

Draft Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges - Frequently Asked Questions

Below are a number of Frequently Asked Questions (FAQs) regarding the approval process for Affordable Insurance Exchanges as set forth in the Draft Blueprint for Approval of Affordable State-based and State Partnership Insurance Exchanges released by HHS on May 16, 2012.

Q1: My State is pursuing a State-based Exchange or a State Partnership Exchange for plan year 2014 (beginning on October 1, 2013). What do we need to do now?

A1: A State that intends to pursue a State-based Exchange or a State Partnership for 2014 should prepare to submit an Exchange Blueprint, which is comprised of two parts:

- An Exchange Model Declaration Letter from your Governor; and
- An Application describing readiness to perform Exchange activities and functions.

The Exchange Blueprint is due no later than 30 business days prior to January 1 (i.e., on or before November 16, 2012, for plan year 2014). The Exchange Model Declaration may be submitted with the Application or before submission of the Application. If a State's model Declaration Letter is received at least 20 business days prior to the Application, a State may request a Blueprint consultation where CMS will provide technical assistance and guidance to the State in completing the Application.

Q2: My State is considering a Federally-facilitated Exchange. Is there anything we need to do?

A2: A Blueprint Application is not required. However, it is recommended that your Governor submit an Exchange Model Declaration Letter as described in the Exchange Blueprint. This will improve service to your residents by helping to ensure alignment between your existing State markets and the Federally-facilitated Exchange.

Q3: What happens if my State does not submit a Declaration Letter to HHS about its decision to pursue an Exchange Model?

A3: If a State does not choose an Exchange model, HHS will assume that the State is not planning to operate as a State-based Exchange or a State Partnership Exchange. HHS will operate the Federally-facilitated Exchange in the State and will perform the Exchange-related programs of risk adjustment and reinsurance. Your State will work with the Center for Medicaid and CHIP Services within CMS to determine whether the Federally-facilitated Exchange will make eligibility determinations or assessments for these programs.

Q4: Are there any advantages for a State if it submits a Declaration Letter prior to the submission of its Exchange Blueprint?

A4: Yes. A State pursuing a State-based Exchange or a State Partnership Exchange will be offered an opportunity to consult with CMS staff to discuss the Application portion of the Blueprint ("Blueprint Consultation") when its Model Declaration Letter is received, provided the letter is received at least 20 business days prior to the submission of the application. A Blueprint Consultation is optional; it

provides a State with the opportunity to ask questions and receive feedback on the preparation of the remainder of its Exchange Blueprint, prior to submission.

Q5: Where can I find the Blueprint? Must the application be filed electronically?

A5: The Blueprint Declaration Letter must be submitted through an email to State.Exchange.Group@cms.hhs.gov, as well as mailed to CMS Center for Consumer Information and Insurance Oversight (CCIIO), 200 Independence Ave SW, Suite 739H, Washington, DC 20201. The Blueprint Application must be submitted electronically, and will be available on the State Exchange Resource and Virtual Information System (SERVIS), available at: <https://servis.cms.hhs.gov> on September 14, 2012. The individual(s) designated by the Governor in the Model Declaration Letter may complete and electronically sign the application.

Q6: When will approval of the Exchanges be granted by HHS?

A6: The Affordable Care Act directs HHS to make initial Exchange approval determinations no later than January 1, 2013, for Exchange operation in plan year 2014. However, States that submit their Blueprints early may receive an earlier determination. States seeking HHS approval to operate an Exchange for coverage years beginning after 2014 (e.g., plan year 2015 beginning on October 1, 2014), will submit a Model Declaration Letter and Blueprint in accordance with the same process and timeframes specified for States seeking to operate an Exchange, beginning January 1, 2014.

Q7: What information is required for the Blueprint?

A7: States are asked to submit a compilation of attestations, descriptions of processes, supporting documentation and reference files. The State may be asked to provide additional information after the Blueprint has been submitted, as determined necessary by CMS. In addition to completing the Exchange Blueprint, HHS may conduct on-site or virtual Exchange assessments, as part of its verification of an Exchange's operational readiness. HHS will use the results from a State's Reference File submissions to determine the timing for a State's operational readiness assessment. HHS will make an approval or conditional approval decision based on the documentation and the completed Exchange Blueprint.

