

Office of Consumer Information and Insurance Oversight

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

Quarterly Project Report

Date: April 30th, 2011

State: Indiana

Project Title: Planning Grant Activities for Potential Exchange

Project Quarter Reporting Period: Grant Quarter 2 (1/31/2011-4/30/2011)

Please note this report builds upon the quarter one report; the information for quarter one can be found following the quarter one report in the Project Summary for each Core Area.

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Award number: 1 HBEIE100021-01-00

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Project Summary: Core Areas

- Background Research

Grant Quarter 1:

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.

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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.

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.

Grant Quarter 2:

Indiana finished development of and released the Indiana Exchange Questionnaire on design options for the Exchange. This online questionnaire was open for three weeks from March 9th through March 30th and received over 2,600 responses. Four different questionnaire tracks were released and were targeted at four different stakeholder groups: insurers and brokers, businesses, individual consumers, and health care providers. The questionnaire covered Exchange design options for developing an Indiana Exchange, as presented by the Affordable Care Act. All groups were invited to answer any and all of the questions. Preliminary analysis of the questionnaire responses has been concluded, and the team is working to develop an Executive Summary and Comprehensive Analysis.

SHADAC completed their assessment of the current health care coverage in Indiana and potential users of an Indiana-based Exchange during this quarter and held a call with the State to walk staff through their assumptions and conclusions. Milliman enhanced SHADAC's work using data from MLR filings to illustrate the current health care insurance market in Indiana.

Milliman has also been involved in frequent Exchange design meetings and has been conducting research and providing preliminary white papers at the State's request on topics such as expected impact on premium rates, comparison and selection of plan approaches, health plan quality monitoring, defined contributions and benefit plans on and off the Exchange. Milliman is also finishing estimates on the current landscape of the insurance market in Indiana and projections on the number of individuals who will seek coverage in the individual, small and large group markets, both inside and outside the Exchange as applicable.

The State has participated in all webinars and conferences offered by federal partners and policy groups. In addition, IDOI has developed two background papers on behalf of the National Association of Insurance Commissioners (NAIC).

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In the next quarter, Indiana will finalize the Executive Summary and Comprehensive Analysis and issue a summary report of questionnaire results, including posting it on Nationalhealthcare.in.gov. The State will also use the data to support and inform Exchange design and policy decisions. Milliman will continue to advise the State on market implications of Exchange design decisions and will provide their estimate for Exchange uptake under differing scenarios. Staff will continue to participate in calls and webinars sponsored by federal partners and policy groups over the next quarter. Four staff members will also travel to the all grantee meeting in Denver, Colorado in May.

- Stakeholder Involvement

Grant Quarter 1:

Throughout the process of the Exchange grant, Indiana has sought stakeholder input. The questionnaire administered in the first quarter assessed preliminary stakeholder perspectives on an Exchange. Indiana has also held an 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: Quarter One	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

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Advocates for Mental Health - Indiana Counsel on Community Mental Health Centers, Mental Health America, NAMI Indiana, KEY Consumer Corporation	Tue 1/4/11
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.

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Grant Quarter 2:

Indiana released a second online questionnaire on Exchange design decisions and is currently analyzing and reviewing feedback received through hundreds of write in responses submitted as comments on the questionnaire. In order to alert as many potential respondents as possible, the State put out a press release to publicize the availability of the online questionnaire. Several media outlets carried the story. An e-mail was sent to all stakeholders from prior engagements, including attendees at prior stakeholder meetings or respondents to the State's first questionnaire in September. The Indiana Economic Development Corporation shared the links to the Exchange Questionnaire with Indiana businesses subscribed to their list-serve. Lastly, information regarding accessing the questionnaire was given to members of the Indiana General Assembly's House and Senate health and insurance committees for them to share with their colleagues and constituents. As previously mentioned, over 2,600 individuals completed the questionnaire.

