

Office of Consumer Information and Insurance Oversight

**State Planning and Establishment Grants for the
Affordable Care Act's Exchanges**

Quarterly Project Report

Date: January 31, 2011

State: Indiana

Project Title: Planning Grant Activities for Potential Exchange

Project Quarter Reporting Period: Quarter 1 (09/30/2010-12/31/2010)

Grant Contact Information

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Project Summary: Core Areas

• **Background Research**

Indiana engaged the State Health Access Data Assistance Center (SHADAC) to complete an assessment with two goals: (1) to assess the insured and uninsured in Indiana and their characteristics and (2) to assess the number and characteristics of potential users an Exchange in Indiana. SHADAC began their work in November 2010.

Additionally, in September 2010, the State administered an internet-based questionnaire to gain input from insurers and business stakeholders on their perspective on Exchanges. Staff assigned to the Exchange planning grant conducted an analysis of the data received from the over 400 respondents and worked to summarize the results, all of which are available on the website listed above. The analysis of this questionnaire was completed and posted online in December, 2010.

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Indiana has conducted extensive research on Exchanges and developed a white paper on the advantages and disadvantages of a State-based Exchange. The State also monitors and participates in all conference calls and webinars on Exchange planning and development.

In the next quarter Indiana will release an Exchange specific questionnaire to gain more input on these key decision points. The analysis of the feedback gained from this questionnaire will also take place. Indiana engaged Milliman, Inc. to produce actuarial projections based on the data provided by SHADAC. Indiana will continue to research Exchanges and monitor all related conference calls and webinars.

- Stakeholder Involvement

Throughout the process of the Exchange grant Indiana has sought stakeholder input. The questionnaire mentioned above assessed preliminary stakeholder perspectives on an Exchange. Indiana has also held extensive series of meetings with various stakeholder groups both to gain input from these groups and to update them as to our progress on Exchanges aspects of Health Care Reform. Please reference the below list for our stakeholder involvement schedule:

Stakeholder Meetings	Date
Aggregator in Exchange discussion – Indiana Chamber	Thu 10/7/10
Healthcare Delivery Reform - Thomas Dunleavy	Tue 10/12/10
Indiana Employers Quality Health Alliance	Thu 10/21/10
Health Insurance Exchange and Health Insurance Issues - Stewart & Irwin, P.C. & Health Resources, Inc.	Wed 10/27/10
Exchanges – Indianapolis Business Journal	Wed 11/3/10
ACA Implementation, Children's Oral Health	Thu 11/4/10
Exchange/HealthCare Reform Implementation - Christian Science Committee on Publication Legislative	Fri 11/5/10
Indiana Chamber	Fri 11/5/10
UnitedHealth Care	Mon 11/15/10
CHOICE Board (Home & Community Based Services Program for the Aging) Presentation	Thu 11/18/10
Indiana Association of Pathologists – Presentation by Robyn Crosson	Sat 11/20/10
Roy Ranthum HSA Consulting Services & Jerry Malooley, State Personnel Department (SPD)	Thurs 12/2/10
Exchange & Quality Data –Indiana Employer's Quality Health Alliance; Indiana Health Information Technology, Inc; Indiana Health Information Exchange (IHIE), SPD, HOI	Mon 12/6/10
Exchanges, Health Care Reform & HSAs – State of Georgia	Thurs 12/9/10
Advocates for Mental Health - Indiana Counsel on Community Mental Health Centers, Mental Health America, NAMI Indiana, KEY Consumer Corporation	Tue 1/4/11

