Project Narrative

A. Demonstration of Past Progress in Exchange Planning Areas

The State of Vermont is embarked an unprecedented multiyear program, embodied in Vermont Act 48 of 2011, that aspires to create for its residents a health care system in which all residents receive coverage from a single source, with all coverage offered equitably and health care costs contained by a systemic reorganization of compensation for providers of care. Because of this ambitious undertaking, Vermont has come to see the role of a Health Benefit Exchange (Exchange) somewhat differently than do most states. For Vermont, the Exchange will be a crucial but nevertheless initial step in our process of reform, and in the future we intend to ask it to perform a different—and broader—array of functions and services than will other states. This Establishment Grant request seeks to enable our full compliance with federal requirements for the design and construction of an Exchange under the Affordable Care Act (ACA). At the same time, however, we seek to go further and begin the design of an Exchange capable of effectively serving as the platform for a health care system that will by 2017 have the capacity to serve most or all of Vermont's current health care marketplace.

Vermont has made significant progress in the last twelve months in its planning for an Exchange. Vermont has used funds from the federal Exchange Planning Grant received on 10/1/10 to complete a number of reports and engage stakeholders in the process of establishing an Exchange. Significant progress has been made in the core areas laid out by the United States Department of Health and Human Services (HHS). Because of Vermont's own health care reform program, the work has had the full support of Governor Shumlin and his administration and has been accomplished under the direction of Robin Lunge, Health Care Reform Director in the Agency of Administration, and Betsy Forrest, Health Care Reform Project Director for the Department of Vermont Health Access (DVHA). The State of Vermont has also received assistance from Bailit Health Purchasing and other contractors during this planning grant process. Work groups have been actively involved in planning for various aspects of the overall work of the Exchange. All reports referenced in this proposal can be found on DVHA's website under the heading Health Benefits Exchange located at http://dvha.vermont.gov/administration/health-benefits-exchange. Work completed during the Planning Grant in each of the HHS core areas follows.

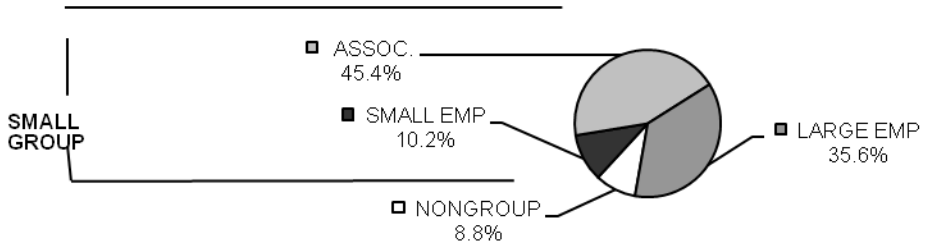
Background Research: Vermont has in place a rich base of information on insurance coverage from various sources developed during the implementation of earlier health care reforms. These data were relied on extensively in the early phases of planning for the Exchange. First, funds from the federal Exchange Planning Grant were used to further analyze data from the most recent Vermont household health insurance surveys to better understand the characteristics of the uninsured and underinsured. The results presented in a report, titled "Study of the Uninsured and Underinsured," were derived from the three Vermont Household Health Insurance Surveys administered in 2005, 2008, and 2009. The three surveys used somewhat different sampling designs based on the goals for the survey for each specific year. This report analyzed these data and assessed who would be eligible for coverage under the ACA via the Exchange and Medicaid expansions. Table 1 summarizes the results of these analyses.

Table 1: ACA Eligibility for Medicaid and Tax Credits for Uninsured

Income Category		No Access to ESI	Access to ESI
Currently Eligible for Medicaid	3,758		
Currently Eligible for VHAP	10,643		
Newly Eligible for Medicaid < 133%FPL	1,524		
Total Eligible for Medicaid	**15,925**		
Income 134-150%FPL	1,113	857	256
Income 151-200%FPL	5,603	3,742	1,861
Income 201-250% FPL	5,357	2,740	2,617
Income 251-300% FPL	4,099	2,259	1,840
Income 351-400% FPL	5,198	3,185	2,013
Total eligible for Exchange subsidies		**12,783**	
Income > 400% FPL	6,481	4,028	2,453

Funds from the federal Exchange Planning Grant were also used to analyze the existing health insurance markets in Vermont. A report titled "The Current Vermont Health Insurance Market" was prepared to better understand how the commercial health insurance market currently operates in Vermont and what changes may need to occur to comply with the federal requirements of the Exchange by January 1, 2014. Section 1 of the report looks at readily available information from the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA) with regard to health insurers offering comprehensive major medical coverage for insured and self-insured plans, and includes what markets they operate in, the number of lives they cover, and the amount of premiums they collect. Section 2 of the report provides summary information obtained from interviews with leading health insurers in Vermont, including Blue Cross and Blue Shield of Vermont, MVP Health Care, and CIGNA, about their products, their arrangements for paying providers, and their thoughts regarding the Exchange design and operation. This section also includes information obtained by interviewing staff from BISHCA. The report summarizes the unde-65, privately-insured marketplace in 2009 as shown in Figure 1 below:

Figure 1: Health Insurance Coverage in Vermont, by Market Segment, 2009



As Figure 1 shows, a large proportion of the privately insured obtain their insurance through association health plans. It will be important for Vermont to better understand the dynamics of this market moving forward, and this will be further studied in the upcoming year.

Stakeholder Consultation: Funds from the federal Exchange Planning Grant were used to support a number of stakeholder activities. An Exchange Advisory Group has met six times since March 2011. The Exchange Advisory Group is representative of stakeholders including providers, insurers, State legislators, advocacy organizations, and others (the full list of members can be found on the Health Benefits Exchange link) http://dvha.vermont.gov/administration/health-benefits-exchange. The meetings are two to three hours in length and are open to the public. All meeting materials are sent to members in advance and can also be found on the Health Benefits Exchange link above. Thus far, meetings have been used to report on progress in Vermont's reform planning process and any new federal Exchange-related direction and standards; present findings from studies conducted under the federal Exchange Planning Grant; and receive feedback on the roles of Navigators, the advantages and disadvantages of establishing a Basic Health Plan, various Exchange functions, and design of outreach and enrollment options.

In addition to these meetings, funds from the federal Exchange Planning Grant were used to conduct a formal "Stakeholder Study." This study used different approaches to solicit feedback and information on the Health Benefit Exchange in Vermont. Four focus groups with Vermont's uninsured, and four focus groups with Vermont's underinsured, were conducted. Key Informant Interviews were completed with nonprofit organizations and brokers and agents. Finally, a survey of small businesses was fielded. Detailed reports from each of these stakeholder activities are available on the Health Benefits Exchange link. Although these data are qualitative in nature, they provided useful information on motivations and behavior that are not available from other more quantitative data sources. Some of the key findings from these activities included:

- Uninsured Focus Groups: A surprising number of uninsured believe health insurance is of poor value. Even the cost of subsidized insurance seems high compared to how much care they believe they will use. Most had heard little about the Affordable Care Act and thought it was unlikely to help make health care more affordable for them. They didn't like the different levels of plans and felt everyone should have access to the same plan. Many were skeptical of the Exchange and how it might be able to help them. As shown in Table 1 above, thousands of uninsured Vermonters are actually eligible for a State health insurance program but have not enrolled in a program. These findings suggest significant work will be necessary to educate and enroll the remaining small percentage of Vermonters who are uninsured.
- Underinsured Focus Groups: The underinsured felt they were savvy shoppers of health care. Given that they have higher deductibles, they believe they have learned to manage their care aggressively. Most felt health care costs were growing out of control and that the ACA was unlikely to help them. The underinsured may be useful in helping to craft messages about using care appropriately and efficiently, the role of an Exchange in making informed health care coverage choices, and the value to them of moving to a health care system that aggressively contains cost.
- Interviews with Nonprofits: The representatives from the nonprofits were generally very enthusiastic about the ACA and had some good advice about enrolling the populations they serve in the health insurance plans offered through the Exchange. They felt that helping enrollees understand their eligibility for various programs and their plan options were the key challenges moving forward. They believe that the roles of customer service and navigators were critical, and that many different approaches and strategies would be necessary to reach the uninsured.

- Interviews with Brokers and Agents: Brokers and agents had mixed feelings about the ACA and the Exchange. They believe the focus of the Exchange should be on the uninsured and on small businesses that currently do not offer insurance. They also believe that whomever the state contracts with for the role of navigators will need consistent and comprehensive training, and ideally be licensed or certified, to provide the function of navigation.
- Small Employer Survey: Most small employers knew very little about the ACA and felt that the State should provide information to them about the reform. While about half of employers who offer insurance currently use broker services, only about a quarter felt that businesses would need a broker once the Exchange was established. Affordability was the most important feature to employers when thinking about products on the Exchange, followed by good coverage and benefits and ease of use.

It will be important to continue to engage all of these stakeholders as we move forward to establish the Exchange, and that need is reflected in this grant submission. Feedback from key stakeholder groups was helpful to us in our early planning stage, and their input is critical to establishing an Exchange that will best meet the needs of individuals and small businesses in Vermont.

State Legislative/Regulatory: Vermont was and remains one of a small number of states to pass legislation endorsing the purpose of and committing to fully implement the Exchange provisions in the ACA. In May 2011, the Vermont legislature enacted, and the Governor signed into law, a comprehensive reform of all aspects of health care delivery and payment that envisions a single-payer health care system decoupled from the traditional employer model. The Act also established the Vermont Health Benefit Exchange. It is the Vermont legislature's stated intention to leverage the basic Exchange concept and reach beyond the federally-required minimum functions to assist in its payment reform, cost control, and administrative simplification initiatives as it moves towards a single-payer plan. To the extent allowed under federal law, Vermont will use its Exchange as its platform to unify and simplify health plans and will include as many Vermont residents within the Exchange as early as possible. To that end, Act 48 directs the State to apply for a waiver from the Exchange requirements when available in 2017, or earlier if possible, and creates Green Mountain Care – for all Vermonters - including State and municipal employees, Medicare enrollees, and those eligible for subsidized coverage through the Exchange and Medicaid.[1] Act 48 provides a framework for the Health Benefit Exchange and articulates goals, governance structure, and functions. Planning work proposed to be carried out under an Establishment Grant will, among other more familiar goals, assist the State and the Vermont legislature in integrating the respective goals of the ACA and the State's statutory reforms.

Governance: Vermont has made significant progress in the area of determining the governance structure for its Exchange. In addition to enacting the State's plan to move towards a single-payer plan, Act 48 authorizes the establishment of an Exchange within the Department of Vermont Health Access (DVHA) and assigns it the following goals:[2]

- to facilitate purchase of affordable, qualified health benefit plans in the individual and group markets to reduce number of uninsured and underinsured,
- to reduce disruption when individuals lose employer-based insurance,
- to reduce administrative costs in the insurance market,

[1] See Section 2a.
[2] See Section 4, s. 1801(b).