In addition to the online questionnaire, Indiana has continued outreach with one on one stakeholder meetings. The following list includes meetings held since the submission of the first quarterly report:

Stakeholder Meetings – Quarter 2	Date
Public testimony/Presentation to Indiana General Assembly's Health and Provider Services Committee	Wed 1/19/11
Meeting with Ned Lamkin, Indiana Employers' Health Quality Alliance	Wed 1/19/11
Meeting with State Representative Craig Fry	Mon 2/14/11
Meeting with Indiana Insurance Brokers	Wed 2/23/11
Presentation at the HFMA spring conference	Thurs 2/24/11
Testimony before the Indiana General Assembly House and Senate Health and Insurance Committees	Wed 3/2/11
Meeting with the Indiana Optometric Association	Wed 3/16/11
Public testimony in Indiana General Assembly's Public Health Committee	Wed 3/23/11
Meeting with Aetna Insurance Carrier regarding Exchange design options	Thurs 4/7/11
Meeting with SIHO Insurance Carrier regarding Exchange design options	Thurs 4/7/11
Meeting with Lt. Governor Becky Skillman & Dr. Mercy Obeime	Fri 4/8/11
Conference Call with Paul Mango regarding Exchange design options	Mon 4/11/11
Meeting with Representative Matt Lehman, Chairman of the House Insurance Committee	Wed 4/13/11
Meeting with Ned Lamkin of Indiana Employers' Health Quality Alliance and Doug Stratton of the Indiana	Wed 4/13/11

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Comprehensive Health Insurance Association (high-risk pool) regarding Exchange design options	
Meeting with Managed Health Services (MHS) regarding Exchange Design Options	Thurs 4/14/11
Meeting with St. Vincent Hospital Network	Fri 4/15/11
Meeting with Physicians Health Plan (PHP) regarding Exchange design options	Mon 4/18/11
Meeting with St. Francis Hospital Network	Mon 4/18/11
Testimony in Indiana General Assembly Conference Committee regarding the provisions of Senate Bill 461	Tues 4/26/11
Meeting with Anthem regarding Exchange design options	Tues 4/26/11

In the next quarter Indiana will finish reviewing written stakeholder comments and issue a summary of the issues and concerns important to various stakeholder groups. Indiana will also continue to meet with stakeholders around key Exchange issues. There is the potential for additional questionnaire development if additional feedback is necessary on specific questions.

- Program Integration

Grant Quarter 1:

The Governor's office through its health care reform team is working to coordinate the efforts of The Indiana Family and Social Services Administration (FSSA) and 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 is defining whether these functions are performed by the IDOI the FSSA or are functions that will be assigned specifically to an Exchange entity. The Governor's office has also brought in the Office of Technology to participate in the HIX efforts.

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 the Deloitte assessment 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.

Grant Quarter 2:

Indiana has continued to hold regular meetings, engage stakeholders throughout the State and define how IDOI, FSSA, and Exchange may function together during the frequent Exchange policy and design meetings. In depth work on business operations and

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definition of the roles and responsibilities of the Exchange and existing state agencies is part of Indiana's Level One funding request (CFDA 93.525).

Policy meetings discussing Exchange design options have been regularly scheduled, sometimes for multiple sessions each week, and have included FSSA, IDOI and representatives from the IT team, as well as Milliman and other resources on an as needed basis. Meetings discussing the Exchange IT strategic plan have also been conducted on a regular basis involving FSSA, IDOI, DFR, State Personnel and Indiana Office of Technology (IOT). A small group meets weekly to touch base on all Exchange related IT issues.

The Exchange IT team continues to work through program deliverables from Deloitte to refine estimates of what assets 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.

Over the next quarter Indiana will continue to engage all state stakeholders and work to integrate all programs and resources. The State would continue to evaluate the options and needs of offering an Exchange by working with the integrated FSSA & IDOI teams and continue to outline the needs and demands of Exchange processes and functions at a greater level of detail. This work will continue as Indiana finishes out the Exchange Planning grant and hopefully moves into the work assigned to the Level One Exchange Establishment grant this summer.

- Resources & Capabilities

Grant Quarter 1:

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).

