Minnesota Project Narrative

A. Demonstration of Past Progress

In August 2011, the State of Minnesota received a $4.2 million Exchange Level-One Establishment Grant. This grant built on the work of the Planning grant in the following ways:

- Governance and Stakeholder Consultation: Level-One funding was granted to establish an initial governance structure within the Minnesota Department of Commerce with full-time staff dedicated to the development of Minnesota's Exchange. Funding was also granted to support the creation and maintenance of an Advisory Task Force to provide guidance on the establishment of an Exchange. Level-One grant funding was also granted to engage stakeholders via monthly meetings.

- Program Integration and Business Operations: Funding was granted for Exchange staff to develop and execute detailed work plans, timelines, and budget and cost-allocation estimates through 2014 for Exchange functions related to Program Integration and Business Operations. Level-One funding was also granted for marketing research to assist in the development of options and cost estimates for public education, outreach, and marketing efforts to inform Minnesotans about the Exchange.

- IT Infrastructure: Level-One funding was provided to contract for technical assistance for IT architecture integration of interoperable modular components released by Minnesota in an RFP and interaction of Exchange IT activity with partnered systems. Level-One funding was given for the development of a provider display module under the RFP to supply information and decision-making assistance to individuals and small businesses prior to 2014. Funding was also requested for Exchange staff to develop and work with contractors on detailed work plans and budget and cost allocation estimates for IT architecture integration and interaction.

- Financial Management, Program Integrity, and Financing Mechanisms: Funding was granted for a Finance Director to create and execute detailed work plans related to financial management, program integrity, and Exchange financing mechanisms.

Since August 2011, Minnesota has demonstrated significant progress in the following core areas:

Background Research
To understand the requirements, options, costs and coverage impacts of an Exchange, Minnesota entered into a contract with Dr. Jonathan Gruber and Gorman Actuarial in March 2011 with Exchange Planning Grant funds. Dr. Gruber and Gorman Actuarial used Minnesota-specific data and detailed data submitted by the Department of Human Services (Minnesota's Medicaid agency) and private health insurers on benefits, enrollment, premiums, and claims experience for economic and actuarial modeling. The purpose of the modeling was to project Exchange enrollment and estimate the impact of insurance market and public program changes. The analysis investigated how options such as the size of the small group market, merger of the individual and small group markets, and implementation of a Basic Health Plan versus Exchange premium tax credits impacts enrollment, premiums, state spending, and overall health care costs. Preliminary results were shared in September and October 2011 with the Medicaid agency, insurers, and Minnesota's high risk pool. These organizations submitted data for the analysis and were able to review the results for face validity and to recommend alternative assumptions for future modeling. The modeling analysis was completed in November 2011 and results were shared with

stakeholders in a variety of settings including a public Exchange Advisory Task Force meeting and a Medicaid Summit that included a real time webinar.

This analysis found that roughly 300,000 Minnesotans will gain coverage through the Affordable Care Act starting in 2014 and that more than 20% or 1 million Minnesotans will obtain coverage through the Exchange. Furthermore, it is anticipated that premiums will decrease by 5% to 10% as a result of enhanced market competition through the Exchange and on average individual market enrollees will see a 25% decline in premiums from the individual tax credits. It is further anticipated that Minnesota households will save over $1 billion under the ACA, with the average Minnesota household saving over $500. Depending on various decisions, Minnesota could save up to $275 million in health care spending and lower income households in Minnesota could see savings of $1,800 on average.

The analysis also found that many characteristics of the individual and small group markets in Minnesota will begin to converge in 2014:

- Benefit levels in Minnesota's individual market are much lower than the small group market. Today, over 20% of individuals are enrolled in health plans where the insurer pays less than half of the cost of medical services. Individual market benefit levels will increase to meet minimum actuarial value standards and will start to look similar to the small group market. This increase in benefits is projected to increase premiums by 8% to 11% and will largely be covered by premium tax credits.
- The individual market is much healthier than the small group market because the current individual market in Minnesota is rated based on health status and higher risk individuals are generally covered by Minnesota's high risk pool. The risk mix of the individual market will be similar to the small group market as health status is no longer an allowed rating factor in the individual market starting in 2014 and as the individual market doubles in size with the addition of individuals currently covered through the high risk pool, public program, and the uninsured.
- As small employers are able to provide defined contributions under the new market rules for employees and their families to purchase portable individual market coverage, the individual and small group markets will begin to converge.

The level of employer-based coverage in Minnesota will largely remain the same, however:

- Some employers will move from defined benefit plans to defined contribution – instead of providing a specific benefit plan, some employers will provide financial contributions to employees to pick the best plan for them and their families.
- Some employers will drop coverage, but employees of other firms will take-up coverage they were previously eligible for as a result of the coverage requirement.
- Most employers have employees with a range of incomes and to keep a strong workforce, most employers will be reluctant to drop coverage as their higher income employees will not qualify for tax credits.

For more detail on the economic and actuarial modeling results, please see the presentation on our website at: http://mn.gov/commerce/insurance/images/Gruber-Gorman-Slides-11-17-11.pdf .

Stakeholder Consultation

On October 31, 2011, Governor Mark Dayton issued an Executive Order to achieve better health care in Minnesota at lower cost. The Executive Order established a Health Care Reform Task Force to advise the Governor and the Legislature on health care reform to achieve:

- Better health care: Expand health coverage and provide a better consumer experience through

effective and positive community engagement on issues related to health care, public health and insurance;
- Lower costs: Reduce unsustainable growth in per capita health costs while improving health care quality and efficiency; and
- Healthier communities: Improve the health of all Minnesotans and decrease health disparities.

The Health Care Reform Task Force provides leadership and advice on the implementation of health care reforms, including reform of Minnesota's health care financing mechanisms to improve health care affordability and achieve equitable sharing of costs among all payers. The Reform Task Force also provides coordination and oversight of work groups and task forces established by individual Commissioners and State agencies on issues such as the Health Insurance Exchange, public health, workforce needs, delivery systems, and payment reform.

Level-One funding was previously granted to fund the work of the Minnesota Health Insurance Exchange Advisory Task Force. This Advisory Task Force was created under authority granted in Minnesota Statutes §15.014 in September 2011 and works in coordination with the Governor's Health Care Reform Task Force. The Advisory Task Force will provide guidance on a number of issues related to the development of an Exchange for Minnesota including but not limited to:
- Size of the small employer market
- Merger of the individual and small group markets
- Establishment of a Basic Health Plan versus Exchange subsidies
- Provisions to avoid adverse selection
- Risk adjustment
- Regulatory simplification
- Cost, quality, satisfaction rating for insurers and health benefit plans
- Navigator program provisions
- Long-term governance
- Ongoing funding mechanisms

Task Force members were appointed in October 2011 via an open appointments process and will serve for two years. Task Force membership includes consumers, employers, health care providers, health insurers, insurance brokers/agents, organizations with experience assisting people with public programs, health care market experts, legislators, and Commissioners of State agencies. Additional information about the Minnesota Health Insurance Exchange Advisory Task Force can be found here: http://mn.gov/commerce/insurance/topics/medical/exchange/Exchange-Advisory-Task-Force. Below is a summary of completed and upcoming Task Force meetings and agenda topics:

Date	Agenda Topics
Tuesday November 8, 2011 1pm – 5pm St. Paul, MN	Charge, Process and Structure Exchange Overview Discussion of Key Exchange Issues
Thursday November 17, 2011 1pm – 5pm St. Paul, MN	Economic and Actuarial Modeling Results Discussion of Recommendation/Deliverable timeline
Wednesday December 7, 2011 1pm – 5pm Rochester, MN	Adverse Selection and Encouraging Market Competition and Value IT Prototypes and Public Feedback
Wednesday December 21, 2011 1pm – 5pm St. Cloud, MN	Navigators and Agents/Brokers Long-Term Governance Financing

Tuesday January 10, 2012 12:30pm – 4:30pm St. Paul, MN	Task Force Discussion and Recommendations: • Adverse Selection • Navigators and Agents/Brokers • Long Term Governance • Financing
Tuesday January 17, 2012 12:30pm – 4:30pm Minneapolis, MN	Health Disparities
Wednesday January 18, 2012 12:30pm – 4:30pm St Paul, MN	Legislative Discussion
Tuesday February 7, 2012 ***(Tentative)*** 2pm – 4pm St Paul, MN	TBD
March 2012 ***(Tentative)*** 2pm – 4pm St Paul, MN	TBD

In addition, the Commerce Commissioner has created a number of Technical Work Groups to provide information on the design and development of a Minnesota Exchange. These Work Groups are comprised of a variety of stakeholders and will develop, discuss, and provide technical assistance on options to the Commerce Commissioner through the Health Insurance Exchange Advisory Task Force. Listed below are details on the Technical Work Groups.

Minnesota Health Insurance Exchange Technical Work Groups

General Charge: Develop, discuss, and provide technical assistance on options directly to the Commerce Commissioner and indirectly to the Health Insurance Exchange Advisory Task Force.
Expectations: One Exchange staff member and one stakeholder will co-lead each technical work group. Timelines and deliverables are expected to match the schedule determined by the Department of Commerce and the Health Insurance Exchange Advisory Task Force. All minutes and deliverables are posted online at: http://mn.gov/commerce/insurance/topics/medical/exchange/Technical-Work-Groups/index.jsp .

