

PROJECT NARRATIVE

Demonstration of Past Progress in Exchange Planning Core Areas

Background Research

The State of Illinois identified background research as an early priority in Exchange implementation. As part of its original Exchange Planning Grant, Illinois contracted with Health Management Associates (HMA) and Wakely Consulting Group (Wakely) to produce a report detailing the costs, staffing implications, and IT and infrastructure needs associated with an Exchange. The report also defined major policy decisions related to the Exchange, presented an option for financing operations through an assessment on participating Qualified Health Plans (QHPs), and made recommendations for education and outreach activities associated with the Exchange. In a separate report, HMA and CSG Government Solutions (CSG) presented options for the State to transition its existing public health program eligibility systems to the level of functionality required under the ACA. State staff from the Departments of Insurance (DOI) and Health and Family Services (HFS) worked closely with the consultants to develop the final reports, which utilized data obtained through DOI's targeted market examination authority as well as interviews with State employees. Final reports for these projects were presented to officials from DOI, HFS, the Governor's Office, and Members of the Illinois General Assembly in September 2011. Consultants from Wakely also testified before the Illinois Health Benefits Exchange Legislative Study Committee (LSC), and their findings were cited extensively within the Committee's final report. Each report has been instrumental in the State's development of work plans across all Exchange core areas.

Illinois also used Planning Grant funding to contract with Deloitte LLP (Deloitte) to produce a report providing detail on the current state of the health insurance market in Illinois as well as projections for market conditions in the years following the implementation of an Exchange. As part of its analysis, Deloitte utilized data from several State agencies, including DOI, HFS, the Department of Public Health (DPH), the Office of Health Information Technology (OHIT), and Central Management Services (CMS). Deloitte also conducted a targeted population survey to obtain qualitative information about the State's uninsured population and assess barriers to the insurance marketplace. The final report was presented to officials from DOI, HFS, and the Governor's Office in September 2011, and its findings contributed substantially to the LSC's final report. All three of the reports noted above are available online at <http://insurance.illinois.gov/hirc/hie.asp>, and have been submitted to federal partners.

As part of its first Level I Exchange Establishment Grant, Illinois contracted with HMA and Wakely in December 2012 to provide the following analysis:

- 1) Evaluate Options and Develop Operational Plan for Illinois Navigator Program;
- 2) Evaluate Options for Risk Adjustment & Reinsurance Programs;
- 3) Evaluate options for Illinois Small Business Health Option Programs (SHOP) Exchange Qualified Health Plans;
- 4) Propose process for Qualified Health Plan (QHP) certification, recertification and decertification;
- 5) Evaluate Alternative Revenue Options; and
- 6) Provide Ongoing Technical Assistance.

Work completed in each of these areas is discussed in detail in the sections that follow.

Stakeholder Involvement

Throughout the Exchange development process, Illinois has consistently solicited the advice and opinions of a wide variety of stakeholders. In July 2010, Governor Pat Quinn signed Executive Order 10-12, establishing the Illinois Health Reform Implementation Council (HRIC), an intergovernmental body responsible for producing recommendations for State policy pursuant to the implementation of the Affordable Care Act (ACA), including recommendations related to the establishment of an Exchange. In developing its recommendations, the Council held public meetings and received testimony from stakeholders at locations in all regions throughout the State, and established a website (<http://healthcarereform.illinois.gov>) through which additional comments could be received. The final report, issued January 31, 2011, included a recommendation for State operation of an American Health Benefits Exchange as a quasi-governmental entity, as well as recommendations related to operating model, separation of the Individual and SHOP Exchanges, separation of the individual and small group risk pools, regional and subsidiary Exchanges, and long-term financial sustainability. The executive order and final report are available online at <http://insurance.illinois.gov/hirc/hie.asp>.

On November 15, 2010, the State posted a comprehensive request for public comment, entitled *The Affordable Care Act: Key Issues for Public Comment; Health Insurance Reform and the Option of Establishing an Insurance Exchange in Illinois*. The document solicited feedback from stakeholders on six different aspects of the Exchange:

1. Functions of a Health Benefit Exchange;
2. Structure and Governance;
3. The External Market and Addressing Adverse Selection;
4. Structure of the Exchange Marketplace;
5. Self-Sustaining Financing for the Exchange; and
6. Eligibility Determination.

This request for public comment was posted on the State's health reform implementation website, and circulated to all potential stakeholders. A press release was issued to announce the opportunity to provide extended input. The State received approximately 80 comments from individuals across the State and from every group of stakeholders identified. Each response is posted on the State's health reform website. The comments informed the final recommendations of the HRIC to the Governor on the Exchange and other topics. All comments are available on the HRIC website (<http://healthcarereform.illinois.gov>), and have been submitted to federal partners through the quarterly reporting process.

In December 2010, the Department launched a series of stakeholder working group meetings to solicit feedback and expertise in the development of legislation to establish an Exchange. Participating stakeholder groups included consumer and patient advocates, providers, employers, carriers, and producers. The working groups met separately five times before convening together to discuss draft legislation on March 8, 2011.

Pursuant to federal regulation (42 CFR, §431.12), Illinois has established and consults a Medicaid Advisory Council (MAC). The MAC advises HFS with respect to policy and planning related to the health and medical services provided under the department's Medical Programs including Medical Assistance, All Kids, and FamilyCare—which among them incorporate the Illinois CHIP. The MAC is a venue through which to obtain stakeholder feedback on streamlining eligibility for public health care programs. During the May 6, 2011 MAC meeting, HFS asked one of the State's Needs Assessment consultants—CSG—to poll advocacy organizations for suggestions on how to improve enrollment and program integration. The result of that effort was the presentation of a white paper on June 2, 2011 from a group of six advocacy organizations entitled "*Comments from Interested Parties on Illinois' Design of EVE*". This paper included feedback from stakeholders with specific enrollment experience on elements that they would consider crucial for a successfully integrated eligibility system.

Another opportunity for stakeholder engagement emerged through the State's agreement to participate in the Enrollment User Experience 2014 (UX 2014) project sponsored by the California HealthCare Foundation in partnership with CMS and Palo Alto-based private firm IDEO. In March 2011, the State engaged Kathy Chan, Associate Director of the IL Maternal and Child Health Coalition, as well as Peter Eckart from Illinois Public Health Institute to join its project team. Ms. Chan and Mr. Eckart attended UX 2014 events with State officials and offered their perspectives as leaders in the patient advocate community throughout the development of the project's deliverables.

Ms. Chan, and various State staff members, have also been involved in another effort spearheaded by the Illinois Department of Human Services (DHS) and funded by the Chicago Community Trust to hold a series of discussion groups—with consumers, advocates and providers—about how they would like to contribute to various programs, including Medicaid, along a number of dimensions, including eligibility and enrollment. These discussions were held around the State in summer and fall 2011.

The Legislative Study Committee (LSC) process initiated by the passage of SB 1555 permitted the opportunity for a diverse set of stakeholders to offer opinions directly to legislators in open public forums. Stakeholders provided testimony at three of the LSC's five public hearings. Groups that chose to testify included providers, unions, medical and policy associations, business interest groups as well as independent businesses, carriers, agents and brokers, insurance industry groups, and civic and civil rights organizations. Testimony covered a broad variety of issues related to the Exchange, including governance structure, governing board composition, financing mechanisms, and operating models. The final report published by that Committee is available online at <http://insurance.illinois.gov/hiric/hie.asp>.

Finally, in February 2012 DOI initiated a series of conversations with carriers related to Qualified Health Plan (QHP) certification and other plan management requirements as well as State options and requirements related to risk adjustment and reinsurance. Details on these meetings are provided below.

State Legislative and Regulatory Action

As mentioned above, in December 2010, DOI convened five stakeholder working groups—consumer and patient advocates, providers, employers, carriers, and producers—to provide expertise and opinion as it drafted legislation to establish an Exchange. After incorporating the suggestions of the stakeholder groups, DOI staff worked with Senator David Koehler to introduce SB 1729 on March 17, 2011. The legislation proposed to establish the Illinois Health Benefits Exchange as a quasi-governmental entity financed in a manner independent of general revenue funds. The Exchange would facilitate both individual and SHOP markets and would be governed by a nine-voting-member board appointed by the Governor (7 members) and Attorney General (2 members). SB 1729 failed to advance out of the Senate Insurance Committee.

Though SB 1729 did not emerge from the Spring 2011 Session, a separate bill related to Exchanges, SB 1555, was passed out of the General Assembly on May 29, 2011, and signed into law by the Governor shortly thereafter. SB 1555 declared Illinois' intention to establish a State-level Exchange meeting the core requirements of the ACA by January 1, 2014. However, the bill did not include a governance structure or take other direct measures toward Exchange establishment. Instead, it established a Legislative Study Committee (LSC) consisting of 12 Members of the General Assembly (3 Members each appointed by the Majority and Minority Leaders of the House and Senate) to conduct a study and produce recommendations concerning prospective actions through 2014 toward the establishment of an Exchange. After conducting six public hearings at which it received testimony from State officials, consultants working on the Needs Assessment projects, and a diverse array of stakeholder groups, the LSC issued its final report on October 18, 2011. Though the report identified requirements for Exchange legislation, it did not make specific policy recommendations.

Two of the LSC's Chairs (Rep. Frank Mautino and Rep. JoAnn Osmond) submitted separate Exchange legislation during the abbreviated Fall Veto Session that took place shortly after the release of the Committee's final report. Each of the bills took the form of an Amendment to SB 1313 and would have established governance structures for the Exchange, though they differed in areas such as board appointment power, confirmation process of board members, financing, and severability. A third bill sponsored by Rep. Robyn Gabel largely differed in these areas as well. DOI and HFS officials met with gubernatorial staff, legislators, and stakeholders during the Veto Session to attempt to forge a compromise around these outstanding issues. Unfortunately, the Veto Session ended without action.

On February 7, 2012, Rep. Mautino introduced HB 4141, an Exchange bill similar to the one he introduced during the Fall Veto Session, and Rep. Osmond also reintroduced her legislation in the form of HB 4574. State officials anticipate working with legislators and stakeholders to pass a bill before the May 31, 2012, adjournment of the General Assembly's Spring Session. Negotiation sessions are now being held on a weekly basis involving members of both chambers and a broad array of interest groups.

Governance

As noted in the *Stakeholder Engagement* section, the HRIC sought comment from the public and stakeholder groups about the structure and governance of an Exchange in a request posted to the State's health reform website on November 15, 2010. Based off of the feedback received via the website as well as in its public forums, the HRIC recommended the Exchange be established as a quasi-governmental entity in its January 31, 2011, final report.