- to contain costs,
- to promote health, prevention, and healthy lifestyles by individuals, and
- to improve quality of health care.

Because of Vermont's ultimate goal to create a single-payer plan, Act 48 includes a provision that the Exchange may offer coverage beyond that required under the ACA to the extent allowable (e.g., other individuals and employers, Medicaid to the extent that coverage is not reduced, Medicare to the extent that coverage is not reduced, State and municipal employees including teachers, and in lieu of worker's compensation).

The Exchange is to be administered by DVHA in consultation with an advisory committee (Joint Medicaid/Exchange Advisory Committee) and headed by a new DVHA Deputy Commissioner who will manage the Health Benefit Exchange Division in DVHA. The advisory committee must meet at least ten times a year and will advise the State on both Medicaid and the Exchange to ensure optimal integration of those programs. The Act requires the hiring and funding of a Deputy Commissioner of the Exchange beginning November 1, 2011.

Program Integration: Funds from the federal Exchange Planning Grant were used to study opportunities for program integration in Vermont. Significant planning tasks included: (1) beginning to perform business process documentation to reflect current State business processes and recommending future State business process changes that are necessary to support the proposed Exchange operational requirements, (2) studying the issue of churning in Vermont programs, and 3) studying the advantages and disadvantages of establishing a Basic Heath Program in Vermont.

The work of DVHA has been closely integrated with the work of other Vermont State agencies in order to efficiently and effectively carry out all of the responsibilities involved in planning for the Exchange. There are several State work groups currently planning for different aspects of the Exchange, including health insurance operations; insurance market planning; administrative simplification; integration of public health, quality initiatives, and wellness programs into the Exchange; and integration between Medicaid and Exchange eligibility and health insurance operations and technology. In addition, there are monthly core team meetings of work group leaders to ensure coordination among the work groups, and quarterly meetings of the Governor's Health Care Cabinet. Staff from DVHA, working with its other State agency partners, BISHCA, and the Department for Children and Families (DCF) has begun the process of business process documentation. This work will continue in even greater detail under the Establishment Grant planning phase beginning in the fall of 2011 and continuing through the spring of 2012.

In addition, a study of churning in current Vermont programs was conducted. This study was undertaken both to understand the extent of the problem in Vermont and to make recommendations for the integration of programs to mitigate churning once the Exchange is operational. The analysis included assessment of churn observed in the Green Mountain Care Reports and DVHA enrollment data over the period of November 2007-December 2010. The study primarily focused on the Vermont Health Access Program (VHAP) for very low-income people and Catamount Health (CHAP) for middle-income residents. Considerable movement on and off CHAP was observed. While a substantial number of people have enrolled in CHAP and maintained their coverage, for the majority, coverage is brief and sporadic.

Key findings of quantitative churning analysis:

- The number of people enrolling into CHAP has risen slowly since the first month of the program; however, the number leaving the program has increased every month also, slowing down the net enrollment. The last six months of the period analyzed, July-December 2010, included four months of negative net enrollment.
- From a total of 24,431 CHAP enrollees, two thirds (16,425) discontinued their coverage. About 84% (13,738) discontinued enrollment within one year of their initial enrollment, 15% (2,376) within two years, and less than 1% within three years.
- About half of the individuals transitioning out of CHAP leave Vermont's public health insurance system. Unfortunately, the data do not allow further examination to determine who obtained coverage from another (non-public) source or became uninsured. About a third (34%) of individuals leaving CHAP transferred to VHAP. The distribution for those leaving CHAP is similar to that of those who enroll into CHAP.

Vermont has done some further research on churn and is in the preliminary stages of determining policy options to reduce churn. These options will be incorporated into the planning around eligibility integration between Medicaid, Vermont's existing Medicaid waiver programs, and the Exchange. Federal Exchange Planning Grant funds were used to study the feasibility of establishing a Basic Health Program in Vermont. This report can be found on the Health Benefits Exchange link. No final conclusions were made regarding this program, since additional analyses are required once federal guidance on this program and other issues (Essential Health Benefits) become available.

Exchange IT Systems: Vermont has met the challenges and opportunities presented by Exchange IT Systems within the context of extensive systems planning for both IT and programmatic integration to support the goals of health delivery system reform, administrative simplification, and expanded coverage and access to care. The State has been in a multi-phase, multi-year process to determine the requirements for and the design of a new Agency of Human Services (AHS) IT Enterprise Architecture.

With passage of Act 48, the required components of that IT infrastructure now include a comprehensive integration of Health Insurance Exchange, Eligibility & Enrollment, Medicaid IT, and Health Information Exchange systems. Just as Vermont is building a system of coverage based on integration of Medicaid and the Exchange, the State is building a foundation of integrated technology components to meet near-term needs to operate the Exchange and to have the capacity to operate long term as a single payer system. Through this approach, Vermont will be fully aligned with CMS' Seven Standards and Conditions for IT systems to implement flexible, modular, reusable, reconfigurable IT systems.

Vermont's IT gap analysis has been an ongoing process over recent years. Gap analysis for the Exchange is simply a further iteration of the process, the highlights of which are detailed below. The State's current integrated "to be" vision evolved from an initial understanding of an "as is" environment of disparate systems that required discrete upgrades. Over time, the distinctions between those systems have begun to blur and a more integrated vision has emerged. The formal gap analysis began with a MITA State Self-Assessment, completed in 2008 in preparation for development of a MMIS re-procurement that began in early 2009.

In that same time frame, the State began planning to replace Vermont's once cutting edge but now aging ACCESS mainframe eligibility system operating on a legacy Adabase platform written in Natural. The first iteration of a plan for a new Eligibility & Enrollment (E&E) system, known as VIEWS (the Vermont Integrated Eligibility Workflow System), was completed in 2009; however, an RFP for VIEWS was not issued as it became clear that the plan would need to be modified to reflect the emerging vision for an integrated Agency IT architectural framework. Release of the VIEWS RFP was subsequently further delayed by the passage of the ACA and Vermont's assessment of the opportunity to integrate a new E&E system with the Exchange. By early 2010, prior to passage of the ACA, a comprehensive "to be" vision of AHS IT infrastructure had emerged that included a modular, integrated platform. Passage of ACA and the opportunity to integrate the Exchange with Medicaid and VIEWS further solidified the integrated Enterprise framework approach. In May 2010, the Agency secured legislative support to proceed with a Service Oriented Architecture (SOA) design for building the new AHS Enterprise Architecture. The integrated SOA strategy was reviewed with Todd Park, HHS Chief Technology Officer, and Henry Chao and Mark Oh from CMS/CCIIO. Vermont issued an RFP in July, 2010 for core SOA components.

Concurrently, as the next stage in the MMIS re-procurement process, the State went through an extensive "visioning process" to ensure development of a comprehensive RFP for its new Medicaid Enterprise System (MES), based on the AHS SOA framework and MITA 2.0 requirements. Because of timing factors, the MES RFP was issued prior to selection of the SOA core components vendor, but the MES RFP made clear the State's intent to embody the approach subsequently articulated by CMS in the Seven Standards and Conditions.

A contract was awarded to Oracle for its suite of SOA core components in early 2011, creating the core platform for shared services to support Vermont's MMIS, E&E, and Exchange systems. Vermont has licensed the following suite of products:

- Oracle Policy Automation
  - Oracle Policy Modeling Application
  - Oracle Policy Automation
- Oracle Fusion Middleware
  - WebLogic Suite
  - SOA Suite for Oracle Middleware
- Oracle I&AM Suite
  - Identity and Access Management Suite Plus
- Oracle Unified Business Process Management Suite
  - Unified Business Process Management Suite
- Oracle MDM (Master Data Management)
  - Oracle Customer Hub Data Steward Application
  - Oracle Customer Hub B2B (Business to Business)
  - Oracle Customer Hub B2C (Business to Customer)
  - Oracle Activity Hub B2B for Oracle Customer Hub B2B
  - Oracle Activity Hub B2C for Oracle Customer Hub B2C
  - Oracle Customer Master Data Management Integration Base Pack
  - Oracle Data Quality Matching Server
  - Oracle Data Quality Address Validation Server
  - Oracle Data Quality Parsing and Standardization Server
  - Oracle Data Quality Profiling Server

Reflecting both the changes in State policy embodied in Act 48, and consideration of the rapidly evolving state/federal IT environment, including pending release of MITA 3.0 guidance, Vermont withdrew its MES RFP in July, 2011, after submission and preliminary review of bids. Vermont now plans to issue a set of complementary, modular MMIS, E&E, and Exchange RFPs starting in the fall of 2011 that reflect MITA 3.0, the integrated systems approach described above and further articulated in the Exchange IT Plan below.

Gap analysis related to portals is straightforward. Vermont currently operates the Green Mountain Care site, a small scale "exchange" for Vermont public and subsidized health plans, www.greenmountaincare.org; the "Screen Door," a simple human services screening portal http://screendoor.vermont.gov/, and My Benefits Vermont, www.mybenefits.vt.gov/, an interactive site for managing public benefit applications. All will be replaced through a transition to the new Exchange portal, which will also be linked from the new state Health Reform website, http://healthcare.vermont.gov.

Two other important components inform Vermont's Exchange gap analysis. First, Vermont's participation in an early innovator grant issued to the University of Massachusetts as part of the New England States Collaborative Insurance Exchange Systems (NESCIES), http://nescies.org/. This Center for Consumer Information and Insurance Oversight (CCIIO) Innovation grant was designed to support re-useable processes and technologies developed for Massachusetts Health Insurance Exchange Implementation. Vermont will seek to leverage the work of this early Innovator grant during the establishment grant process, as indicated in the Exchange IT Plan.

An additional factor impacting insurance Exchange IT is Vermont's Health Information Exchange (HIE) architecture. It utilizes a complementary, integrated approach that closely links the AHS Enterprise Architecture with the HIE network. This integrated HIE vision is articulated in the State Medicaid HIT Plan (SMHP) approved by CMS in August 2011, and includes the capacity to utilize the HIE for both clinical and administrative transactions. The HIE network is operated by Vermont Information Technology Leaders, Inc. (VITL), a non-profit 501c3 designated in statute to operate the statewide HIE. VITL utilizes Medicity as its technology vendor.