Adverse Selection and Encouraging Market Competition and Value Work Group
Website: http://mn.gov/commerce/insurance/topics/medical/exchange/Technical-Work-Groups/Adverse-Selection-Market-Competition-Group.jsp

- Scope: Provide technical assistance on options to avoid adverse selection between the Exchange and the outside market for individuals and small employers and employees, and provide options for incentives for encouraging market competition and value.
- Members: 10-20 stakeholders will be asked to participate including consumer, large and small employer, health insurer, navigator, agent/broker, and provider representatives as well as agency and legislative staff and market experts (actuarial, risk adjustment, etc.)
- Meetings: Weekly for 2 hours starting November 2011, less frequent meetings in 2012.
- Subgroups: Starting in 2012, (1) Risk Sharing and Risk Adjustment, and (2) Regulatory Simplification/Plan Certification.

Navigators and Agents/Brokers Work Group
Website: http://mn.gov/commerce/insurance/topics/medical/exchange/Technical-Work-Groups/Navigators-and-Agents-Brokers-Group.jsp

- Scope: Provide technical assistance and develop information on options for navigators and agents/brokers to assist individuals and small employers and employees seeking coverage through a Minnesota Health Insurance Exchange.

- Members: 10-20 stakeholders will be asked to participate including consumer, small employer, health insurer, navigator, agent/broker, provider, county, and tribal representatives as well as state agency and legislative staff.
- Meetings: Weekly for 2 hours starting November 2011, less frequent meetings in 2012.

Governance Work Group
Website: http://mn.gov/commerce/insurance/topics/medical/exchange/Technical-Work-Groups/Governance-Group.jsp
- Scope: Identify and summarize information on potential options for the long-term governance of a Minnesota Health Insurance Exchange.
- Members: Roughly 10 participants will be asked to assist, including health care law experts, and state agency and legislative staff.
- Meetings: Weekly for 2 hours starting November 2011. Will merge with Financing Work Group and meet less frequently in 2012.

Financing Work Group
Website: http://mn.gov/commerce/insurance/topics/medical/exchange/Technical-Work-Groups/Finance-Group.jsp
- Scope: Provide technical assistance and information on options related to the on-going financing of a Minnesota Health Insurance Exchange.
- Members: 10-20 stakeholders will be asked to participate including consumer, small employer, health insurer, navigator, agent/broker, provider, and county representatives as well as state agency and legislative staff and market experts.
- Meetings: Weekly for 2 hours starting November 2011. Will merge with Governance Work Group and meet less frequently in 2012.

Tribal Consultation Work Group
- Scope: Consult with tribal governments regarding the design and development of a Minnesota Health Insurance Exchange to address issues for American Indians.
- Members: Roughly 10 participants including Tribal and state agency representatives.
- Meetings: Existing group to continue to meet monthly.

IT and Operations Work Group
- Scope: Provide technical assistance related to multiple technology and operational issues for the development of a Minnesota Health Insurance Exchange.
- Members: 10-20 stakeholders will be asked to participate including consumer, small and large employer, health insurer, navigator, agent/broker, provider, county, and tribal representatives as well as state agency staff.
- Meetings: Will begin meeting in December 2011 and may develop into multiple subgroups into 2012.

Individual Eligibility Work Group
- Scope: Provide technical assistance and information on options for criteria, functions, processes, and assistance to support streamlined individual eligibility determinations for public and private coverage through a Minnesota Health Insurance Exchange.

- Members: 10-20 stakeholders will be asked to participate including consumer, health insurer, navigator, agent/broker, provider, county, and tribal representatives as well as state agency and legislative staff.
- Meetings: Will begin meeting in 2012.

Small Employers and Employees Work Group

- Scope: Provide technical assistance and information on options for coverage choices, services, processes, and assistance for small employers and employees through a Minnesota Health Insurance Exchange.
- Members: 10-20 stakeholders will be asked to participate including small employer and employee, health insurer, and navigator/broker representatives as well as agency staff, health care market experts, legal experts, and human resources experts.
- Meetings: Will being meeting in 2012.

Measurement and Reporting Work Group

- Scope: Provide technical assistance and information on options for the reporting of cost, quality and satisfaction for health insurers, benefit plans, and providers through a Minnesota Health Insurance Exchange.
- Members: 10-20 stakeholders will be asked to participate including consumer, small and large employer, health insurer, and provider (physician clinics and hospitals) representatives as well as agency staff and measurement and reporting experts.
- Meetings: Will begin meeting in 2012.

Outreach, Communications and Marketing Work Group

- Scope: Provide technical assistance and explore options related to outreach, marketing, and communication for a Minnesota Health Insurance Exchange.
- Members: 10-20 stakeholders will be asked to participate including consumer, small and large employer, health insurer, navigator, agent/broker, provider, and tribal representatives as well as agency staff and other experts.
- Meetings: Will begin meeting in 2012.

Previous Level-One funding was also granted to engage stakeholders via monthly meetings and conference calls and develop a process for consultation with federally recognized tribal governments. In August 2011, Minnesota started regular consultation with representatives of tribal governments in the State. Level-One funding is requested as part of this application to continue funding these monthly stakeholder engagement efforts.

State Legislative/Regulatory Actions

To date, State agency staff from the Departments of Commerce, Human Services, and Health have analyzed and monitored two Exchange establishment bills (HF1204/SF917 and HF497) that were introduced in the Minnesota State Legislature in the 2011 Legislative Session. There were two informational committee hearings, one in the House of Representatives and one in the Senate, that addressed general Exchange related issues; however, neither of the bills that were introduced had a formal hearing. Multiple Exchange amendments were offered in committee hearings and on the House floor, but none were adopted.

The Minnesota Health Insurance Exchange Advisory Task force is currently examining specific issues related to adverse selection, navigators and brokers/agents, long-term governance, and financing for an Exchange. The Task Force will likely recommend legislation for the 2012 Legislative Session, which begins January 24, 2012.

Governance

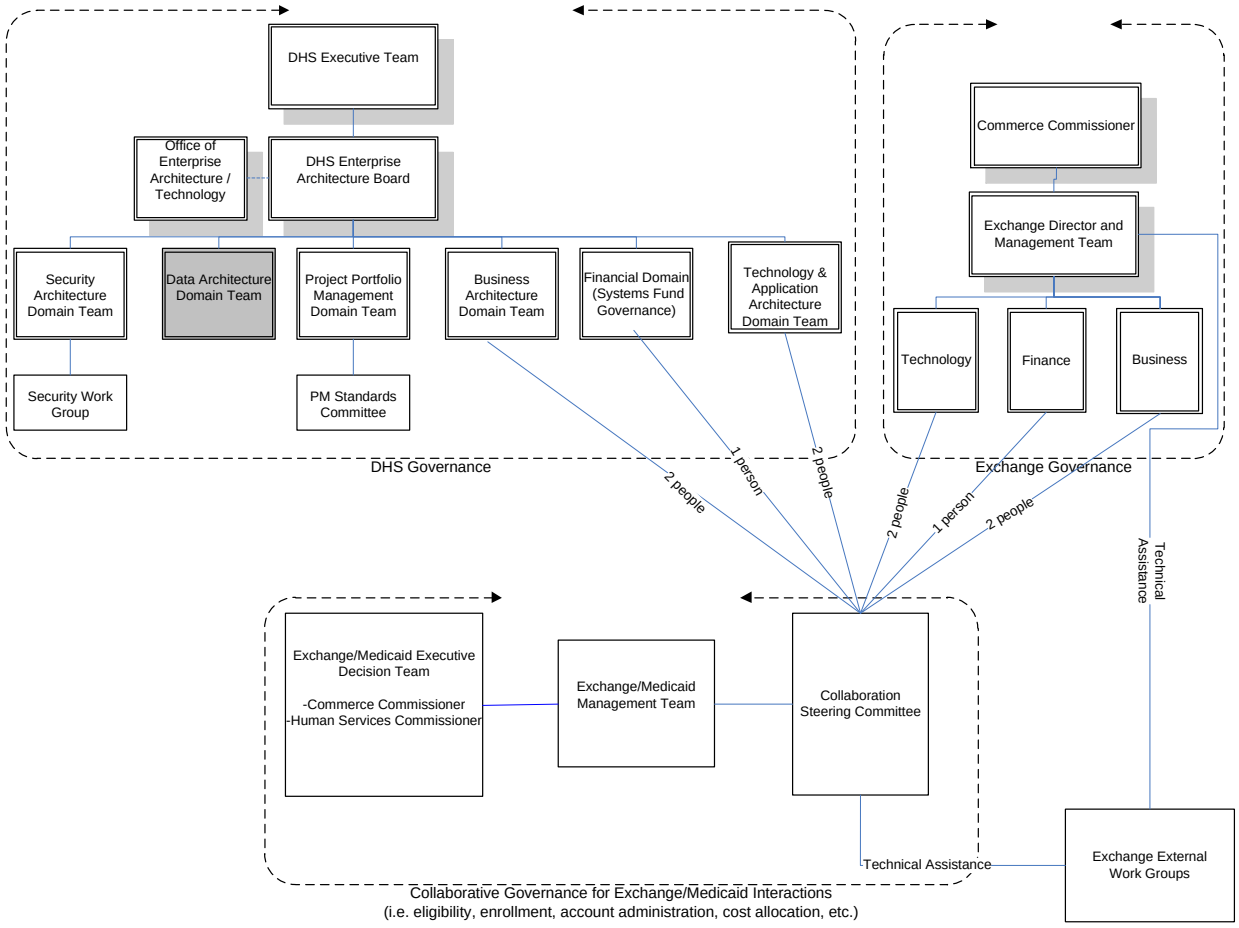
A request for use of Exchange Establishment Grant funds to plan and implement a Minnesota Health Insurance Exchange was included and authorized as part of Governor Dayton's biennial budget request to the 2011 Minnesota Legislature under Minnesota Statutes §3.3005. Previous Level-One funding was requested under this authority and granted to create an initial Exchange governance structure within the Department of Commerce with full time staff to incubate the design and development of a Minnesota Health Insurance Exchange. On October 31, 2011, Governor Dayton issued an Executive Order directing the Commerce Commissioner to "Design and develop a Minnesota health insurance exchange to ensure access to affordable, high-quality health coverage that maximizes consumer choice and minimizes adverse selection."