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Meeting with State Senator Connie Lawson	Tue 1/4/11
Insurers and Associations - Indiana Chamber, ISN, AHIP, Anthem, National Association of Social Workers, Covering Kids and Families – continued on following line	Tue 1/4/11
Insurers and Associations - SynCare, Bose Public Affairs Group, Indiana Hospital Association, Indiana Primary Healthcare Association– continued on following line	Tue 1/4/11
Insurers and Associations - Indiana State Medical Association, Riley Hospital, IN Minority Health Coalition, Academy of Pediatrics, American Heart Association and American Cancer Society	Tue 1/4/11
Advocates for the Elderly and Aging – AARP, Indiana Association for Home and Hospice Care, Indiana Healthcare Association, INALA	Thu 1/6/11
Advocates for Individuals with Developmental Disabilities - ARC of Indiana, Self-Advocates Board, Indiana Association of Behavioral Consultants (INABC)	Mon 1/10/11
Meeting with State Senators Pat Miller, Ryan Mishler, Vaneta Becker, Ed Charbonneau, Beverly Gard, Jean Leising and Ron Grooms (Health & Provider Services Committee members)	Mon 1/10/11
Indiana MGMA – Presentation by Seema Verma & Robyn Crosson	Fri 1/13/11
Meeting with State Senator Earline Rogers (Health and Provider Services Committee member)	Tue 1/18/11
Meeting with State Representative Peggy Welch (Public Health Committee member)	Thu 1/20/11
Healthcare Reform meeting organized by AARP – Presentation by Seema Verma	Fri 1/21/11
Call with Vicki Kunerth, Minnesota Director Performance Measurement Quality Improvement	Tue 1/25/11
Meeting with State Senator Vi Simpson (Health and Provider Services Committee member)	Tue 1/25/11

In the next quarter Indiana intends to release an additional questionnaire to gain input from stakeholders on specific Exchange functions and capabilities. Indiana will also continue to meet with stakeholders around key Exchange issues.

- Program Integration

The Indiana Family and Social Services Administration (FSSA) is working closely with the Indiana Department of Insurance (IDOI) to ensure that a potential Exchange does not perform functions already contained within these agencies. Weekly meetings are held. Indiana has developed a document listing the essential Exchange functions and defining

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whether these functions are performed by the IDOI the FSSA or are functions that will be assigned specifically to an Exchange entity.

Indiana contracted with Deloitte to conduct a Fit Gap Assessment of the State's IT assets to determine what assets owned by different State agencies can be leveraged to support Exchange functions.

In the next quarter Indiana intends to use the deliverables from Deloitte to determine what resources could be leveraged for an Exchange, and what modifications may need to be made to integrate current systems with the functions of a potential Exchange.

- Resources & Capabilities

Indiana engaged Deloitte to conduct a Fit Gap Assessment of the State's current IT infrastructure; Deloitte met with key State stakeholders & vendors, including those that supervise the functions of ICES (the State's eligibility system), MMIS (the State's Medicaid claims system), Department of Insurance IT systems and IN.gov. Workshops with all stakeholders, including the Office of Medicaid Policy and Planning, the Division of Family Resources (responsible for eligibility) and the Department of Insurance, were held on 11/10/10, 11/23/10 and 12/14/10. This Fit Gap Assessment identifies the State's current IT systems that could be built upon to support an Exchange. Deloitte has completed onsite work on this Fit Gap analysis, and held a meeting on 1/6/11 to summarize their analysis.

In the next quarter Indiana will focus on analyzing the Deloitte deliverable and interpreting its impact to determine what IT systems can be built upon and what systems are needed for a potential Exchange. Various IT procurements were already scheduled for the upcoming years and part of this work will require the State to align these timelines. In the next quarter the State will develop an Exchange IT strategic plan, and prepare for a planning vendor to begin their work later this spring to assist the State in developing the necessary Requests for Proposal(s) (RFPs).

- Governance

Indiana engaged Ice Miller, LLP to conduct an analysis of the legislative requirements for Exchanges. After analysis Ice Miller concluded that the State did not need legislation to begin the establishment of a not-for-profit Exchange. Ice Miller aided the State in the development of an Executive Order and base governance structure. This Executive Order was issued on 01-03-11. It directs the Indiana Department of Insurance and the Family and Social Services Administration to work together on developing an Exchange and conditionally establishes a not-for-profit entity Indiana Insurance Market Inc. as the Indiana Exchange.

In the next quarter, with the authority granted by the Executive Order, Indiana will work towards developing more detailed Exchange governance and operations plans. Staff will work on the draft articles of incorporation and bylaws for the Indiana Insurance Market, Inc.