Taken together, the Medicaid Enterprise, Eligibility & Enrollment systems, the Health Information and Health Benefits Exchanges constitute Vermont's integrated Health Reform and HIT Portfolio. A central Enterprise Master Persons Index (EMPI) and an authoritative State Provider Directory will be shared across the common Enterprise Service Bus (ESB) platform linking State systems and will be tightly coupled with the HIE network operated by VITL. In addition, through the AHS Enterprise SOA infrastructure, the Portfolio systems will utilize shared Rules Engine, Workflow, and other resources consistent with CMS expectations to leverage and align industry standard modular system components to ensure uniform cross-program business results, reporting, and cross-platform interoperability. This approach is consistent with National Information Exchange Model (NIEM) recommendation 3.1 separating business rules from core programming and transaction systems.

The State is in the process of completing contracts with vendors for technical and business process assistance to support the IT Portfolio integration. That engagement was delayed due to the substantial issues that AHS experienced following the flooding brought on by Tropical Storm Irene's passage over Vermont. A significant element of the Portfolio vendors' contracts includes working with State IT staff to ensure NIEM compliance across the Portfolio, as well as NIST, HIPAA, Fair Information Practices, and Federal Information Processing

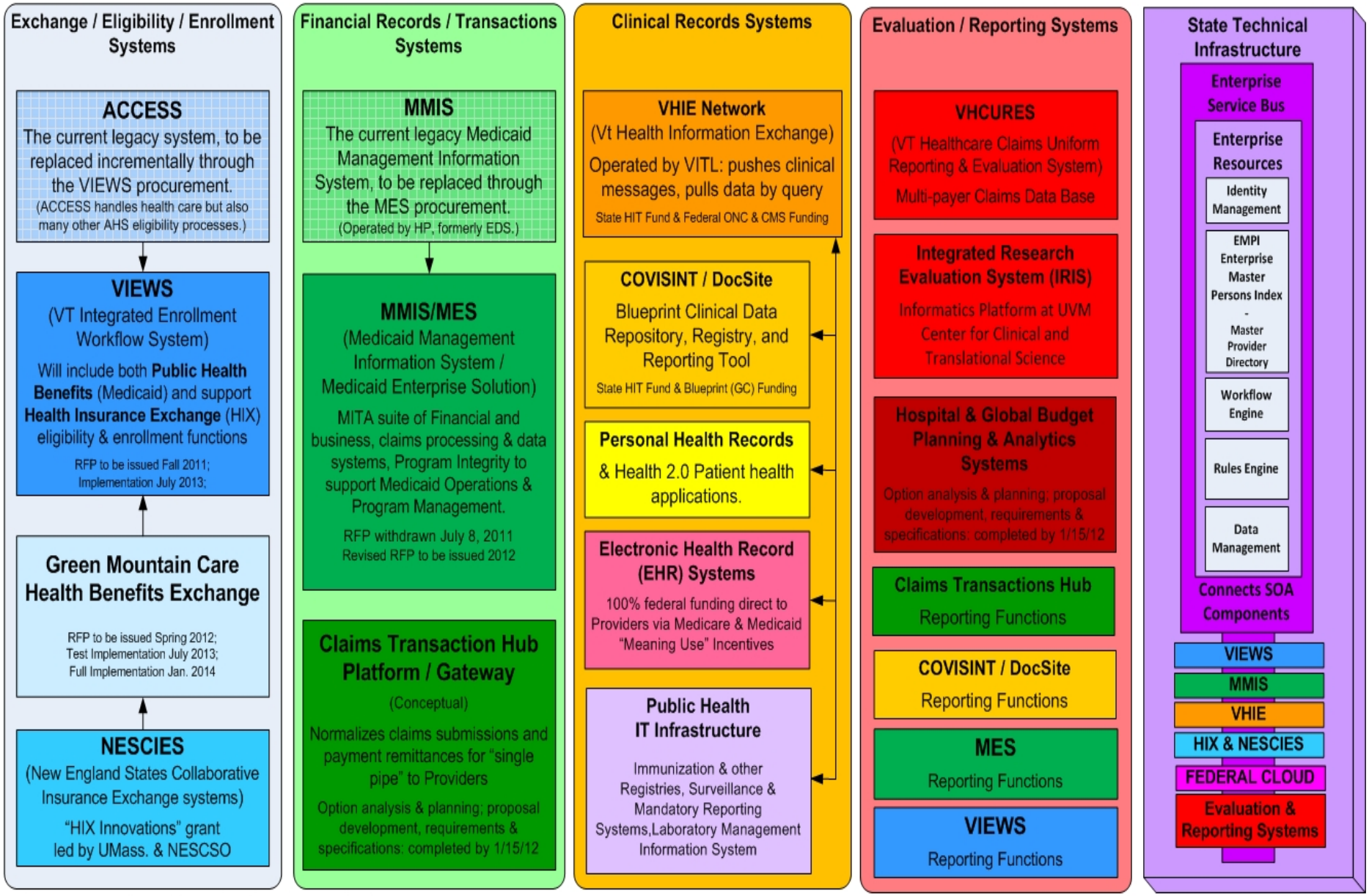
Standards compliance. The State's primary web services contractor, Vermont Information Consortium, works with State staff to ensure 508 and 504 standards compliance.

Vermont's iterative IT gap analysis will be further informed by work that will be conducted during the Establishment Grant phase of Exchange implementation as details related to the NESCIES Innovation Grant and the Federal Exchange hub become available. The goal of this continuing gap analysis and identification of additional opportunities is to ensure that Vermont can fully leverage potential partnerships with NESCIES participants, other Innovator grant states, and / or CCIIO so that all of the necessary systems are implemented by 2013 in the most efficient manner possible to accommodate all Exchange functions including and not limited to: conduct eligibility, enroll applications, process claims and account for federal/state funds.

The following two pages provide two views – thematic and schematic – of Vermont's Health Reform and HIT Portfolio.

Health Reform Information Technology – Health Information Technology – AHS Information Technology

The Portfolio of HR IT, HIT, and AHS IT systems is shown here by thematic components.



Legacy systems due to be replaced are shown with check pattern.

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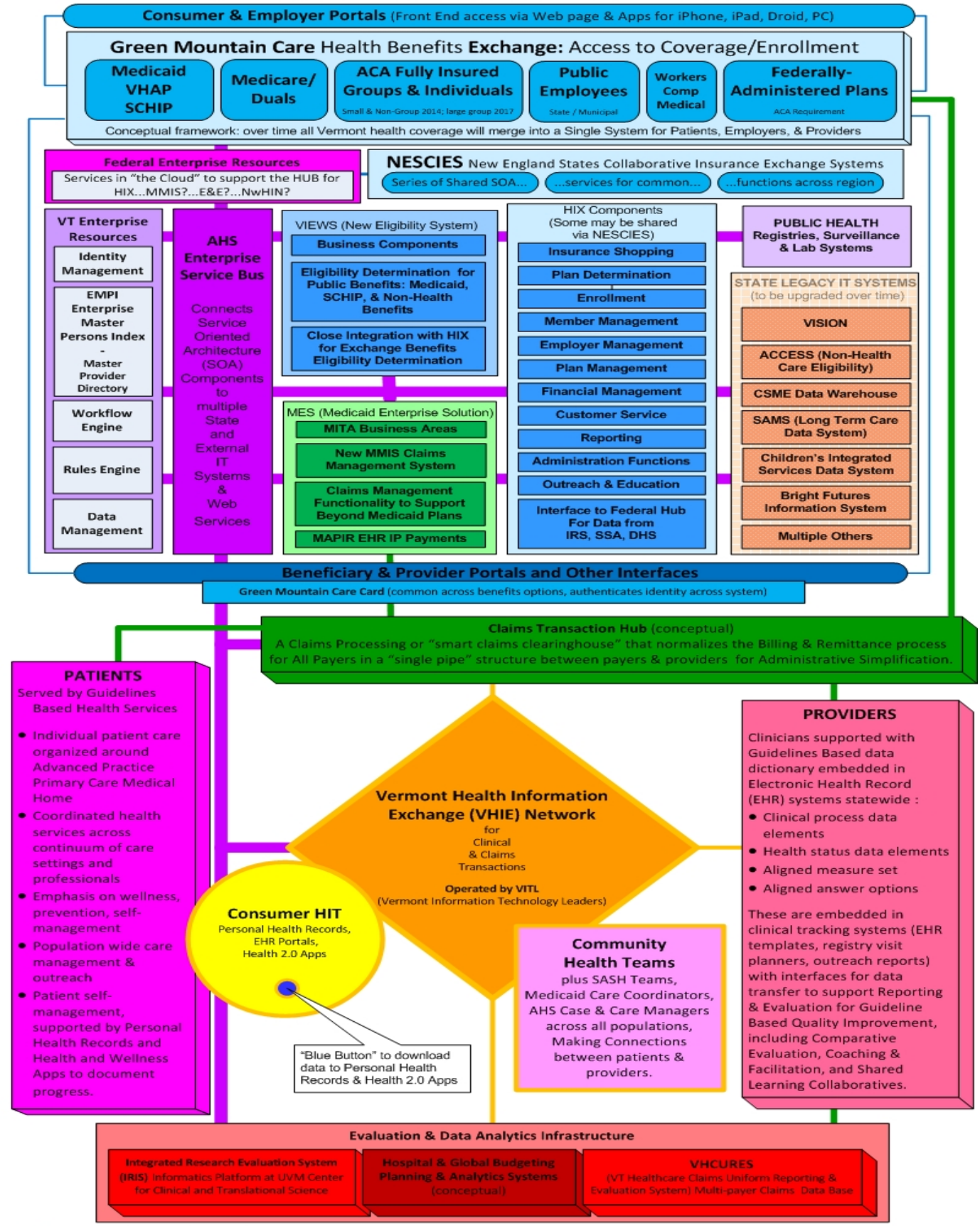
VT Health Reform IT Architecture: **Maximizing Federal Resources, Increasing Administrative Systems Efficiencies**

NOTE: this is only a suggestive schematic, not a definitive data flow diagram, for discussion purposes.



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Financial Management: Under the federal Exchange Planning Grant, Vermont conducted a preliminary analysis of the business functions of the Exchange, including financial management. Financial infrastructure and practices currently in place in Vermont's State health care programs were examined with a particular focus on CHAP, and to a lesser extent, the State Employees Health Insurance Plan. Various finance and business functions necessary for the operation of the Exchange were outlined, and potential options and responsible parties were identified to perform each function. Cost estimates for the performance of the financial and business functions were also provided. Reports summarizing all of these tasks can be found on the Health Benefits Exchange link. The cost estimates are preliminary in nature and further work will need to be conducted once decisions are made on the various processes for the Exchange. However, this preliminary work lays down the foundation for future work in this area and will be extremely useful in the planning and implementation work that continues during the Establishment Grant process.

