the Governor's office for information regarding the SPOC, programs selected for review, and the consultation (review) process designed by their State.

Applicants are to certify on the face page of the SF-424 (attached) whether the request is for a program covered under Executive Order 12372 and, where appropriate, whether the State has been given an opportunity to comment.

**BY SIGNING THE FACE PAGE OF THIS APPLICATION, THE APPLICANT ORGANIZATION CERTIFIES THAT THE STATEMENTS IN THIS APPLICATION ARE TRUE, COMPLETE, AND ACCURATE TO THE BEST OF THE SIGNER'S KNOWLEDGE, AND THE ORGANIZATION ACCEPTS THE OBLIGATION TO COMPLY WITH U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES' TERMS AND CONDITIONS IF AN AWARD IS MADE AS A RESULT OF THE APPLICATION. THE SIGNER IS ALSO AWARE THAT ANY FALSE, FICTITIOUS, OR FRAUDULENT STATEMENTS OR CLAIMS MAY SUBJECT THE SIGNER TO CRIMINAL, CIVIL, OR ADMINISTRATIVE PENALTIES.**

**THE FOLLOWING ASSURANCES/CERTIFICATIONS ARE MADE AND VERIFIED BY THE SIGNATURE OF THE OFFICIAL SIGNING FOR THE APPLICANT ORGANIZATION ON THE FACE PAGE OF THE APPLICATION:**

**Civil Rights – Title VI of the Civil Rights Act of 1964 (P.L. 88-352)**, as amended, and all the requirements imposed by or pursuant to the HHS regulation (45 CFR part 80).

**Handicapped Individuals – Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112)**, as amended, and all requirements imposed by or pursuant to the HHS regulation (45 CFR part 84).

**Sex Discrimination – Title IX of the Educational Amendments of 1972 (P.L. 92-318)**, as amended, and all requirements imposed by or pursuant to the HHS regulation (45 CFR part 86).

**Age Discrimination – The Age Discrimination Act of 1975 (P.L. 94-135)**, as amended, and all requirements imposed by or pursuant to the HHS regulation (45 CFR part 91).

**Debarment and Suspension – Title 2 CFR part 376.**

**Certification Regarding Drug-Free Workplace Requirements – Title 45 CFR part 82.**

**Certification Regarding Lobbying – Title 32, United States Code, Section 1352 and all requirements imposed by or pursuant to the HHS regulation (45 CFR part 93).**

**Environmental Tobacco Smoke – Public Law 103-227.**

**Program Fraud Civil Remedies Act (PFCRA)**

## Project Abstract Summary

**Program Announcement (CFDA)**

93.525

**Program Announcement (Funding Opportunity Number)**

IE-HBE-11-004

**Closing Date**

06/29/2012

**Applicant Name**

Tennessee Division of Health Care Finance and Administration

**Length of Proposed Project**

12

**Application Control No.****Federal Share Requested (for each year)****Federal Share 1st Year**

\$ 1,560,220

**Federal Share 2nd Year**

\$ 0

**Federal Share 3rd Year**

\$ 0

**Federal Share 4th Year**

\$ 0

**Federal Share 5th Year**

\$ 0

**Non-Federal Share Requested (for each year)****Non-Federal Share 1st Year**

\$ 0

**Non-Federal Share 2nd Year**

\$ 0

**Non-Federal Share 3rd Year**

\$ 0

**Non-Federal Share 4th Year**

\$ 0

**Non-Federal Share 5th Year**

\$ 0

**Project Title**

Tennessee Level 1 Establishment Grant for planning related to PPACA health insurance exchange



# Project Abstract Summary

## Project Summary

Application title:

TN Level 1 Establishment Grant 9/30/11

Applicant Organization State of Tennessee: Division of Health Care Finance and Administration

DUNS # 088283015

Program Applying Under Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges (IE-HBE-11-004)

Project Director:

Brian Haile, Director, Insurance Exchange Planning Initiative

312 Rosa L. Parks Avenue, Suite 2600

William R. Snodgrass Tennessee Tower

Nashville, Tennessee 37243-1102

Phone (615) 253-8555; FAX (615) 253-8555; brian.haile@tn.gov

Organizational Website <http://www.tn.gov/nationalhealthreform/exchange.html>

Category of Funding: Level One

Projected date for project completion: November 14, 2012

Congressional districts served TN-1, TN-2, TN-3, TN-4, TN-5, TN-6, TN-7, TN-8, TN-9

The Tennessee Division of Health Care Finance and Administration submits this Level 1 Establishment Grant Application for the time period November 15, 2011 to November 14, 2012.

Planning Grant Background: In 2010, Tennessee applied for and received a state planning grant under the Patient Protection & Affordable Care Act (PPACA). During the 2010-2011 planning grant phase, Tennessee conducted background research on the uninsured and direct purchasers of insurance, held numerous stakeholder meetings throughout Tennessee, created two technical advisory groups to provide state officials with information and advice on options available, engaged vendors for actuarial consulting and for policy and operational consulting services, and participated in several discussions with Health and Human Services (HHS) representatives regarding concerns associated with the PPACA. Tennessee has not yet confirmed it will establish the exchange in light of the lack of sufficient federal guidance. However, Tennessee is pursuing necessary planning activities to ensure that Tennessee is able to establish the exchange, if it so chooses.

Level 1 Establishment Grant Needs: Tennessee is requesting additional funding from HHS to continue its planning efforts. The funding requested in this application will help Tennessee continue planning and researching the core exchange planning areas identified by HHS. This funding will primarily be used to procure technical expertise from consulting and information technology firms to developing business requirements for exchange business architecture areas. The funding will also provide continued grant-funded support for 2.5 full-time equivalent staff plus expenses related to necessary travel and administrative costs. Tennessee continues to work with state officials and stakeholders to determine and implement the best policy choices for Tennesseans.

This application is the first of two potential applications for Level 1 Establishment grant funds for Tennessee. The second application is expected to be filed in December 2011.

Estimated number of people to be served as a result of the award of this grant.

6300000



## Project/Performance Site Location(s)

### Project/Performance Site Primary Location

☐ I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name: Tennessee Division of Health Care Finance and Admin

DUNS Number:

\* Street1: 312 Rosa L. Parks Avenue, Suite 2600

Street2: William R. Snodgrass Tennessee Tower

\* City: Nashville

County:

\* State: TN: Tennessee

Province:

\* Country: USA: UNITED STATES

\* ZIP / Postal Code: 37243-1102

\* Project/ Performance Site Congressional District: TN-005

### Project/Performance Site Location 1

☐ I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

\* Street1:

Street2:

\* City:

County:

\* State:

Province:

\* Country: USA: UNITED STATES

\* ZIP / Postal Code:

\* Project/ Performance Site Congressional District:

### Additional Location(s)

Add Attachment

Delete Attachment

View Attachment

## **B. Required Letters of Support**

- a. Governor
- b. State Medicaid agency
- c. State Department of Insurance

(Begins on next page.)



**BILL HASLAM**  
GOVERNOR  
STATE OF TENNESSEE

September 23, 2011

Steve Larsen  
Director, Office of Consumer Information and Insurance Oversight  
Office of the Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Mr. Larsen:

I write this letter in support of the State of Tennessee's proposal for the level I Establishment Grants for the Affordable Care Act's Exchanges pursuant to Funding Opportunity Number IE-HBE-11-004. The activities in this proposal will provide us with the thoughtful policy analysis required for us to make informed decisions in the future with respect to the insurance exchange in Tennessee. This analytic work and related planning efforts are invaluable, particularly given the compressed decision timeframe and the volume and importance of the key decisions regarding program integration, regulatory changes, etc.

As indicated in our proposal, I have designated the Division of Health Care Finance & Administration, which is part of Tennessee's Department of Finance & Administration, to serve as the lead agency in this planning process. This division will be responsible for carrying out activities the described in the State's application, if approved and funded. Darin Gordon and Brian Haile within the division will closely coordinate the analyses and other grant activities with relevant agency stakeholders, including the Commissioner of Finance & Administration, the Commissioner of Commerce and Insurance, and the Commissioner of Human Services.

I strongly believe that this grant proposal will enable us in Tennessee to assess our options with regard to the health insurance exchanges. For this reason, I endorse and support the activities as described in the enclosed proposal and its attachments. We already comply with the terms of the Cooperative Agreement, and we will continue to do so under this Level I establishment grant.

Sincerely,

A handwritten signature in blue ink that reads "Bill Haslam".

Bill Haslam



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION  
BUREAU OF TENNCARE  
310 Great Circle Road  
NASHVILLE, TENNESSEE 37243**

September 23, 2011

Steve Larsen  
Director, Office of Consumer Information and Insurance Oversight  
Office of the Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Mr. Larsen:

I am pleased to write this letter of support for the State of Tennessee's proposal for the level I Establishment Grants for the Affordable Care Act's Exchanges pursuant to Funding Opportunity Number IE-HBE-11-004. I strongly believe that this grant proposal will enable Tennessee to assess its options with regard to the health insurance exchanges.

As is outlined in this proposal, my division is the lead state agency with respect to exchange planning. To ensure a coordinated planning and policy development process, I will continue to work closely with Brian Haile on my staff, Commissioner McPeak of the Department of Commerce & Insurance, and other members of the Governor's Cabinet and their respective agencies. We also look forward to continued engagement on these issues with our federal counterparts.

Sincerely,

Darin J. Gordon  
TennCare Director and  
Director of the Division of Health Care Finance & Administration



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
500 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243-5065  
615-741-6007

BILL HASLAM  
GOVERNOR

JULIE MIX McPEAK  
COMMISSIONER

September 26, 2011

Steve Larsen  
Director, Office of Consumer Information and Insurance Oversight  
Office of the Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Mr. Larsen:

I write this letter in support of the State of Tennessee's proposal for the level I Establishment Grants for the Affordable Care Act's Exchanges pursuant to Funding Opportunity Number IE-HBE-11-004. The activities in this proposal will provide us with the thoughtful policy analysis required for us to make informed decisions with respect to the insurance exchange in Tennessee. This analytic work and related planning efforts are invaluable, particularly given the compressed decision timeframe and the volume and importance of the key decisions regarding program integration, regulatory changes, etc.

I strongly believe that this grant proposal will enable Tennessee to assess its options with regard to the health insurance exchanges. To that end, my staff and I are committed partners in this ongoing planning effort with Darin Gordon and Brian Haile in the Division of Health Care Finance & Administration.

Sincerely,

Julie Mix McPeak

Commissioner,

Department of Commerce & Insurance

## **C. Applicant's Cover Letter**

(Begins on next page.)



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE & ADMINISTRATION  
DIVISION OF HEALTH CARE FINANCE & ADMINISTRATION  
310 Great Circle Rd.  
Nashville, Tennessee 37243

Mark Emkes  
COMMISSIONER

Darin Gordon  
DEPUTY COMMISSIONER

September 30, 2011

Steve Larsen  
Director, Office of Consumer Information and Insurance Oversight  
Office of the Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201  
Re: Tennessee Level 1 Establishment Grant Application

Dear Mr. Larsen:

Enclosed please find the State of Tennessee's Level 1 Establishment Grant Application. I am submitting this application as specified in the terms of the "Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges." The grant application is for a total of \$1,560,220 over the course of one year so that Tennessee can continue developing the necessary administrative and policy work associated with evaluating its options for a state-operated health insurance exchange.

If you have any questions, please contact me at (615) 253-8555 or at [brian.haile@tn.gov](mailto:brian.haile@tn.gov). Alternatively, you may contact Brooks Daverman at (615) 532-3163 or at [brooks.daverman@tn.gov](mailto:brooks.daverman@tn.gov).

Sincerely,

A handwritten signature in cursive script that reads "Brian Haile".

Brian Haile, Director  
Insurance Exchange Planning Initiative  
Division of Health Care Finance and Administration

## D. Project Abstract

<b>Application title</b>	TN Level 1 Establishment Grant 9/30/11
<b>Applicant Organization</b>	State of Tennessee: Division of Health Care Finance and Administration
<b>DUNS #</b>	088283015
<b>Program Applying Under</b>	Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges (IE-HBE-11-004)
<b>Project Director:</b>	Brian Haile, Director, Insurance Exchange Planning Initiative 312 Rosa L. Parks Avenue, Suite 2600 William R. Snodgrass Tennessee Tower Nashville, Tennessee 37243-1102 Phone (615) 253-8555; FAX (615) 253-855; <a href="mailto:brian.haile@tn.gov">brian.haile@tn.gov</a>
<b>Organizational Website</b>	<a href="http://www.tn.gov/nationalhealthreform/exchange.html">http://www.tn.gov/nationalhealthreform/exchange.html</a>
<b>Category of Funding</b>	Level One
<b>Projected date for project completion</b>	November 14, 2012
<b>Congressional districts served</b>	TN-1, TN-2, TN-3, TN-4, TN-5, TN-6, TN-7, TN-8, TN-9

The Tennessee Division of Health Care Finance and Administration submits this Level 1 Establishment Grant Application for the time period November 15, 2011 to November 14, 2012.

**Planning Grant Background:** In 2010, Tennessee applied for and received a state planning grant under the Patient Protection & Affordable Care Act (PPACA). During the 2010-2011 planning grant phase, Tennessee conducted background research on the uninsured and direct purchasers of insurance, held numerous stakeholder meetings throughout Tennessee, created two technical advisory groups to provide state officials with information and advice on options available, engaged vendors for actuarial consulting and for policy and operational consulting services, and participated in several discussions with Health and Human Services (HHS) representatives regarding concerns associated with the PPACA. Tennessee has not yet decided whether it will establish an insurance exchange. However, Tennessee is pursuing necessary planning activities to ensure that Tennessee is able to establish the exchange, if it so chooses.

**Level 1 Establishment Grant Needs:** Tennessee is requesting additional funding from HHS to continue its planning efforts. The funding requested in this application will help Tennessee continue planning and researching the core exchange planning areas identified by HHS. This funding will primarily be used to procure technical expertise from consulting and information technology firms to develop business requirements for exchange business and operational functions. The funding will also provide continued grant-funded support for 2.5 full-time equivalent staff plus expenses related to necessary travel and administrative costs. Tennessee continues to work with state officials and stakeholders to determine and implement the best policy choices for Tennesseans.

This application is the first of two potential applications for Level 1 Establishment grant funds for Tennessee. Tennessee may apply for a second Level 1 Establishment grant in December 2011.



## E. Project Narrative

Tennessee is evaluating the options available under PPACA in order to ensure the following goals are met:

- 1. Maintain conservative fiscal management of Tennessee's resources.**
  - a. Ensure that expenditures for developing an insurance exchange do not exceed federal grant funding;
  - b. Ensure that no state appropriations are required for ongoing support of an insurance exchange;
  - c. Maintain control of major cost drivers such as TennCare and CoverKids; and
  - d. Minimize Tennessee's exposure to unfunded federal mandates that could grow over time.
- 2. Encourage long-term economic growth, a business-friendly environment, and Tennessee's global competitiveness.**
  - a. Minimize employer's health care costs;
  - b. Minimize the federal tax burden on Tennessee employers and employees; and
  - c. Minimize complexity and red tape.
- 3. Maintain traditional state control of insurance regulation, and maximize the stability and competitiveness of Tennessee's health care and insurance industry.**
  - a. Maintain Tennessee Department of Commerce & Insurance regulation of medical insurance in accordance with Tennessee Code Annotated (TCA) Chapter 56;
  - b. Minimize federal disruption of Tennessee's health insurance industry so that insurance agents, health care providers, and insurance companies continue to provide valuable services in our state; and
  - c. Ensure sustainability of exchange-based insurance options over a minimum period of five years.
- 4. Encourage healthy choices, personal responsibility, and accountability for a healthy lifestyle.**
  - a. Encourage Tennesseans to take charge of their own health.
  - b. Promote health care consumerism.
- 5. Ensure that rural, suburban, and urban residents of Tennessee have access to a meaningful choice of high-quality health insurance options at the lowest possible price.**
  - a. Maximize affordability of health insurance for consumers whether or not they qualify for public programs or tax credits; and
  - b. Ensure consumers have tools to allow them to make an informed choice within a reasonable amount of time.

### a) Demonstration of Past Progress in Exchange Planning Areas

In 2010, the state of Tennessee submitted a state planning grant pursuant to the provisions of the PPACA, Funding Opportunity Number IE-HBE-10-001. Since that time, a substantial amount of research, planning, and stakeholder consultation has occurred as described below:

## **Background Research**

Background research has been conducted, and continues to be refined, to ensure that the most accurate estimates possible for the potential exchange population and its demographics are available to the exchange and state policymakers. Activities and accomplishments include:

**Uninsured:** Tennessee has researched the demographics of its uninsured and direct purchasers of insurance using data published from several sources. Unfortunately there is no ideal source of information about coverage status. Since insurance status is not reported to any single agency, population surveys are the best source of data on the uninsured. We consulted two surveys, both administered by the U.S. Census Bureau, for the data on the landscape of health insurance and health coverage in Tennessee.