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- Finance

The State does not have enough information to develop a plan at this time. This should become available once the design is completed. The questionnaire under development asks about potential revenue sources for an Exchange. These options will be presented to stakeholders in this forthcoming Exchange Questionnaire. The State continues investigating various financing options for an Exchange and researching how other similar not-for-profit entities have functioned.

In the next quarter, Indiana plans to develop preliminary financing plan options and work towards further refining an Exchange budget.

- Technical Infrastructure

Deloitte completed a Fit Gap analysis of Indiana's current IT assets including: ICES, QualCheck, WFMS/FACTS, AIM, IN.gov, the Indiana Health Information Exchange, SERFF, and SIRCON. This analysis of Indiana's current technical infrastructure systems is a key to the development of an Exchange.

In the next quarter, based on the Deloitte report, Indiana will work through the assets that fit Exchange functionality requirements and the identified gaps. In addition to the aforementioned planning vendor and IT strategic plan, the State will begin developing, later this spring, the necessary IAPD documents for submission to CMS and FNS. The State will also begin the development of Exchange business requirements.

- Business Operations

Indiana has developed a document that describes the required Exchange functions and indicates if these functions will remain the responsibility of the IDOI, the FSSA, or be required to be performed by an Exchange. Indiana is also working with stakeholders to develop a document defining the goals of an Exchange.

In the next quarter, the State expects to have goals for an Exchange defined and to develop a preliminary operations plan for how the IDOI, FSSA, and Exchange will function together.

- Regulatory or Policy Actions

Over the last quarter, Indiana engaged Ice Miller to conduct a legislative analysis. This analysis resulted in the production of an Executive Order that established a not-for-profit Exchange as the Indiana Insurance Market Inc. The Executive order also directs the FSSA and IDOI to work together to conditionally develop an Exchange.

In the next quarter, Indiana expects to make some key policy decisions around Exchange functionality and will work towards developing an ongoing list of legislation needed in the future.

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Barriers, Lessons Learned, and Recommendations to the Program

The most significant barrier the State has encountered during this quarter of the grant period is the lack of federal guidance in the form of rules and regulations. In the absence of concrete guidance, the State lacks the ability to move forward in making decisions regarding the structure and functions of an Exchange. The State's recommendation to HHS is to provide these rules and regulations as soon as possible.

Technical Assistance

As previously mentioned, the issuance of rules and regulations surrounding Exchanges will assist the State greatly. In the meantime, the State will continue to monitor and participate in all discussions, calls and webinars available with the federal government.

Additionally, as significant changes to the eligibility and claims IT systems will be required to interface with an Exchanges, CCIIO's coordination with other divisions of CMS and with FNS will be imperative to the State's progress.

Draft Exchange Budget

At this time, providing a budget for FFY2011-FFY2014 is premature. The State is currently receiving its deliverables from the vendors consulted during this first stage of the grant period. Once the State has had additional time to evaluate the deliverables and determine its next steps, we will begin to develop a budget for the next four years. At this time, we anticipate the costs will fall into the following buckets:

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Personnel (State staff)				
Legal Guidance				
IT Planning Vendor				
Medicaid Eligibility System IT funding				
Medicaid Claims IT funding				
Exchange IT funding				
Actuarial Guidance				
Travel to HHS meetings				
Project Management – general				
Project Management – IT				
Publicity/Marketing Campaign				

Work Plan

- Background Research
 - 1)
 - **Name of milestone:** Completion of SHADAC Research
 - **Timing:** January/February 2011