In developing the cost estimates, information was sought from various agencies in Vermont, including DVHA, the Department for Children and Families (DCF), BISHCA, and the Vermont Department of Labor (DOL). In some cases, the costs associated with operating the Exchange may replace existing costs. For example, the responsibility for some of the eligibility determination may move from Medicaid to the Exchange as individuals become eligible for tax credits under the ACA. The analysis completed to date only provided estimates for the Exchange and did not contemplate such shifts that will be necessary when devising a sustainable funding strategy for the Exchange.

Program Integrity: Work in this area is targeted as a priority during the first year of the Establishment Grant, since it is essential in ensuring appropriate use of state and federal funds, as well as the prevention of fraud and abuse. DVHA intends to leverage its existing program integrity unit to ensure the prevention of fraud. DVHA will also coordinate with other fraud units within State government as necessary, including the Medicaid Fraud and Residential Abuse Unit (MFRAU) at the Attorney General's office.

Act 48 specifically requires the Exchange to keep accurate accounting of all activities, receipts, and expenditures, and submit reports annually as required by federal law. The Exchange must also cooperate with the federal Department of Health and Human Services or the Inspector General in any program reviews or audits. The Exchange is required to publish and place on its website the average costs of licensing, regulatory fees, and other payments required by Exchange; and its administrative costs, including monies lost to waste, fraud, and abuse. The Exchange is prohibited from using any funds intended for administrative and operational expenses for staff retreats, promotional giveaways, excessive executive compensation, or promotion of federal or state legislative or regulatory modifications.

Health Insurance Market Reforms: BISHCA has taken the lead in designing and implementing necessary reforms related to health insurance markets. As mentioned earlier, a report was also prepared that assessed the current market structure in Vermont. Vermont State laws were revised to include the ACA market reforms as follows: establishing minimum loss ratios, eliminating pre-existing condition exclusions for children under the age of 19, removal of lifetime maximums, establishing dependent coverage to age 26, and mandating coverage for preventive services.

In addition, a report was commissioned using Robert Wood Johnson funds to assess the advantages and disadvantages for the State, employers, individuals, and the Exchange of: 1) allowing qualified health plans to

be sold to individuals and small groups both inside and outside the Exchange, 2) allowing nonqualified health plans that comply with the provisions of the ACA to be sold to individuals and small groups outside the Exchange, and 3) the impact of the availability of supplemental insurance plans on offerings in the small and individual market. The results of these analyses are forthcoming this fall and may inform decisions taken during Vermont's 2012 legislative sessions. Work will continue in this area as per the schedule outlined in the ACA.

Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints: This core area was addressed during the federal Exchange Planning Grant process by having Vermont State staff and legislators meet regularly to discuss how to implement the Exchange to maximize its usefulness to individual consumers and small businesses. In addition, Vermont State staff met with other stakeholders, including associations, insurers, unions, consumer advocates and nonprofits, chambers of commerce, and others in small groups or individually to determine how the Exchange might impact existing coverage and programs. Vermont executive agency staff participated in regional forums on health care reform sponsored by a variety of organizations and has spoken at several annual meetings held by nonprofit organizations, provider groups and associations, unions, and others.

Focus groups with both uninsured and underinsured individuals and surveys of small businesses were conducted during this early planning phase and will continue to be necessary as the establishment of the Exchange continues. Many of the actual functions necessary to accomplish these tasks are included under the Business Operations and Exchange Functions core area discussed below, such as the navigator and hotline/call center functions. However, there may be some need for additional functionality in the Exchange related to this core area that may not be addressed in the functions noted below, such as taking complaints and resolving problems.

Business Operations/Exchange Functions: Federal Exchange Planning Grant funds were used to prepare a report outlining options for the State regarding Exchange business functions and preliminary cost estimates of these options. As part of this work, a matrix of Exchange functions, including dates when functions need to be operational, was also developed. The functions outlined in this report included premium payments from individuals and employers; certification, recertification and decertification of plans; establishment and maintenance of a call center; establishment of an Exchange website with the ability to calculate and administer consumer premium tax credits and cost-sharing reductions; the development of a quality rating system for plans; the establishment of a navigator Program; seamless eligibility determination and an enrollment process for Medicaid and other programs; individual responsibility determinations and notices; adjudication of individual and employer appeals; the ability to report data to the IRS and to businesses and individuals; outreach and education; risk adjustment and transitional reinsurance; and implementation of the SHOP Exchange. These estimates included a detailed accounting of current State programs and infrastructure. Although these estimates are preliminary, they are used as the basis—together with an expanded view of the Exchange's potential—on which Establishment Grant proposal estimates are made.

B. Proposal to Meet Program Requirements

Vermont's approach to establishing an Exchange is to build a market mechanism that will fulfill the ACA requirements as well or better than other states, while designing an expanded capability to help transition its health care system to a single-payer plan. The Exchange infrastructure is critical in this transformation. The Exchange will be both the foundation and, eventually, the likely core of a system in which a single point of eligibility and purchase from a single payer or payers operating under identical programmatic rules. Therefore, the approach in Vermont is to build a robust Exchange with greater functionality than that required by the ACA and to encourage participation of as many individuals and employers as soon as possible.

Vermont is moving swiftly towards establishing its Exchange as shown by the work completed to date. This work includes: 1) passing detailed enabling legislation for the Exchange, 2) completing much of the preliminary planning work as described above, and 3) developing a preliminary Exchange Design template and a detailed implementation work plan with identified tasks to be completed during the Establishment Grant period. The next section of this proposal describes the work that will be completed over the course of the Establishment Grant by core area identifying which of the tasks require additional funding from the federal government.

Background Research: A significant amount of background research was conducted during the federal Exchange Planning Grant period. However there are several small areas of research yet to be completed. The areas where additional background work is required are described below.

Quality Programs and Initiatives - Because the federal guidance regarding quality ratings in the Exchange has not yet been issued, Vermont has not completed background research needed to develop a quality system that is integrated into the State's existing quality programs and initiatives. The background research necessary includes conducting an inventory of existing quality programs in Vermont and an analysis to determine how to integrate or supplement existing programs into or with the Exchange, as appropriate.

Wellness & Health Promotion - Vermont has a vision of incorporating wellness and health promotion in the Vermont Health Benefit Exchange. Background research is needed to determine the types and parameters of existing programs, including those provided by the Department of Health, as well as evidence-based research to determine what programs are effective at improving health and how such programs can be fully integrated into the Exchange.

Administrative Simplification - Vermont has several efforts underway to coordinate and simplify the programs it administers. First, Vermont has a planning grant from CMS to plan for a dual-eligible demonstration project. In addition, Vermont has previously looked at streamlining and simplifying insurer coding through the Department of Banking, Insurance, Securities, and Health Care Administration. In addition the ACA has provisions advancing administrative simplification. Research is needed, however, to determine how these efforts relate to one another and to ensure that these efforts result in true administrative simplification and not further complexity or competing efforts. Determining which efforts result in true simplification at the health care provider's office or facility, including possibly polling providers to determine areas of greatest complexity from their perspective and determining preferences and/or priorities for simplification is something we would like to explore with funds from the Establishment grant.

Key tasks to be funded under Establishment Grant: A contractor will be engaged to conduct research, and State staff will use findings from the research to coordinate State efforts on wellness, health promotion, and administrative simplification.

Stakeholder Consultation: Stakeholder consultation will continue and expand during the Establishment Grant phase. Act 48 requires the establishment of a Joint Advisory Committee for both Medicaid and the Exchange. This Joint Advisory Committee will meet at least ten times over the course of the next year and will assure program integration goals of both the ACA and Act 48 are met. The commissioner of DVHA will chair the Joint Advisory Committee and will appoint the 23 members to 3-year terms. Committee members will be comprised of stakeholders, including a representative of health insurers licensed to do business in Vermont, with the remaining members equally represented from beneficiaries of Medicaid or Medicaid-funded programs, individuals or small businesses eligible for enrollment in the Exchange, and advocates for consumer organizations and health care professionals.

In addition to these formal meetings, there will be additional informal stakeholder meetings scheduled over the course of the year to ensure that we are inclusive of all regions and voices in the State. Employer meetings will also be scheduled across the State to educate and inform small employers about the Exchange. Public education forums in different regions of the State will be conducted to ensure broad public input into the design process. We propose using funding from the Establishment Grant to fund activities under this core area.

Key Tasks to be funded under Establishment Grant: Topics will be identified for discussion at the Joint Advisory Committee meetings and stakeholder meetings. Procedures for meetings will be established. A contractor will be engaged to work with State staff to prepare briefing materials, discussion questions, and options to discuss with stakeholders, including small employers and the broad public.

State Legislative/Regulatory: Act 48 established the Exchange in the Department of Vermont Health Access (DVHA) and describes the basic structure and functions of the Exchange. Over the course of the next year, State administration and the legislature will assess the need for additional legislation and/or regulatory action regarding Exchange operations. This activity will be funded by the State, and Establishment Grant funds are not sought to directly fund this activity. Because Vermont wants to enroll as many people as possible in its Exchange, some Establishment grant funding will be used to hire ERISA expertise to assist with complex employer issues.

Key Tasks to be funded under Establishment Grant: A legal contractor will be engaged to work with State staff on ERISA questions related to the Exchange.

Governance: The basic governance structure of the Exchange has been determined through Act 48. A Deputy Commissioner for the Exchange will be hired during this second implementation year. Other key staff are identified that will need to be hired during the implementation phase. Hiring for these positions will begin during the fall of 2011 and continue over the course of two years until start-up of the Exchange in the fall of 2013. This proposal seeks Establishment Grant funding for the following positions that will be hired (4 are currently existing positions for which Vermont seeks funding) over the next year including:

Accountants (2)
Grants Management Specialist
Admin assistance for Agency of Administration
Admin assistance for Exchange Division in Medicaid
Attorney/Policy Analyst for Exchange/Medicaid
Attorney/Policy Analyst for Exchange/private market
Attorney/Policy Analyst for Exchange/single payer/integration
Business Analysts (4)
Contract/Grant Writer
Deputy Commissioner
Outreach Program manager
Operations Manager
Director, Health Care Affordability
Project Coordinator - Exchange Basics
Project Coordinator - Exchange/Medicaid Long Term Integration
Project Coordinator - Exchange/Public Health and Wellness
Project Manager - IT
Project Coordinator -BISHCA
SOA QA Integrator
SOA Developer 1
SOA Developer 2
Database Administrator
Admin assistance for IT
Director of QHP Certification
Data Analyst (2)
Infrastructure/Architecture Security Specialist
Director, Health Care Reform
Information Management Officer

Key Tasks to be funded under Establishment Grant: Develop job descriptions and management structure and assist with recruitment process. It is expected that the Deputy Commissioner will be hired in the fall 2011, with most other positions following mid-year.