Participants in the DOI stakeholder working groups convened during Winter 2010-2011 confirmed the preference for a quasi-governmental entity, and this recommendation was incorporated into SB 1729 during the General Assembly's 2011 Spring Session.

The HMA-Wakely Needs Assessment report completed in September 2011 also discussed the advantages and disadvantages of organizational and governance options for an Exchange.

Finally, legislation introduced in the Illinois General Assembly also has addressed the issue of governance. HB 4141, noted above, establishes the Exchange as a quasi-governmental entity with a nine-member Board of Directors. HB 4574,

introduced by Rep. Osmond, establishes the Exchange as a non-profit entity with a nine-member Board of Directors, eight of which would be appointed by the party leaders in the General Assembly and one of which would be appointed by the Governor. The composition of the Board differs between the two pieces of legislation, with HB 4574 allowing insurance industry representatives to occupy up to four seats on the board and HB 4141 requiring one retired or inactive producer but otherwise prohibiting participation by those with financial ties to carriers. Governance is one of many topics being tackled by a newly established multi-stakeholder workgroup, established by Representative Mautino. The goal of the workgroup is to find consensus on structural Exchange elements, and pass Exchange enabling legislation during the Spring 2012 session.

Program Integration

The State has worked extensively to organize and establish the necessary intergovernmental relationships to successfully integrate the different public health care programs, as mandated by the ACA. Lead staff on the Exchange from DOI and HFS, which houses the Medicaid and CHIP programs, jointly convened an intergovernmental working group in Fall 2010 to address Eligibility, Verification and Enrolment (EVE) determinations and processes across all related State departments and agencies as it relates specifically to an Exchange in Illinois. This group includes representatives from the Governor's office and the Department of Human Services (DHS). Subject matter experts on various aspects of Insurance, Medicaid, CHIP, and other public health programs—including policy, operational, and information technology—are part of this group, as is the lead staff for the Frameworks project, an ongoing State effort to integrate and update information systems for all health care and human service programs across seven State agencies.

On December 21, 2010, the working group finalized a request for proposals (RFP) for the EVE portion of the Needs Assessment project. Members of the group participated in the evaluation of submitted proposals, and on March 9, 2011, the State selected the proposal from HMA in partnership with Wakely and CSG. In the ensuing months, State staff from across the participating agencies worked closely with HMA and CSG consultants to provide information necessary for the evaluation of existing eligibility systems and the development of the report on transitioning to functionality required under the ACA. This work resulted in a final report, released in July 2011, outlining several broad options for developing an integrated eligibility system within the time frames required by the ACA.

The EVE workgroup utilized the final report as a guide in the development of an RFP for the design, development, and implementation of an integrated eligibility system (IES). The group, renaming itself the Eligibility Modernization Oversight Group (EMOG), adopted a specific charter and created subgroups to advance progress in five specific areas: Policy Definition, Business Processes, Technical, User Experience, and Change Management. In June, the State submitted to CMS a PAPD for approval to begin work on the development of an Integrated Eligibility System (IES) that would be developed in line with the strategy outlined as part of the Needs Assessment. An RFP for IES was released on March 26, 2012. In October 2011, CSG was also retained through a sole-source contract to provide advice on the development of the RFP, which the State released in March 2012.

Intergovernmental Agreements

Three intergovernmental agreements (IGA) have been approved within the State to support the IL HIX activities. DOI, HFS, and the Office of the Governor executed an intergovernmental agreement on February 22, 2011. This agreement permits DOI to share planning grant funding with HFS and the Governor's Office as needed for purposes related to the IL HIX. The second IGA, executed October 3, 2011, is between DOI, HFS, DHS and the Governor's Office and relates to the collaboration across these key Departments and agencies activities related to the establishment of IL HIX specifically for the Level 1 grants. A third IGA was executed on March 12, 2012 between HFS, DOI, DHS and the Governor's Office specifically related to Integrated Eligibility System activities (including management of funding provided through Medicaid match). Both will be amended and/or replaced as necessary once an Illinois Exchange is established by Illinois statute.

Exchange IT Systems

As noted in the *Program Integration* section, the State focused much of its early planning on the technical aspects of updating the EVE systems for public health care programs to meet the minimum requirements of the ACA. In Fall 2010, it assembled a team of subject matter experts in the areas of policy, operations, and information technology from DOI, HFS, DHS, and the Office of the Governor. In March 2011, the State contracted with HMA and CSG to assess options for

upgrading its public health eligibility systems to meet ACA requirements. Following the completion of the resulting Needs Assessment report and the approval by CMS of their PAPD, the State pursued a sole-source contract with CSG to develop an Implementation Advanced Planning Document (IAPD) and RFP for the design, development, and implementation of an IES, which will make eligibility determinations for the State's Medicaid and Exchange programs. The IES will also fulfill state obligations related to advanced premium tax credit and cost-sharing reduction determinations.

The State's Needs Assessment project also included a report by HMA and Wakely that, among other aspects of Exchange development, outlined key IT needs for an Exchange. DOI has utilized that report, CCIIO Business Architecture and Process Model documents, and HHS regulations and guidance to develop requirements for an RFP for Exchange IT systems in the areas of Enrollment, Plan Management, Financial Management, Consumer Assistance, and Oversight. The State plans on releasing an RFP for the development of these systems in April or May 2012. To oversee development of Exchange IT systems, DOI hired Tom Simonds as HIX IT Project Manager in December 2011. To assist in IT development DOI released an RFP in March 9, 2012 to solicit the services of a Technical Architect, a Senior Business Analyst/Business Architect, and a Senior Data Analyst/Data Architect.

In February 2012, Illinois completed its first Exchange Establishment review. As mentioned during that review, Illinois has drafted a number of evolving draft documents that were required as part of the State's architecture review. They include the following:

- Project Charter
- Change Management Plan
- Risk Registry and Risk Management Plan
- Communications Plan
- Staff Management Plan

Finally, as noted in the *Stakeholder Consultation* section of this report, Illinois has been an active participant in the UX 2014 project sponsored by the California HealthCare Foundation in partnership with CMS and IDEO. The State plans to incorporate UX 2014 design recommendations as it develops a consumer interface and shopping experience that maximizes electronic enrollment.

Financial Management

The Department of Insurance has always followed all HHS rules and guidelines in managing its Grant Funding. In doing so, the Department has utilized standard practices established through the Offices of the State Treasurer and State Comptroller in order to receive and withdraw money from its Exchange grants. In addition, the Department has maintained internal spreadsheets to track each expenditure associated with the Exchange and to separate funds from different grants. In order to ensure continued compliance with both HHS and State requirements for financial management as the Exchange establishment process grew more intensive, in November 2011 DOI hired a Fiscal Grants Specialist, Terri Smith, to manage financial aspects of its Exchange Grants. Quincy Grimes, within HFS, is leading financial management from the Medicaid perspective, with responsibility to manage all cost-allocation activities in compliance with approved IAPD documents.

In addition, DOI initiated an internal audit process for all federal grants related to the Affordable Care Act in November 2011. The audit is focused on ensuring that funds are used as intended and that all applicable accounting practices are followed. DOI staff have worked with the Department's internal auditor to ensure that all materials necessary to complete the audit process are provided.

Program Integrity

As mentioned in the *Financial Management* section, DOI has initiated an internal audit process for all ACA grants, including its Exchange Planning and Level I Establishment grants. Since receiving its first grant, the State has used established State practices and existing resources to ensure the prevention of fraud, waste, and abuse of Exchange resources.

The State has utilized HHS regulations and CCIIO Business Architecture documents to complete an initial description of all Oversight activities necessary to consider as part of Exchange operational design. In addition to guiding State policy on

Oversight functions, this description will be finalized and incorporated into an RFP for Exchange IT Systems development to be released in April or May 2012.

Health Insurance Market Reforms

The State has made significant progress toward implementation of health insurance market reforms contained under Title 1, Subtitles A and C, of the ACA. On May 14, 2010, DOI issued a Company Bulletin that outlines the steps required if an insurer intended to submit and receive expedited approval for amendatory policy language that complies with the ACA reforms that took effect September 23, 2010 (CB 2010-04A).

In June 2010, DOI applied for \$1 million in federal funding under the Health Insurance Premium Review Cycle 1 Grant to develop the infrastructure necessary for carrying out premium rate review. The State received grant funding in August 2010, which it used to initiate efforts to increase actuarial and insurance analyst staffing; invest in technology necessary for increased collection and analysis of premium data; develop protocols for the collection, analysis, and publication of premium rates; and seek authority to deny unreasonable premium rates or rate increases. In Fall 2010 and Winter 2011, DOI developed a new web portal to collect premium information not available through the SERFF system, and in February 2011 issued a Company Bulletin to inform insurers of the new system (Company Bulletin 2011-02). Legislation to give DOI authority to collect and accept or reject premium rate changes was introduced in the Illinois General Assembly (HB 1501), but did not pass during the 2011 legislative sessions. In May 2011, the State contracted with Oliver Wyman, a consulting firm, to provide actuarial services in the review of premium rates as it waited to add permanent staff with necessary qualifications. In July 2011, DOI hired three insurance analysts to prepare data in service of the rate review program. That month, Illinois' premium rate review program was certified as effective in both the individual and small group markets, as well as the association markets for each category. To maintain these new efforts and improve upon the overall program, Illinois applied for \$3.53 million in federal funding through Cycle II of the grant program in August 2011. In November 2011, the State was notified that it had received the Cycle II funding.

In addition, legislation was introduced in 2011 to incorporate ACA provisions related to: Medical Loss Ratio (SB 1618), woman's health care providers, coverage of preventative services, annual and lifetime limits, reinstatement of coverage, choice of health care professional, access to pediatric care (SB 1812), patient protections, coverage of emergency services, coverage for children with preexisting conditions, and health insurance rescissions and notice and hearing (SB 1812), and formation of Health Care Cooperative Programs eligible for ACA funding (HB 3266). Legislation bringing the State's external review process in compliance with ACA regulations (HB 224) was passed by the General Assembly during its 2011 Spring Session.