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- **Description:** Indiana engaged SHADAC to conduct research on the uninsured and the potential users of an Exchange. In January and February 2011 the State will work conduct conference calls with SHADAC for explanations of the findings. The State expects to receive SHADACs full report in the upcoming weeks.
- 2)
- **Name of milestone:** Milliman Actuarial Analysis
 - **Timing:** February/March 2011
 - **Description:** Milliman will work from the data SHADAC provides and develop actuarial modelling and analysis of the potential users of an Exchange. This analysis is expected to be conducted in spring of 2011.
- Stakeholder Involvement
- 1)
- **Name of milestone:** Stakeholder Meetings & Legislative Briefing
 - **Timing:** Ongoing
 - **Description:** Indiana is committed to continuing to involve stakeholders in discussions around developing an Exchange. These stakeholders will be key in providing input on Exchange design decisions. Stakeholder Meetings are expected to continue throughout and beyond the duration of this grant. In early March, the State is planning to brief legislators on the House and Senate Health Committees regarding Exchange-related activities.
- 2)
- **Name of milestone:** Exchange Questionnaire
 - **Timing:** March/April 2011
 - **Description:** An electronic questionnaire is under development that will be opened to stakeholders to gather input on key Exchange decision points. The results of this questionnaire will be compiled and a report will be issued in spring 2011.
- Program Integration
- 1)
- **Name of milestone:** Define duties & create IT plan for all agencies
 - **Timing:** May 2011
 - **Description:** Indiana has developed a preliminary document detailing duties performed currently by State agencies and those that will need to be performed by an Exchange. Completion of this milestone will result in a finalized document that details what responsibilities will remain with State agencies and what responsibilities will be conducted by an Exchange. This document will include a description of the relationships between an Exchange and State Agencies and whether the State Agencies contract with an Exchange or an Exchange contracts with the State Agencies. The plan will include the recommendations for IT upgrades and/or procurements for all involved agencies.
- 2)
- **Name of milestone:** Develop preliminary model for information transfer between and Exchange and State Agencies
 - **Timing:** May-June 2011

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- **Description:** When duties of an Exchange are finalized, a plan will be developed for data transfer between an Exchange and State Agencies on key functions.

- Resources & Capabilities
 - 1)
 - **Name of milestone:** Analyses of Fit Gap Assessment Report
 - **Timing:** January/February 2011
 - **Description:** Deloitte completed a Fit Gap Assessment of Indiana's IT assets. The State will be analyzing the Deloitte report and coming to preliminary conclusions on what assets are scalable to support an Exchange and what gaps need to be filled with new systems.
 - 2)
 - **Name of milestone:** Development of IT Strategic Plan
 - **Timing:** March 2011
 - **Description:** Indiana will develop a Strategic plan for its IT needs relating to the timeline for developing, testing, and implementing the systems necessary to ensure Exchange IT functionality.

- Governance
 - 1)
 - **Name of milestone:** Legislative Analysis
 - **Timing:** December, 2010; completed
 - **Description:** Ice Miller conducted legislative analysis and advised that Indiana could create a not-for profit Exchange through Executive Order.
 - 2)
 - **Name of milestone:** Articles of Incorporation
 - **Timing:** Spring 2011
 - **Description:** Indiana conditionally established the Indiana Insurance Market, Inc. through Executive Order. Through the spring of 2011, Indiana will work on the draft articles of incorporation and bylaws.

- Finance
 - 1)
 - **Name of milestone:** Development of preliminary budget
 - **Timing:** May, 2011
 - **Description:** In Spring 2011 Indiana will be working to draft an operating budget for an Exchange.
 - 2)
 - **Name of milestone:** Development of preliminary financing plan options
 - **Timing:** May, 2011
 - **Description:** In Spring of 2011 Indiana will be working to draft a preliminary plan giving options on how to finance an Exchange and make it self-sustainable after 2015.

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- Technical Infrastructure

1)

- **Name of milestone:** Fit Gap Assessment
- **Timing:** January, 2011
- **Description:** Deloitte Consulting completed a Fit Gap Assessment of Indiana's IT assets. This report details the capabilities of the State's current IT infrastructure and the gaps where new solutions will be needed to support an Exchange.

2)

- **Name of milestone:** Development of RFI & IAPD
- **Timing:** Spring 2011
- **Description:** Using the Deloitte Consulting Fit Gap Assessment Indiana intends to develop an RFI to gain more information on possible IT systems solutions. The State intends to release the RFI by the end of April, 2011. The State will also begin draft its IAPD.

- Business Operations

1)

- **Name of milestone:** Development of Exchange Goals Document
- **Timing:** Spring, 2011
- **Description:** By spring 2011 Indiana will develop a document that outlines the goals of the Indiana Insurance Market, Inc. This document will incorporate the feedback gained from stakeholders through meetings, written comment submissions, and the Indiana Exchange Questionnaire.