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Grant Quarter 2:

The Exchange IT team continued to work with Deloitte's deliverables on the Fit Gap Analysis. These deliverables influenced the development of an RFI for developing detailed Exchange business requirements. The State received and is reviewing the guidance for states' IT Development released to all grantees on April 12th.

An Exchange project manager was engaged this quarter to help integrate, manage, and coordinate the efforts of the various Indiana agency resources and vendors that are supporting the planning of an Indiana Exchange. State staff is currently in the process of procuring the business requirements vendor.

Indiana also completed a Level One funding request for further Exchange funding. This funding would allow for further exploration of the needs and costs associated with offering an Indiana Exchange, securing the business & technical requirements expertise necessary to plan the cost and needs of an Indiana Exchange, and understand the timeline that would be required for implementation.

First Data was engaged in April to plan the technical requirements and cost needs of offering an Indiana Exchange, which would be work related to the Level One funding request. They began efforts assisting the State in performing market research of early innovators and in identifying viable Exchange vendor/partners for an Exchange implementation. As part of the Level One grant, they would create an RFI to further understand the market offerings. In addition, they will further define the State's needs by developing the technical requirements and an architectural definition required to support the exchange design and business processes.

In the next quarter Indiana will continue to monitor federal guidance that may modify the states assumptions on needed resources and capabilities.

▪ Governance

Grant Quarter 1:

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 directed the Indiana Department of Insurance and the Family and Social Services Administration to work together on developing an Exchange and conditionally established a not-for-profit entity Indiana Insurance Market Inc. as the Indiana Exchange.

In the next quarter, if supported by new grant funding and 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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Grant Quarter 2:

The evaluation of the State's current authorities and the drafting and release of the Executive Order was the largest milestone for this area under the Planning grant. Staff continues to work on draft articles of incorporation and bylaws for the Indiana Insurance Market, Inc and to refine the proposed governance structure for the Indiana Insurance Market, Inc.

▪ Finance

Grant Quarter 1:

The State does not have enough information to develop a plan at this time. This should become available once the design is completed and the operations are understood. 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.

Grant Quarter 2:

Questions around financing of the Exchange were included on the Exchange questionnaire sent out to stakeholders in March. Indiana is consulting these responses when taking into account Exchange financing options. IDOI staff is also working to develop a financing options white paper for NAIC.

Over the next quarter Indiana will work to analyze the responses to the questionnaire around financing and use the stakeholder feedback to inform decisions on how to finance an Exchange. Indiana has applied for Level One funding and Financing is a key core area of the Level One funding grant request.

▪ Technical Infrastructure

Grant Quarter 1:

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.

Grant Quarter 2:

Indiana has selected First Data to support the technical planning and cost analysis of creating an Indiana Exchange. In this quarter they began to perform market research to

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identify viable Exchange solution providers and integrators. As part of the work related to the Level One request, it has been proposed that they will develop the technical requirements and architectural design and draft an RFP to solicit bids on an Exchange's implementation.

During this quarter, Indiana also began the process of selecting a vendor to help the State through business requirements collection and design process definition. Development of the business requirements and the associated technical requirements is planned to begin in the next quarter. Business and technical requirements development is part of the State's Level One Funding request.

- Business Operations

Grant Quarter 1:

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. The IDOI, FSSA team that has been meeting to discuss the

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.

Grant Quarter 2:

The Indiana Exchange Questionnaire included questions on key areas of business operations. Examples include premium collection, enrollment, and defined contributions. These business operations have been the focal point of the discussions during the frequent policy meetings, mentioned earlier in this report, composed of IT, IDOI, FSSA and Milliman staff. Once the design is complete, the State can focus on developing business operations to support the policy design.

- Regulatory or Policy Actions

Grant Quarter 1:

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 directed 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.