- **Current Population Survey (CPS):** The CPS is a monthly survey that the Census Bureau conducts for the Bureau of Labor Statistics to provide data on labor force participation and unemployment. CPS collects data on health insurance coverage through the Annual Social and Economic Supplement (ASEC), which was initially added to the CPS in March of each year and was expanded to February through April beginning in 2001. Based on the March 2009 and 2010 CPS, the Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimate that approximately 947,200 individuals, or 15%, of Tennessee's population is uninsured.
- **American Communities Survey (ACS):** The American Communities Survey (ACS), also sponsored by the Census Bureau, estimates the number of Tennesseans who are uninsured at 618,445, or 9.9%, of the 2010 population. This is lower than the ACS 2009 estimate, though the difference is not statistically significant. The uninsured rate for children is 3.9%, a slight increase from the 2009 rate of 3.7%. The rate for adults also slightly increased to 12% percent from the 2009 rate of 11.9%. The slight decrease in the total uninsured rate, despite slight increases in both the adult and children's rates, is attributable to the change in weighting scheme and the increased number of children in the sample.

Neither of these surveys generates a perfect picture of the number of uninsured in Tennessee. Surveys produce different estimates because they have different sampling methodologies, survey questions, data collection, and editing procedures.<sup>1</sup>

**Employer Sponsored Insurance:** Tennessee has also researched the number and characteristics of Tennessee's small businesses using Medical Expenditure Panel Survey-Insurance Component Data. MEPS-IC 2009 provides data on Tennessee's employer sponsored insurance market by group size (see Table 1 below).

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<sup>1</sup> Kaiser Commission on Medicaid and the Uninsured, "Who are the Uninsured? A Consistent Profile Across National Surveys." August 2006.

**TABLE 1. NUMBER OF EMPLOYEES OFFERED HEALTH INSURANCE BY SMALL GROUP EMPLOYER SIZE**

Small Group Employer Size	Number of Employees Offered Health Insurance
2-50 employees	505,106
51-100 employees	97,353

**Other research activities:** Tennessee has reviewed several national studies and reports related to the effects of national health reform on employer behavior. These studies highlight the uncertainty around employer behavior in 2014 and beyond, which undermines precise estimates of the current potential market for an insurance exchange due to the potential for major changes to the market:

- The Lewin Group, *"Patient Protection and Affordable Care Act (PPACA): Long Term Costs for Governments, Employers, Families and Providers,"* June 8, 2010.
- Mercer, *"Few employers planning to drop health plans after reform is in place, survey finds,"* November 9, 2010.
- McKinsey & Company, *"How U.S. health care reform will affect employee benefits,"* June 2011.
- RAND, *"Establishing State Health Insurance Exchanges: Implications for Health Insurance Enrollment, Spending, and Small Businesses,"* 2010.
- The Urban Institute, *"The Effects of Health Reform on Small Businesses and Their Workers,"* June 2011.
- Booz & Co. *"The Future of Health Insurance: Demise of Employer-Sponsored Coverage Greatly Exaggerated,"* 2011.

**Actuarial Assistance:** Tennessee engaged an actuarial services consultant and initiated work on background research and projections regarding the market for an insurance exchange in Tennessee. The consultant will make evidence-based recommendations as to whether and how Tennessee should combine the individual and small group health insurance markets on or before January 1, 2014, and provide such services as strategic planning, budget projections, organizational consulting, analysis of benefits designs, contract and market analyses, and development of procurement documents.

**Implementation Timeline:** Tennessee has engaged a consultant to assist in the development of a detailed implementation timeline. This timeline will help determine the necessary steps for the grant period, including areas that require longer timeframes as well as discreet and time-limited tasks. Through this process, Tennessee will identify implementation activities related to the systems and program capacity in core areas.

### **Stakeholder Consultation**

Tennessee has conducted its insurance exchange planning and research activities in an open and transparent manner, with input from a broad range of stakeholders. Our commitment to transparency and input from stakeholders is ongoing. We have consulted with stakeholders through the following activities to date:

- **Monthly Stakeholder Updates:** Tennessee maintains a stakeholder distribution list with over 450 email addresses. These stakeholders receive monthly communications on all aspects of work regarding the policy development of an insurance exchange.

- **Technical Advisory Groups:** There are currently two technical advisory groups (TAGs). The Agent/Broker TAG has 20 members and has met six times. The Actuary/Underwriter TAG has eleven members and has met five times. All documents and communications regarding these meetings are posted on Tennessee's website.
- **Stakeholder Meetings:** Tennessee has held over 35 stakeholder presentations throughout the state and has actively solicited stakeholder opinions on insurance exchanges and policy options available to Tennessee (See Table 2 for a list of exchange planning Stakeholder Meetings). In the course of stakeholder meetings, presentations and ongoing dialogue, Tennessee state officials received questions and concerns from organizations and individuals that have been communicated to federal officials for response. These questions (and any applicable responses) are posted on Tennessee's health reform website at <http://www.tn.gov/nationalhealthreform/exchange.html>.

**TABLE 2. EXCHANGE PLANNING STAKEHOLDER MEETINGS**

Stakeholder Meetings	Meeting Location	Date
General stakeholder audience	Nashville	10/22/10
Tennessee Association of Health Underwriters	Nashville	11/04/10
Middle Tennessee Employee Benefit Council	Nashville	11/16/10
Tennessee Association of Health Underwriters	Jackson	11/18/10
Roundtable meeting with providers and advocates	Nashville	12/08/10
Tennessee Association of Mental Health Organizations	Nashville	12/10/10
NFIB and Kingsport Chamber of Commerce	Kingsport	01/06/11
NFIB and Knoxville Chamber of Commerce	Knoxville	01/07/11
NFIB and Memphis Area Action Council	Memphis	01/19/11
Association of Government Accountants	Nashville	01/19/11
Tennessee Association of Health Underwriters	Chattanooga	01/26/11
Mid-South Health Underwriters Association	Memphis	02/08/11
National Association of Insurance and Financial Advisors	Clarksville	02/10/11
Nashville Society of Financial Service Professionals	Nashville	02/10/11
Knoxville Association of Health Underwriters	Knoxville	02/17/11
National Federation of Independent Businesses	Bristol	02/18/11
Health Assist Tennessee	Nashville	02/23/11
National Association of Insurance and Financial Providers (Day on the Hill)	Nashville	03/01/11
Roundtable meeting with providers and advocates	Nashville	03/04/11
Tennessee Association of Health Underwriters	Nashville	03/24/11
Tennessee Academy of Physician Assistants	Nashville	04/01/11
Nashville Bar Association	Nashville	04/12/11
Tennessee Medical Association	Nashville	04/16/11
Health Care 21	Knoxville	05/03/11
Leadership Health Care	Nashville	05/19/11
Tennessee Healthcare Financial Management Association	Nashville	05/24/11
Approximately 50 human resource managers of various employers in Tennessee	Nashville	05/25/11

Stakeholder Meetings	Meeting Location	Date
Roundtable meeting with providers and advocates	Nashville	06/06/11
Tennessee Health Care Campaign	Nashville	06/11/11
Tennessee Primary Care Association	Brentwood	06/22/11
Tennessee Hospital Association Insurance Task Force	Nashville	07/05/11
Tennessee Bar Association	Nashville	8/11/11
Tennessee Neuro-Spine Committee	Nashville	8/13/11
Children's Hospital Alliance of Tennessee	Statewide Webinar	9/2/11
Tennessee Hospital Association	Statewide Webinar	9/6/11
Health Choice Board	Memphis	9/15/11
Roundtable meeting of insurance carriers	Nashville	9/27/11
Roundtable meeting of providers and advocates	Nashville	9/28/11

- **Individual Stakeholder Meetings:** Planning initiative staff have also met individually with many employers, healthcare providers, insurance carriers, insurance agents, advocates and community groups, and others.

### *State Legislative/Regulatory Actions*

**Exchange Establishment:** Tennessee has not enacted or introduced a legislative proposal to create a state-run exchange because of a lack of sufficient federal rules, regulations and other guidance regarding the creation of the exchange, as well as the absence of a federal model for purposes of comparison. Tennessee state officials have reviewed the model legislation drafted by the National Association of Insurance Commissioners, the National Academy of Social Insurance, and other states that have taken steps to enact legislation creating a state-operated health insurance exchange. Tennessee has reviewed all notices of proposed rulemaking (NPRM) released to date regarding the insurance exchange and we have provided or will provide comments on each NPRM.

**Legislative Hearings:** The Tennessee General Assembly, the state's legislative body, has held hearings relating to the PPACA. The Senate Commerce Committee held a hearing on the PPACA on February 15, 2011 where Senators heard from a panel of Tennessee experts: Courtney Pearre, Vice President of Government Relations for Amerigroup; Clay Phillips, Director of Public Affairs for Blue Cross Blue Shield Tennessee; Dr. B.W. Ruffner, Past President of the Tennessee Medical Association; and Michael Moore, on behalf of the Tennessee Chamber of Commerce. The Senate Finance, Ways & Means Committee and the House Finance, Ways & Means Committee each held hearings on March 1, 2011 to accept Planning and Establishment Grants for the PPACA.

### *Governance*

Tennessee officials have been briefed on the various exchange governance options, with the advantages and disadvantages of each option. No policy decisions have been made on any particular governance structure to date. Under its Planning Grant, Tennessee is developing a policy paper evaluating alternatives to a federally-operated insurance exchange in Tennessee. This paper will discuss the technical aspects of operating an exchange, such as the need for developing rating areas and market rules.

### *Program Integration*

Tennessee has integrated certain health care administration and policymaking functions, which has increased collaboration across these functions. Tennessee created the Division of Health Care Finance and Administration (HCFA) and located TennCare, CoverKids, the Insurance Exchange Planning Initiative,

the Office of e-Health Initiatives, and Health Planning within the division. In addition, HCFA has met and will continue to collaborate with its counterparts in the Tennessee Department of Commerce and Insurance (TDCI) and the Tennessee Department of Human Services (DHS).

### *Exchange IT Systems*

The PPACA requires an integrated approach for determining eligibility for exchange premium assistance and cost sharing, Medicaid, and CHIP that screens and refers individuals to the appropriate program, communicates health plan choices and benefits to applicants, and enrolls individuals in health plans. We have reviewed the federal guidance published to date. We have also released comments on some federal rules, and intend to comment on all federal rules within their comment periods. The guidance we have reviewed includes, but is not limited to:

<b>Federal Regulatory Document</b>	<b>Date Published</b>
<b>Guidance:</b>	
Exchange and Medicaid Information Technology (IT) Systems. Version 1.0. Available at: <a href="http://cciio.cms.gov/resources/files/joint_cms_ocio_guidance.pdf">http://cciio.cms.gov/resources/files/joint_cms_ocio_guidance.pdf</a>	November 3, 2010
Initial Guidance to States on Exchanges. Available at: <a href="http://cciio.cms.gov/resources/files/guidance_to_states_on_exchanges.html">http://cciio.cms.gov/resources/files/guidance_to_states_on_exchanges.html</a>	November 18, 2010
Guidance for Exchanges and Medicaid Information Technology (IT) Systems. Version 2.0. Available at: <a href="http://cciio.cms.gov/resources/files/exchange_medicaid_it_guidance_05312011.pdf">http://cciio.cms.gov/resources/files/exchange_medicaid_it_guidance_05312011.pdf</a>	May 31, 2011
<b>Interim Final Rule:</b>	
Health Care Reform Insurance Web portal Requirements; 45 CFR Part 159. Available at: <a href="http://cciio.cms.gov/resources/files/webportal.html">http://cciio.cms.gov/resources/files/webportal.html</a>	May 10, 2010
<b>Proposed Regulations:</b>	
Establishment of Exchanges and Qualified Health Plans (CMS-9989-P); 45 CFR parts 155 and 156. Available at: <a href="http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17610.pdf">http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17610.pdf</a>  Tennessee comments on this rule are available at <a href="http://www.tn.gov/nationalhealthreform/forms/cmtsonexchangeregs.pdf">http://www.tn.gov/nationalhealthreform/forms/cmtsonexchangeregs.pdf</a>	July 15, 2011
Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment (CMS-9975-P); 45 CFR Part 153. Available at: <a href="http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17609.pdf">http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17609.pdf</a>  Tennessee comments on this rule are available at <a href="http://www.tn.gov/nationalhealthreform/forms/cmtson3Rregs.pdf">http://www.tn.gov/nationalhealthreform/forms/cmtson3Rregs.pdf</a>	July 15, 2011
Exchange Functions in the Individual Market: Eligibility Determinations; Exchange Standards for Employers (CMS-9974-P); 45 CFR Parts 155 and 157. Available at: <a href="http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20776.pdf">http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20776.pdf</a>	August 17, 2011

<b>Federal Regulatory Document</b>	<b>Date Published</b>
Health Insurance Premium Tax Credits (REG-131491-10); 26 CFR Part 1. Available at: <a href="http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20728.pdf">http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20728.pdf</a>	August 17, 2011
Medicaid Program; Eligibility Changes Under the Affordable Care Act of 2010 (CMS-2349-P); 42 CFR Parts 431,433,435, and 457. Available at: <a href="http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20756.pdf">http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20756.pdf</a>	August 17, 2011
Summary of Benefits and Coverage and the Uniform Glossary (CMS-9982-P); 26 CFR Parts 54 and 602. Available at: <a href="http://www.gpo.gov/fdsys/pkg/FR-2011-08-22/pdf/2011-21193.pdf">http://www.gpo.gov/fdsys/pkg/FR-2011-08-22/pdf/2011-21193.pdf</a>	August 22, 2011

Tennessee engaged a consultant to conduct an IT gap analysis. The gap analysis compares Tennessee's available systems to what will be required for an insurance exchange in Tennessee, based on discussions with Tennessee state agencies, federal guidance, documents from other states, and other examples and experience. The consultant is reviewing Tennessee's current PPACA relevant systems, including:

- Tennessee Department of Human Services' Automated Client Certification and Eligibility Network for Tennessee (ACCENT) system, which handles TennCare eligibility, management information control systems, financial information control systems, support services, and case management;
- Tennessee Department of Human Services' Vision Integration Platform (VIP) system, which is in development to replace the ACCENT system, and
- TennCare Management Information System (TCMIS), which handles TennCare enrollment and plan assignment processes in addition to other Medicaid Management Information System functions.

The consultant is analyzing and evaluating options for addressing system gaps according to criteria of financial implications, ability to achieve state goals, and risk assessment and is expected to complete its analysis by the end of October 2011. A summary of the IT gap analysis conducted to date, which reflects an analysis of the existing IT system capabilities, is included in Section C below. Tennessee has also reviewed several state insurance exchange IT gap analyses, including those from Arizona, New York, and Wisconsin.

### ***Financial Management***

HCFA staff serve as the grant managers for the initial Planning Grant funds as well as the various procurements issued under this grant. Staff will be responsible for managing federal grant funds and any other revenue sources.

Tennessee has used Planning Grant funds consistent with state and federal law. Tennessee has developed and submitted its Planning Grant Quarterly Reports and other required information on time and in compliance with federal requirements (these documents are available online at <http://www.tn.gov/nationalhealthreform/exchange.html>), and has participated in all monitoring calls with HHS officials.

Tennessee has reviewed the policies and procedures for its public sector employee plans, CoverKids and TennCare programs to determine their applicability to the Insurance Exchange Planning Initiative.



Consistent with publicly-funded programs, Tennessee will comply with all internal and external audits. A baseline will be established of existing accounting and auditing standards for current state programs to identify consistency, redundancy and fundamental compliance with federal and state standards.

### *Health Insurance Market Reforms*

Tennessee has reviewed the PPACA insurance market reform requirements and is responding as appropriate. Highlights of activities include the following:

**Rate Review:** The Tennessee General Assembly passed, and the Governor enacted S 1539/HB 2005 (effective June 3, 2011) to establish rate review for health coverage and health insuring entities in Tennessee. This newly-enacted law removes the exception for experience-rated group insurance to the general requirement that the premium rates and classifications of risks pertaining to certain insurance be filed with and approved by the Commissioner of Commerce and Insurance. The new law also adds a similar filing requirement to all insurance policies issued by a hospital and medical service corporation.

Subsequently, TDCI's Division of Insurance (DOI) released emergency and proposed rules to implement the PPACA's rate review provisions for non-grandfathered health insurance coverage issued to any individual or small employer. Key elements of the rules include:

- Requires insurers to submit to the DOI and HHS a "preliminary justification" for rate increases of 10 percent or more, or above the state-specific threshold to be defined by HHS in 2012;
- Requires the preliminary justification to be prepared in accordance with the standards set forth in the federal final rule on rate increase disclosure and review;
- Requires any rate filing, including those below the threshold for additional review, to include the following attachments, among others:
  1. An actuarial memorandum that describes the basis on which rates were determined and indicates and describes the anticipated Medical Loss Ratio (MLR) of the present value of the expected benefits to the present value of the expected premiums over the entire period for which rates are computed to provide coverage;
  2. A certification by a qualified actuary that to the best of the actuary's knowledge and judgment the rate filing is in compliance with the applicable laws and regulations of Tennessee and that the benefits are reasonable in relation to premiums; and
  3. Identification of the marketing method to be used;
- Establishes that new forms and filings of new premium rates on a previously approved policy, endorsement rider, or certificate benefits will be presumed to be reasonable in relation to premiums, provided that the anticipated MLR is at least 80 percent in the individual and small group markets for all health insurance. The MLR must be calculated in accordance with the federal MLR interim final rule.

The emergency rules are effective through February 15, 2012. A hearing on the proposed rule is scheduled for January 11, 2012.

**Plan External Review:** The Tennessee General Assembly passed, and the Governor enacted SB 1538/HB 2004 (effective May 25, 2011), which is consistent with the PPACA requirement [Sec. 1001 of the Act/Sec. 2719 of PHSA] that requires health plans to comply with applicable state external review laws.