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

In September 2010, Illinois applied for and received ACA Consumer Assistance Program (CAP) federal grant dollars to strengthen the ability to assist, educate, and advocate on behalf of insured, uninsured and underinsured Illinois residents. The State was awarded \$1.45 million in October 2010 to extend and strengthen consumer assistance activities through DOI's Office of Consumer Health Insurance (OCHI), which provides all minimum services needed to meet requirements under the federal law. Funds awarded from the CAP Grant have been utilized to accomplish a number of specific objectives. The Department hired a Consumer Information Officer, Jean Galovich, in August 2011 to coordinate efforts in:

- Enhancement of content and organization of consumer information on the Department's web site, especially as it relates to consumer services and health care reform.
- Development and production of a brochure on Uninsured Ombudsman services and a consumer ACA summary of provisions and timetable
- Identifying and connecting with community groups serving uninsured individuals

The Department also engaged a consulting firm, Teletech, in October 2011 to review the Office of Consumer Health Insurance (OCHI) in areas including consumer awareness, privacy issues, customer satisfaction and staff performance. The consultant presented its final report in February 2012. The results of a survey conducted by the vendor revealed a general lack of consumer awareness of the Department of Insurance as well as the services provided by OCHI. While the results of a customer survey on OCHI's handling of complaints and inquiries were positive for the most part, areas for improvement included timeliness in resolving complaints as well as communication during that process. The consultant's

report offered recommendations for future efforts to focus on technical systems, work redesign and quality measurement and improvement activities. Included within the recommendations was the need for an automated phone system capable of:

- Providing information regarding top call reasons and on-hold messaging;
- Measuring abandoned call and speed to answer rates;
- Screening and routing calls automatically;
- Tracking and assigning voicemails based on agent availability;
- Recording calls for quality assurance.

DOI continues efforts to maximize the productivity of its staff and effectiveness of its services. As recommended by Teletch, the Consumer Information Officer is coordinating work on a procedure manual to be utilized by OCHI staff. The resources in the manual will facilitate more timely access to ACA and state insurance resources to better serve consumers contacting the Department. The Department also has purchased new computers, which has greatly improved the efficiency of staff.

Business Operations/Exchange Functions:

Certification of Qualified Health Plans

In Fall 2011 and Winter 2012, DOI assessed HHS guidance as well as CCIIO Business Architecture and Business Process documents to develop a list of required plan management functions, including those related to QHP certification, for use in policy development as well as a future RFP for Exchange IT services. Following this assessment, as well as the delivery of an initial draft of the first deliverable described in the paragraph below, DOI initiated an internal evaluation of its current practices and began the planning for implementation of new ACA certification requirements.

DOI executed a contract in December 2011 with Wakely Consulting to assist with several aspects of the QHP certification process over the subsequent five months, including:

- Provide a detailed outline and analysis of the minimum federal requirements for QHPs, with accompanying statutory and regulatory citations;
- Provide a refined and prioritized list of QHP goals for Illinois;
- Assess and refine the feasibility/level of interest from carriers, and work with state to engage carriers;
- Develop criteria for QHP proposals;
- Develop timeline and standard approach to issuing QHP request for proposals (including any necessary Illinois-specific statutory needs); and
- Outline tasks associated with QHP contracting.

In February 2012, DOI initiated a series of calls with carriers to solicit input on the implementation of QHP certification requirements. Documentation summarizing those calls and the implications for future planning will be submitted to HHS going forward.

Call Center and In Person Assistance

The State has engaged in initial discussions associated with the call center and in-person assistance activities, particularly as they relate to the division of responsibility between Medicaid and QHP consumer support. Given the expanding and contracting needs for call center assistance by the Exchange (with open enrollment periods leading to seasonal volume fluctuations), the State expects to entirely outsource Exchange call center functionality for the first year with the option to extend that outsourcing role. In the event that questions are complicated or differ from the core abilities of call center employees, protocols will be developed that direct call center employees to conduct a "hot transfer" to eligibility and enrollment specialists within the public program offices, as well as OCHI within DOI.

To lead policy development related to implementation of the call center and other consumer assistance activities, DOI has engaged Frank Kisner, Deputy Director for Outreach. Having overseen similar efforts related DOI's Senior Health Insurance Program (SHIP), Mr. Kisner brings a wealth of relevant experience to the project.

Exchange Website and Calculator

DOI and HFS staff have reviewed HHS regulations and worked to define requirements for an Exchange website as well as integration with the IES in the development of specifications for both the HIX and IES RFPs. In detailing business process requirements and flows, the Exchange team has accounted for the functionality of the website articulated by federal guidance to date, and included in those specifications the premium calculator.

In March 2011, Illinois joined the Enrollment User Experience 2014 (UX 2014) project. The State formed a team consisting of policy, enrollment, and IT subject matter experts from DOI, HFS, DHS and patient advocate organizations outside of state government. The team traveled to San Francisco to participate in research and design exercises on two occasions in 2011 and once in 2012. The final deliverable, to be released in Spring 2012, will provide design specifications for an Exchange website that will provide a best-in-class experience for consumers as they seek to understand their eligibility and enroll in public or private health coverage. The State plans to incorporate UX 2014 design recommendations into its comprehensive HIX IT RFP, which it expects to release in Spring 2012.

Quality Rating System

The State is awaiting further guidance from the Secretary before proceeding on the development of a quality rating system for QHPs. However, the State has worked with Wakely to determine the implications of existing regulation, and in February 2012 DOI used this information in a series of calls with carriers. These conversations focused on current carrier practice and potential enhancements to meet ACA requirements.

Navigator Program

As noted above, the State is working with HMA to conduct initial Navigator Program planning. This contract includes the following deliverables over the next two months:

1. Outline of Navigator requirements in NPRM/ongoing monitoring of comments and final regulations.
2. Assess potential integration possibilities and program features of existing programs or entities performing similar functions (including interviews of internal and external stakeholders).
3. Propose the options for the role of Navigators and their qualifications, based on research.
4. Develop a funding option report.
5. Develop a draft operational plan.

Eligibility Determinations

In Fall 2010, the State formed an intergovernmental working group consisting of officials from DOI, HFS, DHS, and the Governor's Office to address the integration of public health program EVE activities as required under the ACA. The EVE group worked throughout the fall to develop an RFP for a Needs Assessment report detailing options for the State to upgrade its existing public health program eligibility systems to meet ACA standards, which it released on December 21, 2010. After carefully evaluating submitted proposals, the State announced on March 9, 2011, that it had contracted with HMA, Wakely, and CSG to complete the Needs Assessment project, with HMA and CSG leading work on the eligibility portion of the project. CSG interviewed subject matter experts from relevant agencies, and State staff worked to provide all data and information necessary to facilitate development of the July 2011 final report, which contained recommendations for developing an integrated eligibility system (IES) within the timeframe mandated by the ACA.

The final report served as a guide for the development of an RFP to retain the services of a firm to design, develop, and implement an ACA-compliant IES. CSG was retained on a sole source contract in October 2011 to provide assistance with the development of the RFP. The EVE group, renaming itself EMOG, created subgroups to advance progress in five specific areas: Policy Definition, Business Processes, Technical, User Experience, and Change Management. The State released the RFP on March 26, 2012.

The State also released an RFP for a Project Management Office (PMO) for the IES project in November 2011. A recommendation to award has been posted and, barring protests, the PMO will be in place in April 2012.

Enrollment Process

Much of the State's early work on enrollment was developed alongside its activities related to eligibility. As described above, in the "Eligibility Determinations" section, the EVE working group included enrollment activities in its December 2010 Needs Assessment RFP, and the resulting CSG report, issued in July 2011, addressed ACA-related enrollment issues and the development of an IES.

The report has served as a guide for the EMOG team as it has proceeded on the development of enrollment policies. Because State law mandates Medicaid enrollment through a State employee, the Exchange will manage enrollment for QHP customers only, though State staff from DOI and HFS continue to work closely to ensure a seamless experience for all consumers regardless of the type of coverage for which they qualify. To that end, the project team has completed a high-level description of enrollment functions required by existing federal guidance, and has worked to develop business process flows for enrollment that reflect the unique needs of Illinois. These functions will be incorporated into the comprehensive IL HIX RFP currently under development.

Applications and Notices

The State has incorporated the ability to provide applications and notices to prospective and existing clients into its evolving business process documents. DOI has organized these tasks within its Consumer Assistance core area of Exchange Operations. In addition, the IES RFP design requirements will include a comprehensive approach to applications that maintains current levels of integration for public programs.

Exemptions from Individual Responsibility

DOI has accounted for eligibility determinations for exemptions from individual responsibility in its requirements documents and high-level business process flows. The Exchange will conduct eligibility for individual responsibility exemptions, leveraging data from the Federal hub to confirm information obtained through the IES process. This functionality will be incorporated into the Exchange website.

Premium Tax Credit and Cost-Sharing Reduction Administration

As mentioned above under *Eligibility Determinations*, the EMOG working group released the RFP for its IES on March 26, 2012. The IES will perform all functions related to testing eligibility for premium tax credits and cost-sharing reductions.

In Fall 2011 and Winter 2012, DOI utilized proposed HHS rules on eligibility and Exchange functions, as well as Financial Management business architecture guidance, to develop a comprehensive list of functions related to administration of APTCs and CSRs. These documents will serve as a guide in the development of State policy, and DOI is currently in the process of incorporating the information into its comprehensive HIX RFP.

Adjudication of Appeals of Eligibility Determinations

In February 2012, the State held an inter-agency meeting with subject matter experts from HFS, DHS, and DOI to initiate the development of policy surrounding appeals of eligibility determination. The State is analyzing its current Medicaid appeals program in order to determine both how to incorporate new ACA requirements as well as the extent to which it could serve as a model for appeals of Exchange, premium tax credit, and cost-sharing reduction determinations.

Notification and Appeals of Employer Liability for the Employer Responsibility Payment

In Winter 2012, the State began reviewing federal regulations and guidance to determine State responsibilities related to notifications and appeals of employer responsibility payments. The State plans to incorporate these functions into its eligibility system.

Information Reporting to IRS and Enrollee

DOI has reviewed eligibility and enrollment and financial management business architecture guidance from HHS to produce internal documents detailing information-reporting requirements. The State has also examined business process flows produced by CCIO to identify required points of contact with federal government agencies, including the IRS, as well as Exchange enrollees.

Outreach and Education

In addition to the consultation activities associated with key stakeholders identified in the *Stakeholder Involvement* section, the State has conducted extensive outreach activities focused on educating the general public about the implementation of an Exchange. In fall 2010 and winter 2011, the State developed and presented a series of health reform webinars featuring then-Director of Insurance Michael McRaith. The series featured three webinars directly related to the Exchange: 1) *Basics of an Exchange*; 2) *Exchange Governance and Long-Term Sustainability*; and 3) *Exchange Operating Model*.

The State attempts every opportunity to address the public on progress toward the implementation of an Exchange. DOI staff have spoken at a wide variety of events, addressing both general topics related to Exchange development as well as specific issues important to certain stakeholders. Examples of groups and topics addressed include local Chambers of Commerce, advocate and charity organizations, and hospital and university audiences. In addition, staff participated in events held by state and federal legislators and national medical and policy associations. Because demand for presentations on Exchange issues exceeded the availability of the State's rather small contingent of dedicated staff, PowerPoints and other materials were developed to enable DOI outreach staff to address certain groups.