Grant Quarter 2:

Over the last quarter Indiana has continued to keep track of possible legislative needs should the State move forward with full Exchange implementation. If Indiana decides to

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pursue an Exchange, there will be many legal issues to resolve. Not only will legislation be needed, but also agreements will need to be drawn up to establish the contractual interactions between the agencies and the Exchange. The Exchange Policy Team has met regularly to develop design and policy options for a possible Exchange. As design options are discussed, possible legislative issues are flagged. This list will be shared with Ice Miller for their assistance in evaluation required or to suggested regulatory language.

In addition, over the last quarter, the administration has provided testimony on an amendment to Indiana Senate Bill 461. The original bill language relates to various insurance markets provisions of the ACA and Medicaid program changes aimed at protecting Hoosiers. The administration supports this language. However, one amendment to the bill added during the bill's tenure in the Indiana House would have halted the State's work on the all ACA implementation efforts. The State provided testimony to the General Assembly regarding the effects of the amendment on the administration's work, including as it relates to the current planning for a state-based health care Exchange and the use of the planning grant funding. Please see Attachment A for the language proposed in the amendment.

Over the next quarter Indiana will continue to track possible future legislative needs and further refine the Exchange design and policy direction.

Barriers, Lessons Learned, and Recommendations to the Program

Indiana's feedback in this area is largely the same as it was in our first quarterly report. The most significant barrier the State has encountered during the second quarter of the grant period is the lack of federal guidance in the form of rules and regulations on the many provisions of the Affordable Care Act. In particular, the State awaits specific feedback from HHS on the future of the Healthy Indiana Plan (HIP) so that key decisions can be made regarding coordination with Medicaid. 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, and Indiana looks forward the rules and regulations promised by HHS this summer on the essential benefits and on the Exchange.

Technical Assistance

The State appreciates the cooperation that CMS and CCIIO have promised in the reviewing of all planning and implementation documents as they relate to our IT systems. We reemphasize that due to the significant changes needed to eligibility IT systems as they interface with an Exchange, CCIIO's coordination with FNS will be imperative to the State's progress. Indiana has a combined eligibility system that currently handles applications for Medicaid, TANF and SNAP (food stamps). All changes and updates related to Indiana's eligibility system, ICES, require approval from FNS. The State anticipates that changes to the eligibility system will certainly be required should the State implement a state-based Exchange. Should formal cooperation between CMS, CCIIO and FNS not exist, the State could be in danger of falling behind on the project as we separately negotiate with another key federal partner.

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Draft Exchange Budget

At this time, providing a budget for FFY2011-FFY2014 is still premature. In the State's recent Level One Establishment Grant application, part of the work of the business requirements team will be to help the State project the costs associated with implementing and operating an Exchange. The State did request funding for project management & travel for FFY2011 in the Level One request. At this time, the State still anticipates 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 - Completed
 - **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:** Spring 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.
 - 3)
 - **Name of milestone:** Exchange Questionnaire Design
 - **Timing:** Spring 2011 - Completed
 - **Description:** Design of Exchange Questionnaire, research was conducted to ensure all relevant questions related to Exchange design were included.

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- 4)
 - **Name of milestone:** Exchange Questionnaire Analysis
 - **Timing:** Spring 2011
 - **Description:** Analysis of feedback provided to questions posed. Useful to help Exchange design team inform decisions.
- 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 - Completed
 - **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.
 - 3)
 - **Name of milestone:** Exchange Questionnaire text analysis
 - **Timing:** Spring 2011
 - **Description:** Analysis of the text and write in feedback provided by stakeholders on the Exchange design options presented in the Exchange Questionnaire.
 - 4)
 - **Name of milestone:** One-on-one meetings with insurers and small employers
 - **Timing:** Spring 2011
 - **Description:** One-on-one meetings held with insurance companies and small employers to cover their questions and feedback on Exchange design.
 - 5)
 - **Name of milestone:** Stakeholder road show meetings
 - **Timing:** Fall 2011
 - **Description:** Indiana is committed to continuing to involve stakeholders in discussions around developing an Exchange. Stakeholder Meetings are expected to continue throughout and beyond the duration of the Level One funding grant including soliciting stakeholders at town hall sessions throughout the state.
- Program Integration
 - 1)
 - **Name of milestone:** Define duties & create IT plan for all agencies
 - **Timing:** May 2011