Level-One funding was also granted for the Commerce Commissioner to establish a Minnesota Health Insurance Exchange Advisory Task Force, under authority granted in Minnesota Statutes §15.014, to provide guidance on the design and development of an Exchange for Minnesota, including long-term governance. Task Force members were appointed in October 2011 and will serve for two years. In addition, one of the Technical Work Groups is focused on governance. The Governance Work Group has held three meetings to date and presented information on governance issues and options to the Task Force in late December. As part of this grant application, Minnesota is requesting funding to continue the efforts of the initial Exchange governance structure within the Department of Commerce and the Minnesota Health Insurance Exchange Advisory Task Force.

Program Integration

Minnesota was granted previous Level-One funding to hire a Public Program Operations Director and a Commercial Operations Director to coordinate, develop, and execute strategy for public program and commercial operational issues related to the Exchange and program integration issues. These two positions have been hired and these staff have worked over the past few months to develop interagency agreements, detailed work plans, timelines, and budget estimates for program integration issues through 2014. The Public Program Operations Director has worked closely with the Department of Human Services to coordinate the Medicaid Agency's implementation of ACA reforms into the functions of the Exchange. The Commercial Operations Director has worked closely with the regulatory divisions of the Minnesota Departments of Commerce and Health to evaluate areas for regulatory simplification.

Since August 2011, an interagency agreement has been signed between the Exchange at the Minnesota Department of Commerce and the Minnesota Department of Human Services that reflects joint department activity between the Exchange and the modernization of the Eligibility and Enrollment Systems at Department of Human Services. Specifically, the interagency agreement outlines the cost allocation methodology and billing and payment procedures for Medicaid eligible activities, identifies collaborative efforts for Gate Reviews and APD processes, and a joint RFP for Independent Verification and Validation. Finally, the agreement creates an interagency steering committee to consider and develop work plans for program integration strategies for eligibility determination and verification, enrollment, account management, and other program integration issues between the Exchange and the Medicaid program (please see diagram below).



Work plans are also under development for program integration issues related to insurance regulation. The Minnesota Departments of Commerce and Health are both responsible for regulatory functions that will be related to the certification of health benefit plans for the Exchange starting in 2014. The Minnesota Department of Health oversees regulation of HMOs and is responsible for regulation of network adequacy and health plan quality. The Department of Commerce is responsible for the financial regulation of insurers and health benefit plans related to solvency, rate reviews, benefit policy forms/contracts, etc. Exchange staff are working with the health insurance regulatory divisions within the Departments of Commerce and Health to explore the integration and simplification of oversight and regulatory functions in light of requirements under the ACA. One strategy under exploration is utilization of a modified State Electronic Rate and Form Filing (SERFF) system by both Departments to streamline and simplify regulatory processes for all insurers and health benefit plans and communicate regulatory information to the Exchange. As part of this grant application, Minnesota is requesting funding to continue program integration efforts between the Exchange and public program and commercial operations.

IT Infrastructure

In June 2011, Minnesota released a two-stage "proof of concept" Request for Proposals (RFP) for the information technology components of an Exchange. The RFP asked respondents to propose innovative, flexible, and interoperable solutions for the design and development of Exchange IT components that could accommodate various policy decisions and changes overtime. For details on this RFP, please see

the Minnesota Department of Commerce website: http://mn.gov/commerce/insurance/images/Exch-MN-IT-RFP1.pdf .

During stage one, RFP respondents submitted proposals for consideration for a fully functioning Exchange technical infrastructure and/or specific component modules including:

1. Individual eligibility and exemption
2. Individual enrollment
3. Small employer eligibility and enrollment
4. Health benefit plan and Navigator/broker certification and display
5. Provider display
6. Fund aggregation and payment
7. Account administration
8. Mobile application or accessibility

In the Fall of 2011, a subset of respondents were selected to receive financial stipends funded under the Planning Grant to create proposals including prototypes, detailed cost estimates, work plans, and timeline proposals for potential implementation in stage two. Only respondents that received a stipend in stage one were eligible to participate in stage two. Three or four respondents were selected per module for modules one through seven above to develop proposals and prototypes for stage two. Across all of the modules there are five distinct respondents. The proposals and prototypes for stage two were due on December 5, 2011. The module prototypes were also made available for public evaluation on December 5, 2011. Public evaluation of the module prototypes accounts for 10% of the score for selection of respondents for potential Exchange implementation. Respondent selection is anticipated in early 2012. The prototypes are available to the public through the end of January 2012 at the Minnesota Department of Commerce website: http://mn.gov/commerce/insurance/topics/medical/exchange/Exchange-Section-Module-Testing/index.jsp .

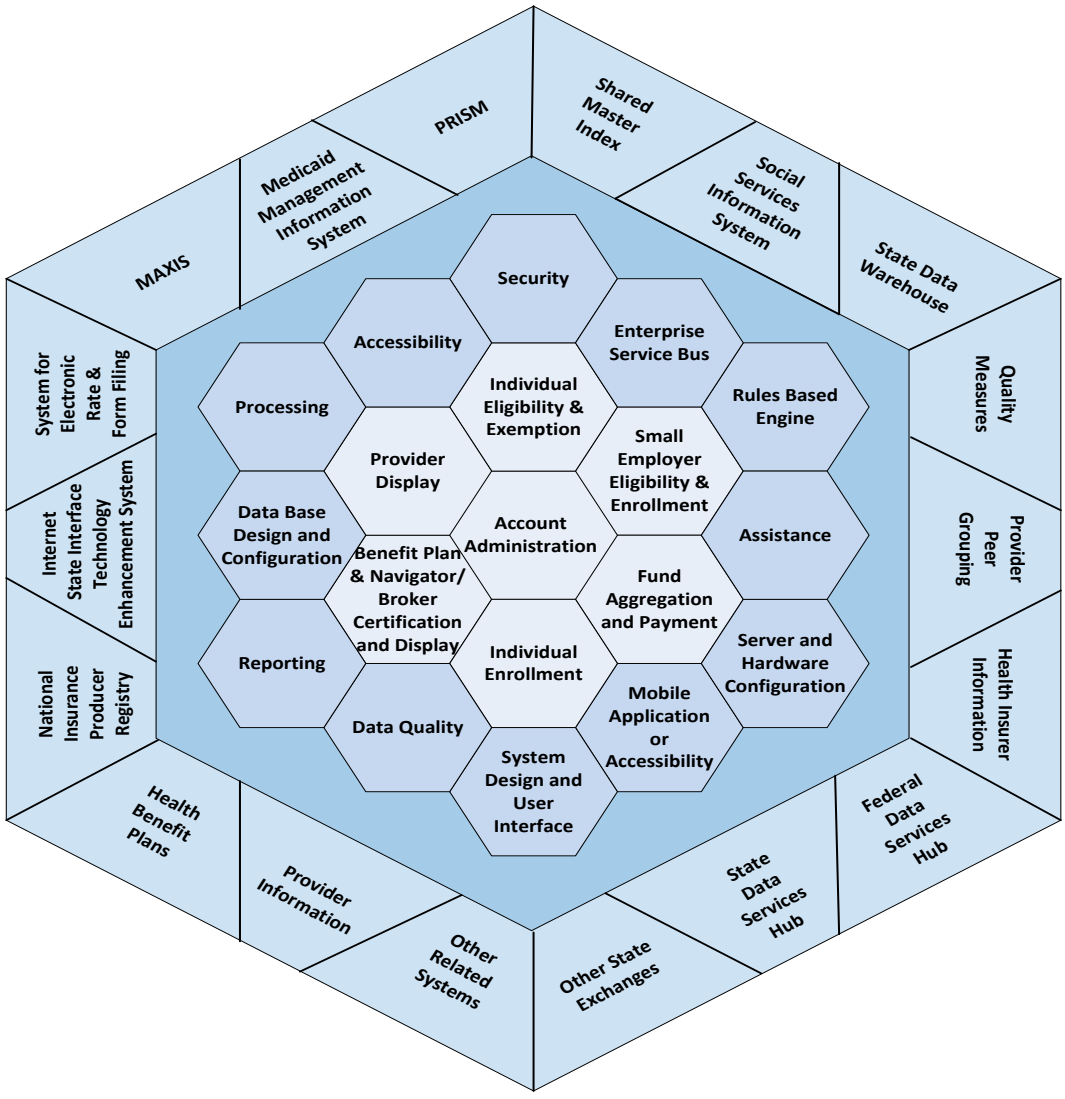
Minnesota completed the first two of four Gate Reviews (Architecture and Project Baseline reviews) that are part of the Federal Enterprise Life Cycle Gate Review process for Exchange IT Infrastructure in November 2011. This review process was done collaboratively with the Minnesota Department of Human Services' submission and presentation of a PAPD for the Enterprise Systems Modernization Strategy for the MAGI Medicaid portion of eligibility and enrollment. The joint reviews were conducted to describe Minnesota's Exchange IT infrastructure vision (please see the diagram below) and explain the seamless coordination and integration between the Exchange and Medicaid related to eligibility and enrollment.