In an effort to understand and engage the outreach and education needs of employers specifically, the State signed an inter-governmental agreement with the University of Illinois-Chicago (UIC) to conduct a study of small business owner needs related to an Exchange. UIC researchers have developed and conducted polling of State small business owners and have also convened a series of 8-10 focus groups as they develop their analysis of this critical market segment.

SHOP-Specific Functions

In Fall 2011 and Winter 2012, the State reviewed HHS guidance and business architecture documents and incorporated all SHOP-related requirements into its planning documents. These documents will be used to guide DOI policy as well as design an RFP for comprehensive development of HIX IT systems.

In December 2011, the State executed a contract with Wakely Consulting to provide assistance to the State with SHOP-specific functions. Deliverables anticipated during Spring 2012 include the provision of possible SHOP models and a work plan for the establishment of a SHOP Exchange. These deliverables will be aligned with the findings from the UIC small business project noted under *Outreach and Education* to inform the functional capabilities and structure of the SHOP Exchange and recommendations to an Exchange Board (to be delivered once established).

Risk Adjustment and Transitional Reinsurance

In Fall 2011, DOI formed an internal working group consisting of policy, actuarial, and health products staff at DOI and HFS to address issues related to risk adjustment and reinsurance. The group utilized proposed regulations and business architecture guidance to gather information related to ACA and HHS requirements and opportunities for state flexibility. The group includes Tia Goss-Sawhney of HFS, a certified health actuary and Doctor of Public Health candidate whose dissertation specifically speaks to risk adjustment and risk mitigation considerations for Exchanges established under the ACA. After analysing federal requirements and current Department capacity and authority for data collection and analysis, the working group made the tentative determination to defer to federal risk adjustment administration for the first year of Exchange operations.

In December 2011, the State contracted with Wakely to provide more thorough analysis of federal requirements and policy options related to reinsurance. Wakely provided the State with a draft report in February 2012, which the working

group reviewed thoroughly and returned to Wakely for refinement. The final report will provide DOI with a comprehensive work plan for the implementation of reinsurance requirements.

In February 2012, DOI initiated a series of conversations with carriers to solicit opinions related to the implementation of reinsurance and risk adjustment requirements. An early goal of these conversations is to explore the possibility of conducting risk adjustment and reinsurance simulations to allow carriers to more accurately assess the implications of these programs when pricing their initial QHP product.

Proposal to Meet Program Requirements

The proposal below outlines by operational category a number of specific projects that are necessary to fill the gaps in State Exchange planning, knowledge and understanding, as well as fully engage the State's planning team in achieving key milestones in its operational, policy and technical planning for establishment of an Illinois Exchange. These requests generally seek to maintain and build staffing and consulting resources, as well as launch into a significant phase of procuring technology vendors to develop the central operating systems for the Illinois Exchange (IL HIX). These activities are fundamentally important to ensure the State can make significant progress towards meeting its ultimate goal of achieving State Exchange certification of the Exchange by January 1, 2013, open enrollment by October 1, 2013, full operations by January 1, 2014, and fiscal self-sustainability by January 1, 2015.

Background Research

As noted above, the State has conducted comprehensive background research on most of the key elements of the Exchange planning. With the introduction of new and changing federal guidance, the State anticipates some additional need for technical assistance and research to understand the implications of mandatory minimum Exchange-related activities. Requests for additional assistance are described under *Business Operations/Exchange Functions* below.

Stakeholder Involvement

The State has made every effort to engage stakeholders in both the process of establishing the legal authority for the Illinois Exchange, as well as consulting them on the design, structure, and operations of mandatory minimum operations of the Exchange. The State intends to maintain the collaborative nature of its Exchange planning over the next year.

Governor's Health Reform Website

As noted above, the Governor's Health Reform website – <http://healthcarereform.illinois.gov> – continues to serve as a source of information on the ACA for the residents of Illinois. Moving forward, the State's goals are to highlight important information regarding an Illinois-based Exchange in an effort to help residents of the State understand its purpose and provide input through online comments and public meetings. Additionally, we expect the Governor's Health Reform website to be the primary virtual location for all ACA-related updates and information, including highlighting ACA activities and programs with which the public might not be familiar. The State plans to simplify the current navigation of the site to make it easier for people to access the information available. The State also intends to continue to use this website as a dissemination tool, describing how the ACA efforts and the Illinois Health Insurance Exchange will impact and provide services for Illinoisans. Jennifer McGowan, Research Assistant in the Governor's Office, is responsible for working with the Governor's webmaster to maintain and update this site. Therefore, additional funding is requested to maintain her position for the next year.

Stakeholder Engagement in Operational Planning

As it relates to exchange operational planning, the State plans to move ahead with stakeholder groups related to a minimum of the following operations: qualified health plan certification, the SHOP Exchange, and the Navigator Program. It is clear the various stakeholders are interested in not only responding to suggestions from the State for these operations, but actually engaging in conversations with the State as well as their colleagues in other stakeholder groups. The goal of the Exchange planning team would be to host these meetings either in Chicago or Springfield, but also allow for a call-in number and public meeting notifications online. The staff will strive to complete meeting minutes to publish online as well for those interested individuals that were unable to attend. At this time, these activities can be conducted

using state resources and facilities, and therefore will not require any additional resources, other than dedicated staffing time from the policy team.

UX 2014 and Beyond

As noted previously, the State is actively engaged in providing feedback and participating in the design specifications and deliverables of the UX 2014 project. The State intends to continue its involvement in this project by traveling to review the final deliverables.

State Legislative and Regulatory Action

The State, including the entire Exchange Planning team, will continue to provide the expertise and support necessary to the State Legislature to ensure passage of both minimum Exchange enabling legislation, as well as other legislation necessary to meet minimum requirements. At this point, the State expects the State Legislature to pass comprehensive Exchange enabling legislation during the spring 2012 session. The session ends May 31st, at which point the legislation would go to the Governor for signature. Once passed, the Department will need to draft regulations implementing those laws, and put in place whatever staff and regulatory infrastructure is necessary to meet the minimum requirements of the law. While additional resources will certainly be needed in advance of 2014 to accomplish these goals, the State is not requesting financial resources at this time.

Governance

Given the trend of Exchange enabling legislation introduced in the State, input from stakeholders, and recommendations for both the executive and legislative branches, it is likely the Illinois Exchange will be established as a quasi-governmental entity governed by a Board. An Illinois Exchange, once established, will require significant new infrastructure and support for the Exchange Board. During transition, the State project team will provide this support, including assistance with the creation of a Charter, and other key logistics to ensure movement in key decision-making occurs. Once a Board is up and running, with an Executive Director in place, the State project team will transition Exchange-related responsibilities to the Exchange staff, as they are hired. As noted in earlier reports, HMA and Wakely Consulting drafted a staffing plan, with a ramp up strategy and position description for key staff in their September 2011 Needs Assessment report. While the State is keeping these recommendations in mind, until IL HIX Exchange enabling legislation is passed, the State is not requesting any resources to support governance.

Program Integration

Eligibility Modernization Oversight Group (EMOG)

As noted, one key node of program integration is the EMOG, which has been meeting regularly since October 2010 and has focused primarily on Eligibility integration issues. While no financial resources are necessary for this group to continue its work, it is important to note its existence will continue and its relationship to the HIX project in driving the HIX eligibility determination process will be more formally defined in the State's evolving project charter.

Intergovernmental Agreements

As noted above, IGAs have been approved within the State to support the IL HIX activities. These will be maintained and amended and/or replaced as necessary once an Illinois Exchange is established by Illinois statute.

IL HIX Project Document Sharing

Currently, there is no single portal through which to share IL HIX documents among state project staff across different Departments and Agencies. Therefore, staff are exploring options for a Sharepoint site to store IL HIX documents for this purpose. No funding is anticipated for this activity. A similar Sharepoint site has already been established by EMOG for IES project-related documents.

Exchange IT Systems

Illinois HIX Operating System Procurement and Design

- HIX Design Management Team. Given the breadth of work required to establish an Exchange within the federally mandated timelines, the Department is seeking an experienced and qualified vendor to provide an IT Design Management team of three individuals to assist with Illinois Health Benefits Exchange Project and report to the IT Project Manager. This team will include one Senior Business Analyst/Business Architect, one Technical Architect and one Senior Data Analyst/Data Architect, to assist with conducting research, analysis and identifying detailed requirements for an Exchange to meet the mandatory federal timeline for the development of a state-based Exchange. The Department plans to issue a separate RFP for Design, Development and Implementation (DDI) of the full Exchange system and supporting infrastructure (see below). The Design Management Team will work collaboratively under the Exchange IT Project Manager to coordinate and support the efforts of the successful DDI vendor. The State assumes responsibility for the ongoing build and maintenance of the Illinois Exchange IT infrastructure until transition to an Exchange entity independent of State government within the next 6 to 12 months, upon passage of State Exchange legislation.

Achieving the scope and magnitude of effort required to comply with the timelines in the ACA cannot be accomplished without a significant and focused Design Management team dedicated to this project. The Design Management team will be capable of supporting a multi-phase system development and implementation project through integration of existing Commercial off the Shelf (COTS) software, Government off the Shelf (GOTS) software and custom designed and developed software. The research, planning and documenting of functional and technical requirements for the Exchange by this team will be used to ensure the IT infrastructure for an Illinois Exchange can be designed and built to meet both federal and state mandated timelines and requirements. The reporting will inform future procurements to purchase or build the functionality (both hardware and software) that will actually achieve the operational goals of an Illinois Exchange. This team will also work collaboratively with other state-based IT teams working on the specifications, design and build of the Integrated Eligibility System (IES), as well as the Exchange SI vendor.

- HIX IT Systems Integration/Implementation Vendor. The State will require significant resources to perform the detailed design and implementation of an Exchange system in Illinois. Given the lack of clear direction on the governance and eventual “home” of the Exchange IT system, it would be impossible for the State to internally hire the staff to conduct this work, even if it thought such an approach desirable. Rather, the State intends to release an RFP to begin work on an HIX operating system. As the Exchange structure is solidified, responsibility will be passed to the Exchange. Work has begun on drafting an RFP and an effort is also underway to satisfy relevant Illinois state procurement procedures which are numerous and iterative. Because of the very aggressive timeline to maintain compliance with federal funding requirements, it is anticipated that a single vendor will require a number of development teams designing, developing and testing different functional areas in parallel. Funding for this effort has been included in the grant application.
 - Privacy and Security Officer. Incorporating requirements to insure comprehensive and appropriate security and privacy controls is essential to the system design. The ongoing operation of the Exchange will likewise require technical, operational and management policies and procedures to ensure that all necessary security controls are in place, followed and audited regularly. It is the responsibility of the Exchange to ensure the incorporation of all applicable internal/external information security into the Illinois Exchange systems in accordance with CMS Technical Reference Architecture guidance. Therefore, the State believes it is essential that a Privacy and Security Officer be brought onto the project to serve as the official point of contact and hold responsibility for all security and privacy related issues. This will be included in the Implementation vendor noted above.