### ***Providing Assistance to Individuals & Small Businesses – Coverage Appeals and Complaints***

TDCI's Consumer Insurance Services (CIS) Section of the Insurance Division educates consumers about health coverage rights and serves as the primary state agency to investigate and mediate insurance claims and other insurance related disputes as a third-party mediator. TDCI provides toll-free telephone lines, web-based access and written correspondence to assist residents with issues regarding their health coverage.

TDCI submitted a revised Consumer Assistance Grant in July 2011. The Consumer Assistance Grant will expand the consumer services currently provided by TDCI:

- Department staff will be provided with equipment upgrades, computer hardware and software upgrades to improve customer service, improve quality monitoring, and enhance tracking and reporting of both inbound and outbound calls used to analyze relevant trends.
- The TDCI will be undertaking a public awareness campaign that includes commercial and poster development. Television and billboard/bus bench spots will be purchased in several state media markets, covering approximately 97% of the state.
- The services of a linguistics support vendor will be engaged to enable CIS to provide telephonic support in multiple languages and to assist with translation of written materials and development of protocols for non-English speaking consumers.
- TDCI staff will be trained on appeal processes so that consumers can be properly informed of their rights and deadlines associated with filing and responding to complaints and appeals.
- TDCI staff will also be trained on providing eligibility and enrollment assistance. Staff will be trained on income verification processes to assist consumers with eligibility for subsidized insurance programs and will make appropriate referrals to address issues.

### ***Business Operations***

Tennessee continues to research, analyze and review the necessary changes for implementation of a state insurance exchange, including the necessary business operations and functions. Tennessee has selected the following vendors in response to RFP # 31701 – 04101 for policy and operational consulting services: Public Consulting Group, Health Management Associates, and Dell. These consultants are assisting Tennessee in planning for the business operations of an insurance exchange in Tennessee, including developing a detailed implementation timeline.

Tennessee has discussed many specific areas of business operations with stakeholders, especially in meetings with our Agent & Broker TAG and Actuary & Underwriter TAG. Specifically, we have discussed the role of insurance agents, eligibility determinations and premium tax credits, enrolment process, the role of call centers, open enrolment, small group exchange-specific functions, and the navigator program. All materials from the TAG meetings are available at <http://www.tn.gov/nationalhealthreform/exchange.html>. In addition, as part of its Planning Grant, Tennessee is developing a policy paper evaluating alternatives to a federally-operated insurance exchange in Tennessee, which addresses operational challenges associated with creation of a Tennessee exchange, should Tennessee decide to proceed in this direction. This policy paper will be disseminated for public comment and will inform business operations design, if needed.

### ***b) Proposal to Meet Program Requirements***

Tennessee anticipates that the Level 1 Establishment Grant funding requested in this application will support moving to the next level of planning and development for a state-operated exchange. During the Level 1 Grant period, Tennessee will continue to focus its efforts on the business requirements

related to necessary information technology development and several procurements relating to the development of call center, a communications and outreach plan, and the financial management of premiums and payment to qualified health plans (QHPs). Therefore, Tennessee will be spending the bulk of its grant funding on design and development activities and associated consulting resources.

### *Planning*

**Background Research:** Tennessee will continue to evaluate background research and analyses to inform its development of state-operated exchange options. Tennessee anticipates forthcoming analytic output funded by Tennessee's Planning Grant, which include the following deliverables:

- Baseline insurance market summary
- Actuarial analysis of options/recommendations
- Exchange policy options analysis
- Risk points
- Projected exchange Enrollment
- Exchange plan benefit design (if needed)

**Stakeholder Consultation:** Tennessee is committed to transparency and accountability. The Level 1 Grant will continue to provide staff and elected officials an opportunity to communicate and listen to stakeholder input. Through regular meetings, technical advisory groups and supported group meetings, Tennessee officials will continue to engage with plans, providers, consumers, businesses (both small and large) and the agents and brokers. These communities have been actively engaged through Tennessee's Planning Grant period, and the Level 1 Establishment Grant funding will help continue this effort. During the Level 1 Establishment Grant period, Tennessee plans on implementing the following activities for stakeholder engagement:

- Under its Planning Grant, Tennessee is developing a policy paper evaluating alternatives to a federally-operated insurance exchange in Tennessee. This paper will be distributed in Mid-October and stakeholder comment will be solicited in October and November.
- Continued updates via Tennessee's exchange website and email distribution list. This email distribution currently contains over 450 individuals and organizations across the state.
- Regular one-on-one meetings with individual and organizational leaders across Tennessee.
- Webinars, conference calls or regional meetings to solicit input from a wide and diverse group of stakeholders, including those in the rural portions of Tennessee.

Tennessee has no federally-recognized tribes within its state borders, thus the requirements for tribe consultation are not applicable.

**Legislative & Regulatory Action:** Level 1 Grant funding will provide ongoing support for state staff and consultants to conduct timely review of federal regulations and guidance that may affect Tennessee exchange programs or options. In addition, Tennessee staff will review any proposals from the Tennessee General Assembly or Congress regarding changes or amendments to the PPACA. Staff will provide information and technical assistance to state policymakers as requested. Staff and consultants will also monitor any legislative or regulatory changes in Tennessee's Medicaid or CHIP programs that may impact a state-operated exchange.

**Governance:** If Tennessee decides to pursue a state-operated exchange, Tennessee will use Planning Grant funding to support the development and design of critical governance, business, and operational functions of a state-operated exchange.

### *Eligibility, Enrollment & Program Integration*

**Eligibility and Enrollment:** As is true with every state, no eligibility system currently has the capacity to support premium tax credits, Modified Adjusted Gross Income processing and other PPACA-specific functionality. Tennessee plans to use Level 1 Grant funds to procure consultant technical assistance in developing a preliminary business requirements document and IT architectural framework for an eligibility engine consistent with the proposed federal rule “Establishment of Exchanges and Qualified Health Plans” and other federal guidance to date. This process will ensure that a state-operated exchange is capable of using a single streamlined application to determine eligibility and collect the information necessary for enrollment into a health plan, advance payments of tax credits, cost-sharing reductions and determination and enrollment into TennCare or CoverKids, if appropriate. If Tennessee decides to establish a state-based exchange, Tennessee plans on drafting and releasing an eligibility engine RFP in order to initiate work on this process within the second half of 2012.

**Program Integration:** Tennessee has a strong collaborative relationship between its affected state departments, including Finance and Administration, TDCI, and the Tennessee DHS. The Level 1 Grant funding will continue to support staff in its regular communication and coordination efforts across involved state agencies.

The business and operational planning process and IT systems design and implementation will be developed in close consultation and coordination with existing state programs, including TennCare and CoverKids. During the Level 1 Grant period, Tennessee will document business processes for current state programs, develop a baseline assessment of existing state coverage programs and through the business and operational planning, identify and address the implications of the existing programs for IT system design.

TDCI has a clearly established legal and regulatory responsibility for the issuance and operational aspects of all insurance in the state, including health insurance. HCFA has no role in regulating health plan activities in the state. This clear authority rests with the Commissioner and regular communication occurs between the two Divisions.

HCFA houses the Insurance Exchange Planning Initiative and its current staff report directly to the Deputy Commissioner, who is also the state’s Medicaid Director. Therefore, no additional written agreements or coordination is necessary.

Depending on the outcome of the state’s IT design, staff will develop a cost allocation between the Level 1 Establishment Grant, Medicaid Federal Financial Participation and other funding streams, as appropriate.

### *Plan Management*

**Qualified Health Plans (QHPs):** As noted earlier, TDCI has primary authority and responsibility for the issuance and oversight of health insurers in the state. TDCI has researched how the state and federal standards for health insurance issuers will be impacted by the PPACA, and has engaged with stakeholders, technical advisory groups and others regarding the impacts of the federal law on the state’s current rating and regulatory structure. Tennessee is seeking funding to support the continued

analysis of state laws and regulatory changes, as well as the development of policies and procedures relating to the procurement of QHPs. In addition, funding will support the development of QHP RFPs for the individual and SHOP exchanges.

**Quality and Enrollee Satisfaction:** As noted in the recently released proposed rule, the basic functions of a state-operated exchange must include quality improvement strategies and oversight of enrollee satisfaction surveys, assessment and ratings of health care quality and outcomes, information disclosures and data reporting. Integrating these activities would be consistent with Tennessee's goal of ensuring meaningful choice of high-quality health insurance options. Once these quality strategies are released in greater detail, Tennessee will review and analyze the necessary activities to implement these requirements.

### *Financial Management*

**Exchange Financial Control Systems:** Level 1 Grant funding will provide resources to establish the internal financial and accounting systems as well as the internal policies and procedures to manage the day-to-day operations and expenditures. Funding will also specifically be used for developing business requirements for financial management services and for developing an RFP for financial control systems to support employer direct contribution payments for employees and other exchange banking activities. In addition, Tennessee intends to comply with all applicable state and federal financial and grant reporting requirements.

**Exchange Financial Sustainability:** Level 1 Grant funding will provide resources to research and recommend the best option for a financial model for a self-sustaining exchange in Tennessee. The key components involved in analysis include project planning, identifying specifications, designing and building the model, testing the financial model and providing documentation. The model will include projected operating costs and identifying revenue to offset those costs, including representing cash flow and suggesting appropriate reserves to ensure the exchange is self-sustaining beginning in January 2015. In addition to categorizing and estimating operating costs and providing projections based on a range of scenarios, potential revenue sources also analyzed will include an evaluation of studies of the effect of various options on the operating financial model itself and on the broader marketplace.

The benefit of these studies and calculations for Tennessee is to test the viability and sustainability of the exchange under various scenarios. We will carefully scrutinize approaches that create differences between the market inside the exchange and outside to ensure that they do not inappropriately distort the market. Additionally, we will analyze operational elements that equally influence cost assessment, using analyses developed as part of the Planning Grant, including covering a range of potential enrollment and premium-level scenarios.

**Premium Stabilization - Reinsurance, Risk Corridors, and Risk Adjustment:** Tennessee has reviewed the July 11, 2011 HHS proposed rule "Exchanges and Standards Related to Reinsurance, Risk Corridors and Risk Adjustment." This rule requires states to establish a transitional reinsurance program in the small group and individual health insurance markets for the first three years of exchange operation (2014-2016) and allows states to offer a risk adjustment program or opt for HHS to implement one. Tennessee's comments on this rule are available at <http://www.tn.gov/nationalhealthreform/forms/cmtson3Rregs.pdf>. The Level 1 Grant will provide support for Tennessee's research and recommendation of the best options for implementing risk adjustment and reinsurance programs for Tennesseans, as well as for the development of an RFP to support a Tennessee reinsurance program.

**Premium Billing & Administration of Tax Credits:** Tennessee has reviewed the July 11, 2011 HHS proposed rule on “Establishment of Exchanges and Qualified Health Plans” including its guidance around exchange obligations for premium billing. Tennessee has also reviewed the August 17, 2011 IRS proposed rules on “Implementation of the Premium Tax Credit.” Tennessee intends to comment on during the comment period of each proposed rule. If this new guidance becomes final, Tennessee will assess its options for performing required premium billing functionality, including whether the exchange bills and collects premiums directly for both individuals and employers. Operationally, the exchange is going to be involved in the purchasing transaction irrespective of whether it actually bills and collects premiums for individuals, and it will have to have systems in place to ensure comprehensive tracking, communicating and reporting on premium levels, including subsidy levels for eligible individuals.

Tennessee will use the Level I Grant funds to explore options for premium billing and for administering tax credits, through development of business requirements and appropriate RFPs for vendors to perform such functions.

### *Customer Service & Communication*

According to the PPACA, exchanges must perform outreach and provide customers with a process to shop for and enroll in health insurance. The key tools for the process include the exchange website, call center, and a community-based infrastructure to provide assistance to consumers throughout the eligibility and enrollment processes.

During the Level 1 Grant period, Tennessee will engage in the following activities to support the customer service and communications activities of the exchange:

- Develop system and program operations for the website, including business requirements related to:
  - Online comparison of QHPs;
  - Online application and selection of QHPs;
  - Premium tax credit and cost-sharing reduction calculator functionality;
  - Requests for assistance; and
  - Linkages to other Tennessee health subsidy programs and other health and human services programs as appropriate.
- Develop and issue a RFP for the consumer portal;
- Conduct user behavioral research to inform website design. A consultant will be engaged to plan and implement user behavioral research. For example, user behavior analysis data could include the time users stay on the site, returning visitors or new visitors, returning number and time interval of returning visits, an analysis of the process that users visit the website to analyze whether the page structure design is reasonable.
- Perform consumer research to inform exchange outreach. Activities will include an environmental scan, formative research, and message testing, to gain an understanding of the different consumer segments and how they will interact with the exchanges.
- Continue discussions with Tennessee’s business community about SHOP consumer assistance functions and services.
- Research and develop effective exchange wellness programs that provide services that will encourage and enable enrollees to improve their health status via patient-specific wellness solutions.
- Develop preliminary business requirements and vendor services RFP for agent credentialing for both the individual and shop exchanges.

### **Providing Assistance to Individuals and Small Businesses**

During the Level 1 Grant period, Tennessee will engage in the following activities to support providing assistance to individuals and small businesses:

- Develop and issue a RFP for the toll-free call center;
- Continue communication and coordination with TDCI regarding their Consumer Assistance program, including its call center consumer appeals and eligibility and enrollment assistance and referral activities and public awareness campaign messages and tactics;
- Develop and issue a RFP for the communications and outreach activities contemplated for a state-operated exchange;
- Develop requirements for exchange-created applications and notices, with the goal to maximize readability and usability;
- Continue research and planning activities related to the Navigator Program involving Tennessee's stakeholder community;
- Develop requirements for the process for determination that an employee is eligible for advance payment of a premium tax credit because the employer does not offer minimum essential coverage or the coverage is not affordable or does not meet the minimum value requirement, including processes to notify the employee and employer, processing appeals of employer liability in coordination with appeals of individual eligibility, and processes to submit relevant data to HHS. This requirement development process will be dependent on further clarification from HHS on the employer liability process, the process for administering advance payments of the premium tax credits, and data submission requirements.

### ***Oversight and Program Integrity***

Similar to other public programs and functions implemented by Tennessee, Tennessee will take appropriate steps and action to prevent waste, fraud and abuse within its financial management system, as well as within the processing of data, information and funds that might flow through a state-operated exchange. As previously mentioned, the state financial policies are already in place to ensure the proper use of state and federal funds. The state will also comply with any of its own internal statutory requirements regarding program integrity and will engage with the appropriate experts to develop a comprehensive plan to prevent waste, fraud and abuse of any grant funds. The state believes this expertise lies with TennCare, the state's Medicaid program, and will conduct a series of meetings to determine which activities will be readily transferable to the Insurance Exchange Initiative's use of federal funds during the grant period.

### **c) Summary of Exchange IT Gap Analysis**

Tennessee is performing a gap analysis of the State's relevant IT systems to determine the ability of those systems to support the requirements of the Exchange IT systems. The project will evaluate the systems based on the criteria described in Appendix C of the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges; Funding Opportunity Number: IE-HBE-11-004; CFDA: 93.525. These criteria may be summarized in the following way:

1. Technical Architecture
2. Application Standards
3. Affordable Care Act Section 1561 Recommendations
4. Health Insurance Portability and Accountability Act (HIPAA)
5. Data Exchange Standards

6. Security
7. Federal Information Processing Standards (FIPS)

### *Tennessee's Approach*

Tennessee is in the process of a project with six milestones to accomplish the goals and requirements of the IT Gap Analysis. The first and second milestones are complete; the results of the second milestone are included as Appendix I. The research required for the third milestone is complete and documentation is being finalized. Analysis of the fourth milestone is underway.

- 1. Create a list of functional requirements for insurance exchange.**  
Ensure all Exchange IT system requirements are understood by reviewing ACA legislation, federal rules, federal guidance and other federal documents relevant to the Exchange IT systems.
- 2. Describe Tennessee's current ACA relevant systems. (See Appendix I)**  
A description of Tennessee's current program and technical environments respective to the State's Medicaid program and the Children's Health Insurance Program (CHIP)
- 3. Describe Tennessee IT systems gaps.**  
The gaps between Tennessee's current ACA-relevant systems and federal requirements for Exchange IT systems
- 4. Analyze the options.**  
Tennessee is considering two options to fill Tennessee's IT systems gaps, described below.
- 5. Determine the evaluation criteria used to assess the options.**  
Evaluate the two options in Milestone 4 according to the criteria of financial implications, ability to achieve state goals, and risk assessment.
- 6. Compile everything into a complete IT Gap Analysis Document.**  
Compile the pieces from the first five milestones into a complete document.

### *Options Being Considered*

The Tennessee Division of Healthcare Finance and Administration (HCFA) with the Department of Finance and Administration (F&A) is considering two options to satisfy the IT system requirements for the Exchange.

- 1. Fill Gaps with Vendor, State or Federal Solutions**  
If Tennessee operates an exchange, it would procure solutions for all major functions, including a "front-end" e-commerce website, an insurance plan evaluation and selection tool, a rules engine for eligibility determinations that the state does not already have systems capable of making, a call center, financial services, cloud based data services, communications, insurance agent credentialing, etcetera. Furthermore, we assume Tennessee would not build software of its own to fill gaps or hire a large staff to carry out the business services of an exchange. Instead, a small staff would manage contracts and make strategic decisions while day-to-day activities would be performed by vendors.
- 2. Default to the Federal Exchange**



Under this option, Tennessee would not operate its own exchange, and the federal government would run an exchange for Tennessee. Under this option, Tennessee would still be required to procure new solutions and/or make major changes to existing systems in order to deal with a new federally-run exchange. Tennessee shall pay special attention to new gaps due to Tennesseans who are determined to be eligible for TennCare by the federally-run exchange, and any new responsibilities and liabilities that the state would assume.