Additionally, the Establishment Review process has been designed to support States as they work toward Exchange approval. States may submit documentation from HHS that confirms successful Establishment Review performance, in place of certain Blueprint required documentation.

Q8: What are reference files?

A8: These are files and documentation that the State will submit to demonstrate its Exchange's ability to perform a particular Exchange activity. Where noted, the State may attest to having received confirmation from HHS of successfully providing the relevant documentation as part of the Establishment Review. In such cases, the State does not need to upload the files, and HHS will confirm the State's submitted files and documentation from the Establishment Review conducted during oversight of the § 1311(a) grants to ensure adequate compliance related to the activity. The following provides a description of the types of reference files that may be required:

- a. **Summary of results of State-developed testing:** These summaries document comprehensive State-defined and executed system testing, including details of Exchange activities tested, the scope of testing activities conducted, and metrics detailing the results of that testing as they relate to each designated Exchange Blueprint requirement.

- b. **Results of State execution of CMS-developed test scenarios:** These scenarios will be developed by CMS to confirm implementation of those Exchange activities that require standardization across all State Exchanges. These scenarios will be released to a central Test Library on the Collaborative Application Lifecycle Tool (CALT).
- c. **Summary of Independent Verification & Validation (IV&V) of applicable system components:** These reports by an independent third party provide verification and validation that designated Exchange activities are built and operating as designed and in compliance with documented requirements.

Q10: What standard will be used for approval of a State-based Exchange?

A10: HHS will approve a State-based Exchange if the Blueprint and any additional operational readiness testing demonstrate that the State-based Exchange has the ability to perform Exchange activities. HHS recognizes that States will be in various stages of the Exchange development lifecycle and that some systems-development and contracting activities associated with building an operational Exchange will need to occur in 2013. Therefore, HHS will consider approving a State-based Exchange with conditions to operate for plan year 2014.

Q11: If my State cannot demonstrate that it meets all Exchange activity requirements, what will happen?

A11: HHS may Conditionally Approve an Exchange if the State can demonstrate that significant progress is being made on Exchange activities (listed in the Blueprint) at a pace that ensures that the State will have an operational Exchange by the initial open enrollment period (October 1, 2013).

Q12: What does a State need to do if it receives a conditional approval of its Exchange?

A12: A State that receives a Conditional Approval of its Exchange will be expected to sign an agreement that outlines the terms and conditions of its Conditional Approval determination. The agreement will include provision(s) that the Exchange adhere to monitoring reviews by HHS to ensure that the establishment of the Exchange continues to progress at a pace that will allow it to be operational for the initial open enrollment period. The frequency and focus of the monitoring reviews will depend upon the Exchange activities that remain outstanding. Technical assistance and systems testing will also be provided in all States that receive Conditional Approval. In addition, HHS will approve a State to operate its Exchange once it has successfully completed an Operational Readiness assessment.

Q13: How long can a State stay conditionally approved?

A13: A State Exchange will remain Conditionally Approved until it meets all Approval requirements.

Q14: Can a State reference documents in its Blueprint that were submitted to CMS during the State's Establishment Review?

A14: Yes. States that have received notification from CMS of their successful completion of portions of the Establishment Review may be able to reference the information as responses to certain sections of the Blueprint.

Q15: If a State has questions about the Exchange Blueprint, who is the appropriate contact person?

A15: The State's State Officer at the CCIIO is the point of contact for all questions related to the Exchange Blueprint submission. General questions may be directed to State.Exchange.Group@cms.hhs.gov

Q16: This version says "Draft" on it. Is the posted version of the Blueprint the actual Blueprint States will need to complete?

A16: As a part of the Paperwork Reduction Act (PRA) of 1995, this Blueprint is open for public comment. This comment period provides another opportunity for the public to provide input and recommendations regarding the accuracy of the time estimate and the burden created by the required information collection. Comments will be taken into consideration before the final Blueprint is posted later this summer. However, as this Blueprint reflects what is set forth under the law and its implementing regulations, we anticipate very few changes in substance or format and do not anticipate that the requirements for the Exchange Blueprint will change significantly. We also do not expect there to be additional burden placed on States to complete this information collection. The Blueprint may be modified in the future to reflect new guidance and rules. However, States should feel free to rely on this Blueprint for contracting and design purposes.