Integrated Eligibility System

Illinois continues to develop the IES to serve the Exchange, Medicaid, SNAP, and TANF. In October, CSG—a government IT planning vendor—was retained to continue the work they started as part of the Illinois Exchange Needs Assessment project earlier in 2011. They served as a de facto PMO and have been assisting in the development of an RFP for an implementation vendor and an IAPD to obtain enhanced Medicaid match. The proposed IAPD has been submitted and the RFP was posted on March 26, 2012. The RFP is seeking a COTS solution that will, initially, meet the time

requirements for the HIX and the MAGI-related Medicaid expansion, and, subsequently, completely replace the current antiquated eligibility and account management system.

Illinois is also in the final stages of procuring a PMO that will manage the implementation project. The hope is to have the PMO in place in early April.

The IES will also need an Independent Validation and Verification (IV&V) vendor. We intend to address that issue when the PMO procurement is complete. One approach the State is considering is sharing an IV&V vendor with the HIX to facilitate the necessary coordination of the HIX with the IES.

This proposal seeks funding for the Exchange share of the IES as estimated through May 15, 2013. The amount of funding will vary by quarter as expenditures are related to major activities, especially purchase of hardware and software.

Financial Management

Management of federal grant funds will continue to be led by Terri Smith in DOI and Quincy Grimes in HFS, and is therefore requesting funding for their positions. The State has also identified one key member of the Exchange Planning Team, Max Fletcher, to serve as lead for financial management planning activities for the Exchange. His portfolio includes Exchange revenue options and operations, risk-adjustment, reinsurance, risk-corridors, and any processes related to premium aggregation, payments, and other financial issues for the Exchange. Planning for financial management over the next several months will focus on identifying a funding mechanism; however, the State is not requesting any additional funds for implementing this mechanism at this time. The technical capacity to implement a funding mechanism – at least one that contemplates a carrier assessment of some kind – is being at least preliminarily contemplated in the high-level design of the HIX operating system, as described in the *Exchange IT Systems* Section.

Program Integrity

As stated in previous grant applications, the State's actions related to the prevention of fraud, waste, and abuse of grant funding will continue to exist in relation to any grant funds provided by virtue of this application. This includes subjecting all funding to the State's Internal Audit Act (30 ILCS 10/2003) and auditing by the Department of Insurance's internal auditor. As noted in the Work Plan, the State anticipates the creation of permanent oversight and program integrity mechanisms in the establishment of the Illinois Exchange, as part of legislation and in the administrative structure for the Exchange.

Health Insurance Market Reforms

With support from the Governor, DOI intends to continue to support legislation that incorporates into state law the insurance market reforms established by the ACA. The agenda items pursued during the spring 2011 General Assembly session that did not pass will be revisited during the spring 2013 legislative session, while the GA focuses on Exchange legislation during the current spring 2012 session.

DOI intends to continue its efforts to fully uphold the law, and will continue to make progress on key reforms related to premium rate review and transparency and education about the rights of individuals, families, and businesses as it relates to health care coverage and the private marketplace. This includes enhancements to the premium rate review process. The next several months will focus on further building upon the recent release of version 2.0 of the Health Rate Review Web Portal, and implementing new enhancements.

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

The State will continue to build capacity and improve the efficiency and effectiveness of consumer assistance services to support DOI's Office of Consumer Health Insurance (OCHI). Many of the projects and activities noted below build on upon efforts previously launched under the State's CAP grant, and seek to implement recommendations for improved consumer assistance through OCHI.

Strengthening the ability of DOI to provide robust and easily accessible avenues for consumer assistance in health insurance coverage for Illinoisans is paramount in achieving the goals of ACA. In such a complicated system, simply enrolling consumers into health coverage does little if 1) a consumer cannot use their coverage effectively; or 2) a

consumer cannot activate their rights in the event a health insurer is not fulfilling their commitment to the coverage. As such, consumer assistance and expanding coverage are inextricably linked.

IT Systems and Consumer Web Services

- PIRT System. DOI requests funds to hire two full-time IT staff through a Vendor to complete its Public Inquiry and Response (PIRT) system – a mechanism to connect disparate information systems and enable data sharing between all areas of the Department, including OCHI, Life and Health (LAH), Senior Health Insurance Program (SHIP) and Managed Care Units. The goal of PIRT is to combine technology and staff knowledge to improve the level of assistance DOI is able to provide to our consumers and to streamline the processes currently employed. The system will track consumer contacts with the Department allowing us to meet our needs as an agency and to report data as required by the CAP grant and presumably this grant. The IT individual currently hired under the CAP grant spends 50% of his time on PIRT system development, and progress has been slow to meet goals.
- Consumer Web Portal. DOI would also like to use the IT staff noted above to complete the design and implementation of the consumer assistance portal – a venture started under the CAP grant. This portal will be a single contact point for the Department’s consumer assistance activities, allowing consumers to: file a complaint against a health insurance company or agent; ask a question or request assistance from Department experts, including assistance with filing an appeal; access information about the Illinois health insurance market and important rights and responsibilities under State and federal laws, including the Affordable Care Act; and learn about affordable health insurance options. DOI will also be able to expand the portal to include future consumer assistance offerings such as the Illinois health exchange slated to be available in 2014. The portal will feature multimedia content, including streaming audio and video (with closed captioning for the hearing impaired), webcasts/webinars, and other interactive features. Information on the Portal will be translated to Spanish and other languages as appropriate, and will build upon existing compliance with the standards set forth in Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) (i.e. the information will be available in alternate formats of communication, such as Braille, cassette recordings, large print, electronic text, TTY access, or captioning and audio description for video materials). In 2014, the Portal will also direct consumers to the Illinois Health Benefits Exchange, as appropriate.
- Complaints System Developer. DOI recognizes that updating of the electronic complaint system is necessary in order to continue consumer assistance. While the system is fundamentally solid, it is in need of enhancements. DOI would like to hire a Notes developer to build those enhancements and assist with the PIRT implementation as well as the message center. This will be part of the Consumer Portal and will enable consumers and carriers to communicate with DOI in a secure environment.

Internal Appeals and External Review Staffing

- Internal Staff. DOI would like to request funds to create an Appeals Unit staffed with appropriate technical personnel to assist consumers with filing of internal appeals and external reviews. Since passage of Public Act 97-0574, effective August 24, 2011, DOI has taken on the responsibility of receiving, assigning and coordinating all external review requests from consumers covered by Illinois policies. The volume of requests grows each month with the average number in 2012 exceeding 80. Illinois law includes an appeal process by which consumers may appeal an adverse external review decision. If the decision is found to be arbitrary and capricious by the Director, the review may be sent to another IRO for another review. DOI plans to use new grant funds to hire two attorneys and one medical examiner to assist with the reviews and the appeals to the Director.
- External Specialized Medical Review Consultant. In addition to a general medical reviewer, DOI would like to request additional assistance for specialized medical reviews in specific external review cases. Some cases are submitted by consumers for review by DOI that require specialized medical knowledge and physician review – for example, a complicated medical issue associated with pediatric oncology is a case that requires far more specialized review by an actual pediatric oncologist. DOI estimates about 3 cases per month require specialized medical reviews, and would like to establish a contractual relationship with a Medical Review entity to conduct these reviews.

Other Consumer Assistance Services

- **Consumer Assistance Media Campaign.** Based upon results from the February 2012 consumer awareness survey, the State would like to request funds for OCHI staff to engage a vendor to develop and implement a communication campaign to build awareness of DOI health care consumer assistance areas. The campaign includes a targeted communication and messaging strategy; a work plan including steps, activities and timeframes; media production and placement; and measurement of effectiveness.
- **Consumer Assistance Outreach Materials.** OCHI plans continue to develop and update consumer information materials and to translate those into the most common languages spoken in Illinois, including Spanish, Polish, and Korean, and to produce materials in alternative methods of communication including Braille. This includes information and materials accessed through the Department website and the planned Consumer Assistance Portal, as well as those provided through other consumer outreach activities. DOI would like to request funding to print additional brochures for consumers to be distributed at out reach events, etc. as well as develop two new ones regarding internal appeals/external review and preventive health benefits.