Program Integration: Preliminary work was completed in this core area supported by the federal Exchange Planning Grant with a detailed work plan developed to identify future work regarding program integration. In addition, preliminary studies assessing program churning and the feasibility of a Basic Health Program in Vermont were completed as described above. However, there is additional work to be completed in this core area, and we are seeking Establishment Grant funds to assist with some of that activity. In particular, we would like to develop a comprehensive integration strategy, including how to fully integrate or align Medicaid, the Medicaid-Medicare dual eligible demonstration, private insurance, associations, and coverage for State and municipal employees. This strategy will include identification of statutory changes necessary to integrate the private insurance markets with the Exchange and will also include consideration of whether to impose a moratorium on the issuance of new association policies and to continue exemptions for associations after the Exchange is established. This plan will also evaluate the definition of “small employer” for the launch of the

Exchange (50 or 100). In addition, the work will include how to integrate the Exchange with other DVHA functions, including the possible transition of health care eligibility from the Department for Children and Families (DCF) to DVHA.

In addition to this study, State staff will continue to work within their subcommittees to provide recommendations to senior leadership on how best to coordinate Medicaid and the Exchange and how to insert the Exchange into the small and non-group marketplace. Information that is collected for the study will be shared with all parties involved to ensure transparency and coordination.

Key Tasks to be funded under Establishment Grant: A contractor will be engaged to complete a comprehensive study on program integration.

Exchange IT Systems: As described in Section A. above, Vermont has a clearly articulated vision for a comprehensively integrated Enterprise Architecture that will leverage IT investments across the Agency of Human Services. While there are many open questions about the larger Exchange IT ecosystem, particularly with respect to the federal data hub, the State has and will continue to engage vigorously with HHS, CCIIO and NESCIES colleagues, along with conducting an extensive internal planning process, to chart a clear path for implementation of the Exchange IT infrastructure. Because of Vermont's integrated SOA approach to AHS systems and the timing of the SOA core components implementation, as well as the Eligibility & Enrollment and MMIS procurements, the State has a unique opportunity to ensure maximum leverage and integration across the Health Reform and Health IT Portfolio components.

Over the past year, Vermont has participated in NESCIES Steering Committee Activities and progress reports / updates from the Massachusetts team, including detailed presentations on SDLC gate reviews. More recently, Vermont staff has interacted directly with HHS, CMS, and CCIIO IT leadership to further explore ways in which the State could potentially partner, either directly or through NESCIES, with federal Exchange IT systems. As of the filing of this grant proposal, many questions about that IT infrastructure remain unresolved, but Vermont nonetheless has a clear path forward. By the time the Establishment grant is awarded to Vermont, details will be available to complete a much more detailed Implementation Work Plan.

In the interim, the State will continue to work to determine the most advantageous Exchange IT strategy compatible with other Vermont IT systems and refine its planning to reflect choices made based on additional information as it becomes available. One of the most complex questions relates to "reusability" of NESCIES Exchange infrastructure planning, component design, and systems procurement. Another critical area of still-to-be determined issues revolves around identity management and data exchange standards and protocols.

Over the next several months the IT project team will continue to conduct activities including reaching resolution of the strategic design of Exchange IT systems in relation to the overall Portfolio Architecture. This includes making decisions on which HIX components can and should be shared via the NESCIES project, and which of the work orders/procurements Vermont can take advantage of. In addition, Vermont will review the messaging of the Identity Management system that will be utilized by the federal hub and determine which Identity Management standards and infrastructure can be reused and/or leveraged across the AHS SOA Enterprise. We will also be working towards a resolution related to location and hosting strategies including which components can be located at the Vermont State Data Center and which components can be "cloud" based. Before the grant is awarded, Vermont IT leadership will meet with CCIIO IT leadership to review our

Informal Architecture and we will continue to work with them to review our draft Technical Design specifications.

Key Tasks to be funded under Establishment Grant: Absent information not available at the time of this grant submission, Vermont cannot chart a definitive path regarding IT implementation and specific funding for each phase of work. We are requesting IT funds that will allow us to move forward during this next year issuing RFPs for various IT features as determined and agreed upon by our federal partners. The Work Plan for this section is based on contingencies and pending data.

Financial Management: Preliminary work in this core area was completed using federal Exchange Planning Grant funds. However, additional work in this area will be conducted during the first year of the Establishment Grant period to refine the initial analysis. We identified three areas requiring additional work during the Establishment period.

First, it is critical that the Exchange develop a financial management system that offers integrity and a thoughtful and detailed approach to maintaining efficient spending and revenue streams. The system will need to adhere to HHS Financial Management standards. In addition, under Vermont's Act 48, DVHA is required to have adequate financial management systems and provide efficient and effective accountability and control of all property, funds, and assets related to grants and cooperative agreements with the federal government. Although the accounting standards that are in place at DVHA ensure adequate financial management, Vermont will need to assess the specific policies required by the federal government and adapt our policies as needed and allowed within State law. Because the Exchange is located within a State agency, DVHA will be responsible for the financial management of grant funding and ultimately of the Exchange.

Second, as part of the financial and business functions plan that was developed during the federal Exchange Planning Grant period, an analysis of existing State resources, financial management needs, and gaps in current structures were identified. Once we consider the cost shifts that occur among agencies due to changes in eligibility and finalize the Exchange design, Vermont will refine our financial model so that it accurately projects Exchange revenue and expenses over a five-year period. Because the Exchange must be operating independently and with its own source of funding by January 1, 2015, it will be important for the Exchange to have reliable estimates of the operational costs for the Exchange.

Preliminary estimates of the cost of the Exchange and various models for financial sustainability were developed during the federal Exchange Planning Grant period. However, this work was completed without the knowledge of the final Exchange design. Estimates were made for three time periods: 1) Start-Up Activities (present through December 31, 2013) – the period prior to the date by which Exchanges must be operational, 2) First Year of Operation (January 1, 2014 – December 31, 2014), and 3) Second Year of Operation (January 1, 2015 – December 31, 2015). Beginning in this second year of operation, Exchanges must be self-sustaining. The estimates provided in our preliminary report present a sense of the magnitude of costs. These estimates will be refined using funds from the Establishment Grant based upon the following:

- State Decisions. The State must make several decisions regarding the scope and structure of the Exchange. For example, decisions regarding whether and how expansion populations will be folded into the Exchange will impact the size of the Exchange and thus the cost of its operation.

- Federal Guidance. The ACA largely delegated the details regarding Exchange responsibilities for the delineated functions to the federal Department of Health and Human Services (HHS). HHS has recently released some proposed regulations, but additional information will be forthcoming, and these draft regulations may change based on public comment. Thus far, there appears to be a fair amount of state flexibility in the tasks it assigns to its Exchange. As these responsibilities become clearer, estimates and assumptions will need to be revisited in an iterative fashion.
- Level of Detail. As decisions are made, a greater level of detail regarding costs can be realized.

Final recommendations regarding levels of funding required for Exchange self-sustainability by January 2015, and potential revenues for that level of funding, will be made once the costs for the Exchange operations are refined.

Third, Vermont will also assess the adequacy of current accounting and financial reporting systems and will assess gaps. We propose working with a contactor to identify the additional requirements necessary to manage the finances of the Exchange, including the ability to publish all expenses, receivables, and expenditures consistent with federal requirements.

Key Tasks to be funded under Establishment Grant: Establishment Grant funding is requested to update and refine the preliminary work done in this core area. We propose to engage a contractor to: 1) assess the existing capacity of Vermont's financial management system and determine which parts of this system, if any, can be used by the Exchange to ensure compliance with federal requirements; 2) finalize cost estimates and the sustainability model for the Exchange; and 3) establish a robust and transparent accounting and financial reporting system for the Exchange.

Program Integrity: It will be necessary for the Exchange to combat waste, fraud, and abuse within all its systems, including its financial management system, the eligibility determination process, appeals for exemptions to the individual mandate, and overall information and funds that flow through the Exchange. Establishing oversight and program integrity functions will be critical for a properly functioning Exchange. Vermont intends to leverage the existing processes within DVHA and DCF to ensure program integrity, but little additional work has been completed in this area to date, and funds from the Establishment Grant will be used to analyze options and develop systems for ensuring program integrity for all aspects of the Exchange in the following two areas:

1) Ensure the prevention of waste, fraud, and abuse: Although the State's financial policies already in place ensure the proper use of state and federal funds, we will need to review agency policies and align them with the requirements laid out by the federal government. As a part of those requirements, the state will also develop appropriate procedures to meet HHS audit requirements.

2) Implement Oversight and Program Integrity Functions: Under the Establishment Grant, Vermont proposes to assess existing programs, develop plan processes, and create a plan for oversight and program integrity functions. A contractor will be hired to analyze and evaluate current infrastructure (program integrity unit at DVHA, fraud and quality control units at DCF, any insurance oversight functions at BISHCA, and the Medicaid fraud unit at the Attorney General's Office. The contractor would also review federal regulation requirements.

Procedures for an independent, external audit, fraud detection, and reporting to HHS on efforts to prevent waste, fraud, and abuse will be established. The contractor will also ensure that program integrity functions are aligned between Medicaid and the Exchange to the extent allowable under federal law.

Key Tasks to complete under Establishment Grant: Engage a contractor to develop a plan to identify and eliminate waste, fraud, and abuse within all of the Exchange systems, including the financial management system, the eligibility determination process, appeals for exemptions to the individual mandate, and overall information and funds that flow through the Exchange.

Health Insurance Market Reforms: Vermont will continue to implement the ACA requirements for market reforms, and we propose conducting follow-up work regarding several issues pertaining to this core area during the first year of the Establishment Grant.

A report was commissioned with assistance from the Robert Wood Johnson Foundation to assess the advantages and disadvantages for the State, employers, individuals, and the Exchange of: 1) allowing qualified health plans to be sold to individuals and small groups both inside and outside the Exchange, 2) allowing nonqualified health plans that comply with the provisions of ACA to be sold to individuals and small groups outside the Exchange, and 3) the impact of the availability of supplemental insurance plans on offerings in the small group and individual market. The results of this work will be reported out to the Joint Advisory Committee, the Governor and the Legislature for their consideration. There will likely be follow-up work to this report that will be undertaken using funds from the Establishment Grant.

In addition to the follow-up work, we would also like to study the risk adjustment mechanisms included in ACA that will assist in leveling the playing field across the markets. This work will include a study of options for implementing the three risk-leveling mechanisms and developing a Vermont model based on currently available patient-level data.

Another project related to this core area is consideration of State-mandated benefits that exceed the Essential Health Benefits determined by HHS. Since a state is responsible for funding the premium and cost-sharing subsidies of any state-mandated benefit that exceeds the federal essential health benefits package, it is important for Vermont to conduct this analysis. Vermont proposes to hire a contractor with actuarial expertise to work with the State to conduct an actuarial cost analysis of any mandated benefits beyond the Essential Health Benefits that Vermont policymakers wish to maintain in the standard benefit plan design. The report will also consider policy options for paying for the additional costs of such benefit.