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- **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
 - **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.
- 3)
 - **Name of milestone:** Hold regular meetings with State Agency Stakeholders
 - **Timing:** Ongoing
 - **Description:** Meetings are held regularly to address program integration among state agency stakeholders for operations, policy, and IT.
- 4)
 - **Name of milestone:** Completion of Level One funding request
 - **Timing:** March 2011 - Completed
 - **Description:** All state agency stakeholders worked together to complete a Level One funding request and work plan for further Exchange development.
- Resources & Capabilities
 - 1)
 - **Name of milestone:** Analyses of Fit Gap Assessment Report
 - **Timing:** January/February 2011 - Completed
 - **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.
 - 3)
 - **Name of milestone:** Development of design options
 - **Timing:** Spring 2011
 - **Description:** Indiana will develop a series of Exchange design options. These Exchange design options will be compared against the State's resources and capabilities.
 - 4)

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- **Name of milestone:** Selection of Exchange design option
 - **Timing:** Summer 2011
 - **Description:** After comparing the possible Exchange design options with needed resources and the State's capabilities a design will be selected.
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- 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.
 - 3)
 - **Name of milestone:** Evaluation of Indiana Insurance Market, Inc. Structure
 - **Timing:** Ongoing
 - **Description:** Ice Miller will continue to review and provide updated legal analysis regarding the options available for the structure of the Exchange, including the governance of the Health Exchange. Analysis will be provided regarding the ownership and governance of the information technology platform that will be developed to provide the underlying functions of the Exchange. This analysis will include the necessary steps to ensure that the Exchange complies with the ACA and related regulations.
 - 4)
 - **Name of Milestone:** Form legal entity (part of Level One funding request)
 - **Timing:** TBD
 - **Description:** If the State decides to proceed with a State-based Exchange, Ice Miller will undertake the necessary steps to form the legal entity by completing and filing the Articles of Incorporation with the Indiana Secretary of State. Ice Miller will continue to develop the necessary governance policies of the Exchange, including, but not limited to:
 - *Articles of Incorporation;*
 - *Bylaws of the Health Exchange;*
 - *Conflict of interest and executive compensation policies;*
 - *Whistleblower policy; and*
 - *Document retention policy.*
-
- Finance
 - 1)
 - **Name of milestone:** Development of preliminary budget
 - **Timing:** May 2011

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- **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.
- 3)
 - **Name of milestone:** Selection of Finance Consultant
 - **Timing:** Summer 2011
 - **Description:** As part of the Level One funding request the Indiana Exchange team has planned for the selection of a financing consultant to assist the state with Exchange budgeting and finance system design.
- 4)
 - **Name of milestone:** Development of options of Exchange financial system
 - **Timing:** Spring 2012
 - **Description:** The selected finance consultant will aid the State as part of the Level One funding grant with the development of options for how the Exchange financing system will function.
- Technical Infrastructure
 - 1)
 - **Name of milestone:** Fit Gap Assessment
 - **Timing:** January 2011 - Completed
 - **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.
 - 3)
 - **Name of milestone:** Develop Business Requirements (part of Level One funding request)
 - **Timing:** Summer 2011
 - **Description:** Under the Level One funding request Indiana will engage a vendor and develop the business requirements for the Exchange.
 - 4)
 - **Name of milestone:** Develop Technical Requirements (Level One funding request)
 - **Timing:** Summer/Fall 2011
 - **Description:** As the business requirements are developed the Exchange IT team will use these as a base to develop the Technical requirements. This is part of the work included on the Level One funding request.
 - 5)