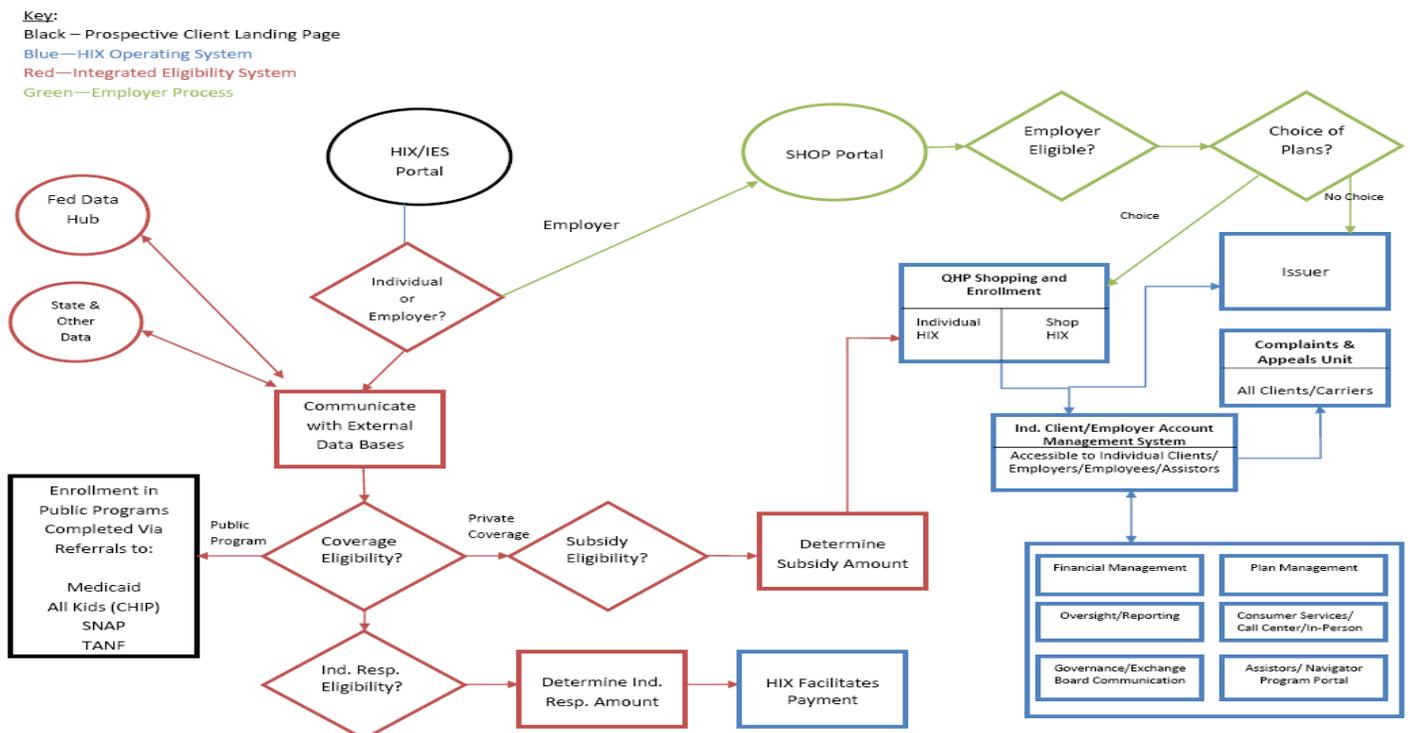
Business Operations/Exchange Functions

Generally speaking, the State has been and will continue to be focused on developing the policy and IT functional requirements around the mandatory business operations and Exchange functions listed below. For the purposes of this grant application, the State has identified a larger list of functions, aligned with not only the grant but also the functions identified in quarterly reporting on the Exchange.

Additional Technical Assistance. The State is requesting general technical assistance (below), as well as additional assistance outlined in the *Certification of Qualified Health Plan* section to be completed by a single vendor.

- **Federal-State Partnership Options.** The State is interested in evaluating options for sharing responsibility or leveraging federally created functionality that could meet the minimum needs of an Illinois Exchange (*i.e.* Premium rate calculator functionality).

Below is an updated schematic, which illustrates the State’s current vision for the functioning of the Exchange, and its high-level business concept. This concept attempts to define the lines of responsibility for various Exchange functionality, but specifically the functional differentiation between the responsibilities of the State’s Integrated Eligibility System and the Illinois HIX:



Certification of Qualified Health Plans

DOI will continue to lead the activities related to the certification process for qualified health plans, led by Colleen Burns. At this point, the State is following a work plan for establishing this process in collaboration with health plans, with the help of Wakely Consulting, and is planning to finalize the certification process by late summer/early fall of 2012 to ensure sufficient time for health plans to participate in the IL HIX. Prior to finalizing that process, DOI intends to continue a two-track process to engaging carriers in the State. This includes both additional one-on-one meetings as well as collaborative workgroups, to accommodate the clear desire of carriers to share information privately while also engaging their fellow competitors.

- Essential Health Benefits: The State requests assistance both interpreting the data provided by carriers in the State related to the various benchmark options, and understanding the implications of each of the federal options for the State's Exchange and comprehensive health insurance marketplace. This includes the impact on cost, comprehensiveness of coverage, adverse selection, regulation, and availability/competitiveness of coverage in the marketplace
- Actuarial Values and Cost Sharing Reductions: The State needs assistance evaluating the most recent bulletin and impending guidance on these two topics, and implications for this guidance on conversations with carriers around qualified health plan certification and other actions.
- Quality: While not issued yet, the State is anticipating future guidance on quality and how this aspect of qualified health plan certification must be structured and phased in over the next several years.

Call Center and In-Person Assistance

The State plans to procure a multi-tier call center to manage and respond to all inquiries related to the IL HIX, but is not requesting funding for this activity at this time. Training and education of all call center staff on both the technical and policy related aspects of assisting consumers is mandatory and comprehensive, and will include training on both public coverage and private health insurance options. The State contemplates the call center staff will be trained based on tiered needs ranging from simple questions to complicated lifestyle or medical needs to ensure consumers are receiving the appropriate level of care, and the State will work with the winning vendor to develop both the tiered structure and the policies and protocols for triaging and transferring calls between and among call center staff and other key resources and State agencies (such as the Medicaid agency when appropriate or necessary.) Triaged calls will be sent to enrollment specialists at the IES call center as well as DOI's OCHI office as appropriate to ensure that existing roles are not duplicated.

Exchange Website and Calculator

As noted in the *Exchange IT Systems* section of this proposal, the State intends to include the request for the Exchange website and calculator function in the RFP for the IL HIX operating system. Design and placement of these elements will be greatly influenced by the UX 2014 project findings.

Quality Rating System

As noted in the *Qualified Health Plan* section of this proposal, the State is requesting additional research into the development of a quality rating system, which the State intends to pursue once initial guidance from HHS is released and can be taken into consideration.

Navigator Program

The State will continue its work to establish a Navigator Program in compliance with federal law and regulation for the IL HIX. This includes finalizing a work plan for the development of the operational aspects of the program (education materials, etc.), establishment of the parameters of the program in coordination with key stakeholders and applicable State

statute, and an interim financing mechanism. Lead policy analysts at DOI intend to utilize the report findings from HMA's Navigator analysis and work plan, and other interest group contributions, to suggest to the State the parameters for the program, and begin to develop an RFP for services to develop the Navigator program education and training modules. Program training will consist at least of webinars, classroom handouts and test materials, and any other necessary resources required to fulfill recertification and continuing education requirements (once approved by State decision makers.) DOI will also request the vendor provide a licensing certification system for all Navigators, if one is not included in the IL HIX operating system due to delays in requirements for the operating system build. Upon design of the program, the State will require the vendor to establish a streamlined ongoing education process for training and certification easily accessible online. The State is requesting funding to support this procurement.

Eligibility Determinations

Work related to eligibility determinations continues to be overseen by the EMOG. In the fall of 2011 specific functional and technical requirements were identified for incorporation in the RFP that was posted on March 26, 2012. Work is now moving to refining the CMS-provided business process flows to reflect Illinois-specific issues (particularly the connection between the IES and the IL HIX) and then using those business process flows as a framework for organizing the development/extraction of business rules that will be used to subsequently populate the rules engine. Mike Koetting, Gabriela Moroney, and Laura Jaskierski are identified as lead staff on this issue for the Exchange team, and funding is requested for their positions.

Enrollment Process

As noted in the *Exchange IT Systems* section of this proposal, the State intends to include the request for the Exchange enrollment function in the RFP for the IL HIX operating system. Design and placement of these elements will be greatly influenced by the UX 2014 project findings. Lead policy advisors on the IL HIX project team will align these technical processes and users testing of this functionality with both carrier/employer communications as well as project counterparts in the Medicaid agency. Laura Jaskierski is identified as the lead staff on this issue for the Exchange team, and funding is requested for her position.

Applications and Notices

Work related to applications and notices is accounted for both in the business function requirements the State is developing, as well as the consumer assistance activities.

Exemptions from Individual Responsibility

Work related to exemptions from the individual responsibility requirement is accounted for in the Exchange IT planning and in the State's business process flows. The State will work to incorporate changes in policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the federal hub are accounted for in the planning.

Premium Tax Credit and Cost-Sharing Reduction Administration

Work related to exemptions from the tax credit and cost-sharing reductions is accounted for in the Exchange IT planning and in the State's business process flows, as well as in applications and notices across the IES and IL HIX programs and policies. The State will work to incorporate changes in policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the federal hub are accounted for in the planning. As stated under *Qualified Health Plan Certification*, the State plans to explore this issue further.

Adjudication of Appeals of Eligibility Determinations

The IL HIX planning team is working collaboratively with the EMOG to further develop an appeals process that meets the mandatory minimum federal requirements, and provides a clear and streamlined process for individuals. This will be a shared responsibility between the IES and the IL HIX, with an Office of Appeals established within the IL HIX. The

development of employer and insurer HIX eligibility appeals processes are contemplated in the work products the State is finalizing in collaboration with HMA and Wakely Consulting.

Notification and Appeals of Employer Liability for the Employer Responsibility Payment

Work related to both notification and appeals of employer responsibility payments is accounted for in the Exchange IT planning and in the State's business process flows. The State will work to incorporate changes in policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the federal hub are accounted for in the planning.

Information Reporting to IRS and Enrollee

Information reporting to the IRS and the enrollees are accounted for in the Exchange IT planning and in the State's business process flows. The State will work to incorporate changes in policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the federal hub are accounted for in the planning.

Outreach and Education

- General Communications and Marketing. The State is requesting funding to utilize a vendor to create a strategic branding and marketing tool for the IL HIX. The vendor will use a combination of state-specific market research and Illinois-constituent focus groups to create a tailored and comprehensive marketing plan that will maximize the success of the open enrollment period of the Exchange, as well as subsequent enrollment periods and general usage of the IL HIX. The vendor will provide a media campaign of innovative ideas that will market the Exchange, with specific attention to the unique needs of urban and rural residents of the State. The vendor will be directed to mock-up the advertising materials (commercials, radio feed, print media, and promotional items) for the campaign. The vendor will also create the educational outreach materials to be used by the Navigator Program, as well as materials that are specific to individuals, employers, and employees. The vendor will be directed to leverage the multiple focus groups to determine if the 'branding' of the Exchange resulted in a positive awareness throughout the State. The findings will then be presented to the Exchange Board prior to the official release of the marketing campaign.

Risk Adjustment and Reinsurance

- Modelling Risk-Adjustment/Reinsurance. The Department, given its role in implementing or regulating additional mandatory activities, is interested in moving forward with modelling the implementation of risk-adjustment and reinsurance in collaboration with the major health insurance companies in the State. The analysis would use claims and other data for the currently insured within existing companies, and combine that data with similar data for the State's high risk pools to model each carriers potential risk load and position going into 2014. If a vendor could prove it possible to reliably model, the Department would also be interested in modelling the risk profile of the 12 percent of Illinoisans that are currently uninsured. The request to conduct this analysis is currently being discussed with carriers during the course of interviews associated with qualified health plan certification structure, but thus far it appears the carriers are open to this option. Therefore the State would like to request funding to conduct this analysis.

SHOP-Specific Functions

SHOP-specific functions are accounted for in the Exchange IT planning and in the State's business process flows. The State will work to incorporate changes in policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the federal hub are accounted for in the planning. The State also intends to build upon its current planning and follow-through with a work plan to establish minimum necessary policies for a SHOP Exchange, once the work plan is finalized with HMA and the final results of the small business survey and focus groups are available for the State to digest and build upon. However, the State is not requesting any additional funds at this time.