Representatives from the Minnesota Departments of Commerce, Human Services, and Health have also elected to participate in the UX 2014 project, sponsored by the California HealthCare Foundation and several other national and state health care philanthropies. The project focuses on researching components of a "best-in-class" user experience for an Exchange. As the project develops, Minnesota will share stakeholders' feedback with this effort to ensure that Minnesota both contributes to and learns from the UX2014 project.

Previous Level-One funding was granted for technical assistance for IT architecture integration and interaction that builds on the RFP modules, development of the Provider Display module, and full-time staff to develop and work with contractors on detailed plans for Exchange IT infrastructure. Funding is requested under this grant application to fund the development of the Exchange modules under stage

two of the IT RFP, mobile applications, an IT development and testing environment, Independent Verification and Validation (IV&V), additional integration and interaction contractors, a database administrator, and contracted IT staff resources. Additional funding is also requested to continue the work of existing Exchange IT staff to develop and manage detailed plans for Exchange IT infrastructure.

Minnesota's High Level Exchange IT Infrastructure Vision



Financial Management and Program Integrity

With funds awarded by the previous Level-One grant, Minnesota has hired a Finance Director for the Exchange within the Department of Commerce to develop and manage a work plan and structure to support the scope of financial activities of the Exchange. Grant management, procurement, financial management and internal controls for the Exchange planning and establishment grants currently follow

the financial and accounting process and procedures of the Department of Commerce and State of Minnesota. Work plans are under development by the Finance Director in coordination with the Department of Commerce Program Integrity Office to establish a Program Integrity Framework for the Exchange. Within this coordinated effort, the Exchange will be using the COSO framework approach to program integrity. This will include creating a control environment, risk assessment, control activities, information and communication systems and monitoring process. Risk mitigation strategies will be developed for ensuring financial integrity, oversight and prevention of fraud and abuse.

As noted previously, a Finance Work Group has been created to provide technical assistance and information on options related to the ongoing financing of a Minnesota Health Insurance Exchange. The Finance Work Group met three times in late November and early December 2011 and presented options for consideration by the Exchange Task Force in late December 2011. The Exchange Task Force will consider recommendations on financing options in January 2012.

Level-One funding is requested as part of this application to continue the work of the Finance Director to provide the strategic direction for the financial operations of the Exchange. Funding is also requested under this application for a Financial Analyst responsible for analyses of the financial management functions of the Exchange. This includes funding flows and business process design and development for advance premium tax credits, cost sharing reductions, fund aggregation, premium collection and payments processing, risk sharing, payment transfers, and reconciliation between the Exchange, insurers, employers, and federal agencies. The Finance Director will collaborate with the Department of Human Services in developing and implementing a cost allocation mechanism that complies with federal requirements. This position will also be responsible for assisting the Exchange Finance Director in the creation of an operating accounting structure as well as required state and federal financial reports for the Exchange.

Health Insurance Market Reforms

Minnesota created a Health Insurance Exchange Advisory Task Force to provide guidance to the Commerce Commissioner on policy, technical, and operational issues related to the design and development of a Minnesota Exchange. One role of the Task Force is to provide guidance on health insurance market reforms related to the Exchange. Minnesota convened the Adverse Selection Workgroup to provide technical assistance and information on options for preventing adverse selection. The Adverse Selection Work Group met twice in late November and early December 2011 to present options for consideration by the Task Force. The Task Force will consider recommendations for preventing adverse selection in January 2012. Following recommendations from the Task Force, it is anticipated that the Adverse Selection Workgroup will work on detailed options related to risk adjustment and plan certification.

Business Operations/Exchange Functions

Minnesota received previous Level-One grant funds to hire full-time Exchange staff (Operations Director, Commercial Operations Director, Public Program Operations Director, Measurement and Reporting Director, and Communications and Marketing Director) to develop detailed work plans, timelines, and budget estimates through 2014 related to business operations and Exchange functions. These staff, with the assistance of the ten stakeholder Work Groups, will work on options for business operations and Exchange functions in 2012. The Adverse Selection, Governance, Financing, and Navigators and Agents/Brokers Work Groups were formed in November 2011 and each presented a high level summary of issues and pros and cons to the Exchange Advisory Task Force in late December. The remaining Work Groups described earlier in the stakeholder consultation section will be formed in early 2012.

Funding was also granted as part of Minnesota's Level-One request to conduct marketing research to assist in the development of options and cost estimates for public education, outreach, and marketing efforts for an Exchange. The goal of this research is to better understand the communications, public awareness, engagement strategies, and timing that will be most effective in educating Minnesotans about an Exchange. Minnesota will solicit bids for marketing research via an RFP process over the next two months.

Level-One funding is requested under this grant application to continue the work of existing operational staff to design, develop, and execute on detailed work plans related to Exchange business functions. Funding is requested to hire business analysts to document, design, and develop business requirements, processes, and work flows for the functional components of the Exchange. Level -One funding is also requested under this grant application for: ongoing actuarial analysis and economic forecasting; development of methodology and processes for health plan cost, quality, and satisfaction rating; designing a methodology for risk adjustment and enabling an IT environment/connection for risk adjustment; and establishing an initial marketing and branding campaign.

Providing Assistance to Individuals and Small Businesses, Coverage Appeals and Complaints
Minnesota is in the process of taking an inventory of its current systems for individual and small business coverage appeals and complaints that exist in a number of State agencies, including the Departments of Human Services and Health. Level-One funding was previously granted to hire operational staff to develop and execute detailed work plans and timelines regarding these functions of an Exchange to ensure that efforts are coordinated across the agencies to provide a seamless system to handle future Exchange customers' needs and grievances.

Funding is requested under this grant application to hire a Consumer Assistance Coordinator to assess existing services provided through call centers at multiple agencies and establish work plans and timelines for Exchange call center services that coordinate with existing call center services as appropriate. Funding is also requested for contract assistance to develop business process flows and prepare for call center operations. The Exchange and the Department of Human Services will assess the capacity for call centers to have the ability to seamlessly hand-off individuals needing assistance regarding public programs, particularly for individuals with an eligibility basis other than MAGI.

B. Proposal to Meet Program Requirements

The Minnesota Departments of Commerce, Human Services, and Health are working collaboratively toward the design and development of a state Exchange. As outlined in the previous section, Minnesota has made substantial progress in the four months since receiving its first Level-One Establishment Grant and has accomplished a number of key milestones necessary to meet the timelines related to the creation of an Exchange. Listed below are brief descriptions of the components of this Level-One funding request. Additional detail on this funding request is available in the following sections, organized by four core area categories:

- Governance and Stakeholder Consultation: Level-One funding is requested to continue stakeholder consultation efforts, the work of the Minnesota Health Insurance Exchange Advisory Task Force, and the work of Exchange staff hired with previous Level-One grant funds to design and develop a Minnesota Health Insurance Exchange.

- Program Integration and Business Operations: Funding is requested for ongoing actuarial analysis and economic forecasting, development of methodology for health plan cost, quality and satisfaction rating, designing a risk adjustment methodology and enabling an IT environment/ connection for risk adjustment, establishing an initial marketing campaign, and preparing for call center operations. Funding is requested to continue staff work to design, develop, and execute on detailed work plans for business and program integration functions in collaboration with the Departments of Human Services and Health. These integration activities will include collaboration between Medicaid and social service programs at the Department of Human Services and Exchange insurance affordability programs. Funding is also requested for business analysts to develop and document business requirements, processes, and work flows for Exchange functional components.

- IT Infrastructure: Funding is requested under this grant application to fund the development of the Exchange modules under stage two of the IT RFP, creation of mobile applications, the establishment of a development and testing environment, Independent Verification and Validation (IV&V) in collaboration with the Department of Human Services, integration and interaction services, database administration, and resources for system architecture, IT business analysts, IT project management, quality assurance, and user acceptance testing. Funding is also requested to continue the work of existing Exchange staff to develop and manage detailed work plans for IT infrastructure.