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- **Name of milestone:** Develop RFP for System Integrator (Level One funding request)
 - **Timing:** Fall 2011
 - **Description:** As the technical requirements and technical architectural design is developed the Exchange IT team will use this information to create an RFP to solicit the engagement of a systems integrator. This is part of the work included on the Level One funding request.
- 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.
 - 3)
 - **Name of milestone:** RFI for Business Requirements Vendor
 - **Timing:** March 2011 - completed
 - **Description:** RFI Issued for vendor for vendor to aid the state in development of Business Requirements for the Exchange.
 - 4)
 - **Name of milestone:** Selection of Business Requirements Vendor
 - **Timing:** April 2011
 - **Description:** Vendor will be selected to aid Indiana in the development of business requirements for the Exchange. The development of business requirements is part of Indiana's Level 1 funding request.
- Regulatory or Policy Actions
- 1)
 - **Name of milestone:** Executive Order
 - **Timing:** January 2011 - Completed
 - **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

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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.

- 3)
- **Name of milestone:** Evaluation of issuance of federal regulation as related to the Exchange
 - **Timing:** Ongoing
 - **Description:** Ice Miller will continue to assist the State with the evaluation of regulations are released by the federal government. Ice Miller will also advise the State related to ongoing compliance with these regulations and will conduct a review of the actions already undertaken and policies that have been implemented by the State, FSSA, and IDOI to confirm that all such actions are consistent with the federal regulations.
- 4)
- **Name of milestone:** Health insurance market reforms
 - **Timing:** Ongoing
 - **Description:** IDOI will continue its progress in implementing the insurance market reforms required by the ACA, as required, during this 12 month period of Level One grant funding. Work in this area will align with, but not duplicate, the work taking place on the rate review grant.

As part of their work, Ice Miller will assist the State in reviewing Title 27, the Indiana Insurance Code, and coordinating IDOI rules, as appropriate, with the ACA and any additional regulations issued by the federal government. Ice Miller will help identify and evaluate conflicts between Indiana Code and the federal law and regulations and suggest solutions for resolving such legal conflicts. This may include the drafting of potential legislation for the 2012 session of the Indiana General Assembly.

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)

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- **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.
- **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, St. Vincent 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.

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PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1101. The time required to complete this information collection is estimated to average (433 hours) per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

Appendix A: Senate Bill 461 Amendment, as proposed in House Public Health Committee

SOURCE: Page 1, line 1; (11)CR046101.1. --> Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

SOURCE: IC 4-1-12; (11)CR046101.1. --> "SECTION 1. IC 4-1-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 12. Implementation of the Patient Protection and Affordable Care Act

Sec. 1. As used in this chapter, "federal health care act" refers to the federal Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (P.L. 111-152), as amended, and regulations or guidance issued under those acts.

Sec. 2. Notwithstanding any other law, the following apply:

(1) A state agency may not implement or prepare to implement the federal health care act.

(2) Except as specifically authorized by state law, the department of state revenue may not cooperate, work, or adopt rules to comply with the federal health care act.

(3) A state agency may not apply or accept a grant that is specifically intended to comply with or implement the federal health care act, unless the state agency's grant has been reviewed by the legislative council. The legislative council may issue an advisory recommendation to the state agency concerning the grant.

(4) A state agency may not make a request for authority or permission from any federal agency to implement or comply with the federal health care act. However, a state agency may respond to inquiries from a federal agency.

(5) Except as specifically authorized by state law, a state agency may not adopt a rule to implement or comply with the federal health care act.

Sec. 3. (a) As used in the section, "health plan" means a policy, contract, certificate, or agreement offered or issued by a carrier to provide, deliver, arrange for, pay for, or reimburse the costs of health care services.

(b) Notwithstanding any other law, a resident of Indiana may not be required to purchase a health plan. A resident may delegate the resident's authority to purchase or decline to purchase a health plan to the resident's employer.

Sec. 4. Notwithstanding any other law, an insurer (as defined in IC 27-1-2-3) that is doing business in Indiana is not required to comply with the medical loss ratio requirements under Section 2718 of the federal Public Health Service Act, as added by the federal health care act. However, an insurer shall report the medical loss ratio to the Indiana department of insurance and provide the information in a manner that is accessible to the public.