Summary of the IT Gap Analysis

The State has conducted an initial IT Gap analysis. Illinois' existing application infrastructure relevant to the HIX consists of a Client Information System (CIS) which includes an integrated eligibility determination processes for Medicaid, State-only funded medical programs, SNAP and TANF. The system is over 30 years old and existing functionality does not meet the requirements of the ACA. Specific plans and funding requests related to the eligibility determination system have been covered in a separate PAPD approved in September 2011. The State has also submitted an IAPD to CMS, and will continue to align those efforts with the HIX Project work.

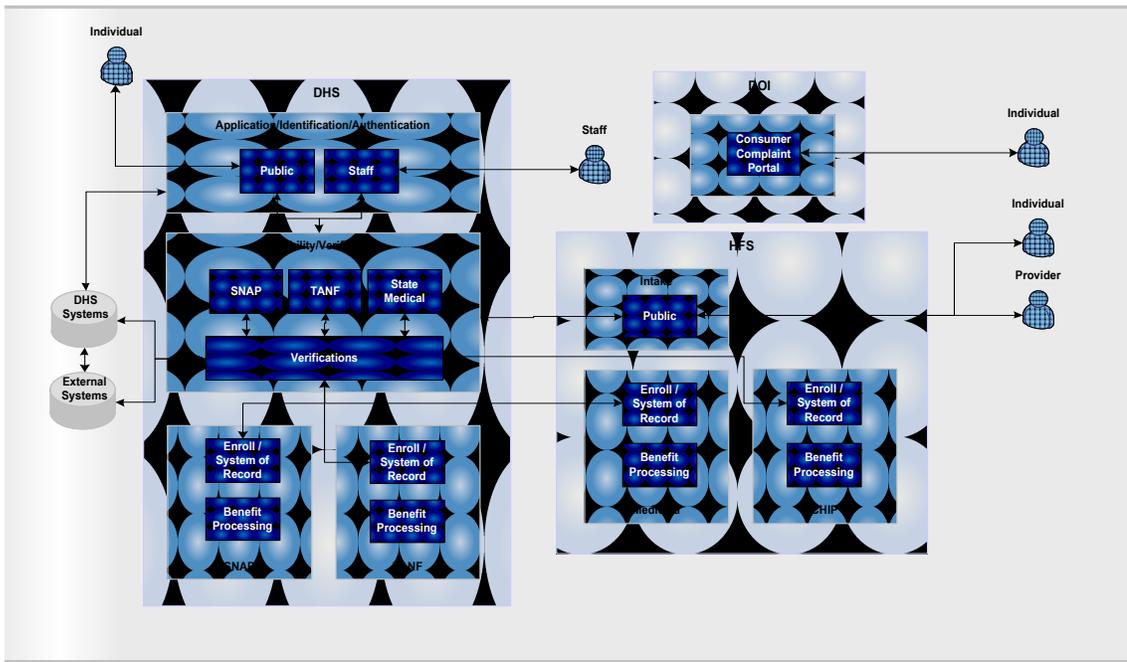
Current System

The following tables describe existing systems that will potentially need to communicate or be replaced over time in coordination with the Illinois HIX system and integrated eligibility system.

System Owner	Systems	Functions related to Plan Management and Consumer Assistance
Department of Insurance	SERFF (System for Electronic Rate and Form Filing – developed and maintained by NAIC)	Plan Management Premium Rate Review
	OCHI (Office of Consumer Health Insurance)	Consumer Assistance
	Internal web portal	Premium Rate Review
	Complaint system	Track and document complaints and inquiries as they are handled by Department staff

System Owner	Systems	Functions related to Medical, SNAP, Cash Eligibility
Department of Human Services	CIS/Automated Intake System – AIS	Contains eligibility rules, receives relevant data both manually keyed and some electronic transmission from sources including interactive online applications, processes automated eligibility decisions, processes managed care enrollment, processes approval/denial notices
	CIS/IPACS – manual intake	Same as above
	CIS/Automated Case Management System – ACM	Supports ongoing eligibility case maintenance, including eligibility redetermination, processes managed care enrollment, processes approval/cancellation notices
	CIS/Client Data Base - CDB	Repository of eligibility information, feeds MMIS-RDB, source of eligibility verification inquiries performed by hotline operators and caseworkers in DHS/HFS.
	Case Worker Tools	Collects information pending caseworker action
	Electronic Benefits Transfer	Distributes SNAP/Cash benefits

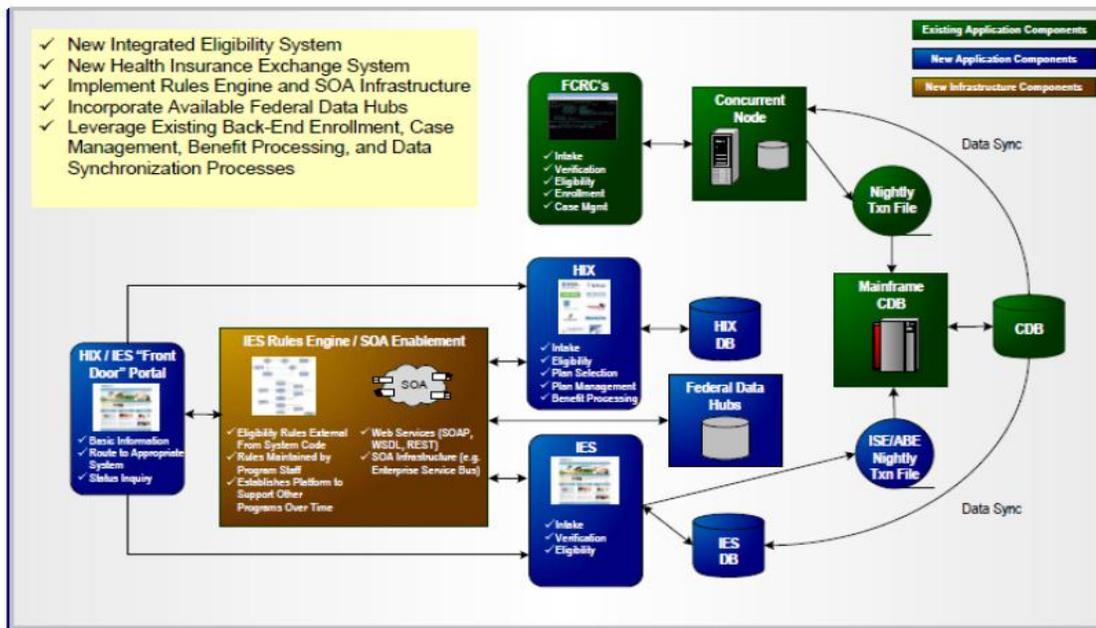
	LINK vendor	Distributes LINK cards
	Phone System Interview – PSI vendor	Automated phone interview for SNAP recertifications
	SSA Interface - SOLQ, BENDEX	Verifies valid SSNs, reports retirement and disability benefits paid, death by SSN
	SAVE	Verifies status of registered aliens
	IDES Interface - Automated Wage Verification System - AWVS	Reports quarterly wages of salaried employees by SSN
	IDES Interface – Unemployment Insurance Benefits	Reports benefits paid by SSN
System Owner	Systems	Functions related to Medical, SNAP, Cash Eligibility
Department of Healthcare and Family Services	MMIS/Claims Processing	Pays claims for medical services, contains plan enrollment/benefit package info/edits
	MMIS/Recipient Data Base – RDB	Source for MEDI eligibility verification, feeds the EDW
	MMIS/Enterprise Data Warehouse - EDW	Analysis data base – receives data from multiple sources including RDB and CDB
	MMIS/Medicaid Electronic Data Interface - MEDI	Online eligibility verification, PCP panel info, claims submission, much else
	MMIS/Long Term Care Subsystem	Used to process and manage enrollment for long term care services
	Programmatic and Administrative Accounting System - PAAS	Issues premium billing invoices and statements, approval notices on premium paying cases, tracks receivables and payables (refunds)
	Child Support/KIDS	Provides access to Vital Records screens for child support services



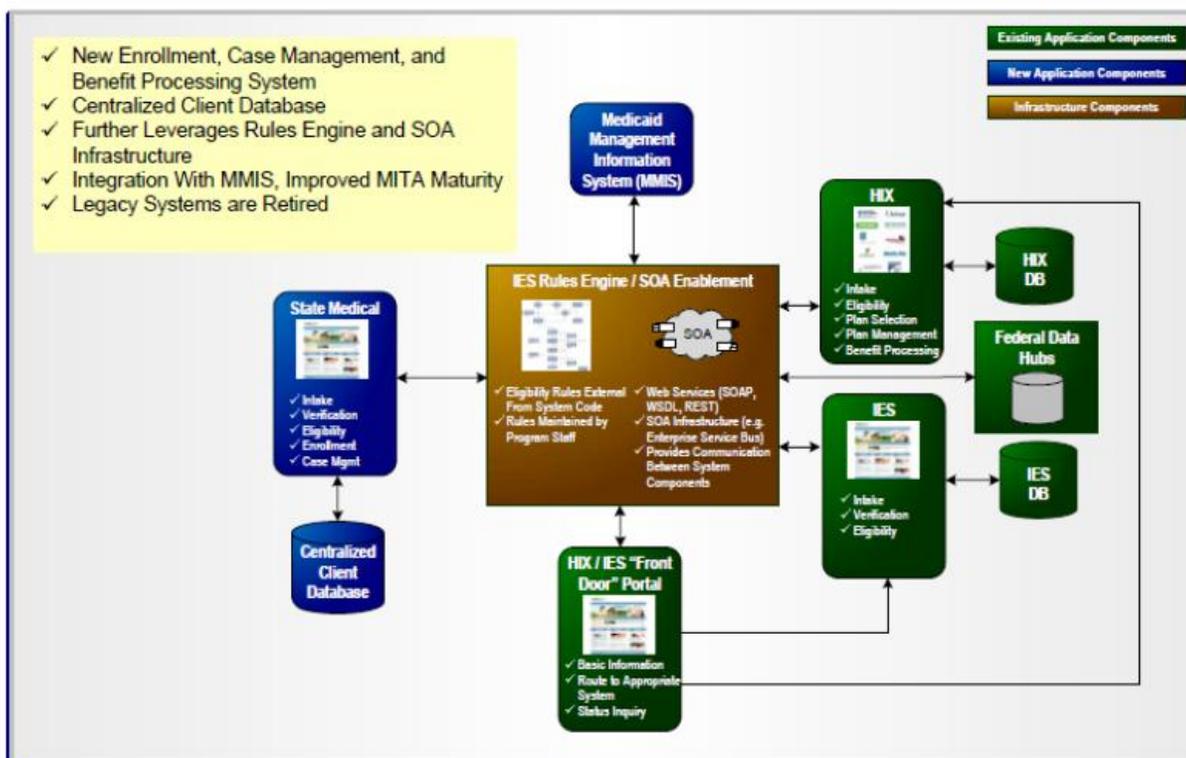
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In the future, applicant/client data collection for clients seeking medical insurance benefits will occur within the new eligibility front end contemplated in States' project plan, with an eligibility determination made that routes the applicant through either a "Medicaid processing" system or an "Exchange (HIX) processing" system once eligibility has been determined. Although the process will be seamless to an applicant, the enrollment processes for Medicaid and the HIX will be separate, as the enrollment functions for the two entities are materially different. Below are two visual snapshots of the solutions proposed for the Integrated Eligibility System and relationship with the Exchange in 2013 (to meet minimum ACA requirements) and 2015 (to achieve the complete functionality for the State's programs).