#### **d) Evaluation Plan**

Having appropriate evaluation measures is important to the success of any complex project, including the development of a state-operated exchange. Tennessee will monitor progress and evaluate achievement of its exchange development work, as well as the consultants that have been retained to assist Tennessee.

##### ***Monitoring Progress***

Tennessee will use multiple methods to monitor progress and assess achievement of exchange development and implementation activities, including:

- Timely completion of activities;
- Consultant performance reviews;
- Exchange staff performance reviews;
- Stakeholder feedback;
- Engagement on exchange issues from relevant state agencies' staffs; carriers, brokers, and providers; and the exchange's target audience;
- Effects on the Medicaid program, the individual and private insurance markets, and other state programs; and
- Effective financial management, program integrity and efficiency reviews.

##### ***Work plan Monitoring***

HCFA staff engaged a consultant to develop a detailed implementation timeline. HCFA intends to use the timeline to monitor progress toward specific measures, such as the outcomes in the exchange work plan attached with this application, and to ensure that timely interventions occur. The timeline will assist staff to perform ongoing evaluations and provide a tool to track and update information for quarterly and multi-year evaluations. In addition, staff will need to continuously update the timeline, as additional federal guidance is provided and as decisions are made that impact the planned course. Staff will develop appropriate contingency plans to ensure that continued progress is made toward achieving federal and state milestones.

##### ***Consultant Evaluation***

Because much of the existing and future work for federal grant funds for Tennessee involves consultants, Tennessee has a process in place to evaluate and address any problems that arise with a consultant's scope of work. HCFA staff review the project scope in detail at the commencement of each engagement to ensure shared expectations regarding the deliverables. Regular opportunities to meet and review progress are provided, where adjustments to scope, resources, or timelines can be made, as appropriate. In the rare event that issues with performance are identified and cannot otherwise be addressed, Tennessee is prepared to implement any appropriate remedies available as part of the contractor's agreement with Tennessee, including not paying for services deemed as being unacceptable, or requiring the contractor to remove and replace, at the Contractor's expense, consultants judged to be incompetent, careless, unsuitable or otherwise objectionable. In addition, if Tennessee decides to move ahead with implementing a state-operated exchange, Tennessee would plan to retain both procurement



and project management staff to develop and oversee processes to evaluate and mitigate any problems that arise with a consultant's scope of work.

### *Evaluative Measures*

Proposed measures of success for a Tennessee exchange, if Tennessee decides to move ahead with implementing a state-operated exchange, include the following by Core Area:

<b>Background Research</b> <ul style="list-style-type: none"> <li>• Consultants hired and research work is initiated.</li> <li>• Successful completion of background research and incorporation into exchange design planning.</li> </ul>
<b>Stakeholder Consultation</b> <ul style="list-style-type: none"> <li>• Stakeholders provide recommendations for exchange design and implementation.</li> <li>• Exchange design considers stakeholder input.</li> </ul>
<b>Legislative and Regulatory Action</b> <ul style="list-style-type: none"> <li>• Enabling legislation drafted, introduced, and enacted, if appropriate.</li> </ul>
<b>Governance</b> <ul style="list-style-type: none"> <li>• Decisions made on governance model.</li> <li>• Exchange entity established and key staff hired.</li> </ul>
<b>Program Integration</b> <ul style="list-style-type: none"> <li>• Tennessee develops preliminary business requirements for eligibility functions.</li> <li>• Tennessee hires consultants to develop eligibility and enrollment engine RFP.</li> <li>• Eligibility and enrollment engine RFP procurement documents are developed, RFP is issued and vendors hired.</li> </ul>
<b>Financial Management</b> <ul style="list-style-type: none"> <li>• Tennessee develops business requirements for accounting needs and other financial management infrastructure.</li> <li>• Tennessee develops an RFP related to financial systems, including supports for employer direct contribution payments for employees and exchange banking activities.</li> </ul>
<b>Oversight and Program Integrity</b> <ul style="list-style-type: none"> <li>• An exchange waste, fraud and abuse program design is finalized and ready for implementation.</li> </ul>
<b>Health Insurance Market Reforms</b> <ul style="list-style-type: none"> <li>• Tennessee develops plan for ensuring state complies with health insurance reforms included in the PPACA or applies for applicable waivers, if appropriate.</li> <li>• Tennessee monitors and enforces compliance with PPACA consumer protections.</li> </ul>
<b>Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints</b> <ul style="list-style-type: none"> <li>• Tennessee develops plans to overseeing consumer assistance activities, including data collection.</li> <li>• Insurance exchange activities are coordinated with TDCI assistance and appeals activities, as applicable.</li> </ul>
<b>Business Operations of the Exchange</b> <ul style="list-style-type: none"> <li>• Detailed implementation timeline, including key business operations milestones, is developed and updated periodically.</li> <li>• Consumer portal business requirements are developed, an RFP is issued, and a vendor is hired.</li> </ul>

## F. Work Plan

- CCIIO required milestones preceded by two asterisks (\*\*).
- Tasks in ***italics*** are conditional on the state of Tennessee deciding to pursue an alternative to a federally-operated exchange for Tennesseans. As of September 30, 2011, no decision has been made pending further public input and analysis of federal guidance; therefore, the timeline for these tasks is still to be determined (TBD).

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Background Research	Conduct analysis of State insurance market and develop recommendations for Exchange structure based on this analysis. Analysis must include: <ul style="list-style-type: none"> <li>• Number of uninsured in the State</li> <li>• Size of the current individual and small group markets</li> <li>• Number of carriers in each market and market shares for the ten largest carriers</li> </ul>	July 2011	Sept 2011	Planning Grant
Background Research	Procure consulting services to review, synthesize, and analyze Tennessee-specific impacts of new and ongoing federal regulations and sub-regulatory guidance	Nov 2011	Ongoing	Establishment Grant
Stakeholder Consultation	<b>**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.</b>  <u>Note:</u> There are no Indian Tribal governments in Tennessee.	N/A	N/A	N/A
Stakeholder Consultation	Develop a policy paper evaluating alternatives to a federally-operated insurance exchange in Tennessee; public comment period followed by revisions to incorporate input to produce final policy paper.	Sept 2011	Dec 2011	Planning Grant

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Stakeholder Consultation	Continue meetings with stakeholders including: <ul style="list-style-type: none"> <li>• Insurance carriers</li> <li>• Providers (medical professional and hospital groups)</li> <li>• Consumer advocates</li> <li>• Employers</li> <li>• Brokers</li> </ul>	Oct 2010	Ongoing	Planning & Establishment Grants
Legislative and Regulatory Action	<i>Draft enabling legislation, implementing regulations, or other mechanism that provides the legal authority to establish and operate an Exchange that complies with Federal requirements.</i> <ul style="list-style-type: none"> <li>• <i>Introduce Exchange enabling legislation.</i></li> <li>• <i>Hold public hearings on Exchange enabling legislation.</i></li> </ul>	TBD	TBD	N/A
Legislative and Regulatory Action	Review, synthesize, and analyze Tennessee-specific impacts of new and ongoing federal regulations and sub-regulatory guidance	Nov 2011	Ongoing	Establishment Grant
Governance	<b>**Develop a governance model for the insurance exchange.</b> <i>Determine standards for the Exchange governing body that will ensure:</i> <ul style="list-style-type: none"> <li>• <i>Public accountability</i></li> <li>• <i>Transparency</i></li> <li>• <i>Prevention of conflict of interest</i></li> </ul>	TBD	TBD	Planning Grant
Exchange IT Systems	<b>**Conduct a gap analysis of existing systems and the end goal for systems development by 2014</b>	Aug 2011	Oct 2011	Planning Grant
Exchange IT Systems	<b>**Complete the review of product feasibility, viability, and alignment with Exchange program goals and objectives.</b>	Aug 2011	Oct 2011	Planning Grant
Exchange IT Systems	<b>**Complete preliminary business requirements and develop an IT architectural and integration framework.</b> <ul style="list-style-type: none"> <li>• Procure consulting services for technical assistance and overall project management for IT preliminary business requirements documents: Nov 2011</li> </ul> <p><u>Note:</u> Specific preliminary business requirements are included in the Work Plan under the relevant Core Area.</p>	Nov 2011	May 2012	Establishment Grant

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Exchange IT Systems	<i>**Complete Systems Development Life Cycle (SDLC) implementation plan.</i>	TBD	TBD	Future Establishment Grant
Exchange IT Systems	<i>**Complete security risk assessment and release plan.</i>	TBD	TBD	Future Establishment Grant
Exchange IT Systems	<i>**Complete preliminary detailed design and system requirements documentation (e.g. technical, design, etc.)</i>	TBD	TBD	Future Establishment Grant
Exchange IT Systems	<i>**Finalize IT and integration architecture. Complete final business requirements and interim detailed design and system requirements documentations (e.g. technical, design, etc.)</i>	TBD	TBD	Future Establishment Grant
Financial Management	Develop preliminary business requirements and vendor services RFP for financial management & control systems, premium billing, administration of a smooth advanced payment of premium tax credits and cost-sharing reduction process; and develop a financial model for a self-sustaining exchange in Tennessee <ul style="list-style-type: none"> <li>• Procure consultant to develop preliminary business requirements: Nov 2011</li> <li>• Finalize preliminary business requirements and vendor services RFP: May 2012</li> </ul>	Nov 2011	May 2012	Establishment Grant
Financial Management	Research options for implementing risk adjustment and reinsurance programs and develop an RFP to support a Tennessee reinsurance program. <ul style="list-style-type: none"> <li>• Procure consultant to conduct research and develop RFP: Nov 2011</li> <li>• Finalize vendor services RFP: May 2012</li> </ul>	Nov 2011	May 2012	Establishment Grant
Financial Management	<i>**Adhere to HHS financial monitoring activities carried out for the Planning Grant and under the Establishment cooperative Agreement.</i>	Oct 2010	Nov 2012	Planning & Establishment Grants

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Financial Management	<i>**Establish a financial management structure and commit to hiring experienced accountant to support financial management activities of the Exchange, which include responding to audit requests and inquires of the Secretary and the Government Accountability Office, as needed.</i>	<i>TBD</i>	<i>TBD</i>	<i>Future Establishment Grant</i>
Program Integrity	<i>**Perform detailed business process documentation to reflect current State business processes, and include future State process changes to support proposed Exchange operational requirements.</i>	Nov 2011	Mar 2012	Establishment Grant
Program Integrity	<i>**Communicate with the State HIT Coordinator, the Department of Commerce and Insurance, TennCare, and the Tennessee Department of Human Services as appropriate, and hold regular collaborative meetings.</i>	Ongoing	Ongoing	Planning & Establishment Grants
Program Integrity	<i>**Continue to work with the Tennessee Department of Commerce and Insurance to:</i> <ul style="list-style-type: none"> <li><i>• Determine the roles and responsibilities of the Exchange and the TDCI as they relate to qualified health plans offered inside and outside the Exchange.</i></li> <li><i>• Devise a strategy for limiting adverse selection between the Exchange and the outside market.</i></li> </ul>	<i>TBD</i>	<i>TBD</i>	<i>Future Establishment Grant</i>

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Program Integrity	<p><b>**Create a plan with the TennCare and other applicable State health subsidy programs, and other health and human services programs as appropriate, that includes:</b></p> <ul style="list-style-type: none"> <li>• <i>Determination of the roles and responsibilities related to eligibility determination, verification, and enrollment</i></li> <li>• <i>Identification of challenges in the program integration process, strategies for mitigating those issues, and timelines for completion.</i></li> <li>• <i>Strategies for compliance with the “no wrong door” policy.</i></li> <li>• <i>Standard operating procedures for interactions between the Exchange and OASHSPs.</i></li> <li>• <i>Cost allocation between the Exchange grants, Medicaid Federal Financial Participation (FFP), and other fund streams as appropriate.</i></li> </ul>	TBD	TBD	Future Establishment Grant
Oversight and Program Integrity	<b>**Ensure the prevention of waste, fraud, and abuse related to the expenditure of Exchange Planning and Exchange Establishment grants.</b>	Oct 2010	Nov 2012	Planning & Establishment Grants
Providing Assistance to Individuals and Small Businesses, Coverage, Appeals, and Complaints	<b>**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.</b>	TBD	TBD	Consumer Assistance Grant (TDCI)
Providing Assistance to Individuals and Small Businesses, Coverage, Appeals, and Complaints	<p>Develop preliminary business requirements and vendor services RFP for agent credentialing</p> <ul style="list-style-type: none"> <li>• Procure consultant to develop preliminary business requirements: Nov 2011</li> <li>• Finalize preliminary business requirements and vendor services RFP: Feb 2012</li> </ul>	Nov 2011	Feb 2012	Establishment Grant

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Certification of Qualified Health Plans	<p>Develop preliminary business requirements and vendor services RFP and development of policies and procedures relating to the procurement of Qualified Health Plans.</p> <ul style="list-style-type: none"> <li>• Procure consultant to develop preliminary business requirements: Nov 2011</li> <li>• Finalize preliminary business requirements and vendor services RFP: March 2012</li> </ul>	Nov 2011	Mar 2012	Establishment Grant
Call Center	<p>Develop preliminary business requirements and vendor services RFP for the toll-free call center.</p> <ul style="list-style-type: none"> <li>• Procure consultant to develop preliminary business requirements: Nov 2011</li> <li>• Finalize preliminary business requirements and vendor services RFP: Feb 2012</li> </ul>	Nov 2011	Feb 2012	Establishment Grant
Exchange Website and Calculator	<p>Develop preliminary business requirements and vendor services RFP(s) for the plan selection portal &amp; website (including user behavior research):</p> <p><b>**Begin developing requirements for systems and program operations, including:</b></p> <ul style="list-style-type: none"> <li>○ Requirements related to online comparison of qualified health plans.</li> <li>○ Requirements related to online application and selection of qualified health plans.</li> <li>○ Premium tax credit and cost-sharing reduction calculator functionality.</li> <li>○ Requests for assistance.</li> <li>○ Linkages to other State health subsidy programs and other health and human services programs as appropriate.</li> </ul> <ul style="list-style-type: none"> <li>• Procure consultant to develop preliminary business requirements: Nov 2011</li> <li>• Finalize preliminary business requirements and vendor services RFP: April 2012</li> </ul>	Nov 2011	April 2012	Establishment Grant

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Quality Rating System	<i>Awaiting release of federal guidance on the quality rating system</i>	<i>TBD</i>	<i>TBD</i>	<i>Future Establishment Grant</i>
Navigator Program	Conduct planning activities related to the Navigator Program.	Dec 2011	Oct 2012	Establishment Grant
Eligibility Determinations	<p><b>**Begin developing requirements, including requirements on the Exchange side and in OASHSPs, (and other program agencies as appropriate), including:</b></p> <ul style="list-style-type: none"> <li>○ Integrating or interfacing with OASHSPs to support enrollment transactions and eligibility referrals</li> <li>○ Coordinating appeals</li> <li>○ Coordinating applications and notices</li> <li>○ Managing transactions</li> <li>○ Communicating the enrollment status of individuals</li> </ul> <ul style="list-style-type: none"> <li>● Procure consultant to develop preliminary business requirements: Oct 2011</li> <li>● Finalize preliminary business requirements and vendor services RFP: Dec 2011</li> </ul>	Oct 2011	Dec 2011	Establishment Grant
Enrollment Process	<p><b>**Begin developing requirements for systems and program operations, including:</b></p> <ul style="list-style-type: none"> <li>○ Providing customized plan information to individuals based on eligibility and QHP data.</li> <li>○ Submitting enrollment transactions to QHP issuers.</li> <li>○ Receiving acknowledgements of enrollment transactions from QHP issuers.</li> <li>○ Submitting relevant data to HHS.</li> </ul> <ul style="list-style-type: none"> <li>● Procure Consultant to develop preliminary business requirements: Oct 2011</li> <li>● Finalize preliminary business requirements and vendor services RFP: Dec 2011</li> </ul>	Oct 2011	Dec 2011	Establishment Grant



Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Applications and Notices	Develop preliminary business requirements and vendor services RFP for the communications and outreach activities contemplated for a state-operated exchange including exchange-created applications and notices, with the goal to maximize readability and usability <ul style="list-style-type: none"> <li>• Procure consultant to develop preliminary business requirements: Nov 2011</li> <li>• Finalize preliminary business requirements and vendor services RFP: Jan 2012</li> </ul>	Nov 2011	Jan 2012	Establishment Grant
Exemptions from Individual responsibility Requirement and Payment	<i>**Begin developing requirements for systems and program operations, including:</i> <ul style="list-style-type: none"> <li>• <i>Accepting requests for exemptions.</i></li> <li>• <i>Reviewing and adjudicating requests.</i></li> <li>• <i>Exchanging relevant information with HHS.</i></li> </ul>	TBD	TBD	Future Establishment Grant
Exemptions from Individual responsibility Requirement and Payment	<i>**Begin developing requirements for systems and program operations, including providing relevant information to QHP issuers and HHS to start, stop, or change the level of premium tax credits and cost-sharing reductions.</i>	TBD	TBD	Future Establishment Grant
Adjudication of Appeals of Eligibility Determinations	<i>Awaiting release of federal guidance on oversight and appeals</i>	TBD	TBD	Future Establishment Grant
Notification and appeals of employer liability for the employer responsibility payment	<i>**Begin developing requirements for systems and program operations including:</i> <ul style="list-style-type: none"> <li>• <i>Coordination of employer appeals with appeals of individual eligibility.</i></li> <li>• <i>Submission of relevant data to HHS.</i></li> </ul>	TBD	TBD	Future Establishment Grant
Information reporting to IRS and enrollee	<i>**Begin developing requirements for systems and program operations, including:</i> <ul style="list-style-type: none"> <li>• Capturing data used in enrollment process.</li> <li>• Submitting relevant data to HHS for later use in information reporting.</li> <li>• Capacity to generate information reports</li> </ul>	Nov 2011	Dec 2011	Establishment Grant

Core Area	Core Area/Key Tasks and Milestones	Start Date	End Date	Funding Source
Outreach and Education	Develop preliminary business requirements and vendor services RFP for the communications and outreach activities contemplated for a state-operated exchange	Nov 2011	Jan 2012	Establishment Grant
Outreach and Education	Conduct consumer research, including an environmental scan and key informant interviews to gather and analyze information about communicating with consumers and small businesses about exchanges	Nov 2011	Jan 2012	Establishment Grant
Outreach and Education	Research and develop effective exchange wellness programs that provide services that will encourage and enable enrollees to improve their health status via patient-specific wellness solutions	Nov 2011	Jan 2012	Establishment Grant
SHOP-Specific Functions	<p>**Begin developing requirements for systems and program operations.</p> <p><u>Note:</u> SHOP-specific functions will be incorporated into all relevant exchange planning and implementation activities</p>	Nov 2011	Ongoing	Establishment Grant

## G. Budget Narrative

Tennessee submits the following budget narrative for each line item in the Level 1 Establishment Grant budget. See Appendix II for a break-down of line-item costs by Exchange Establishment Core Area and each of the Business Operations of the Exchange. Items funded in part by other funding sources are also identified in Appendix II. Tennessee has in place financial control systems to appropriately and accurately administer multiple funding streams using separate grant identification numbers included on all expense records.