In addition, the State will likely require standardized benefit plans in the Exchange and will need to do additional analysis to determine what those standard designs should be. This analysis would include an inventory of the most utilized benefit plans, variations among plans, and employer, employee, individual, and public input on what types of benefit options would be most appealing. The state will also hire a contractor to assist with the development of a risk adjustment and reinsurance program in Vermont.

Key Tasks to complete under Establishment Grant: We will engage a consultant with actuarial experience to conduct the work described in this core area, including the design of the risk adjustment and reinsurance programs.

Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints: Establishing the call center and Navigator functions will be key activities funded through the Establishment Grant that overlap with this core area. However, in addition to these activities, Vermont proposes to use its Health Care Ombudsman (HCO) program to provide assistance to individuals and small businesses. The HCO, which is part of Vermont Legal Aid, Inc., is an existing health insurance consumer assistance program with many years of experience in helping State residents resolve problems, answer questions, file complaints and appeals, and enroll in State health care programs. Vermont plans to use the HCO to provide these services for the Exchange. Since the HCO has been collecting data on consumer problems for almost twelve years, these data can be an important resource to inform the Exchange of the types of health insurance questions and problems that consumers encounter. We are asking for funding for the HCO to develop an implementation plan and educational materials for consumers.

Vermont will also revisit any additional requirements necessary to meet the needs of individuals and small businesses. Funding is requested specifically in this core area to test the Exchange model with individual and small business stakeholders via key informant interviews and focus groups to determine any additional desirable features.

Key Tasks to be funded under Establishment Grant: Funding requested for this core area will assist the HCO in developing an implementation plan and educational materials and analyzing data on consumer problems. In addition, a contractor will be engaged for testing the Exchange model with individuals and small businesses through key informant interviews and focus groups.

Business Operations/Exchange Functions: There are a number of important business functions that are crucial to the success of the Exchange. Vermont will begin to establish this functionality in 2012 using support from the Establishment Grant. Although we will likely adapt the draft operational work plan as needed during the establishment of the Exchange, the following operational areas will be addressed in this work:

Certification of Qualified Health Plans: As required under Act 48, to participate in the Exchange, plans in Vermont must offer at least the silver level of coverage and meet minimum prevention, quality, and wellness standards, including the requirement that plans participate jointly in quality improvement activities with other plans and participate in Vermont's chronic care initiative, "Blueprint for Health." In certifying plans, the Exchange must minimally consider affordability; promotion of high-quality care, prevention, and wellness; promotion of access to health care; and participation in Vermont's health care reform efforts.

Act 48 also requires plans to charge the same premium for a plan whether or not it is obtained through the Exchange. Plans seeking recertification must submit a justification for a premium increase prior to implementation of such an increase. Today BISHCA reviews rate and form filings from health insurers doing business in Vermont. Much of the information that will be required for certification is similar to that collected and reviewed by BISHCA today. The Exchange will therefore leverage BISHCA's process for reviewing health plans for certification, although the federal government may require the Exchange to establish its own procedures. It is possible that given the opportunities under the ACA, there will be potential new entrants in the Vermont market, creating additional plans for BISHCA and the Exchange to review.

Act 48 also requires the Exchange to conduct satisfaction surveys for consumers and health care performance and to utilize other mechanisms to evaluate plan performance. The results of these satisfaction surveys and evaluations should play a key role in the recertification of health plans for participation within the Exchange.

The operational plan developed for Vermont calls for a clear certification process, including adherence to a strict timeline for application submission, evaluation, and selection of qualified health plans. Vermont will engage stakeholders regarding potential certification criteria and processes.

During this first Establishment Grant year, we propose engaging a contractor to develop the criteria for certification, recertification, and decertification of qualified health plans and to design the consumer satisfaction survey process.

Call center: The ACA mandates that Exchanges provide a toll-free telephone hotline to assist individuals and small employers in all aspects of the Exchange process, including plan selection. In order to ensure that the State, its vendors, providers, businesses, and individuals are ready for the implementation of the Exchange and understand how to enroll in coverage during the designated open enrollment period, Vermont's call center will be operational during the spring or summer of 2013 in advance of open enrollment to begin fielding questions. Through a vendor, the State currently operates a call center to serve all of its Vermont's public health coverage programs.[3] It assists enrollees and others in gaining an understanding of the program's benefits and policies and responds to individual questions. Most incoming calls fall within one of the following categories of questions:

- eligibility and enrollment status,
- premiums,
- information updates, and
- covered benefits.

The call center also places outbound calls to assist new enrollees in the selection of a health plan and physician, as appropriate, depending on the program.[4] The vendor is able to access back-up capacity to limit wait times during high-volume periods.

The requirements of an Exchange call center are similar but not identical. For instance, under the Exchange the call center will need capacity to work closely with small businesses and answer their questions, and will need to learn in detail about ACA eligibility requirements, particularly as they relate to the provision of refundable tax credits and cost-sharing subsidies. The current vendor provides assistance in plan enrollment for the Catamount Health population. Specifically, the vendor assists enrollees in their choice of health plans and then enters the enrollee's selection in the eligibility IT system.

Given that the State already operates a call center for its Medicaid population, Vermont will likely expand the role of the current call center functions to respond to Exchange inquiries. This would allow the State to leverage existing expertise and infrastructure, including space and call center technology. However, given that the call

[3] This includes Medicaid, Dr. Dynasaur, Vermont Health Access Plan, Catamount Health, employer-sponsored insurance premium assistance, and various prescription assistance programs.
[4] Maximus Monthly Tracking Report, January 2011

center currently serves only subsidized individuals, a new procurement or contract amendment will be necessary. As a first step during this first year of the Establishment Grant, we will determine the scope of services needed for the call center and develop appropriate contract language for use either in a contract amendment or as part of an additional procurement and model contract. The contract will carefully account for the additional requirements and the enhanced need for call center services in the months leading up to implementation of the Exchange and during annual open enrollment periods. Moreover, the contract will consider that today most inbound calls focus on the most complex programs, which could result in the need for a higher ratio of call center staff to enrollees once the Exchange becomes operational. The contract language will include specific performance requirements, such as number of calls answered, wait time, and number of abandoned calls.

Vermont proposes using Establishment Grant Funds to engage a contractor to develop the criteria and specifications for the call center function, and to draft the RFP or contract amendment.

Quality rating system: Federal HHS is in the process of developing criteria for states to use to assign quality ratings and reward quality for plans covered through the Exchange.[5] Based on these criteria, the Exchange will assign ratings to each health plan offered in the Exchange. Prior to implementation of the Exchange, Vermont will need to evaluate the federal system, determine whether additional measures are required, and develop processes and procedures to implement a quality rating system. Vermont may want to add additional quality measures in order to unify quality efforts currently occurring in the State in or with the Exchange. Vermont will also consider whether its single-payer goals require additional performance measurement from what is ultimately included in the federal quality rating criteria.

In addition to assigning quality ratings, the Exchange will need to determine how it will reward its health plans for achieving quality goals based on the federal criteria and within what financial parameters or other incentives those rewards will be provided. The federal quality rating criteria should also be reviewed against criteria that health insurance plans are subject to in terms of compliance with NCQA standards and BISHCA's Consumer Protection and Quality Requirements for Managed Care Organizations, Rule 2009-03 [6] Additionally, the Exchange will review the Medicaid Managed Care quality requirements from the Quality Assurance and Performance Improvement plan approved for Vermont Medicaid by CMS for Global Commitment.[7]

Until the criteria are developed and performance measurements are selected, it will be difficult for Vermont to understand what level of resources to commit to this activity. We are seeking Establishment Grant funding to hire a contractor to assess the federal criteria, to determine whether additional requirements may be necessary, and to establish a process for assigning these criteria.

All-payer rate setting: Vermont is seeking to use its Exchange as a mechanism for reducing administrative complexity in the health insurance market and thereby reduce the transaction costs associated with health insurance. Vermont is also pursuing all-payer rate setting as a strategy for achieving several goals: controlling

[5] The proposed Exchange regulations do not include these criteria.
[6] http://www.bishca.state.vt.us/reg-bul-ord/consumer-protection-and-quality-requirements-managed-care-organizations
[7] http://humanservices.vermont.gov/news-info/draft-ahs-quality-strategy/ahs-medicaid-managed-care-quality-strategy-draft/view

health care cost increases, assuring greater equity in payments from carriers and between the public and private sectors, assuring greater equity across health care providers in payments, rationalizing and simplifying payment methodologies across payers, allowing for the financial sustainability of efficient and effective providers, and implementing common approaches to payment innovation to improve health system efficiency and quality of care. Act 48 provided the authority for the State to pursue both comprehensive administrative simplification and all-payer rate setting.

Vermont proposes using a portion of the Establishment Grant funding to examine methodologies for implementing all-payer rates within the Exchange and for coordinating provider payment policies in the Exchange with those used by public programs and private carriers outside the Exchange. Specifically, we propose hiring a contractor who will document current payment levels, payment methodologies, and variation in payments, both across payers and across providers within Vermont.

This work will include an assessment of potential approaches to implementing all-payer rates, in terms of the scope of rate setting, methodologies to be used, and any necessary phase-in. Modeling the impact of implementing all-payer rates within the Exchange, and of applying those rates to public payers in terms of the cost or savings to the state, the cost or savings to private payers, and the impact on specific types of providers, individual institutions, or areas of the state will also be conducted. Specific guidance on potential approaches to coordinating Vermont's all-payer approach with Medicare payment policies and innovations in Medicare payment will also be made.

Navigator program: A key ingredient to the ultimate success of the Exchange in Vermont will be in how we use the Navigator program to bolster the effectiveness of our plan for outreach and education. The Navigator program, while mandated by the ACA and Act 48, must be fully State funded and must provide grants to qualified organizations to educate and assist individuals and small businesses in enrolling in health coverage through the Exchange. Federal HHS draft regulations on the Exchange require that the State contract with a minimum of two types of organizations. Act 48 is consistent with the ACA requirements for Navigators.

Vermont will need to develop certification criteria and program direction for the Navigator function. The State will need to develop an RFP for qualified individuals or agencies to provide Navigator functions in different areas of the State. The RFP will focus on needed skills and experience, and not specifically include or exclude any particular entity (consistent with the ACA requirements). Entities will have the option of bidding to serve either or both individuals and small businesses as Navigators, but will be evaluated separately based on experience and skill. Entities will also have the option of bidding to serve all areas of the State or just particular regions. Contracts to serve as Navigators for 2013-2014 will be awarded in the spring of 2013. Vermont will also need to develop training materials for Navigators. Training for Navigators will start in the spring of 2013, and the program will begin in the summer of 2013. Following 2014, Navigators will have 12-month contracts and have the opportunity to reapply for subsequent years.