Integrated Eligibility System (IES)
October, 2013 System Vision



Integrated Eligibility System (IES)
October, 2015 System Vision



Within the HIX system processing environment, all other functionality associated with the operations of the Exchange will be addressed. This includes supporting systems applications for such items including, but not limited to, the following:

- 1) The SHOP Exchange;
- 2) A Navigator program to assist applicants in comparing and selecting a health plan that best meets their needs;
- 3) Calculation of premium tax credits and cost sharing reductions as applicable;
- 4) Call/online contact center for small businesses and individuals requiring assistance;
- 5) Enrollment facilitation into the applicant's selected plan;
- 6) Payment setup and premium collection/management;
- 7) Ongoing capability for individuals and businesses to receive updated information regarding the Exchange and its offerings, as well as the ability to easily view and update their information;
- 8) Management of qualified health plans, including certification and quality rating; and
- 9) Other functions of the HIX as required or determined necessary.

a. Technical Architecture

As a component of the work performed under the Needs Assessment project, CSG provided a review of Illinois' existing systems and their potential utility in meeting federal requirements for an Exchange. Given the age of the systems, technology involved, and the shortage of qualified technical staff both internal to State government and in the broader marketplace to support them, CSG recommended the acquisition of new systems in order to meet the requirements of the HIX. Therefore the State expects to purchase COTS products to the greatest extent possible.

Illinois intends to work with a systems integrator to acquire and install an integrated HIX environment, to include one or more COTS products, with customization as required, likely to be hosted at an external data center environment, to meet the needs of the HIX.

Eligibility determination (Medicaid or HIX) will occur within the new IES described elsewhere. Illinois will have close coordination and integration between the Eligibility project and the Exchange project in order to ensure that appropriate data integration and sharing occurs to support clients in a seamless and transparent fashion. Both projects will emphasize Service Oriented Architecture (SOA) to ensure effective interoperability and communication across modules as will be required by currently defined Exchange functionality requirements, and set the stage for integrating future, not yet defined, application capabilities.

As the IES and the HIX operating system will have only one point of contact, Illinois' existing technical infrastructure places no technical constraints on the "to be" architecture that will be selected to support the HIX operating system. As such, a "best of breed" approach, involving selection of a product suite that, when integrated and customized for specific Illinois' needs, will best meet the needs of the Illinois HIX is contemplated.

b. Applicable Standards

i. ACA Section 1561 Recommendations

Illinois intends to incorporate National Information Exchange Model (NIEM) standards adherence as a mandatory requirement for any products that will be purchased to be included in the integrated product suite that supports the processing needs of the HIX. Any custom software which may be developed, either as part of the system integration effort, or as may be required to meet Illinois' specific requirements, will be required to adhere to NIEM standards.

ii. HIPAA

The selected architecture and application product suite will be required to support all standards related to HIPAA, with an emphasis on extensibility that will allow for future enhancements as HIPAA rules evolve. Specific areas of technical and process/operations functionality to be addressed include, but are not limited to the following:

- Security Management and Audit Controls;
- Information Access Management and Workstation and Device Security;
- Role based system and data access controls;

- Data Access Surveillance and detailed transaction logging;
- Data Transmission Security;
- Workforce Education; and
- Suspected or Actual Security Breach Reporting.

iii. Accessibility for individuals with disabilities

Illinois requires that all systems comply with Section 508 of the Rehabilitation Act of 1973. Applications products/systems purchased or developed to support the requirements of the HIX will be required to address the visual, hearing, motor, cognitive and other disabilities intended to be covered by the Rehabilitation Act. Systems selection, development and testing will include participation by representatives of Illinois Office of Accessibility to ensure that accessibility requirements are appropriately met by the new HIX system.

iv. Security

In its policies, procedures, and systems operations, the HIX will address Fair Information Practices (FIP) to safeguard consumer information. A key element of the HIX implementation plan will be to define a Security function, with appropriate staffing, as part of the governance/operation of the HIX.

v. Federal Information Processing Standards (FIPS)

The systems purchased or developed that support the HIX will be required to meet current FIPS that apply to its operation.

vi. Internal Revenue Code, 26 U.S.C §6103 “Tax Information Safeguarding Requirements” and all corresponding security guidance

Federal and state agencies and their contractors must adhere to the data safeguard requirements of the **Internal Revenue Code, 26 U.S.C §6103 “Tax Information Safeguarding Requirements”** and all corresponding security guidance, as a condition of receiving **Federal Tax Information (FTI)**.

vii. Illinois 815 ILCS 530/) Personal Information Protection Act

Applies to government agencies, public and private universities, privately and publicly held corporations, financial institutions, retail operators, and any other entity that, for any purpose, handles, collects, disseminates, or otherwise deals with nonpublic personal information.

Evaluation Plan

Illinois' Level One Establishment Grant application requests funding in the following Exchange Establishment Core Areas: Background Research; Stakeholder Consultation; Program Integration; Exchange IT Systems; and Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints; as well as the following Business Operations/Exchange functions: Call Center and In-Person Assistance; Navigator Program; Education and Outreach; and Risk Adjustment and Reinsurance. This evaluation plan includes the following:

- Key indicators to be measured and continuation of data collection;
- Methods and their efficacy to monitor progress and evaluate the achievement of program goals;
- Plans for timely interventions when targets are not met or unexpected obstacles delay plans; and
- Plans for ongoing evaluation of Exchange functioning once it is operational.

Key Indicators to be Measured and Data Collection

The completion of planning activities to ensure a successful establishment of an Illinois Exchange continues to be a top priority in Illinois. Planning activities are monitored using the attached Work Plan which identifies key tasks within each Core Area and assigns a due date to each task. In addition to this Work Plan, a timeline for completion of high level activities has been established specific to the IT goals of the project. Timely completion of these tasks and activities is a key indicator of success. Tasks continue to be monitored by project staff and due dates are adjusted by the Project Director as necessary.

The quality and usefulness of all completed project deliverables serves as a key indicator of success for this project. Illinois has recently completed a Planning Review with representatives from the Federal government, and for that review completed drafts of documents such as the Project Charter, Communications Plan, Change Management Plan and Risk Management Plan. High level business concept diagrams have also been completed. Deliverables will continue to be assessed and collected as data to inform our evaluation efforts and compared with baseline data collected at the beginning of Level One funding.

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

Planning staff plays a key oversight role in ensuring the project milestones are met, and IT infrastructure is a significant component of this application. As such, Illinois hired Tom Simonds as the Exchange IT Project Manager. The IT Project Manager is responsible for tracking and assessing all project goals and milestones related to IT infrastructure. In this position, the IT Project Manager is able to closely monitor and evaluate IT planning activities to ensure that the project is moving forward as necessary. The IT Project Manager reports to the DOI Exchange Project Director. Illinois is currently working to hire a new staff person for this position. Michael Koetting, HFS Exchange Project Director, aides in leading the Exchange project, particularly in Core Area tasks that require coordination across programs. Project Directors evaluate overall progress against the Work Plan and Timeline, report their findings to planning groups and senior department officials, and document progress in quarterly reports submitted to CCIIO.

Planning staff at DOI conducts weekly status meetings under the direction of the DOI project staff. Planning staff primarily includes DOI employees working on Exchange IT, outreach and education relating to the Exchange and consumer protections, Exchange-related tasks, and staff from the Governor's office delegated to assist in Exchange efforts. Other staff is invited as relevant. These meetings allow the team to review upcoming tasks, progress toward goals, evaluate previous work, identify potential issues and enhance Illinois' capacity to evaluate progress and success.

Vendor Evaluation

Outside vendors are required to follow a detailed project schedule that includes due dates for key tasks in accordance with the overall Work Plan and timeline. Weekly written reports include the status of each task, list upcoming activities, and identify any issues or project risks that require the attention of Project Directors. These weekly reports are posted on the SharePoint website that is used to ensure coordination across all the staff working core areas, regardless of agency.

Vendors are also required to deliver midterm and final reports and communicate with internal planning groups according to need.

Timely Interventions When Targets Are Not Met or Unexpected Obstacles Delay Plans

The State understands the importance of planning for unexpected delays, particularly given the momentum required to have an operating Exchange in fall 2013. Frequent progress reports and communications between Project Directors, staff, and vendors allow the State to quickly identify delays that may jeopardize Exchange establishment.

Currently, weekly vendor status reports identify key issues and project risks. These components allow Project Directors, staff, and vendors to address delays quickly. In this next stage of planning, reports will also categorize issues and risks according to their likelihood of leading to serious project delays. For high level risks, Project Directors, staff, and vendors will develop a plan to mitigate delays, which may include an adjustment to the scope of work, a temporary reallocation of resources, or in rare instances, a written corrective action plan.

Illinois has worked to mitigate procurement and governance risks in recent months. Project Directors and staff have reevaluated strategies available for hiring new project staff and vendors using the process described above. Staff will continue to address and mitigate risks in this manner so new solutions can be identified and progress towards an Illinois Exchange can continue.

Plans for Ongoing Evaluation of Exchange Functioning Once it is Operational

The State is committed to robust and ongoing evaluation of Exchange performance. Current planning activities have begun to address Exchange performance evaluation. A review of Exchange performance measures already developed across the country has been performed, and initial recommendations for performance evaluation have been made. Project staff continue to evaluate the sources of data available to successfully evaluate performance of the Exchange, as well as identify key measurement indicators based on the Core Business Function Metrics.

Additional evaluation plans include:

- **Stakeholder Feedback.** Continuous feedback from key Exchange stakeholders, including providers, consumers, brokers, and carriers.
- **Impact on Non-Exchange Activities.** Monitoring of any adverse impacts on non-Exchange activities, including the Medicaid Program, other state programs, and non-Exchange insurance markets.