**Preliminary Business Requirements:** Multiple line-items in the budget will support developing preliminary business requirements for a variety of exchange core areas and business operations of the exchange. Defining business requirements is about creating structured representations of business activities and used to communicate how new or existing business processes should work. Preliminary business requirements represent a high level definition of all the business processes in a given IT domain. It defines the dependencies, interfaces and data requirements between the processes. These steps are important precursors to designing and building a new business application/system, or changing an existing one. The outcome of this work will be incorporated into detailed RFPs for vendor services to design, build, or buy a new business application/system. In Tennessee, the exact language of the RFP (without amendment) becomes the contract with a vendor, so it is important that the RFPs be drafted to reflect Tennessee's needs with a high degree of precision.

Line Item #	Item	Budget Description/Justification
1	Director, Exchange Planning	Oversee all grant activities and drafting of all necessary procurement documents, manage consultant contractors, and review all draft deliverables
2	Associate, Exchange Planning	Provide research and analytical support to grant activities
3	Administrative Assistant	Provide office support including scheduling and preparation of meeting materials
4	Fringe Benefits	Health insurance, state and federal payroll taxes, Medicare & Social Security contributions
5	Dec 30, 2011 Level 1 Establishment Grant Development & Drafting	Consulting services to prepare Tennessee's second Level 1 Establishment Grant anticipated for submission on 12/30/11
6	Assistance in developing Preliminary Business Requirements RFPs	Consulting, technical assistance and overall project management and coordination of services to assist in preparation and issuance of preliminary business requirements RFPs
7	Review & analysis of new federal rules & guidance	Consulting services to review, synthesize, and analyze Tennessee-specific impacts of new and ongoing federal regulations and sub-regulatory guidance
8	Eligibility Engine: Preliminary Business Requirements Documents & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP for the development of a single streamlined application to determine eligibility for an exchange QHP, advance payments of tax credits, cost-sharing reductions and determination and enrollment into TennCare or CoverKids,

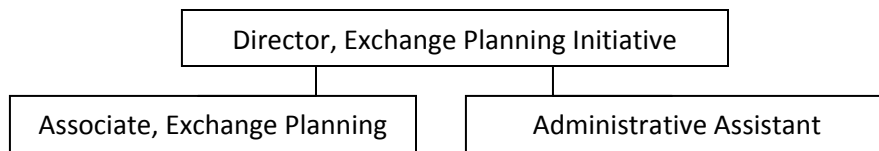
Line Item #	Item	Budget Description/Justification
9	QHPs: Preliminary Business Requirements Document & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP and development of policies and procedures relating to the procurement of Qualified Health Plans.
10	Risk Adjustment & Reinsurance: Preliminary Business Requirements Document & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP for an ongoing program of risk adjustment and reinsurance for all non-grandfathered plans in the individual and small group markets both inside and outside of an exchange
11	Financial Management: Preliminary Business Requirements Document & RFP Development; Financial Sustainability Model	Consulting services to develop preliminary business requirements and vendor services RFP for financial management & control systems; and develop a financial model for a self-sustaining exchange in Tennessee
12	Direct Contribution & Banking: Preliminary Business Requirements Document & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP for premium billing, administration of a smooth advanced payment of premium tax credits and cost-sharing reduction process
13	Communications: Preliminary Business Requirements Document & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP for the communications and outreach activities contemplated for a state-operated exchange including exchange-created applications
14	Consumer Research Assistance	Consulting services to conduct environmental scan and key informant interviews to gather and analyze information about communicating with consumers and small businesses about exchanges
15	Research & Program Development: Consumer Wellness Programs	Consulting services to research and develop effective exchange wellness programs that provide services that will encourage and enable enrollees to improve their health status via patient-specific wellness solutions
16	Plan Selection Portal: Preliminary Business Requirements Document & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP for consumer portal including online comparison, application and selection of QHPs, tax-credit and cost-sharing calculator, requests for assistance, and linkages to other state health & human service subsidy programs
17	Website: User Behavioral Research to Inform Design	Consulting services to provide behavior research to inform design of consumer-friendly website and expertise on behavioral responses to design features
18	Call Center: Preliminary Business Requirements & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP for the toll-free call center
19	Agent Credentialing Entity: Preliminary Business Requirements Document & RFP Development	Consulting services to develop preliminary business requirements and vendor services RFP for agent credentialing
20	Supplies & Printing	Supplies and printing including stakeholder consultation materials, and policy paper
21	In-State Travel	Stakeholder meetings throughout the state

Line Item #	Item	Budget Description/Justification
22	Out-of-State Travel	National conferences on exchange planning, site-visits to other Early Innovator states and/or consultant headquarters
23	Legal Support	Legal services to support review of federal and state regulations and provide legal counsel in all aspects of exchange planning, including governance models
24	Books/Subscriptions/fees	Membership and/or fees for national organizations supporting exchange planning, trade journals, and educational materials
25	Other	Conference fees, webinar costs, and other administrative expenses

## **H. Additional Letters of Agreement and/or Description(s) of Proposed/Existing Project**

Not applicable: No actual or pending agreements pertaining to the proposed items to be funded through the Level 1 Establishment Grant.

## I. Descriptions for Key Personnel & Organizational Chart



The **Director of Exchange Planning** will oversee all planning activities and will have ultimate responsibility for the project. This individual will oversee the drafting of all necessary procurement documents, manage the consultant contractors, and review all draft deliverables. The individual is accountable to the Medicaid Director & Deputy Commissioner Tennessee Department of Finance and Administration. This person will dedicate 100% of his time to this project for the duration of the grant period.

The **Associate of Exchange Planning** will provide research and analytical support to the project. This individual will report to Director of Exchange Planning and will dedicate 100% of his time to this project for the duration of the grant period.

The **Administrative Assistant** will provide office support including scheduling and preparation of meeting materials.

## Appendix I: Tennessee's ACA Relevant Systems

This section begins with an overview of the Patient Protection and Affordable Care Act (ACA) requirements related to this project and continues with descriptions of Tennessee's current program and technical environments respective to the State's Medicaid program and the Children's Health Insurance Program (CHIP).

### ACA Requirements

Integrating the eligibility determination and enrollment processes for publicly-subsidized health coverage programs and providing seamless coordination between the Exchange, Medicaid and CHIP will be critical to providing a 'one-stop shop' to coverage for millions of people across the country starting in 2014. The intent of the law is to allow an individual to supply a limited amount of information that can be used to determine eligibility for coverage under any of the publicly-subsidized health coverage programs available in the State.

The successful establishment and operation of the Exchange supports the ACA goal of extending coverage to tens of millions of Americans. Non-elderly individuals with incomes up to 133 percent<sup>2</sup> of the federal poverty level (FPL); based on the applicant's Modified Adjusted Gross Income (MAGI) will be eligible for expanded Medicaid. Through the Exchange, lower and middle-income individuals with MAGI up to 400 percent FPL may be eligible for subsidized commercial health insurance, with limits on point-of-service cost sharing and caps on out-of-pocket expenses. Small employers with lower-income workers that provide employer-sponsored insurance (ESI) purchased through the Exchange may also be eligible for premium subsidies for up to two years. IT systems and processes must be in place by mid-2013 to support these programs. States will also need to establish processes to effectively and efficiently handle situations that will arise when circumstances change and people become ineligible for one program (e.g., Medicaid) and eligible for another (e.g., premium subsidies through the Exchange).

### Recent Rule Making

In July 2011, CMS issued rules on the establishment of Exchanges and Qualified Health Plans (QHPs). Rules were also issued on standards related to reinsurance, risk corridors and risk adjustment, which do not directly impact this project. However, the establishment of Exchanges and QHP rules present states with an option to pursue "a flexible State partnership model combining State-designed and operated business functions with Federally-designed and operated business functions. Examples of such shared business functions might include eligibility and enrollment, financial management, and health plan management systems and services." Department of Finance and Administration (F&A) plans to continue its current planning efforts, evaluating vendor Exchange solutions as well as those available through other states, until the services that will be available at the Federal level become clearer.

In August 2011, CMS issued proposed rules implementing ACA requirements on Medicaid and CHIP eligibility determinations after 1/1/14, including a comprehensive redesign of eligibility categories and requirements, use of MAGI as the new financial eligibility standard for applicants who will be "newly eligible" beginning in 2014 due to the ACA, increased Federal medical assistance percentages (FMAP) for state expenditures with respect to such persons, and increased FMAP on state expenditures beginning in 2014 in "expansion states" offering a comparable federal financial benefit to states that expanded eligibility earlier. While these rules could impact the eventual governance and design of F&A's proposed approach considerably, comments on the proposed rules are not due until the end of October 2011.

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<sup>2</sup> The ACA provides for a 5% income disregard, which effectively increases the income eligibility for Medicaid to 138% FPL.



## TennCare

This section provides information on Tennessee's Medicaid program, known as TennCare.

### Program Environment

The Bureau of TennCare within F&A is the state agency responsible for administering the TennCare program. In addition to overseeing the contracts with the managed care entities and administering the long-term care program, the Bureau of TennCare is responsible for payment of Medicaid premiums, deductibles, and/or coinsurance for certain low-income Medicare beneficiaries

The TennCare program operates under a Section 1115 waiver from the Centers for Medicare and Medicaid Services (CMS) in the U.S. Department of Health and Human Services (DHHS). It is a demonstration program. The principle being demonstrated by TennCare is that a state can organize its Medicaid program under a managed care model and generate sufficient savings to extend coverage to additional populations who would not otherwise be Medicaid eligible, without compromising quality of care.

TennCare is one of the oldest Medicaid managed care programs in the country, having begun in 1994. It is the only program in the nation to enroll the entire state Medicaid population in managed care. Medicaid waiver programs are time-limited. The first TennCare waiver ended on June 30, 2002. The waiver under which TennCare is now operating is called "TennCare II." It began on July 1, 2002, and has been extended through June 30, 2013.

TennCare services are offered through managed care entities. Medical, behavioral and long-term care services<sup>3</sup> are covered by "at risk" Managed Care Organizations (MCOs) in each region of the state. Enrollees have their choice of MCOs serving the areas in which they live, except that some enrollees are assigned to TennCare Select. TennCare Select is a managed care plan for certain populations such as children in state custody and enrollees who may be living temporarily out-of-state. In addition to the MCOs, there is a Pharmacy Benefits Manager for coverage of prescription drugs and a Dental Benefits Manager for provision of dental services to children under age 21. Coordination of care is the responsibility of the enrollee's primary care provider in his or her MCO.

TennCare currently provides health care for 1.2 million Tennesseans and operates with an annual budget of approximately 8 billion dollars. The State anticipates an increase of approximately 300,000 recipients with the implementation of the ACA in 2014.

### Application Process

Eligibility for TennCare is determined by the Tennessee Department of Human Services (DHS). The DHS operates offices in 95 counties across the State. Individuals can obtain an application in one of three ways: 1) calling a county office to request an application to be sent to them through the mail, 2) going to a local office to pick up an application 3) printing a TennCare application via the Internet<sup>4</sup>. An appointment is not needed to obtain or submit an application at a county office. Individuals can also be

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<sup>3</sup> In 2010, the state implemented TennCare CHOICES, which brought long-term care services for persons who are elderly and disabled into the managed care program. Prior to that time, these services had been "carved out" of TennCare and paid for by the state through a fee-for-service arrangement.

<sup>4</sup> Available in English and Spanish at <http://www.tn.gov/humanserv/forms/hs-0169.pdf>.

screened for potential eligibility and apply for services online<sup>5</sup>. In so doing, an applicant registers as a new user and creates an account that remains active for 48 hours to allow the applicant to save an incomplete application and/or complete the application in multiple sessions. Once the 12 page application is complete, individuals can sign and submit the application to the DHS electronically (via email) or print and sign the application and send it to a DHS county office for processing. When an individual applies for TennCare, they can also apply for Families First (Tennessee's Temporary Assistance for Needy Families (TANF) program) and the Supplemental Nutrition Assistance Program (SNAP). Depending on the program, eligibility is determined within 30 – 90 days. In addition to operating the county offices, the DHS also oversees four regional call centers that receive approximately 150,000 incoming calls every month. These call centers function to provide information on the State's health and human services programs, verify eligibility status, and allow recipients to report changes in circumstance (i.e., changes in income level, address changes). The call centers do not accept applications over the telephone and are not open to the public.

### *Technical Environment*

#### **Overview**

The TennCare program is primarily supported by the Automated Client Certification and Eligibility Network for Tennessee (ACCENT) system and the TennCare Management Information System (TCMIS) interChange system. TCMIS is Tennessee's MMIS system. The ACCENT is a legacy system that was installed over 20 years ago. As TennCare's primary eligibility determination system, the ACCENT system sends eligibility information, via daily batch files, to the TCMIS for enrollment / plan assignment purposes. Once a recipient has been assigned to a plan, the TCMIS sends/receives data in accordance with HIPAA requirements to the Managed Care Contractors (MCCs) for claims processing.

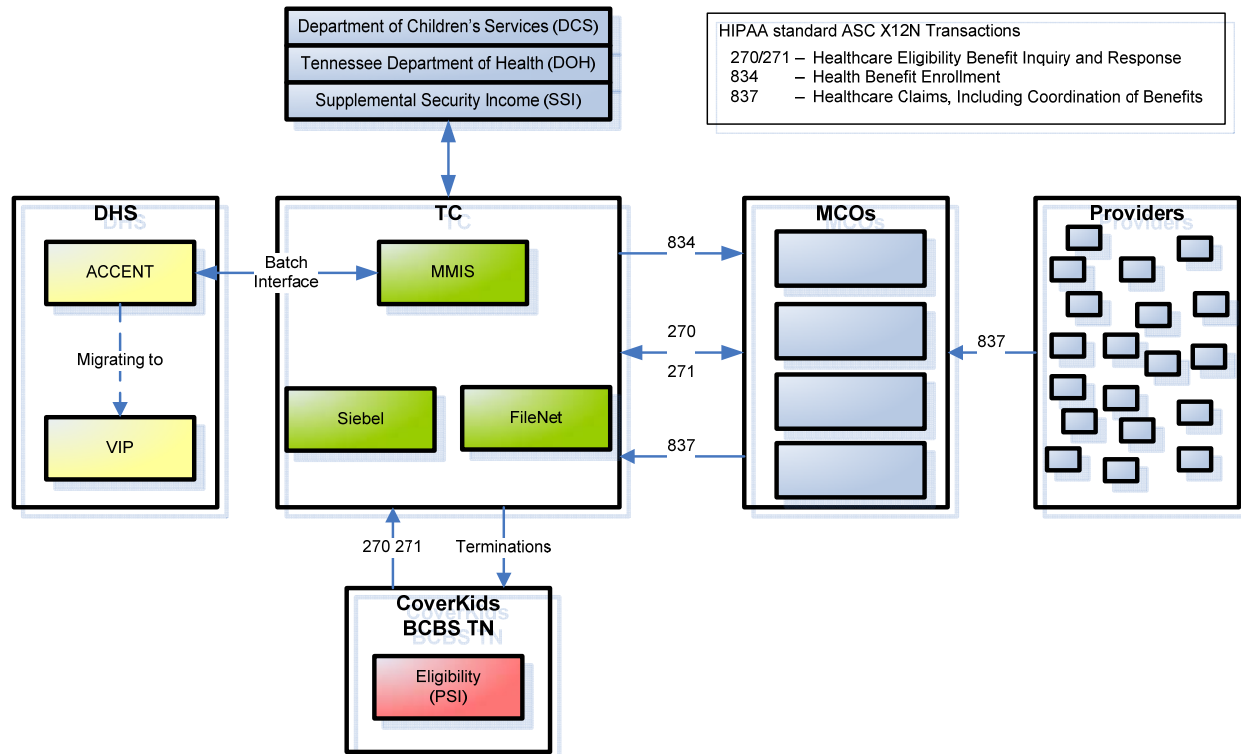
In August 2013, the ACCENT system will be replaced by the Vision Integration Platform (VIP) system, which is being developed under a contract with Affiliated Consulting Services, Inc. (ACS).