2)

- **Name of milestone:** Defining the functions of an Exchange
- **Timing:** Spring, 2011
- **Description:** By spring of 2011, using stakeholder input gained from the Exchange Questionnaire, Indiana will define the key functions of the Indiana Insurance Market, Inc.

- Regulatory or Policy Actions

1)

- **Name of milestone:** Executive Order
- **Timing:** January, 2011
- **Description:** In January 2011 Indiana issued an Executive Order conditionally establishing the not-for-profit Indiana Insurance Market, Inc. as Indiana's Exchange.

2)

- **Name of milestone:** Development of Legislative Requirement for the 2012 Legislative Session
- **Timing:** Spring/Summer 2011
- **Description:** Indiana did not introduce Exchange Legislation in the 2011 session; however, the State foresees that there will be Exchange requirements that need Legislation. Through summer 2011 the State will be developing a list of the legislation that could be required in the 2012 session to support an Exchange.

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Collaborations/Partnerships

The following collaborators have each provided important feedback to the State throughout this first cycle of the grant. The accomplishments of these meetings include identification of key decision points, roadblocks and/or policy options related to the planning of an Indiana-based Exchange. There are no barriers or challenges to report at this time.

- **Name of Partner:** Jerry Malooley
- **Organizational Type of Partner:** Indiana State Personnel Department (State agency)
- **Role of Partner in Establishing Insurance Exchange:** Jerry provides guidance based on her vast knowledge and experience working with insurers, negotiating contracts with insurers and pursuing quality health data.

- **Name of Partner:** Dr. Ned Lamkin
- **Organizational Type of Partner:** Indiana Employers Health Quality Alliance (employer group)
- **Role of Partner in Establishing Insurance Exchange:** Dr. Lamkin has met with the State to identify a number of key decision points regarding an Exchange and quality health data.

- **Name of Partner:** Dr. Greg Larkin, Commissioner
- **Organizational Type of Partner:** Indiana State Department of Health (State agency)
- **Role of Partner in Establishing Insurance Exchange:** Dr. Larkin has provided information on physician access issues and held a number of meetings with members of the medical community. Physician access is an area of concern.

- **Name of Partner:** Mike Ripley
- **Organizational Type of Partner:** Indiana Chamber of Commerce (employer group)
- **Role of Partner in Establishing Insurance Exchange:** Mike has provided the State with various perspectives on Exchanges from employer groups around Indiana, of varying sizes. The opinions and feedback from Hoosier employers are very important to the State as an Exchange is developed.

- **Name of Partner:** Anthem, Managed Health Services & MDwise
- **Organizational Type of Partner:** Medicaid Managed Care Organizations
- **Role of Partner in Establishing Insurance Exchange:** MCOs provide valuable feedback on movement of individuals between an Exchange and Medicaid programs in 2014. The MCOs have helped to identify decision points surrounding the HIP program.

- **Name of Partner:** Indiana Insurers
- **Organizational Type of Partner:** The Indiana Department of Insurance has actively met with Indiana Insurers including Anthem, SIHO, GoldenRule, Aetna, etc.

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- **Role of Partner in Establishing Insurance Exchange:** Insurers feedback has been crucial to the State in the determination of whether or not to operate a State-based Exchange; insurers will continue to be consulted as a governance structure is further developed.
- **Name of Partner:** Hospital Association, Indiana State Medical Association, Clarian Hospital/IU Health, St. Francis Hospitals
- **Organizational Type of Partner:** Provider Community
- **Role of Partner in Establishing Insurance Exchange:** The views of the provider community are crucial to the State as we develop an Exchange.

- **Name of Partner:** Insurance Brokers
- **Organizational Type of Partner:** Brokers
- **Role of Partner in Establishing Insurance Exchange:** Insurance brokers provide a unique view of an Exchange, especially as the Indiana insurance market currently relies heavily on the brokers. The opinions of the brokers are important as the State evaluates options.

PRA Disclosure Statement

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