We are seeking funding to hire a contractor to help the State develop criteria for its Navigator program and develop training materials for Navigators.

Eligibility determinations: In order to determine and coordinate eligibility for premium tax credits under the Exchange and provide for seamless eligibility and enrollment for all public health coverage programs, DVHA

intends to utilize a single eligibility system that allows for determination of eligibility for public programs, including verification of accessibility of employer-sponsored insurance. Determining eligibility for Exchange premium tax credits and cost-sharing subsidies is similar to the activities done within the current Medicaid eligibility system and translatable to a new system following particular ACA rules.

DVHA intends to enhance its current efforts in working with employers to coordinate benefits, and to communicate about subsidies for both individuals and employers to the Internal Revenue Service (IRS) and other governmental entities as required by the ACA and Act 48. The Exchange is also charged with collecting premiums from employers and individuals and ultimately enrolling qualified individuals into qualified health plans under Act 48.

As noted above, Vermont is one of the New England states participating in the New England Innovator Grant led by Massachusetts. Under the Innovator Grant, known as "NESCIES," Massachusetts is developing an Exchange infrastructure, including an eligibility portal to serve individuals and employers[8] and links to federal agencies to verify and share information, and is working together with other New England states to create that infrastructure in a flexible manner that allows the maximum potential for its re-use in New England and other states. The preliminary design will be available soon, at which point Vermont will be able to compare this design to its own needs and make a determination of whether the eligibility portion of the system can be a platform for Vermont.

In the meantime, the State is in the process of developing a procurement for a new eligibility system to replace its current Medicaid eligibility system. That procurement will include any additional Exchange eligibility requirements, including determination of eligibility for premium tax credits and cost-sharing subsidies, and tax credits for small employers. Given that large system procurements often take more than 24 months to complete, the State is also in the process of developing an alternative plan that will allow for Exchange eligibility to be determined through modifications to our current eligibility system (known as "ACCESS").

We are seeking Establishment Grant funds under the IT section of this proposal to implement this new eligibility system.

Applications and Notices: The federal government will likely release guidance on standard applications and notices in the fall of 2011. The Exchange will use those standards to tailor the application and application processes to meet the State's needs. In doing so, the Exchange will consult with stakeholders to receive their feedback on consumer readability and ease of using the application and understanding the notices. The final applications and notices will be tested before the open enrollment period in 2013.

No activity in this area is expected during the first year of Establishment Grant funding.

Outreach and education: The ACA creates several new options for health insurance coverage. Successful implementation of the ACA requires extensive marketing, public education, and outreach. Vermont can leverage its successful experience and lessons learned from the marketing and outreach related to the launch of Catamount Health. With the ACA expansion, Vermont will focus its campaign on both consumers and

[8] Depending on how the Massachusetts employer module is built, Vermont may need to devote significant planning time to determining the process by which it will determine eligibility for small employer tax credits in the Exchange.

employers. For consumers, the focus will be on the insurance mandate, the opportunities for first-time coverage, the availability of tax credits, and the choices among programs and products available through the Exchange. For employers, the focus will be on employer decision-making in the Exchange, employee affordability, and tax credits. Vermont will develop and begin to implement a marketing and outreach plan in 2012, which will incorporate the needs of individuals with disabilities, individuals with limited English-speaking proficiency, and other potential barriers to enrollment included in the ACA. At a high level, the plan will:

- be organized around a set of simple messages that emphasize the State's priorities and educates both individuals and small businesses;
- utilize a multi-prong approach, including numerous public education and outreach campaigns, collaborating with State agencies, community organizations, and corporate and civic organizations;
- give special consideration to the rural nature of Vermont and the characteristics of the current uninsured population;
- leverage and coordinate messages and consumer advice with the Exchange call center and Navigators; and,
- be coordinated with campaigns of health plans that participate in the Exchange and, where possible the business community.

As a first step, Vermont will develop an overarching message and branding for its Exchange campaign and should determine early on when, to what extent, and how it will weave in its ultimate goal of a single-payer plan. The overarching message will be used mainly in the pre-implementation process to provide broad information about the coming availability of the Exchange and its benefit to Vermonters, including small businesses. The message may be conveyed through a variety of means, including print, television and radio advertisements, brochures, fact sheets, Q&A documents, public information forums and community events, and other means.

Based on its overarching message, the State will next develop a strategy for providing more detailed and targeted marketing. This phase of marketing will focus on whom the Exchange can begin to cover immediately and, to the extent necessary, aim to reduce any fears and clarify who is and who is not impacted by the Exchange at its inception. In developing materials, the State will leverage its previous activities, including materials developed for Catamount Health, and as implementation nears, the State will collaborate closely with insurers that will be participating in the Exchange to ensure consistent messaging.

In addition to broad marketing of the program, it will be essential to have a comprehensive training program that provides widespread training for State staff and vendors, as well as providers, advocacy organizations, small businesses, chambers of commerce, and other interested organizations. In previous expansions, "Train the Trainer" models have been quite successful. The State will take advantage of this technique as much as possible. The mode of Train the Trainer can include many options such as using Vermont Interactive Television studios around the State, holding in-person trainings regionally, and having telephone/webinar trainings.

In compliance with the ACA, Act 48 requires the Exchange to create and maintain consumer assistance tools. Act 48 appropriately includes the website and call center as part of the program's outreach and educational

tools. The Act specifies that any interactive online communication tools developed must comply with the requirements of the Americans with Disabilities Act.

In order to create a comprehensive outreach and education strategy, the State will develop an RFP for the design and implementation of a communications plan that will assist the Exchange through 2014. The communications plan will include different phases including:

- Phase I: Research and Planning – This phase will include assessing people's evolving knowledge, concerns, and sources of information about the Exchange through focus groups.
- Phase II: Outreach and Education Materials Development – This phase will create materials that appeal to and are easily understandable to target audiences, such as brochures, posters, and doctor's office messages. This phase will include identifying the role of Navigators in outreach and education.
- Phase III: Launch activities – This phase will include the actual outreach and education to reach as many of those likely to interact with the Exchange as possible. This will include dissemination of educational materials, a marketing campaign, and partnering with community groups, Navigators, and others to reach the target audience.

Vermont proposes hiring a marketing/communications firm using Establishment Grant funds to both develop a plan and create and carry out the communications strategy for outreach and education.

SHOP-specific functions: Planning for the SHOP Exchange is in the early development phase but in light of Vermont's expansive health insurance market reform goal, critically important to our success. Focus groups were held with employers to determine their level of understanding of the Exchange and to seek their input on important features of the SHOP Exchange and a preliminary SHOP design. The focus groups revealed that employers are generally uninformed about the Exchange and will need and desire significant assistance in understanding the options in order for them to provide meaningful input into the design and planning. However, there are a number of specific Exchange functions related to the SHOP Exchange that will need further development, such as specific details on enrollment and payment of premiums.

During the next phase of Exchange planning, the State will continue to explore potential enrollment options and further define the enrollment procedures. During this process, the State will learn from the experience of employer enrollment in Massachusetts and contemplated in other states, and have focused design meetings with insurers and employees to understand potential enrollment barriers and ways to simplify the enrollment process for employers and their employees. Other issues that will be considered during this early phase include cross-border enrollment and service issues.

We propose that Establishment Grant funding be used to support the engagement of a contractor to work with State staff to review the operations of a small business Exchange and the necessity to incorporate functions for small businesses that would otherwise be provided by small employers themselves, such as simplifying enrollment, aggregating premiums, and managing employee insurance plan choice. Once decisions have been made on the SHOP, the Exchange will develop system and operational processes for the administrative duties the Exchange would take on for small employers, including assistance in helping them qualify for the small business tax credits. The Exchange will need to hire staff to perform the SHOP-specific functions and assist small businesses in offering insurance to their employees.

Create benefit categories: The ACA requires that Exchanges offer four levels of health insurance plans (bronze, silver, gold and platinum) for both individuals and small employers, and an optional catastrophic plan for individuals. The ACA also requires that states offer two multistate plans within their Exchange. Act 48 requires that the State create only three levels of health insurance plans (platinum, gold, and silver).[9] Each of these levels must provide the Essential Health Benefits required under the ACA, as well as any additional State mandated benefits required by the Secretary of Health and Human Services after consultation with the Joint Advisory Committee and approval from Green Mountain Care Board.

In creating benefit categories, the Exchange will work closely with staff from BISHCA and an actuary to develop the appropriate levels of benefits and cost sharing. All plans are required to include Essential Health Benefits, which have not yet been finalized by the federal government. However, as mentioned in the health insurance market reforms discussion above, the State will begin development of the different benefit categories to be offered within the Exchange. This work must get underway soon after the federal government issues guidance, since states are expected to select and certify qualified health plans in 2012 to prepare for an open enrollment period in mid-to-late 2013.

We are requesting Establishment Grant funds under the health insurance market reforms core area for this activity.

Transparency and reporting: The ACA requires that each state Exchange have, at a minimum, the capacity to report accurate and timely information to the Internal Revenue Service (IRS) regarding individuals and employers for verification purposes. Through the New England Innovator's Grant, Massachusetts will be developing an Exchange portal that includes a reporting system in addition to an eligibility system. We hope that this piece of the Massachusetts design may be able to be leveraged and re-deployed for Vermont's Exchange. It is not certain, however, that usable design elements will be made available in a timely way. Vermont will continue to work closely with Massachusetts in its design efforts in the hope that features that are usable are included in the initial model. However, we also are preparing for the possibility that we may need to design our own system. Once the preliminary Massachusetts design is finalized, Vermont will have a better sense of whether the reporting system is transferrable.

We are not requesting Establishment Grant funds for this activity at this time but may do so in the future.

Website: A key function of the Exchange is to provide a venue to allow both individuals and small employers to compare available health plans, utilizing standardized comparative information on benefits provided and quality ratings of health plans participating in the Exchange. The Exchange website must also include a premium tax credit and cost-sharing reduction calculator that allows individuals to understand their potential cost-sharing responsibilities. Further, individuals must be able to utilize the Exchange website to apply for coverage and enroll online and view information regarding plan choices.

In developing the content for its Exchange website, Vermont hopes to utilize some of the prototype content and functionality that will be developed by the federal government. In addition, Vermont may be able to re-use any website structure and information designed for Massachusetts under the Innovator Grant. However, given the

[9] Vermont will require federal permission to not offer a bronze or catastrophic package under its Exchange.

uncertainty of relying on external sources and Vermont's efforts to implement a single-payer plan, it is likely that the State will want to develop at least some content that is particular to Vermont for use on its website. With the available information and potential for reuse, it is not anticipated that the design of the website will be complex.