CoverKids is Tennessee's CHIP program. There are interfaces between the external IT systems supporting CoverKids and TennCare IT systems supporting eligibility inquiries and enrollment terminations. F&A has contracted with Policy Studies, Inc. (PSI) to provide program outreach, eligibility determination, processing of applications and beneficiary services for the CoverKids program.

A high-level overview of TennCare's current technical environment is depicted in the figure below, with descriptions that follow.

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<sup>5</sup> The State of Tennessee Potential Eligibility and Screening Application is available at <https://fabenefits.dhs.tn.gov/vip/website/signupservlet>.



**Figure 0-1: High Level Overview of TennCare Systems and Interfaces**

### Automated Client Certification and Eligibility Network for Tennessee (ACCENT) System

Summary information on the ACCENT system is provided in the table below.

**Table 0-1: ACCENT Overview**

TCMIS	
Description:	ACCENT is the software system that the Tennessee Department of Human Service eligibility staff use to record, track, and issue supplemental benefits to members of the community.
User Community:	ACCENT users are DHS Eligibility Counselors, Field Supervisors, Program Coordinators, Investigations and Administrative Review staff. In addition the DHS Policy and Systems staff are involved in management of ACCENT.
Architecture:	ACCENT is an IMS/COBOL system that resides on the State's mainframe, an IBM z/OS, located behind the State's firewall in a closed network and protected by "Resource Access Control" (RAC-F software). ACCENT utilizes Windows XP Workstations, Windows 2003 Servers, Cisco Routers and Agency and Enterprise Data Center Firewalls.
Database Platform:	Information Management System (IMS) hierarchical database.
System Interfaces:	<ol style="list-style-type: none"> <li>1. DHS ARTS system (Appeals Resolution and Tracking System)</li> <li>2. DHS TCSES (Tennessee Child Support Enforcement System)</li> <li>3. DHS RACCS (Regulated Adult and Child Care System)</li> <li>4. EBT (Electronic Benefits) with JP Morgan</li> <li>5. Tennessee EDISON (State accounting system)</li> </ol>

TCMIS	
	6. Internal Revenue Service 7. National Directory of New Hire 8. Social Security (BENDEX, SSI and SOLQi) 9. Tennessee Department of Education 10. Tennessee Department of Labor and Workforce 11. Tennessee Department of Corrections 12. Tennessee Department of Health (DOH) 13. Bureau of TennCare 14. United States Department of Agriculture (USDA) 15. United States Department of Health and Human Services (USDHHS) 16. Finance and Administration (F&A) CoverKids 17. Davidson County Metropolitan Development and Housing Agency (MDHA) 18. Finance and Administration Office of Inspector General 19. University of Tennessee
Development / Maintenance:	Developed by SystemHouse and maintained by DHS Systems Staff.
Hosting Location:	Tennessee Office of Information Resources
Date Implemented:	January, 1992
Approximate # of Users:	8,075

The ACCENT is comprised of five primary components. These five components are Eligibility Determination, the Management Information Control Systems (MICS), The Financial Information Control Systems (FICS), Support Services, and Case Management.

**1. Eligibility Determination**

Eligibility Determination is the heart of ACCENT. It encompasses the complex process functions of processing applications, determining eligibility, and calculating benefits.

**2. Management Information Control Systems (MICS)**

MICS includes reporting, which helps the worker determine ACCENT's effectiveness and responsiveness to implementing and complying with Federal and State policy. In addition, this area includes quality control and the maintenance of historical information.

**3. Financial Information Control Systems (FICS)**

FICS includes benefit issuance, accounting and, along with an existing Claims On-line Tacking System, the ability to recover benefits.

**4. Support Services**

Support Services encompasses all the other functions in ACCENT that serve to support ACCENT's primary functions. It includes notices, reference tables, inquiry, security, client scheduling and help text.

**5. Case Management**

Case Management functions allow one to update and review case information once the initial application has been processed.

## Vision Integration Platform (VIP)

Summary information on the VIP is provided in the table below.

**Table 0-2: VIP Overview**

TCMIS	
Description:	VIP is a system being developed to replace all ACCENT functionality and is scheduled for implementation in August 2013.
User Community:	Same as ACCENT.
Architecture:	VIP is web based and utilizes an Oracle Database that resides on the State's distributed network located behind the Data Center Enterprise Firewall in a closed network.
Database Platform:	Oracle relational database
System Interfaces:	In addition to the current Interfaces of the ACCENT system, VIP will include the following interfaces. 20. Department of Children's Services (DCS) 21. NIC Tennessee Portal Vendor 22. State Integrated Voice Response (IVR)
Development / Maintenance:	VIP is currently being developed by ACS a XEROX Company. State staff will maintain.
Hosting Location:	Same as ACCENT.
Date Implemented:	System has not been implemented. VIP is in the Construction and Testing Phase. It is scheduled for deployment August, 2013.
Approximate # of Users:	Same as ACCENT.

VIP will modernize the IT architecture supporting eligibility and case management for:

- Temporary Assistance for Needy Families (TANF);
- Supplemental Nutrition Assistance Program (SNAP);
- Medicaid; and
- Child Care.

VIP business process features include the following:

- Electronic case folder;
- Online appointment system;
- Flexibility for emergency or disaster benefits;
- Extensive support on client contacts;
- Ability to balance workload across counties;
- Automated case maintenance;
- Robust security and roles capability and real-time interface processing;
- Google Policy Search Linkage; and
- Web-based front-end that allows applicants to apply for assistance from the privacy of home

VIP technical features include the following:

- Reengineered claims process;

- Reengineered notice and reports capability; and
- Time and attendance maintenance module for child care.

The new IT architecture provides a highly scalable environment framework that is web based and rules driven. The environment includes:

- A Java framework;
- Oracle;
- Web Sphere; and
- VMware.

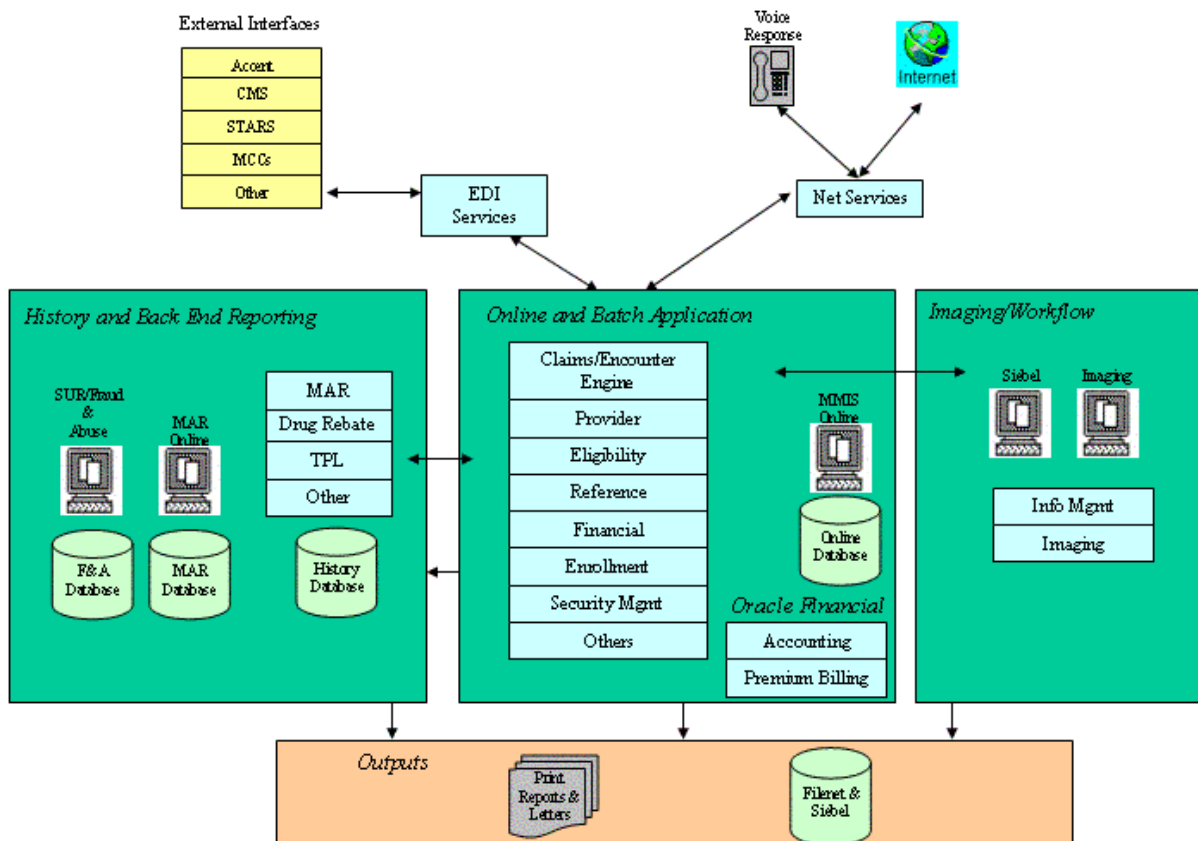
### **TennCare Management Information System**

Summary information on the TCMIS is provided in the table below.

**Table 0-3: TCMIS Overview**

<b>TCMIS</b>	
Description: The TCMIS is the HP/EDS interChange software package. It is a mainframe system that collects and stores eligibility data from ACCENT, and processes enrollment and supports plan assignment. TCMIS is Tennessee's MMIS system.	
User Community:	TennCare staff, TennCare contractors, DHS staff, providers
Architecture:	Mainframe, C++, Powerbuilder
Database Platform:	Updated to Oracle 11g in February 2011
System Interfaces:	ACCENT, CMS, DHS, DOH, HCBS, PACE, DOC, SSA, MHDD, BHO, STARS, MCCs, and others.
Development / Maintenance:	EDS / HP
Hosting Location:	Tennessee Office of Information Resources
Date Implemented:	interChange implemented in August 2004; hardware, database software, GUI software upgraded in February 2011; FileNet and Siebel applications scheduled for upgrades in 2011; new SUR and MAR modules schedules for implementation in 2011.
Approximate # of Users:	Approximately 500 TennCare staff and contractors; approximately 2,000 DHS staff

The TCMIS is comprised of seven primary components. These seven components are Net Services, Electronic Data Interchange (EDI) Services, History and Back End Reporting, Online and Batch Applications, and Oracle Financial Applications, Imaging, and Workflow Management applications, as shown in the figure below.



**Figure 0-2: High Level Overview of TCMIS Systems Architecture and Interfaces**

The following paragraphs describe each of these components.

### Net Services

The TCMIS interChange Net Services component facilitates interactive exchange of electronic information using XML (EXtensible Markup Language). XML is an open standard, developed by the World Wide Web Consortium (W3C), for describing data. It is used for defining data elements on a Web page and business-to-business documents.

Several subsystems interface with Net Services including the Automated Voice Response System (AVRS) and the Internet Web solution. AVRS handles eligibility inquiry and claim status inquiry transactions, while the Web solution handles a variety of NCPDP and X12 transactions.

Net Services resides on a Sun server and operates in a UNIX environment. These services are also often referred to as the SOAP server. SOAP stands for Simple Object Access Protocol - a message-based protocol based on XML used for accessing services on the Web. The SOAP server communicates with the online and history databases to obtain the data needed to process transactions.

## **EDI Services**

The Electronic Data Interchange (EDI) function provides the overall support of collecting, processing, tracking and reporting on standard X12 and NCPDP data formats. The EDI system is an interface into the TCMIS from external entities.

The system allows MCCs and providers to submit transactions using standardized communication protocols and data structures. The external entities communicate to the TCMIS Engine through the EDI subsystem that contains the communications hardware that directs traffic to the interChange servers. With few exceptions (e.g. 270, 271 transactions), communications do not occur on a real-time basis. Batch and interactive programs handle the input files or transactions and direct them to a translator to convert the standardized structure to XML. The translated XML is sent to application directories for further processing by the application services. After processing, the resulting XML files or flat files are processed to generate outbound standard format files.

Non-standard interface files are accepted by the EDI subsystem where statistics are reported. To allow for maximum flexibility, the interChange system will accept electronically submitted data via diskette, magnetic tape, CDs, the State FTP server or through the Web server.

## **History and Back End Reporting**

The History and Back End reporting component is responsible for analyzing, reporting, and supporting the management of the activities that have occurred in the Online and Batch applications. The applications that reside in this component are: Management and Reporting (MAR), Drug Rebate, Third Party Liability (TPL), and other subsystems such as Fraud & Abuse (SUR).

The Management and Reporting (MAR) subsystem provides programmatic, financial, and statistical reports to assist the state and federal government with fiscal planning, control, monitoring, program and policy development, and evaluation of the TennCare Programs.

The Drug Rebate subsystem ensures that TennCare obtains the appropriate rebates from manufacturers for prescription drugs, thus reducing overall program costs.

The TPL subsystem provides capabilities to manage the private health, Medicare, and other third party resources of TennCare's medical assistance beneficiaries, and ensures that Medicaid is the payer of last resort. The Fraud and Abuse subsystem provides TennCare the capability to identify potential fraud and/or abuse candidates. This subsystem also allows for the review of treatment analysis, exception processing, provider and beneficiary profiling, and peer comparisons. Our fraud and abuse detection solution is also designed to allow TennCare access to ad hoc reporting tools.

Transactions from both the Internet Services and EDI Services update the databases of this component. The report outputs are sent to Information Management Workflow Management applications for storage and retrieval.

## **Online and Batch Applications**

The Online and Batch component is responsible for maintaining and reporting on data contained within the online database. Users view the online menu-driven applications through the Graphical User Interface (GUI) windows. Security to the online component is roles based, limiting access to windows and window functionality based on the defined role of the user.



The batch applications process data on scheduled intervals and use the output of this processing to populate the online database. Many subsystems constitute these components.

These subsystems include:

1. **Claims / Encounters:** The Claims / Encounters subsystem is responsible for processing claim and encounter transactions from external sources, adjudicating them, and returning the appropriate responses. Encounters and claims released to the Claims Engine are processed through the validation edits and the outcome is displayed through a series of window applications. Encounters are analyzed and statistics are provided to allow users to make a decision to accept or reject the encounter batches.
2. **Contract Management:** The Contract Management subsystem supports the administration and management of the various contracts the Bureau maintains with several different entities. These contracts include Managed Care Contractors (MCCs) contracts, interagency contracts and other vendor contracts such as the contract with EDS.
3. **EPSDT:** The Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) function serves as the State's mechanism to identify and track EPSDT services with the intention of increasing the number of TennCare enrollees under the age of 21 that participate in the EPSDT program.
4. **Eligibility:** The Eligibility subsystem accepts and maintains an accurate, current, and historical source of eligibility and demographic information on individuals eligible for TennCare.
5. **Enrollment:** The Enrollment subsystem is designed to ensure recipients access to necessary medical care, while at the same time controlling medical assistance program costs. Under such models, the state has developed a network of MCCs to provide medical services to TennCare program recipients. The Enrollment subsystem manages recipient MCC assignments, enrollment rosters and capitation payments and adjustments.
6. **Financial:** The Financial Processing subsystem encompasses provider based claim payment processing, accounts receivable and payable processing, capitation payment expenditures, and all other provider based financial transaction processing. It ensures that all funds are appropriately disbursed for claim payments and all post-payment transactions are accounted for and applied accurately. Among the processes that the Financial Processing function includes is generation of a payment file to Oracle Financials and the production of a remittance advice (electronic, paper or both) for each provider who has had claims adjudicated and/or financial transactions processed. The payments can take the form of a check or EFT that will be issued from the State Accounting and Reporting System (STARS). Interchange financial will track the payments associated with a remittance advice by receiving the STARS history file and updating our records with the appropriate status information such as payment number, payment date, payment amount and any check redemption or cancellation information sent from STARS.
7. **Medicare Buy-In:** The Medicare Buy-In, subsystem is designed to allow participating states to pay Medicare premiums for dually eligible (Medicare and Medicaid) recipients, thereby ensuring enrollment in Medicare.
8. **Provider:** The Provider Data Maintenance subsystem maintains comprehensive, current, and historical information about providers who have enrolled to participate in the TennCare

program. The establishment and maintenance of a single provider data repository with provider demographic, MCC affiliation, certification, rate, and summary financial information, supports accurate and timely claim records processing, enhanced management reporting, and utilization review reporting and surveillance activities.

9. **Reference:** The Reference Data Maintenance subsystem maintains a consolidated source of reference information that is accessed by the TCMIS during performance of TCMIS functions.

### **Oracle Financial Applications**

The Oracle Financial Applications include the accounting and premium management subsystems.

