

States Leading the Way on Implementation: HHS Awards “Early Innovator” Grants to Seven States

The U.S. Department of Health and Human Services (HHS) on February 16, 2011 announced the award of seven cooperative agreements to help a group of “ Early Innovator” states design and implement the Information Technology (IT) infrastructure needed to operate Health Insurance Exchanges.

These states are leading the way on building a better health insurance marketplace, one that allows individuals and small-business owners to pool their purchasing power to negotiate lower rates. Using these new funds, the Early Innovator states will develop Exchange IT models that can be adopted and tailored by other states.

Kansas, Maryland, New York, Oklahoma, Oregon, Wisconsin, and a multi-state consortium led by the University of Massachusetts Medical School will receive a total of approximately \$241 million.

Starting in 2014, Exchanges will help individuals and small employers shop for, select, and enroll in high-quality, affordable private health plans that fit their individual needs at competitive prices. By providing a place for one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable.

As with any consumer-based industry such as the airline or banking industries, sophisticated, consumer-friendly IT infrastructure will be critical to the success of the Exchanges. Although Exchanges are not scheduled to launch until 2014, work is already under way to design and implement them across the country. As states prepare, they have requested early funding assistance to develop the right IT, particularly with respect to eligibility and enrollment systems.

All Early Innovator states have committed to assuring that the technology they develop is reusable and transferable. Using the grants, they will develop the building blocks for Exchange IT systems, providing models for how Exchange IT systems can be created. This will help states establish their Exchanges quickly and efficiently using the models and building blocks created by the Early Innovator states. At the same time, states continue to have the flexibility to develop an Exchange that best meets the needs of their unique health insurance market without having to start from scratch.

The seven grantees offer a diversity that will be valuable to all states as they work to set up their Exchanges. The grantees represent different regions of the country, as well as different Exchange governance structures and Information Systems. This diversity will help ensure that a wide range of IT models are developed, and every state will benefit.

Grant Specifics

The seven grantees were selected based on their readiness to develop and use innovative IT approaches for their Exchange IT systems. Grantees showed that they have begun planning work for their Exchanges and are committed to establishing an Exchange that will serve their state. Grantees must have demonstrated their technical expertise and ability to develop these IT systems on a fast track schedule, and their willingness to share design and implementation solutions with other states.

To ensure the Exchange IT systems are comprehensive, they must handle eligibility and enrollment in the Exchange as well as premium tax credits and cost-sharing reductions for eligible consumers. The Exchange IT systems must also be interoperable and integrated with state Medicaid programs to allow consumers to easily switch from private insurance to Medicaid and the Children's Health Insurance Program as their eligibility changes. In addition, the IT systems must be able to provide data to HHS or other Federal agencies as needed.

Summary of State Proposals

Grantee: Kansas Insurance Department

Award Amount: \$31,537,465

Procured and implemented by the Kansas Health Policy Authority (KHPA), Kansas is extending the new Kansas Medicaid/CHIP eligibility system (K-MED) and integrating K-MED with the Kansas Health Insurance Exchange. The State of Kansas is in preliminary discussions with the State of Missouri to partner on an Exchange and other aspects of this initiative. Kansas is committed to sharing knowledge, work products and other intellectual property with other states that will be deploying their exchange using a similar strategy. Depending on the interest of other states and potential arrangements with strategic business partners, Kansas may explore the possibility of creating a "cloud" solution for other states to have their own instance of one or more of these healthcare applications.

Grantee: Maryland Dept of Health and Mental Hygiene

Award Amount: \$6,227,454

Maryland proposes to build off a prototype it has already developed that models the point of access for the Exchange, integration with Maryland legacy systems and the federal portal systems, and Maryland's consumption of planned federal web services (e.g. verification and rules). The technology foundation used by Maryland in its Healthy Maryland initiative is currently being used by several other states. This “ point” solution will extend the existing Healthy Maryland platform, which was recently implemented.

Grantee: University of Massachusetts Medical School

Award Amount: \$35,591,333

This is a multi-state consortia proposal led by the University of Massachusetts Medical School and will include individuals and small businesses in Connecticut, Maine, Massachusetts, Rhode Island, and Vermont. These consumers will be able to shop for, select, and purchase affordable and high-quality health plans consistent with national reform goals for 2014. The proposed project approach will be to create and build a flexible Exchange information technology framework in Massachusetts and share those products with other New England states. The proposal hopes to learn from the Massachusetts Exchange implementation and gain efficiencies so it can accelerate Exchange development for participating New England states.

Grantee: New York Department of Health

Award Amount: \$27,431,432

New York proposes to build off its eMedNY Medicaid Management Information System (MMIS) system to build products for the Exchange. The eMedNY Medicaid Management Information System (MMIS) processes payments for approximately one of every three health care dollars paid in the state. It is also the primary source of Medicaid data used for financial reporting, program analysis, auditing, and quality measurement. The Department plans to use MMIS' assets as the basis for designing and developing an Exchange to serve all New York State health insurance consumers. This approach will also result in the development of Exchange IT components fully extensible and scalable to any other jurisdiction.

Grantee: Oklahoma Health Care Authority

Award Amount: \$54,582,269

The development of a model for eligibility and enrollment via an exchange is the primary goal of this grant initiative. Oklahoma proposes to extend its current technical architecture of Medicaid Management Information System (MMIS) and several other systems to implement the Oklahoma Health Infrastructure and Exchange initiative. It will leverage tools such as the web-based real time claims processing provider service portal created in 2003 by the Oklahoma Health Care Authority. Providers may now enroll or re-enroll with SoonerCare Online Enrollment (OE) using the provider service portal. Oklahoma will issue an RFP under this grant to conduct a gap analysis to determine the necessary steps for its systems to become operational for the Exchange factoring in portability and reuse.

Grantee: Oregon Health Authority

Award Amount: \$48,096,307

Oregon is using commercially available, off-the-shelf software to create the Exchange. The Exchange Early Information Technology Innovation Grant will help Oregon create a modular, reusable IT solution that will provide the Exchange' s customers with seamless access to information, financial assistance and easy health insurance enrollment, with no gaps in coverage or assistance cliffs for anyone up to 400% of the federal poverty level. The OHA estimates that 516,000 Medicaid clients and 277,000 commercial insurance consumers will use the Health Insurance Exchange to shop for and enroll in health coverage.

Grantee: Wisconsin Department of Health Services

Award Amount: \$37,757,266

Wisconsin anticipates that the health insurance exchange will help drive improvements in the delivery of affordable, quality care for up to 160,000 individuals in the non-group market, one million employees of small businesses, and 770,000 participants in the BadgerCare Plus and Medicaid programs, representing nearly 35% of the state' s population. Wisconsin' s proposal envisions a single, intuitive portal through which residents can access subsidized and non-subsidized health care and other state-based

programs (e.g. Medicaid, CHIP, child care). The Exchange will integrate across health and human services programs to promote efficiency and lower overall administrative cost.