As DVHA transitions from the Planning Grant to the Establishment Grant, and the Exchange structure begins to take form in terms of a director and staff, an early version of the Exchange website should be operational as soon as possible to provide an easily identifiable place for Vermonters to become educated on the Exchange, the implementation process, and the timetable for implementation. The Exchange's website should also provide links to other key sources of information.

The development of an early version of the Exchange website will be performed through a contractor, and we are requesting funds for this activity through this Establishment Grant.

Contract with health plans: During 2012, the Exchange should begin a process of contracting with qualified health plans to offer health insurance. This activity will be closely tied to the development of benefit criteria and the process for initial plan certification as described above. Based on the final benefit criteria and certification process, the Exchange will contract directly with health plans to offer coverage through the Exchange to participating individuals and small employers. Both the ACA and Act 48 detail a number of requirements that insurers must meet to contract with an Exchange to offer coverage. While the ACA generally offers broad categories of requirements, Act 48 includes a number of requirements that will need to be developed in significant detail in order to create a contracting process for interested health plans. Specifically, the proposed contract with health plans must define standards for marketing practices, network adequacy, essential community providers in underserved areas, appropriate services to enable access for the underserved, accreditation, quality improvement, and information on quality measures for health benefit plan performance. Plans must agree to use uniform enrollment forms and descriptions of coverage and to comply with insurance and consumer information requirements. Plans must also agree to publicly report a series of information including denied claims numbers, enrollment and disenrollment numbers, rating practices, and cost sharing and payment practices for out-of-network coverage.

The Exchange will be focused on an appropriate balance of quality and price to provide confidence for the State that its residents who select a plan through the Exchange will have the best opportunity for positive health outcomes coupled with contained costs. The Exchange will be required to determine whether each health plan meets the requirements set forth in the procurement, the ACA and Act 48. The Exchange must make a determination that offering a plan through the Exchange is in the best interest of individuals and qualified employers; and must also consider affordability, promotion of high-quality care, prevention and wellness, promotion of access to health care, participation in the State's health reform efforts, and other criteria at the discretion of the DVHA commissioner. In negotiating the contracts and determining final premium rates for participating plans, the Exchange is required to consider an insurer's historic rate increases and BISHCA's recommendations. Act 48 requires that the Exchange offer at least two Vermont health plans, if possible.

We are not requesting Establishment Grant funds for this activity at this time but may do so in the future.

Individual responsibility determination: The Exchange will be responsible for determining whether an individual should be exempt from complying with the insurance mandate based on the lack of an affordable plan. This function should leverage the existing Medicaid appeals function. To implement, the Exchange will be required to develop a detailed process for how and when to request an exemption, and must also define how such exemptions will be considered and ruled upon based on federal guidance.

We propose using Establishment Grant funds to engage a contractor to develop options for implementing this process during the next year

Employer responsibility determination: The Exchange will work closely with the State's Department of Labor to develop a process to determine whether an employer should be penalized for failing to purchase insurance for its employees. An important component of this work includes developing a process for determining whether individuals applying for a tax credit in the Exchange have access to affordable health insurance that meets minimum standards.

We propose using Establishment Grant funds to engage a contractor to develop options for implementing this process during the next year.

Enrolling individuals and businesses in qualified health plans: The Exchange is charged with collecting premiums from employers and individuals and ultimately enrolling qualified individuals into qualified health plans under the ACA and Act 48. Proposed federal regulations anticipate an open enrollment period from October 2013 through February 2014, and an annual open enrollment period thereafter. Vermont has some experience in enrolling individuals in health plans through the Medicaid program and Catamount Health. In developing a process for enrolling individuals and businesses in plans, Vermont will leverage its outreach and education efforts, state eligibility and call center staff, its Navigator function, and its website. Ideally, at implementation individuals will be able to access a real-time eligibility decision and health plan enrollment through the Exchange website and eligibility portal. The Exchange must use standardized forms and formats for presenting health benefit options. The Exchange website will include this information as well as a calculator that will allow for individuals to determine cost sharing and benefit differences across plans. Alternative enrollment options will also be available, including phone options with call center or Navigator assistance and by mail. As contemplated, Navigators may also provide some enrollment assistance in person.

Ideally, the Exchange will be designed to allow for more than one employer to contribute to an individual's health coverage, and the Exchange will aggregate the contributions towards the premium. During the Establishment Grant phase of Exchange planning, the State will continue to explore potential enrollment options and further define the enrollment procedures. During this process, the State will consider the employer enrollment used in Massachusetts and contemplated in other states, have focused design meetings with insurers and small businesses to understand potential enrollment barriers, and develop options for simplifying the enrollment process for employers and their employees.

We propose using Establishment Grant funds to engage a contractor to develop enrollment options and work with the IT contractor to implement the selected model.

Universal Exchange planning and design: Vermont seeks Establishment Grant funding to explore design and functionality options for a Universal Exchange that serves all Vermonters on a mandatory or voluntary basis. We will develop planning and analysis capacity to determine which functions of an Exchange could be shared with payers who are self-insured or insured in the large group market, as well as other coverage programs. The options and analysis will be made available to interested states and others outside of Vermont. Planning and design tasks would include:

- Determining the nature and timing of necessary law changes and intergovernmental actions required to bring the maximum number of existing coverage programs into the Exchange or a subset of the Exchange's operations;
- Learning the health care coverage characteristics of the Vermont population who presently have coverage outside of the individual and small group market, including the self-insured sector and other government programs;
- Testing the perceptions of groups offering, and consumers presently receiving, coverage through payers and programs outside of the small group and individual market, including the self-insured sector and other government programs
- Modeling the impacts of combing risk pools on qualified health plans and on existing health plans and on reducing administrative costs by maximizing the use of Exchange operations and functions by all payers, including those in separate risk pools.
- Exploring how the Exchange could help introduce and manage improvements in the quality of care, provider and delivery system payment reform, and cost containment ;
- Developing a broader stakeholder process to determine which operational features of an Exchange are appealing to stakeholders and which would reduce administrative burdens and costs;
- Determining the staffing and sustainability of a Universal Exchange and what administrative savings could accrue to the Vermont Health Benefits Exchange;
- Developing a business operations plan for the Exchange to ensure that it can be expanded and transformed into a Universal Exchange.

For example, funds requested in this section may be used for a comparison of business functions between the State's existing functions needed for state employees, Medicaid, the Exchange, and a Universal Exchange system. This analysis will inform which Exchange functions could be leveraged for other payers and whether it will result in savings to the health care system generally. Because Vermont is a small state, sustainability is an issue for the Exchange. Providing services to self-insured employers and other payers may be a creative way of increasing the sustainability of the Exchange and reducing overall health care costs by reducing administrative costs throughout the system.

Key Tasks to be funded under Establishment Grant: Contractors will be engaged to complete the following tasks in this core area:

Contractor will develop criteria for certification, recertification, and decertification of QHPs.

Contractor will develop the criteria and specifications for the call center function, and assist the State with drafting and issuing a RFP or amending the current contract.

Contractor will determine whether additional quality information is required and develop a process for assignment of quality ratings,

Contractor will make recommendations for potential approaches to implementing all-payer rates and will model the impact of implementing all-payer rates within the Exchange,

Contractor will develop the model, certification criteria, and a comprehensive training program for Navigators.

A communications firm will develop a marketing, outreach, and education plan and carry out Phase 1 of that plan.

Contractor will work with State staff to review the options for the operations of a small business Exchange in Vermont.

A website vendor will develop a prototype website using federal design features and New England Innovator Grant when possible.

Contractor will develop processes for implementing individual responsibility exceptions and employer penalties.

Contractor will develop enrollment options and work with IT contractor to implement.

Contractor will study the Universal Exchange concept described above.

Evaluation Plan: Ongoing evaluation is an important part of any successful project. The work described above is extremely complex, has aggressive timeframes, and involves many different State agencies. Vermont has developed multiple strategies to assure that the Exchange implementation plan is adhered to and effective, and that ultimately the Exchange's effectiveness is continually evaluated.

Ongoing Implementation Evaluation

The Exchange planning activities have been closely integrated with the work of other Vermont State agencies in order to efficiently and effectively carry out all of the responsibilities involved in planning for the Exchange. As mentioned earlier, there are several State work groups currently planning for different aspects of the Exchange, including health insurance operations; insurance market planning; administrative simplification; integration of public health, quality initiatives, and wellness programs into the Exchange; integration between Medicaid and Exchange eligibility and health insurance operations on eligibility and health insurance technology. In addition, there are monthly core team meetings of the work group leaders to ensure coordination among the work groups, and also quarterly meetings of the Governor's Health Care Cabinet. The legislatively-required Joint Medicaid/Exchange Advisory Committee will meet at least 10 times a year and will provide qualitative input into the overall evaluation.

The Exchange is to be administered by DVHA and headed by a new DVHA Deputy Commissioner who will be accountable for completion of the Exchange Establishment Grant activities. A detailed work plan is being developed to assist the Deputy Commissioner in monitoring progress for the duration of the Level One Establishment Grant project period and beyond. The work plan included as part of this application identifies the

activities and milestones that are federally funded through this Level One Establishment grant. This work plan will be used as a tracking and monitoring tool to provide quarterly updates to the federal government. The detailed work plan will also include State activities related to the Exchange implementation, but not funded by this Level One Establishment grant.

The Deputy Commissioner will be responsible for identifying any delays or when targets identified in the work plan are not met. All activities will be color coded as green (timelines being met), yellow (some delays but no intervention is needed at this time) and red (significant challenges requiring intervention) to allow for discussion and remediation. Regular meetings of core senior staff will facilitate the sharing of information and elevation of red (critical) issues to the highest level of leadership so that responses can be decisive.

Vermont's regular communication with its federal partners is also fundamental to staying on target with all milestones. The iterative nature of this work may mean that the work plan is adapted from time to time when new information becomes available, but the infrastructure described above should ensure that communication of such changes occurs at every level within the state and to our federal partners. This is particularly true in the area of IT where our current path is dependent upon other work being developed by the federal government and NESCIES.

Evaluation of the Exchange

Vermont is also planning for the evaluation of the Exchange model once it is fully implemented. Vermont has a long history of data collection that will provide most of the baseline data necessary to evaluate the Exchange. However, Vermont proposes engaging a contractor to develop a comprehensive evaluation plan. This plan will identify any gaps in current data collection to ensure that an adequate baseline of data exists from which to compare its post 2014 progress.

Key Tasks to be funded under Establishment Grant: Contractor will be engaged to develop a comprehensive evaluation plan for the Exchange.