1. **Accounting:** The Accounting subsystem encompasses invoice import, entry and approval, as well as recording payment information and reconciling bank information in Oracle Payables. It also includes journal entry and import, budget import and financial reporting in the General Ledger. Accounting entries are created in the General Ledger based on transactions in the subledgers (Payables and Receivables), and as a result of journal transactions imported from STARS, thereby providing complete financial accounting information in the General Ledger.
2. **Premium Management:** The Premium Management subsystem facilitates the calculation of Enrollee premiums, billing of Enrollee premiums, the application of premium payments and premium collections. It ensures that Enrollee premiums are calculated properly and that all receipts are accounted for and applied accurately to the Enrollee Premiums receivable.

### **Document Imaging, Storage, and Retrieval**

The Information Management (IM) solution includes document imaging, storage and retrieval features and functions. The Document Imaging System supports the activities of TCMIS users by providing access to electronic versions of documents and reports that have previously been provided on paper. IM facilitates the routing, review, and sharing of documents among a large user group without the risk of paper loss or destruction. The Information Management System is divided into three functional areas:

1. **Imaging Capture:** Imaging is accomplished using three distinct methods. For inbound mail, the RRI (Recognition Research Inc.) System captures electronic images of paper correspondence and paper claims. Claims and claim attachments are indexed using Intelligent Character Recognition (ICR) technology while received correspondence is indexed using a manual keying application. InterChange correspondence is captured from the Word or Postscript document that is submitted for print. These indexed images are stored in FileNet and indexed for retrieval in Siebel. Reports are submitted into COLD (Computer Optical Laser Disk) for storage and retrieval through a separate application interface.
2. **Document Storage:** The Document Storage process encompasses the committal and retention of captured documents (including claims, correspondence (inbound and outbound), and supporting documentation) and reports to provide viewing access and archival capabilities for all stored information. Document storage is accomplished using the FileNet application to commit images into the image repository. Report images are retrieved through either the Siebel system or the COLD interface.
3. **Document Retrieval:** The Document Retrieval process provides end-user viewing capabilities for the stored electronic documents and reports at user's workstations. Stored documents are

indexed and therefore searchable using various criteria which includes at least one of the following: 'date' (either report date or received date), 'provider id', 'document control number (DCN)', and 'recipient id'. Security of the image repository is roles-based, limiting access to sensitive documents to those user ids that are granted access.

## CoverKids

This section provides information on the State's CHIP, known as CoverKids.

### Program Environment

CoverKids<sup>6</sup>, Tennessee's State Children's Health Insurance Program (SCHIP), offers low-cost comprehensive health, dental and vision coverage to uninsured pregnant women and children (from birth through age 18) who are not eligible for TennCare. Congress created the SCHIP to provide insurance coverage for children in families with too much income to qualify for Medicaid but not enough to afford to buy a policy in the private insurance market.

The F&A has contracted with Policy Studies, Inc. (PSI) to provide program outreach, eligibility determination, processing of applications and beneficiary services for the CoverKids program since its inception in 1997. In October 2007, Tennessee's contract with PSI was amended to include the development and maintenance of a web-based, online application that automatically uploads information to the eligibility system in order to streamline the enrollment process. In 2008, PSI began providing Call Center services to support the CoverKids program. CoverKids enrollment processing, premium payment and collection, and provider management functions are supported by Blue Cross/Blue Shield of Tennessee (BCBST) in a proprietary system.

### Application Process

Individuals apply for CoverKids via the Internet<sup>7</sup>. Applicants can create an account, submit a new application, or renew coverage online. During that process, applicants are also screened for TennCare eligibility or eligibility for other state-sponsored insurance and referred to those programs as appropriate. Once submitted, applications are processed by PSI.

### Technical Environment

Summary information on the CoverKids system is provided in the table below.

**Table 0-4: CoverKids System Overview**

CHAS	
Description:	Children's Health Administration System (CHAS) is the system supporting CoverKids eligibility and enrollment
User Community:	<p>There are two types of CHAS users.</p> <ol style="list-style-type: none"><li>1. Customer Services Representatives who answer general inquiry calls and/or calls received from parents reporting a change(s) in circumstance.</li><li>2. Support Representatives work any account that may have an error which interferes with eligibility determination. Support Representatives also research accounts for the State and for internal</li></ol>

<sup>6</sup> Created by Tennessee Code Annotated Section 71-3-1101 et seq.

<sup>7</sup> CoverKids application process is supported online at <http://www.coverkids.com/>.

CHAS	
	purposes.
Architecture:	<p>CHAS is built on client/server architecture. All data is stored on a database and all images are stored in a secured central network location. Access to CHAS is through Active Directory and user ID's have specific access to areas and functions within the system.</p> <p>The GUI screens are developed in Visual FoxPro 9.0 and are compiled into a shared executable that users link to. All eligibility logic resides on the database system and the screens are only meant to allow users access to the data and perform maintenance tasks on applicants and members.</p>
Database Platform:	<p>The CHAS eligibility engine is built on a standard relational database platform using SQL Server 2000. The system resides on a high-end server that has redundant power and database log shipping to an external backup server. The configuration also includes a complete separate development and test server.</p>
System Interfaces:	<p>The CHAS eligibility system interfaces with many external systems:</p> <ol style="list-style-type: none"> <li>1. BCBST (for medical/maternity enrollment 834 files)</li> <li>2. DentaQuest (for dental enrollment 834 files)</li> <li>3. TN DHS (for SSA matches)</li> <li>4. TN DHS (for retrieval of TennCare denials)</li> <li>5. TN Anytime (for TennCare enrollment inquiries)</li> <li>6. TN Bureau of TennCare (for retrieval of TennCare terminations)</li> <li>7. DIS (for data entry service on paper applications)</li> </ol> <p>Aside from TN Anytime, all interfaces are through secure file transfers.</p>
Development / Maintenance:	The CHAS system was developed and is maintained by PSI. PSI owns CHAS.
Hosting Location:	All data is stored on servers in the call center in Ft. Pierce. There is some transient data that is stored in Denver, where the CoverKids web-site is hosted. Data on the web-site gets transferred to the main database on the nightly basis.
Date Implemented:	April 15, 2007
Approximate # of Users:	There are approximately 23 users of the CHAS system, not including any system staff.

## **Appendix II: Tennessee Level 1 Establishment Grant Budget**

(Begins on next page.)

**Appendix II:**  
**Tennessee Level 1 Establishment Grant Budget**

Budget

A

Salaries and Wages

Line #

Position Title

Last Name

First Name

Annual Salary

% of Time for Grant Activities

1

Director, Exchange Planning

Haile

Brian

\$ 120,000

100%

2

Associate, Exchange Planning

Daverman

Brooks

\$ 70,992

100%

3

AdministrativeAssistant

TBD

TBD

\$ 44,064

50%

Total Cost

\$ 427,040

Sub-total Direct Costs

B

Fringe Benefits

4

Fringe Benefits as a % of Total Salary

42%

Total Cost

\$ 179,357

Sub-total Direct Costs

C

Consultant Costs

Estimated Hours

Estimated Rate/Hr

Consultant Travel Trips

Total Cost

General Planning Activities & Project Management

\$ 1,300

5

Dec 30, 2011 Level 1 Grant Development & Drafting

200

\$ 280

0

\$ 56,000

6

Assistance in developing Preliminary Business Requirements RFPs

325

\$ 300

0

\$ 97,500

Background Research

7

Review and analysis of new federal rules & guidance

225

\$ 280

0

\$ 63,000

Governance

Eligibility & Enrollment

8

Eligibility Engine: Preliminary Business Requirements Document & RFP Development

475

\$ 350

4

\$ 171,450

Plan Management

9

QHPs: Preliminary Business Requirements Document & RFP Development

325

\$ 280

2

\$ 93,600

10

Risk Adjustment & Reinsurance: Preliminary Business Requirements Document & RFP Development

325

\$ 280

2

\$ 93,600

Financial Management

11

Financial Management: Preliminary Business Requirements Document & RFP Development; Financial Sustainability Model

325

\$ 280

2

\$ 93,600

12

Direct Contribution & Banking: Preliminary Business Requirements Document & RFP Development

325

\$ 280

2

\$ 93,600

Communications & Outreach

13

Communications: Preliminary Business Requirements Document & RFP Development

350

\$ 280

2

\$ 100,600

14

Consumer Research Assistance

170

\$ 280

2

\$ 50,200

15

Research & Program Development: Consumer Wellness Programs

180

\$ 280

0

\$ 50,400

Customer Service

16

Plan Selection Portal: Preliminary Business Requirements Document & RFP Development

475

\$ 325

6

\$ 162,175

17

Website: User Behavioral Research to Inform Design

80

\$ 300

0

\$ 24,000

18

Call Center: Preliminary Business Requirements & RFP Development

200

\$ 310

4

\$ 67,200

19

Agent Credentialing Entity: Preliminary Business Requirements Document & RFP Development

200

\$ 280

2

\$ 58,600

Sub-total Direct Costs

\$ 1,275,525

Appendix II:
Tennessee Level 1 Establishment Grant Budget

Budget		
<b>D Equipment</b>		Total Cost
	None	\$ -
Sub-total Direct Costs		\$ -
<b>E Supplies</b>		Total Cost
20	Supplies & Printing	\$ 12,000
Sub-total Direct Costs		\$ 12,000
<b>F Travel</b>		Total Cost
21	In-State: 60 trips x 2 person x 50 miles avg. x .51/mile + 20 nights lodging	\$ 5,560
22	Out-State: 16 trips x 2 person x \$1,300/trip	\$ 41,600
Sub-total Direct Costs		\$ 47,160
<b>G Other</b>		Total Cost
23	Legal Support	\$ 65,000
24	Books/subscriptions	\$ 12,000
25	Other	\$ 20,000
Sub-total Direct Costs		\$ 97,000
<b>H Contractual Costs</b>		Total Cost
	None	\$ -
Sub-total Direct Costs		\$ -
<b>I Total Direct Costs</b>		\$ 2,038,081
<b>K Total Indirect Costs</b> (No indirect cost rate agreement)		\$ -
GRAND TOTAL		\$ 2,038,081

**Appendix II:**  
**Tennessee Level 1 Establishment Grant Budget**

Appendix II:  
Tennessee Level 1 Establishment Grant Budget

Source of Funding													
Planning Grant					Sept 30 - Level 1 Establishment Grant I								
A Salaries and Wages													
Line #	Position Title	Expense Start Date	Expense End Date	Months Budgeted	Cost	Expense Start Date	Expense End Date	Months Budgeted	Cost	% Fixed Cost	% Variable Cost	Object Class	
1	Director, Exchange Planning	10/01/10	03/31/12	18.0	\$ 179,836	04/01/12	11/14/12	7.5	\$ 74,630	0%	100%	Personnel	
2	Associate, Exchange Planning	10/01/10	03/31/12	18.0	\$ 106,391	04/01/12	11/14/12	7.5	\$ 44,151	0%	100%	Personnel	
3	AdministrativeAssistant	01/00/00	01/00/00	0.0	\$ -	11/15/11	11/14/12	12.0	\$ 22,032	0%	100%	Personnel	
Sub-total Direct Costs					\$ 286,226					\$ 140,813			
B Fringe Benefits													
4	Fringe Benefits as a % of Total Salary					Cost					Cost		
					\$ 120,215					\$ 59,142	0%	100%	Fringe
Sub-total Direct Costs					\$ 120,215					\$ 59,142			
C Consultant Costs													
		% Funded			Cost	% Funded				% Fixed Cost	% Variable Cost	Object Class	
General Planning Activities & Project Management													
5	Dec 30, 2011 Level 1 Grant Development & Drafting	0%			\$ -	100%			\$ 56,000	0%	100%	Consultant	
6	Assistance in developing Preliminary Business Requirements RFPs	10%			\$ 9,750	90%			\$ 87,750	0%	100%	Consultant	
Background Research													
7	Review and analysis of new federal rules & guidance	0%			\$ -	100%			\$ 63,000	0%	100%	Consultant	
Governance													
Eligibility & Enrollment													
8	Eligibility Engine: Preliminary Business Requirements Document & RFP Development	20%			\$ 34,290	80%			\$ 137,160	0%	100%	Consultant	
Plan Management													
9	QHPs: Preliminary Business Requirements Document & RFP Development	0%			\$ -	100%			\$ 93,600	0%	100%	Consultant	
10	Risk Adjustment & Reinsurance: Preliminary Business Requirements Document & RFP Development	0%			\$ -	100%			\$ 93,600	0%	100%	Consultant	
Financial Management													
11	Financial Management: Preliminary Business Requirements Document & RFP Development; Financial Sustainability Model	0%			\$ -	100%			\$ 93,600	0%	100%	Consultant	
12	Direct Contribution & Banking: Preliminary Business Requirements Document & RFP Development	0%			\$ -	100%			\$ 93,600	0%	100%	Consultant	
Communications & Outreach													
13	Communications: Preliminary Business Requirements Document & RFP Development	0%			\$ -	100%			\$ 100,600	0%	100%	Consultant	
14	Consumer Research Assistance	0%			\$ -	100%			\$ 50,200	0%	100%	Consultant	
15	Research & Program Development: Consumer Wellness Programs	0%			\$ -	100%			\$ 50,400	0%	100%	Consultant	
Customer Service													
16	Plan Selection Portal: Preliminary Business Requirements Document & RFP Development	0%			\$ -	100%			\$ 162,175	0%	100%	Consultant	
17	Website: User Behavioral Research to Inform Design	0%			\$ -	100%			\$ 24,000	0%	100%	Consultant	
18	Call Center: Preliminary Business Requirements & RFP Development	0%			\$ -	100%			\$ 67,200	0%	100%	Consultant	
19	Agent Credentialing Entity: Preliminary Business Requirements Document & RFP Development	0%			\$ -	100%			\$ 58,600	0%	100%	Consultant	
Sub-total Direct Costs					\$ 44,040					\$ 1,231,485			



**Appendix II:**  
**Tennessee Level 1 Establishment Grant Budget**

			Source of Funding					
			Planning Grant		Sept 30 - Level 1 Establishment Grant I			
<b>D Equipment</b>			% Funded	Cost	% Funded	Cost		
	None		0%	\$ -	100%	\$ -	N/A	N/A Equipment
	Sub-total Direct Costs			\$ -		\$ -		
<b>E Supplies</b>			% Funded	Cost	% Funded	Cost		
20	Supplies & Printing		20%	\$ 2,400	80%	\$ 9,600	0%	100% Supplies
	Sub-total Direct Costs			\$ 2,400		\$ 9,600		
<b>F Travel</b>			% Funded	Cost	% Funded	Cost		
21	In-State: 60 trips x 2 person x 50 miles avg. x .51/mile + 20 nights lodging		50%	\$ 2,780	50%	\$ 2,780	0%	100% Travel
22	Out-State: 16 trips x 2 person x \$1,300/trip		25%	\$ 10,400	75%	\$ 31,200	0%	100% Travel
	Sub-total Direct Costs			\$ 13,180		\$ 33,980		
<b>G Other</b>			% Funded	Cost	% Funded	Cost		
23	Legal Support		0%	\$ -	100%	\$ 65,000	0%	100% Other
24	Books/subscriptions		15%	\$ 1,800	85%	\$ 10,200	0%	100% Other
25	Other		50%	\$ 10,000	50%	\$ 10,000	0%	100% Other
	Sub-total Direct Costs			\$ 11,800		\$ 85,200		
<b>H Contractual Costs</b>			% Funded	Cost	% Funded	Cost		
	None		0%	\$ -	100%	\$ -	N/A	N/A Contractual Cos
	Sub-total Direct Costs			\$ -		\$ -		
<b>I Total Direct Costs</b>				\$ 477,861		\$ 1,560,220		
<b>K Total Indirect Costs</b> (No indirect cost rate agreement)				\$ -		\$ -		
<b>GRAND TOTAL</b>				\$ 477,861		\$ 1,560,220		

**Appendix II:**  
**Tennessee Level 1 Establishment Grant Budget**

Background Research	Stakeholder Involvement	Governance	Program Integration	Exchange IT Systems	Financial Mngmt	Program Integrity	Market Reforms	Asst Indiv & Sm Business	Cert, Recert, Decert	Call Center	Website	Premium tax credit & cost-share calc	Quality Rating System	Navigator Program	Eligibility Determinations	Seamless Eligibility & Enrollment	Enrollment Process	Applications & Notices	Individual Responsibility Determinations	Admin of premium tax credits & cost share	Adjudication of appeals of eligibility	Notification and appeals of employer liability	Outreach and Education	Risk Adjustment & Reinsurance	SHOP specific functions	Sub-total:Business Ops	TOTAL
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**% Costs by Exchange Core Planning Area**

**A Salaries and Wages**

Line #	Position Title	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1	Director, Exchange Planning	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
2	Associate, Exchange Planning	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
3	AdministrativeAssistant	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
Sub-total Direct Costs																												