- Financial Management, Program Integrity, and Financing Mechanisms: Level-One funding is requested to continue the work of existing staff related to financial management. Funding is also requested for an additional staff resource responsible for design and development of funding flows and business processes for financial functions of the Exchange.

Governance and Stakeholder Consultation

Level-One funding is requested for continued support of the Minnesota Health Insurance Exchange Advisory Task Force and the work of existing staff to design and develop a Minnesota Exchange under the initial governance structure established within the Department of Commerce. Since receiving Level-One funds in August 2011, Minnesota has established a core leadership team including an Exchange Director, as well as operational, financial, IT, legal, and project management staff. Brief descriptions of these positions are included below. More detailed position descriptions are available in our previous Level-One grant request. Other Exchange staff have been allocated to other proposal categories.

- Exchange Director: The Exchange Director is the Chief Executive Officer of the Exchange and is responsible for the entirety of Exchange activities, working closely with Exchange staff, Commissioners of State agencies, and the Advisory Task Force to define and execute its mission and responsibilities.

- Senior Counsel: The Senior Counsel is responsible for providing legal counsel and providing legal services on a variety of matters pertaining to the Exchange and its programs and operations, including compliance with State and Federal laws and review and negotiation of all contracts.

- Project Manager: The Project Manager is responsible for coordinating all work plans and timelines associated with the Exchange and ensuring that all grant reporting responsibilities are met. The Project Manager is also responsible for tracking all relevant Federal and State legislation, guidance, and proposed rules, and coordinating appropriate responses with Exchange staff and the Minnesota Departments of Commerce, Human Services, and Health.

- Office Manager: The Office Manager is responsible for providing administrative support to the Exchange Director, all Exchange staff, and the Advisory Task Force.

Funding is also requested to continue support for the Minnesota Health Insurance Exchange Advisory Task Force that was created in September 2011. The Task Force was established under authority granted in Minnesota Statutes §15.014 to provide guidance on the development of a Minnesota Exchange. The Advisory Task Force will provide guidance on a number of policy, technical, and operational issues, including but not limited to:

- Size of the small employer market
- Merger of the individual and small group markets
- Establishment of a Basic Health Plan versus Exchange subsidies
- Provisions to avoid adverse selection
- Risk adjustment
- Regulatory simplification
- Cost, quality, satisfaction rating for insurers and health benefit plans
- Navigator program provisions
- Long-term governance
- Ongoing funding mechanisms

The Advisory Task Force membership includes consumers, employers, health care providers, health insurers, insurance brokers/agents, organizations with experience assisting people with public programs, health care market experts, legislators, and Commissioners of State agencies. Task Force members have been appointed to serve for two years. The Task Force has met a number of times since members were appointed in October 2011. Staffing for this Task Force will be provided by Exchange staff.

Level-One grant funding is also requested to continue engagement of stakeholders via monthly meetings and conference calls and consultation with Federally recognized Tribal governments. The Communications and Marketing Director will coordinate monthly open meetings and conference calls with a variety of stakeholders.

Program Integration and Business Operations

Funding is requested for contracts for ongoing actuarial analysis and economic forecasting, development of methodology and processes for health plan cost, quality and satisfaction rating, designing a risk adjustment methodology and enabling an IT environment/connection for risk adjustment, establishing an initial marketing and branding campaign for the Exchange, and development of business process flows to prepare for call center operations. Funding is requested to continue the work of existing operational staff to design, develop, and execute on detailed work plans related to Exchange business and program integration functions in collaboration with the Departments of Human Services and Health. These integration activities will include collaboration between Medicaid and social service programs at the Department of Human Services and Exchange insurance affordability programs. Funding is also requested to hire staff to perform functions related to quality measurement and reporting, data analysis, individual eligibility and assistance, small employer operations and assistance, and call center services. Descriptions of existing and new staff responsibilities are provided below. More detailed descriptions of existing positions are available in our previous Level-One grant request.

Existing Staff

- Operations Director: The Operations Director is responsible for establishing operational priorities and managing the operational aspects of an Exchange including commercial and public program operations, measurement and reporting, and communications and marketing. This position is responsible for ensuring collaboration and program integration between the Exchange and various State agencies including the Departments of Commerce, Human Services, and Health. This position is specifically responsible for work plan development and execution for HHS milestones related to the areas of program integration, assistance, appeals, complaints, and notifications, health benefit plan certification, call center services, quality rating systems, risk adjustment, Navigator program provisions, partnerships with counties, outreach and education, and small employer functions.

- Commercial Operations Director: The Commercial Operations Director is responsible for coordinating, developing, and implementing strategy for commercial operations related to the Exchange and managing Exchange and commercial integration issues. The Commercial Operations Director serves as the liaison between the Exchange and the Minnesota Departments of Commerce and Health for the individual and small group markets. This position is specifically responsible for work plan development and execution for HHS milestones related to the commercial areas of program integration, individual and employer assistance, appeals, complaints, and notifications, health benefit plan certification, call center services, Navigator program provisions, and small employer functions.

- Public Programs Operations Director: The Public Programs Operations Director is responsible for coordinating, developing, and implementing strategy for public program operations related to the Exchange and managing Exchange and public program integration issues. The Public Programs Operations Director serves as the liaison between the Exchange and the Minnesota Department of Human Services in its role as Minnesota's Medicaid Agency. This position is specifically responsible for work plan development and execution for HHS milestones related to the public program areas of program integration including eligibility and enrollment for public health care programs and social service programs to the extent feasible and practical, assistance, appeals, and complaints, call center services, partnerships with counties, and Navigator program provisions.

- Measurement and Reporting Director: The Measurement and Reporting Director is responsible for the design, development, and reporting of quality rating systems for the Exchange including cost, quality, and customer satisfaction. This position is also responsible for issues pertaining to data sources, methods, and operational functions for conducting risk adjustment. This position is specifically responsible for ensuring coordination in these areas between the Minnesota Departments of Commerce, Human Services, and Health.

- Communications and Marketing Director: The Communications and Marketing Director is responsible for developing and implementing strategies and work plans for communications, marketing, and stakeholder outreach and engagement efforts to market the Exchange and educate Minnesotans about the benefits of the Exchange. This position is also responsible for coordinating communications and outreach activities with the Minnesota Departments of Commerce, Human Services, and Health.

New Staff

- Measurement and Reporting Business Analyst: The Measurement and Reporting Business Analyst provides technical expertise and coordination of activities related to reporting and comparison of health care provider and insurer information. This position is responsible for analyzing complex federal requirements related to Exchange functions and ensure Minnesota's model for reporting and comparison aligns with these requirements and is interoperable with other essential Exchange functions. This position is responsible for working closely with external contractors, Exchange staff, and other state agencies to develop and implement models for effectively reporting, comparing, and updating cost, quality, and customer satisfaction information related to health care providers and insurers. This position will work closely with the Department of Health related to use of health care cost, quality, and satisfaction information for health care providers.

- Senior Data Analyst: The Senior Data Analyst provides technical expertise and coordination of highly technical and advanced health services research activities related to design and development of a risk adjustment methodology and development of alternative methods for health insurer ratings. This position will serve as the Exchange's subject matter expert on the aggregation, content, and use of claims data and will provide technical oversight of contractor activities related to use claims data for authorized Exchange purposes. This position will work closely with staff at the Departments of Human Services and Health with claims data expertise.

- Individual Eligibility and Assistance Business Analyst: The Individual Eligibility and Assistance Business Analyst provides technical and subject matter expertise on public programs business design. This position coordinates activities related to designing, developing, and maintaining business design requirements and functionality priorities of the Exchange. This position is responsible for analyzing complex state and federal policy and leading activities to document business design requirements for the functional components of the Exchange with a focus on eligibility requirements, plan enrollment, and business processes and work flows. This position is responsible for ensuring initial system design meets business requirements and establishes the capacity to expand and support future program changes. This position will work closely with the Department of Human Services staff in integrating MAGI determinations across Medicaid and the premium tax credits.

- Small Employer Operations and Assistance Business Analyst: The Commercial Operations Business Analyst provides technical and subject matter expertise on the commercial business design of the Exchange. The Business Analyst coordinates activities related to designing, developing, and maintaining business design requirements and functionality priorities of the Exchange. This position is responsible for analyzing complex state and federal policy and leading activities to document business design requirements for the functional components of the Exchange with a focus on individual and small employer eligibility requirements, individual and small employer enrollment, health benefit plan certification, and business processes and work flows. This position is responsible for ensuring initial system design meets business requirements and establishes the capacity to expand and support future program changes.

- Consumer Assistance Coordinator: The Consumer Assistance Coordinator provides technical assistance and subject matter expertise related to the establishment of Exchange call center services. This position is responsible for assessing existing services provided through call centers at multiple State agencies and establishing work plans for Exchange call center services that coordinate

with existing call center services as appropriate. This position is also responsible for overseeing the work of contractors to develop process flows and prepare for call center operations. This position will collaborate with the Department of Human Services to assess integration between the Exchange call center and existing Medicaid and social service call centers.

- Administrative Assistant: The Administrative Assistant will be responsible for providing administrative support to the Operations Director and operational staff, including supporting the Exchange Technical Assistance Work Groups.

Projects

Ongoing Actuarial Analysis and Economic Forecasting

Funding is requested for ongoing actuarial analysis and economic forecasting of risk mix and volume of individual, Medicaid, and small group enrollment for use in estimating service and financing needs. Minnesota will extend existing contracts with Dr. Jon Gruber of MIT and Bela Gorman of Gorman Actuarial to update existing modeling results as more up to date information becomes available. This work will be conducted in collaboration with the Minnesota Departments of Human Services and Health.

Measurement and Reporting

Level-One funds were previously granted to hire a Measurement and Reporting Director responsible for the design, development, and reporting of rating systems for the Exchange including cost, quality, and customer satisfaction. This position is also responsible for issues pertaining to data sources, methods, and operational functions for conducting risk adjustment. As these efforts have developed, additional needs have been identified, for which additional Level-One funds are requested.

- Health Plan Cost, Quality, and Satisfaction Rating Methodology: Minnesota requests Level-One funding for a contractor to develop methodologies for an insurer and health benefit plan rating system. This contractor will identify potential measures for use in a rating system and propose, test, and refine models for a rating system using composite measures. Minnesota's rating system will be consistent with and build on federal requirements, while taking into account unique Minnesota characteristics and data sources. Exchange staff will work closely with stakeholder Work Groups in the development and refinement of Minnesota's rating system.

- Risk Adjustment Methodology: Level-One funding is requested for a contractor to develop a Minnesota-specific risk adjustment methodology. This funding will support critical, time-sensitive activities related to the design and development of a Minnesota risk adjustment methodology that addresses unique Minnesota characteristics, provides incentives for effective care coordination, and addresses skewed distribution of risk as expeditiously as possible. Exchange staff will work closely with the Departments of Human Services and Health and stakeholder Work Groups in developing a methodology. Exchange staff will work closely with the Departments of Human Services and Health throughout the procurement process for a contractor and in reviewing work products.

- Enable IT Infrastructure Environment/Connection for Risk Adjustment: Funding is requested to enable an IT infrastructure environment/connection for risk adjustment. Minnesota will assess various potential options for use of claims data for risk adjustment. One possible mechanism is to enhance the IT infrastructure environment of Minnesota's All Payer Claims Database (APCD) for use in risk adjustment (provided statutory authority is obtained for use of the APCD) and to add data elements as needed for risk adjustment. Funding would support upgrades in the technical

infrastructure to facilitate faster processing speeds for risk adjustment and staff time at the Department of Health to facilitate needed changes to the APCD related to data elements and infrastructure, and data submission. Another potential mechanism, if allowed under federal regulations (as requested in Minnesota's response to proposed risk adjustment regulations, see: http://mn.gov/commerce/insurance/images/Exch-MN-Reg-Comments.pdf), is to establish a connection to access claims data collected by the federal government for risk adjustment and evaluate the incorporation of state Medicaid data for use in a state risk adjustment model. Exchange staff will work closely with the Departments of Human Services and Health to utilize existing claims data expertise under either option.

Communications and Marketing

Level-One grant funds were previously granted to Minnesota to contract with a communications and marketing firm to conduct market research to better understand the communications, public awareness and engagement strategies that will be the most effective in educating Minnesotans about an Exchange. Minnesota will solicit bids for this marketing research via an RFP process over the next two months. Additional grant funds are requested to contract for marketing strategies that will be the platform to launch the subsequent statewide public awareness campaign. The areas of concentration include: branding, public relations/internal communications, and an introductory campaign.

- Branding Assessment: Perform a branding assessment to assist in developing a presence in the marketplace for the Exchange that is easily recognizable and strongly desired by the consumer. Deliverables may include a new name for the Exchange and a logo representation.

- Public Relations/Internal Communications: Develop a public awareness campaign to keep the Exchange in the news and throughout the social realm, utilizing tactics such as social media, public meetings, and webinars. Internal communications will remain a key goal as additional partnerships and resources are explored to solidify a foundation that increases public awareness efficiently and economically.

- Introductory Campaign: Develop marketing materials which will be used in a "teaser" campaign that will build recognition for the Exchange brand. Examples include introductory pamphlets, a State Fair/traveling exhibit, and website adaptations.

Call Center Preparation

Level-One grant funds are requested to contract for assistance in assessing call center needs and establishing business and process flows to prepare for the establishment of call center services. This contract will assist in the evaluation of existing call center services at State agencies, development of options for integrating and coordinating Exchange call center services with existing agency call center functions, identification of call center gaps and options for addressing those gaps, and development of work plans with business and process flows for Exchange call center structure and establishment. Funding will also support coordinated work with the Department of Human Services to assess the capacity for call centers to have the ability to seamlessly hand-off individuals needing assistance regarding public programs, particularly for individuals with an eligibility basis other than MAGI.

IT Infrastructure

Funding is requested for the development of the Exchange modules under stage two of the IT RFP, creation of mobile applications, the establishment of a development and testing environment, Independent Verification and Validation (IV&V), additional integration and interaction services, database

administration, and resources for system architecture, IT business analysts, IT project management, quality assurance, and user acceptance testing. The IV&V activity will be done jointly with the Department of Human Services and will encompass both the Exchange systems and the Medicaid Agency's eligibility modernization efforts. This collaborative effort will ensure seamless integration across all of the insurance affordability programs within the Exchange and with the non-MAGI Medicaid programs at the Department of Human Services. Funding is also requested to continue the work of existing Exchange IT staff to develop and manage detailed work plans for IT infrastructure. Descriptions of existing staff, new staff, and contracted staff resources are provided below. More detailed descriptions of existing positions are available in our previous Level-One grant request.

Existing Staff

- Information Project Director: The Information Project Director is responsible for working with contractors to develop work plans and budget estimates to implement the design and development of an IT integration architecture and associated requirements. The IT Project Director is specifically responsible for managing IT implementation timelines and compliance with HHS SDLC stage gate reviews including: Project Start-Up Review, Architecture Review, Project Baseline Review, Preliminary Design Review, Detailed Design Review, Final Detailed Design Review, Pre-Operational Readiness Review, and Operational Readiness Review. This position will also be responsible for coordinating the Exchange's gate review activity with the Department of Human Services' APD activity.

New Staff

- Data Base Administrator: This position is responsible for providing database administration and data resource leadership and expertise so that data resources that support Exchange related business activities are secure, usable, and managed as strategic resources. This position is responsible for configuration and interaction with data storage systems as well as the transfer of electronic data in secure methods. This position is also responsible for the analysis, design, development, and maintenance of secure Exchange related information systems that promote and enhance utilization by consumers.

Contracted Staff Resources

- Systems Architect: Funding is requested for the services of a Systems Architect to produce clear technical design documentation and diagrams detailing existing and proposed technical architectures. The position is responsible for working with Exchange staff and vendors to deliver innovative, cost-effective, and efficient IT solutions for the Exchange. The Systems Architect is responsible for interpreting product and project requirements and translating these into solutions that can be implemented by the development and other project teams. The position is also responsible for aligning architectural solutions with other partnered systems such as those of the Minnesota Department of Human Services, National Association of Insurance Commissioners, and Federal systems including collaboration on solution design to ensure fit-for-purpose end-to-end solutions.

- Information Technology Business Analysts (2): Minnesota requests funds to contract with two IT Business Analysts to design overall system functionality and workflow that is logical, accurate, reflects the business process of users, understandable by staff who need to specify, test, train and

support it, maintainable and cost-effective. The Business Analysts will work with the Systems Architect to work out overall system functionality for major system changes, such as adding new programs or flows and evaluating the core of the Exchange system, in a manner that meets the business needs, and is consistent and integrated with established system design principles.

- Information Technology Project Managers (2): Level-One funding is requested to contract with two IT Project Managers to help lead the planning and execution of multiple projects that will comprise the development of the Exchange. These resources will help facilitate the definitions of the project management documents, develop full scale project plans, plan and schedule project timelines, track project deliverables using standard tracking tools, and provide direction and support to project teams. These positions will also be responsible for coordinating and collaborating with their counterparts at Minnesota's Medicaid agency to create seamless integration across Medicaid and the premium tax credits. The IT Project Managers will be guided by Exchange project management staff and will be responsible for monitoring and reporting on the progress of projects to all stakeholders and present reports defining project progress, problems, and solutions.

- Quality Assurance Lead: Level-One funding is requested to contract for Quality Assurance testing for the Exchange. This contracted position will conduct systematic quality assurance activities to test the Exchange technology systems for the probability of undesirable events and unanticipated weaknesses. This position is responsible for communicating and escalating findings in a timely manner to the vendors/development team and tracking known weaknesses to facilitate quality improvement processes for Exchange IT systems. This position is also responsible for coordinating with the Department of Human Services to ensure seamlessness between the Exchange IT systems and the Medicaid Agency's eligibility modernization systems. This contract resource will also be responsible for working on Independent Verification and Validation (IV&V) described below.

- User Acceptance Testing Lead: Minnesota requests Level-One funds to contract for User Acceptance Testing to help lead the planning and execution of test plans for the Exchange. The test lead will help develop test script or cases and update them throughout the testing process of the Exchange. This contracted position will execute test scripts to cover functional, accessibility, capability and regression testing of the system. The position will be responsible for reporting and escalating issues to the vendors/development team in a timely manner and keeping track of known issues and helping to identify trends so that target fixes to specific areas of functionality can be performed.