**B Fringe Benefits**

4	Fringe Benefits as a % of Total Salary	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
Sub-total Direct Costs																												

**C Consultant Costs**

		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
5	<b>General Planning Activities &amp; Project Management</b>	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
6	Dec 30, 2011 Level 1 Grant Development & Drafting	0%	0%	0%	0%	0%	17%	0%	0%	9%	8%	9%	16%	2%	1%	0%	0%	0%	0%	0%	1%	0%	0%	27%	9%	0%	74%	100%
7	<b>Background Research</b>	100%																									0%	100%
	Review and analysis of new federal rules & guidance																											
	<b>Governance</b>																											
	<b>Eligibility &amp; Enrollment</b>																											
8	Eligibility Engine: Preliminary Business Requirements Document & RFP Development															33%	34%	33%									100%	100%
9	<b>Plan Management</b>										90%				10%												100%	100%
10	QHPs: Preliminary Business Requirements Document & RFP Development																										100%	100%
	Risk Adjustment & Reinsurance: Preliminary Business Requirements Document & RFP Development																								100%		100%	100%
	<b>Financial Management</b>																											
11	Financial Management: Preliminary Business Requirements Document & RFP Development;						100%																				0%	100%
12	Financial Sustainability Model																											
	Direct Contribution & Banking: Preliminary Business Requirements Document & RFP Development						90%														10%						10%	100%
	<b>Communications &amp; Outreach</b>																											
13	Communications: Preliminary Business Requirements Document & RFP Development																								100%		100%	100%
14	Consumer Research Assistance																								100%		100%	100%
15	Research & Program Development: Consumer Wellness Programs																								100%		100%	100%
	<b>Customer Service</b>																											
16	Plan Selection Portal: Preliminary Business Requirements Document & RFP Development												80%	20%													100%	100%
17	Website: User Behavioral Research to Inform Design												100%														100%	100%
18	Call Center: Preliminary Business Requirements & RFP Development										100%																100%	100%
19	Agent Credentialing Entity: Preliminary Business Requirements Document & RFP Development									100%																	0%	100%
Sub-total Direct Costs																												

Appendix II:  
Tennessee Level 1 Establishment Grant Budget

Background Research	Stakeholder Involvement	Governance	Program Integration	Exchange IT Systems	Financial Mngt	Program Integrity	Market Reforms	Asst Indiv & Sm Business	Cert, Recert, Decert	Call Center	Website	Premium tax credit & cost-share calc	Quality Rating System	Navigtor Program	Eligibility Determinations	Seamless Eligibility & Enrollment	Enrollment Process	Applications & Notices	Individual Responsibility Determinations	Admin of premium tax credits & cost share	Adjudication of appeals of eligibility	Notification and appeals of employer liability	Outreach and Education	Risk Adjustment & Reinsurance	SHOP specific functions	Sub-total:Business Ops	TOTAL
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% Costs by Exchange Core Planning Area

<b>D Equipment</b>																													
	None	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%	
Sub-total Direct Costs																													
<b>E Supplies</b>																													
	Supplies & Printing	50%	50%																									0%	100%
Sub-total Direct Costs																													
<b>F Travel</b>																													
	In-State: 60 trips x 2 person x 50 miles avg. x .51/mile + 20 nights lodging	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
	Out-State: 16 trips x 2 person x \$1,300/trip	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
Sub-total Direct Costs																													
<b>G Other</b>																													
	Legal Support	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
	Books/subscriptions	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
	Other	10%	10%	10%	10%	10%	10%	10%	10%	10%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	10%	100%
Sub-total Direct Costs																													
<b>H Contractual Costs</b>																													
	None	ts																										0%	0%
Sub-total Direct Costs																													
<b>I Total Direct Costs</b>		10%	6%	4%	4%	4%	12%	4%	4%	8%	4%	4%	8%	1%	1%	0%	2%	2%	2%	0%	0%	1%	0%	0%	13%	4%	0%	42%	100%
<b>K Total Indirect Costs</b> (No indirect cost rate agreement)																													
<b>GRAND TOTAL</b>																													

**Appendix II:**  
**Tennessee Level 1 Establishment Grant Budget**

	Background Research	Stakeholder Involvement	Governance	Program Integration	Exchange IT Systems	Financial Mngmt	Program Integrity	Market Reforms	Asst Indiv & Sm Business	Business Ops	TOTAL
<b>Level 1 Establishment Grant \$ Costs by Exchange Core Planning Area</b>											

**A Salaries and Wages**

Line #	Position Title	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Director, Exchange Planning	\$ 7,463	\$ 7,463	\$ 7,463	\$ 7,463	\$ 7,463	\$ 7,463	\$ 7,463	\$ 7,463	\$ 7,463	\$ 74,630
2	Associate, Exchange Planning	\$ 4,415	\$ 4,415	\$ 4,415	\$ 4,415	\$ 4,415	\$ 4,415	\$ 4,415	\$ 4,415	\$ 4,415	\$ 44,151
3	AdministrativeAssistant	\$ 2,203	\$ 2,203	\$ 2,203	\$ 2,203	\$ 2,203	\$ 2,203	\$ 2,203	\$ 2,203	\$ 2,203	\$ 22,032
Sub-total Direct Costs		\$ 14,081	\$ 14,081	\$ 14,081	\$ 14,081	\$ 14,081	\$ 14,081	\$ 14,081	\$ 14,081	\$ 14,081	\$ 140,813

**B Fringe Benefits**

4	Fringe Benefits as a % of Total Salary	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 59,142
Sub-total Direct Costs		\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 5,914	\$ 59,142

**C Consultant Costs**

**General Planning Activities & Project Management**

5	Dec 30, 2011 Level 1 Grant Development & Drafting	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 56,000
6	Assistance in developing Preliminary Business Requirements RFPs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,157	\$ -	\$ -	\$ 7,977	\$ 87,750

**Background Research**

7	Review and analysis of new federal rules & guidance	\$ 63,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,000
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**Governance**

**Eligibility & Enrollment**

8	Eligibility Engine: Preliminary Business Requirements Document & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,160	\$ 137,160
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**Plan Management**

9	QHPs: Preliminary Business Requirements Document & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,600	\$ 93,600
10	Risk Adjustment & Reinsurance: Preliminary Business Requirements Document & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,600	\$ 93,600

**Financial Management**

11	Financial Management: Preliminary Business Requirements Document & RFP Development;	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,600	\$ -	\$ -	\$ -	\$ 93,600
12	Financial Sustainability Model	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Direct Contribution & Banking: Preliminary Business Requirements Document & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,240	\$ -	\$ -	\$ 9,360	\$ 93,600

**Communications & Outreach**

13	Communications: Preliminary Business Requirements Document & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,600	\$ 100,600
14	Consumer Research Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,200	\$ 50,200
15	Research & Program Development: Consumer Wellness Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,400	\$ 50,400

**Customer Service**

16	Plan Selection Portal: Preliminary Business Requirements Document & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,175	\$ 162,175
17	Website: User Behavioral Research to Inform Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000	\$ 24,000
18	Call Center: Preliminary Business Requirements & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,200	\$ 67,200
19	Agent Credentialing Entity: Preliminary Business Requirements Document & RFP Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,600	\$ -	\$ 58,600

Sub-total Direct Costs		\$ 68,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 5,600	\$ 198,597	\$ 5,600	\$ 5,600	\$ 72,177	\$ 858,511	\$ 1,231,485
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Appendix II:  
Tennessee Level 1 Establishment Grant Budget

		Background Research	Stakeholder Involvement	Governance	Program Integration	Exchange IT Systems	Financial Mngmt	Program Integrity	Market Reforms	Asst Indiv & Sm Business	Business Ops	TOTAL
Level 1 Establishment Grant \$ Costs by Exchange Core Planning Area												
<b>D Equipment</b>												
	None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Sub-total Direct Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>E Supplies</b>												
20	Supplies & Printing	\$ 4,800	\$ 4,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,600
	Sub-total Direct Costs	\$ 4,800	\$ 4,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,600
<b>F Travel</b>												
21	In-State: 60 trips x 2 person x 50 miles avg. x .51/mile + 20 nights lodging	\$ 278	\$ 278	\$ 278	\$ 278	\$ 278	\$ 278	\$ 278	\$ 278	\$ 278	\$ 278	\$ 2,780
22	Out-State: 16 trips x 2 person x \$1,300/trip	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120	\$ 31,200
	Sub-total Direct Costs	\$ 3,398	\$ 3,398	\$ 3,398	\$ 3,398	\$ 3,398	\$ 3,398	\$ 3,398	\$ 3,398	\$ 3,398	\$ 3,398	\$ 33,980
<b>G Other</b>												
23	Legal Support	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 65,000
24	Books/subscriptions	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 10,200
25	Other	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 10,000
	Sub-total Direct Costs	\$ 8,520	\$ 8,520	\$ 8,520	\$ 8,520	\$ 8,520	\$ 8,520	\$ 8,520	\$ 8,520	\$ 8,520	\$ 8,520	\$ 85,200
<b>H Contractual Costs</b>												
	None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Sub-total Direct Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>I Total Direct Costs</b>		\$ 105,313	\$ 42,313	\$ 37,513	\$ 37,513	\$ 37,513	\$ 230,510	\$ 37,513	\$ 37,513	\$ 104,091	\$ 890,424	\$ 1,560,220
<b>K Total Indirect Costs</b> (No indirect cost rate agreement)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>GRAND TOTAL</b>		\$ 105,313	\$ 42,313	\$ 37,513	\$ 37,513	\$ 37,513	\$ 230,510	\$ 37,513	\$ 37,513	\$ 104,091	\$ 890,424	\$ 1,560,220

**Appendix II:**  
**Tennessee Level 1 Establishment Grant Budget**

Quarterly breakdown						Quarterly breakdown									
						Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
<b><u>A Salaries and Wages</u></b>															
Line #	Position Title	%	%	%	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Director, Exchange Planning	0.0%	20.0%	40.0%	40.0%	100.0%	\$ -	\$ 14,926	\$ 29,852	\$ 29,852	\$ 74,630				
2	Associate, Exchange Planning	0.0%	20.0%	40.0%	40.0%	100.0%	\$ -	\$ 8,830	\$ 17,660	\$ 17,660	\$ 44,151				
3	AdministrativeAssistant	25.0%	25.0%	25.0%	25.0%	100.0%	\$ 5,508	\$ 5,508	\$ 5,508	\$ 5,508	\$ 22,032				
Sub-total Direct Costs							\$ 5,508	\$ 29,264	\$ 53,021	\$ 53,021	\$ 140,813				
<b><u>B Fringe Benefits</u></b>															
4	Fringe Benefits as a % of Total Salary	8%	22%	35%	35%	100.0%	\$ 4,928	\$ 12,814	\$ 20,700	\$ 20,700	\$ 59,142				
Sub-total Direct Costs							\$ 4,928	\$ 12,814	\$ 20,700	\$ 20,700	\$ 59,142				
<b><u>C Consultant Costs</u></b>															
<b><u>General Planning Activities &amp; Project Management</u></b>															
5	Dec 30, 2011 Level 1 Grant Development & Drafting	100%	0%	0%	0%	100.0%	\$ 56,000	\$ -	\$ -	\$ -	\$ 56,000				
6	Assistance in developing Preliminary Business Requirements RFPs	75%	25%	0%	0%	100.0%	\$ 65,813	\$ 21,938	\$ -	\$ -	\$ 87,750				
<b><u>Background Research</u></b>															
7	Review and analysis of new federal rules & guidance	25%	25%	25%	25%	100.0%	\$ 15,750	\$ 15,750	\$ 15,750	\$ 15,750	\$ 63,000				
<b><u>Governance</u></b>															
<b><u>Eligibility &amp; Enrollment</u></b>															
8	Eligibility Engine: Preliminary Business Requirements Document & RFP Development	100%	0%	0%	0%	100.0%	\$ 137,160	\$ -	\$ -	\$ -	\$ 137,160				
<b><u>Plan Management</u></b>															
9	QHPs: Preliminary Business Requirements Document & RFP Development	60%	40%	0%	0%	100.0%	\$ 56,160	\$ 37,440	\$ -	\$ -	\$ 93,600				
10	Risk Adjustment & Reinsurance: Preliminary Business Requirements Document & RFP Development	60%	40%	0%	0%	100.0%	\$ 56,160	\$ 37,440	\$ -	\$ -	\$ 93,600				
<b><u>Financial Management</u></b>															
11	Financial Management: Preliminary Business Requirements Document & RFP Development; Financial Sustainability Model	50%	50%	0%	0%	100.0%	\$ 46,800	\$ 46,800	\$ -	\$ -	\$ 93,600				
12	Direct Contribution & Banking: Preliminary Business Requirements Document & RFP Development	50%	50%	0%	0%	100.0%	\$ 46,800	\$ 46,800	\$ -	\$ -	\$ 93,600				
<b><u>Communications &amp; Outreach</u></b>															
13	Communications: Preliminary Business Requirements Document & RFP Development	90%	10%	0%	0%	100.0%	\$ 90,540	\$ 10,060	\$ -	\$ -	\$ 100,600				
14	Consumer Research Assistance	90%	10%	0%	0%	100.0%	\$ 45,180	\$ 5,020	\$ -	\$ -	\$ 50,200				
15	Research & Program Development: Consumer Wellness Programs	90%	10%	0%	0%	100.0%	\$ 45,360	\$ 5,040	\$ -	\$ -	\$ 50,400				
<b><u>Customer Service</u></b>															
16	Plan Selection Portal: Preliminary Business Requirements Document & RFP Development	50%	50%	0%	0%	100.0%	\$ 81,088	\$ 81,088	\$ -	\$ -	\$ 162,175				
17	Website: User Behavioral Research to Inform Design	50%	50%	0%	0%	100.0%	\$ 12,000	\$ 12,000	\$ -	\$ -	\$ 24,000				
18	Call Center: Preliminary Business Requirements & RFP Development	75%	25%	0%	0%	100.0%	\$ 50,400	\$ 16,800	\$ -	\$ -	\$ 67,200				
19	Agent Credentialing Entity: Preliminary Business Requirements Document & RFP Development	75%	25%	0%	0%	100.0%	\$ 43,950	\$ 14,650	\$ -	\$ -	\$ 58,600				
Sub-total Direct Costs							\$ 849,160	\$ 350,825	\$ 15,750	\$ 15,750	\$ 1,231,485				

**Appendix II:**  
**Tennessee Level 1 Establishment Grant Budget**

Quarterly breakdown						Quarterly breakdown					
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL	
<b>D Equipment</b>	%	%	%	%	%	\$	\$	\$	\$	\$	
None	0%	0%	0%	0%	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Sub-total Direct Costs</b>						<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>E Supplies</b>	%	%	%	%	%	\$	\$	\$	\$	\$	
20 Supplies & Printing	25%	25%	25%	25%	100.0%	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 9,600	
<b>Sub-total Direct Costs</b>						<b>\$ 2,400</b>	<b>\$ 2,400</b>	<b>\$ 2,400</b>	<b>\$ 2,400</b>	<b>\$ 9,600</b>	
<b>F Travel</b>	%	%	%	%	%	\$	\$	\$	\$	\$	
21 In-State: 60 trips x 2 person x 50 miles avg. x .51/mile + 20 nights lodging	25%	25%	25%	25%	100.0%	\$ 695	\$ 695	\$ 695	\$ 695	\$ 2,780	
22 Out-State: 16 trips x 2 person x \$1,300/trip	25%	25%	25%	25%	100.0%	\$ 7,800	\$ 7,800	\$ 7,800	\$ 7,800	\$ 31,200	
<b>Sub-total Direct Costs</b>						<b>\$ 8,495</b>	<b>\$ 8,495</b>	<b>\$ 8,495</b>	<b>\$ 8,495</b>	<b>\$ 33,980</b>	
<b>G Other</b>	%	%	%	%	%	\$	\$	\$	\$	\$	
23 Legal Support	25%	25%	25%	25%	100.0%	\$ 16,250	\$ 16,250	\$ 16,250	\$ 16,250	\$ 65,000	
24 Books/subscriptions	25%	25%	25%	25%	100.0%	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 10,200	
25 Other	25%	25%	25%	25%	100.0%	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 10,000	
<b>Sub-total Direct Costs</b>						<b>\$ 21,300</b>	<b>\$ 21,300</b>	<b>\$ 21,300</b>	<b>\$ 21,300</b>	<b>\$ 85,200</b>	
<b>H Contractual Costs</b>	%	%	%	%	%	\$	\$	\$	\$	\$	
None	25%	25%	25%	25%	100.0%	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Sub-total Direct Costs</b>						<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>I Total Direct Costs</b>						<b>\$ 891,791</b>	<b>\$ 425,098</b>	<b>\$ 121,665</b>	<b>\$ 121,665</b>	<b>\$ 1,560,220</b>	
<b>K Total Indirect Costs</b> (No indirect cost rate agreement)						\$ -	\$ -	\$ -	\$ -	\$ -	
<b>GRAND TOTAL</b>	48%	26%	13%	13%	100.0%	<b>\$ 891,791</b>	<b>\$ 425,098</b>	<b>\$ 121,665</b>	<b>\$ 121,665</b>	<b>\$ 1,560,220</b>	

## Appendix III: Application Acronyms

ACCENT	Automated Client Certification and Eligibility Network for Tennessee (DHS)
CCIO	U.S. Office of Consumer Information and Insurance Oversight
CHIP	Children’s Health Insurance Program
CMS	U.S. Centers for Medicare & Medicaid Services
DOI	Tennessee Division of Insurance
F&A	Tennessee Department of Finance & Administration
DHS	Tennessee Department of Human Services
HCFA	Tennessee Division of Health Care Finance and Administration
HHS	U.S. Department of Health & Human Services
MLR	Medical Loss Ratio
NPRM	Notice of Proposed Rulemaking (of federal regulations)
PCIP	Pre-existing Condition Insurance Plan
PPACA	Patient Protection & Affordable Care Act
QHP	Qualified Health Plan
RFP	Request for Proposals
TAG	Technical Advisory Group
TCMIS	TennCare Management Information System
TDCI	Tennessee Department of Commerce and Insurance
VIP	Vision Integration Platform (DHS)