Projects

- Exchange Component Integration: Level-One funding was previously awarded for technical assistance for IT architecture integration of interoperable modular components released by Minnesota in an RFP and interaction of Exchange IT activity with partnered systems. Based on detail provided in vendor submissions to the second stage of the IT RFP, Minnesota is requesting additional funding under this application to provide resources for technical assistance related to the integration of Exchange IT module components and the development of an integrated system architecture. The IT infrastructure of Minnesota's Exchange is envisioned to be comprised of innovative, flexible, and interoperable modular components. Specification guidelines for the integration of the modular components are critical to the success of the Exchange. This technical assistance will ensure that efforts are integrated throughout the stages of development.

- Exchange Module Development: Level-One funding was previously awarded for development of the Provider Display module in Minnesota's Exchange IT RFP. Funding is requested under this grant application for the development of the remaining modules included in Minnesota's Exchange IT RFP including:
    - Individual eligibility and exemption
    - Individual enrollment
    - Small employer eligibility and enrollment
    - Health benefit plan and Navigator/broker certification and display
    - Fund aggregation and payment
    - Account administration
    - Mobile application or accessibility

  Vendor responses to stage two of the Exchange IT RFP were submitted on December 5, 2011 and it is anticipated that vendors will be selected for Exchange development in early 2012. A description of the remaining modules is included below. For details on the RFP, please see the Minnesota Department of Commerce website: http://mn.gov/commerce/insurance/images/Exch-MN-IT-RFP1.pdf .

  Individual Eligibility and Exemption
  This module encompasses all Exchange functions to determine and process eligibility. Individuals are eligible to participate in the Exchange if they meet certain criteria. The Exchange needs to evaluate the criteria before allowing a participant to obtain coverage. Certain individuals are also eligible for Medicaid, CHIP, potentially a Basic Health Plan or other State health care program, or premium tax credits and cost-sharing reductions through the Exchange if they elect to have additional criteria evaluated for eligibility for this financial assistance. However, an individual may shop for health benefit plans or health care providers through the Exchange without determining eligibility. Individuals who have their eligibility determined should be provided with information and choices from the health benefit plan and Navigator/broker certification and display, provider display, and enrollment modules that reflects their eligibility determination. The eligibility module must also interface with the fund aggregation/payment and account administration modules.

  It is anticipated that information to determine eligibility will be provided by individuals and located, matched, and verified through other data sources and that Federal information will be available through one source (Federal data services hub) for verification purposes. The expectation is that eligibility for most people is determined in a simple, consumer friendly, "real time" manner and that the same customer experience is provided to all individuals seeking coverage, regardless of the source or amount of financial assistance for which they may qualify. However, some individuals (e.g., individuals eligible for Medicaid because of disabilities) may require a more detailed eligibility process that begins with this module, but may be concluded outside of this module; this module must facilitate referrals and transfers of information for these individuals who require a more detailed eligibility analysis. Design of the module must be flexible to allow for the future possibility of eligibility determination for other public programs including, but not limited to food support, cash assistance, child care assistance, and child support. Although this module is not required to determine eligibility for these other public programs, to the extent that these programs have common eligibility and verification requirements, this module must be able to share eligibility and verification information with State agencies administering these programs. Responses for this module must also encompass Exchange functions required to determine eligibility for exemption from the individual responsibility requirement. It is expected that responses for the eligibility

module identify means and potential data sources for determining these and other eligibility requirements.

Eligibility Criteria (including, but not limited to)

- Citizenship or immigration status
- Residency/geography
- Incarceration status
- American Indian/Native American status
- Income
- Access to affordable employer-based coverage
- Age
- Smoking status
- Family/household composition
- Pregnancy
- Parental status
- Disability or blindness
- Emergency medical condition

Eligibility Functions (including, but not limited to)

- Accept information regarding eligibility and exemptions from individuals and associated family/household
- Locate, match, and verify eligibility and exemption information for individuals and family/household from other data sources in accordance with privacy and security standards
- Verify relevant information with Federal data source and individual/family/household
- Determine eligibility for Exchange participation
- Determine eligibility for Medicaid, CHIP, other State health care programs, and tax credits and cost-sharing reductions
- Determine eligibility for specific health benefit plans
- Determine eligibility for exemption from individual responsibility requirement
- Allow Navigators/brokers to act on behalf of individuals/family/household
- Communicate eligibility and exemption information to individual/family/household and Navigator/broker if appropriate
- Facilitate referrals and transfers of information to the Medicaid agency for individuals who require more detailed eligibility analysis
- Allow for the possible future determination of eligibility and/or transfer of eligibility information to other systems for public programs including, but not limited to food support, cash assistance, child care assistance, and child support
- Accept and process information for eligibility and exemption changes (e.g. new employment, change in income, change in family composition, etc.) during the coverage year
- Allow for renewal of eligibility and exemption in next coverage year
- Accept and process appeals of eligibility and exemption determinations
- Interface with other modules as appropriate

Individual Enrollment

This module encompasses all Exchange functions to facilitate health benefit plan enrollment and as applicable, selection of specific health care providers (e.g., primary care clinic, health care homes, or

specific network tiers). After establishing eligibility and comparing available health benefit plans and health care providers, an individual may select and enroll in a health benefit plan and as applicable, select specific health care providers. The individual enrollment module must interface with the individual eligibility, health benefit plan and Navigator/broker certification and display, provider display, fund aggregation/payment, and account administration modules. This module must also interface with the small employer eligibility and enrollment module for employers that choose to provide a defined contribution to their employees for the purchase of individual coverage. It is expected that responses for the enrollment module identify means for communicating health plan enrollment and provider selection information with insurers and/or the Medicaid/CHIP agency. Responses for this module should also encompass Exchange functions required to communicate with large employers regarding enrollment and disenrollment in health benefit plans by employees receiving premium tax credits.

Enrollment Functions (including, but not limited to)

- Assess current health benefit plan and specific health care provider (if applicable) enrollment status
- Allow enrollment and changes in enrollment only during open enrollment and special enrollment periods (e.g. changes in eligibility due to new employment, change in income, change in family composition, etc.)
- Allow Medicaid enrollees to change enrollment in Medicaid health benefit plans outside of open and special enrollment periods
- Only allow enrollment in a health benefit plan for which an individual is eligible
- Notify insurer and/or Medicaid/CHIP agency of the selected enrollment in a health benefit plan and the selection of specific health care providers as applicable
- Process insurer and/or Medicaid/CHIP agency responses and verifications to enrollment transactions and notifications, including verification that individual is enrolled and that enrollment packages and identification cards have been provided to individual
- Process individual renewals, disenrollment, and terminations
- Notify insurer and/or Medicaid/CHIP agency of individual changes in enrollment including renewal, disenrollment, and termination
- Notify insurer and/or Medicaid/CHIP agency of individual changes in information including contact information, eligibility determination, and levels of premium tax credits and cost-sharing reductions
- Receive notifications from insurers and/or Medicaid/CHIP agency regarding disenrollment, termination, and other changes in enrollment provided by individual to insurer and/or Medicaid/CHIP agency
- Communicate enrollment, disenrollment, and termination information with individual/family/household and Navigator/broker if appropriate
- Notify Federal government of confirmed enrollment, disenrollment, and termination to facilitate appropriate payment of any tax credits and cost-sharing reductions
- Communicate enrollment and disenrollment in health benefit plans by employees receiving premium tax credits to employers for calculation of potential employer responsibility payments
- Send and receive HIPAA-compliant 834 transactions and acknowledgements related to enrollment and disenrollment information.
- Interface with other modules as appropriate

Small Employer Eligibility and Enrollment

This module encompasses all Exchange functions to determine and process small employer and associated employee eligibility and enrollment. Small employers are eligible to participate in the Exchange if they meet certain criteria. The Exchange needs to evaluate the criteria before allowing a small employer to purchase group health benefit plan coverage for their employees or establish a defined financial contribution for employees to purchase individual health benefit plan coverage. Certain small employers are also eligible for premium tax credits through the Exchange if they elect to have additional criteria evaluated for eligibility for this financial assistance. However, a small employer may shop for health benefit plans and health care providers through the Exchange without determining eligibility. Small employers that have their eligibility determined should be provided with information to decide whether to purchase a group health benefit plan or establish a defined contribution.

This module must have a mechanism for documenting eligible employees, employer contributions, and defined contribution amounts or health benefit plan choices available to employees. If a small employer decides to purchase a group health benefit plan, this module must facilitate employee enrollment and as applicable employee comparison and selection from among multiple group health benefit plans chosen by the employer and specific health care providers. This module must interface with the health benefit plan and Navigator/broker certification and display, provider display, fund aggregation/payment, and account administration modules. For small employers that choose defined contribution, this module must interface with these modules and the individual enrollment module in ways that communicate defined contribution information to employees and facilitate employee choice of individual coverage. It is expected that responses to this module also identify means to determine employer eligibility and communicate employer health plan selection, employee enrollment and provider selection information with insurers.

Eligibility Criteria (including, but not limited to)

- Geography/location
- Employer size
- Average employee wage
- Contribution level

Eligibility Functions (including, but not limited to)

- Accept, update, and verify information regarding employer eligibility
- Locate, match, and verify eligibility information from other data sources
- Determine eligibility for employer Exchange participation
- Determine employer eligibility for premium tax credits
- Collect, update, and verify employee eligibility information from employer and/or employees
- Facilitate employer choice of group health benefit plan or defined contribution
- Allow Navigators/brokers to act on behalf of employers and/or employees
- Communicate eligibility information to employers, employees, and Navigators/brokers as appropriate
- Allow for renewal of employer and employee eligibility in next coverage year
- Accept and process appeals of employer and employee eligibility
- Interface with other modules as appropriate

Enrollment Functions (including, but not limited to)

- If employer chooses group health benefit plan option, determine employer contribution, facilitate employer choice of group health benefit plan and provide health benefit plan and health care provider (as applicable) enrollment options to employees
- If employer chooses defined contribution, facilitate establishment of defined contribution levels towards a benchmark individual health benefit plan, communicate contribution information to employees, and connect employees to individual enrollment module
- Notify insurer of employer selection and employee enrollment in a group health benefit plan and selection of specific health care providers as applicable
- Process insurer responses and verifications to group health benefit plan enrollment transactions and notifications, including verification that employee is enrolled and that enrollment packages and identification cards have been provided to employees
- Process employer and employee renewals, disenrollment, and terminations
- Notify insurer of changes in employer and employee enrollment including renewal, disenrollment, and termination
- Receive notifications from insurers regarding disenrollment, termination, and other changes in enrollment provided to insurer
- Communicate enrollment, disenrollment, and termination information with employees, employers, and Navigators/brokers as appropriate
- Notify Federal government of confirmed enrollment, disenrollment, and termination to facilitate appropriate payment of any tax credits
- Send and receive HIPAA-compliant 834 transactions and acknowledgements related to enrollment and disenrollment information.
- Interface with other modules as appropriate

Health Benefit Plan and Navigator/Broker Certification and Display

This module encompasses all Exchange functions related to the certification and display of individual and group insurers/health benefit plans and Navigators/brokers. Through this module, information is submitted and/or retrieved from other data sources for insurer/health benefit plan and Navigator/broker certification to participate in the Exchange. The module must allow for review and approval mechanisms by the Exchange and/or State regulators for certification determination. Criteria for participation by insurers/health benefit plans and Navigators/brokers have not yet been determined; however, to be certified an insurer/health benefit plan must comply with requirements related to:

- Marketing
- Health care provider network adequacy
- Accreditation on local clinical quality measures, patient experience, consumer access, utilization management, quality assurance, provider credentialing, complaints and appeals, and patient information systems
- Disclosure of information on claims payment policies, claims denials, data on enrollment and disenrollment, rating practices, cost-sharing for in-network and out-of-network providers, and company financial information
- Implementation of a quality improvement strategy
- Utilization of a standard format for comparing health benefit plan options
- Utilization of a uniform enrollment form/process
- Insurer offering of at least 1 “Silver” and 1 “Gold” plan

Once an insurer/health benefit plan or Navigator/broker has been certified, this module must collect and display information for comparison by individuals, employers, and employees. The display of health benefit plan information should match the eligibility determination of the individual, employer, and employee determined in either the individual eligibility or small employer eligibility and enrollment modules. This module should also determine and display health benefit plan and Navigator/broker information based on the preferences of individuals, employers, and employees. Information about health benefit plans should be provided in a layered display that allows for a high level comparison of composite measures and an expanded comparison of detailed information on costs, benefits, health care providers, quality, and customer satisfaction, and other potential measures. Health benefit plan and Navigator/broker information needs to be displayed in a consumer-friendly manner so that users can clearly discern and easily compare components of personal interest. Responders should detail their plans for display to help explain the user experience.

This module also needs to incorporate a calculator to allow the user the ability to estimate the cost of a health benefit plan. The expected function of the calculator is to allow individuals to view estimated costs of health benefit plans following eligibility determinations of the individual eligibility and small employer eligibility and enrollment modules for premium tax credits, cost-sharing reductions, and employer defined contributions. An intermediate calculator function should also be available that allows individuals, employers, and employees to estimate the cost of health benefit plans based on self-entered information without completing the individual eligibility or small employer eligibility and enrollment modules.

This module must interface with the individual eligibility, individual enrollment, small employer eligibility and enrollment, and account administration modules. It is also expected that this module will interact closely with the provider display module. Information on health care provider cost and quality from the provider display module should be available as consumers search for information about health care providers associated with specific health benefit plans. Individuals, employers, and employees should be able to start an enrollment process with either the health benefit plan or provider display modules or the individual eligibility/small employer eligibility and enrollment display modules. However, an individual, employer, or employee may shop for health benefit plans or health care providers through the Exchange without determining eligibility or starting an enrollment process.

Fund Aggregation and Payment

This module encompasses all Exchange functions related to the aggregation and processing of payments from multiple sources for health benefit plan enrollment, Navigator/broker services, and funding of operations. This module must facilitate the aggregation, transfer, and reconciliation of funds and/or information about the aggregation, transfer, and reconciliation of funds. The Exchange will need to bill, accept, transfer, reconcile, and communicate payment and/or payment information by interfacing with multiple entities including individuals (multiple within a family/household), employers (multiple), employees (multiple within a family/household), third parties on behalf of individuals and employers (multiple), State agencies, the Federal data services hub, insurers, Navigators/brokers, and potentially other entities.

For payment related to health benefit plan enrollment, the module must allow for a choice of payment to the Exchange and/or the insurer. The module should allow multiple types of payment

transactions through the Exchange, including but not limited to credit cards, debit cards, electronic transfers, and third party vendor transactions (e.g., PayPal). This module will need to track information about payments made outside the Exchange for health benefit plans selected through the Exchange. This module is not responsible for transferring payments from Medicaid and CHIP to insurers. This module is also not responsible for making health benefit plan termination decisions based on non-payment of premium; insurers will make this decision, but this module needs to communicate non-payment and termination information to Exchange participants. This module must interface with the individual enrollment, small employer eligibility and enrollment, and account administration modules.

Account Administration

This module creates accounts with current and historical information; links information from the other modules; tracks relationships between individuals, family/households, employers, employees, Navigators/brokers, insurers, and health care providers as appropriate; allows for calculation of aggregate module statistics for employers, Navigators/brokers, insurers, potentially health care providers, and Exchange administrators; and facilitates periodic reconciliation of module information between the Exchange and employers, Navigators/brokers, insurers, and potentially health care providers. Health care providers will need an opportunity to securely preview some components of their information before it is publicly reported. Responders should identify potential options for health care provider review of information for the provider display module through this module.

The Exchange will need to create and maintain account interfaces for individuals and employees (with appropriate connections with family/household members), employers (with appropriate connections with employees), Navigators/brokers (with appropriate connections to client accounts as authorized by individuals, employers, and employees), insurers, potentially health care providers, and Exchange administrators. The accounts must allow self-administration from an authorized user and provide for appropriate security controls. A proposal for this module should include all account interfaces listed. This module should facilitate secure communications and notifications between accounts. This module should also allow individuals/employees and employers to designate Navigators/brokers to act on their behalf and authorize access to some account information by third parties such as Navigators/brokers and health care providers. A proposal for this module should include options for saving and retrieving past module processes. Security and auditing provisions are also needed to provide a robust accountability for actions dealing with account administration as well as other areas of the Exchange. The ability to report these actions may be performed through the account administration module.

This module should allow the Exchange to meet the following principles:

Individual Access: Consumers should be provided with a simple and timely means to access and obtain their personal information in a readable format.

Correction: Consumers should be provided with a timely means to dispute the accuracy or integrity of their individually identifiable information, and to have erroneous information corrected or to have a dispute documented if their requests are denied.

Collection, Use, and Disclosure Limitation: Individually identifiable information should be collected, used, and/or disclosed only to the extent necessary to accomplish a specified

purpose(s). Individuals should be provided a reasonable opportunity and capability to make informed decisions about the collection, use, and disclosure of their individually identifiable information.

Data Integrity: Persons and entities should take reasonable steps to ensure that individually identifiable information is complete, accurate, and up-to-date to the extent necessary for the person's or entity's intended purposes and has not been altered or destroyed in an unauthorized manner.

Accountability: These principles should be implemented, and adherence assured, through appropriate monitoring and other means, and methods should be in place to report and mitigate non-adherence.

Mobile Application or Accessibility

Modules should lend themselves to being mobile device ready. At a minimum, the modules stated above should be easily viewed or ported for display on mobile devices. Responses to this module should identify options for mobile device applications for some or all modules referenced above. Functionality for a mobile device application has not been established so proposals should specify immediate and future opportunities. Proposals may take advantage of re-usable technology such as XML to transfer data and then parse into a specific platform or display.

- Development and Testing Environments: Funding is requested under this grant application for development and testing environments to create integration and interaction components to test with vendor modular solutions. These environments will mirror a future production environment and could also be used as a backup if a production environment in the future goes down. Initial design will start small and will scale to a production level environment.

- Independent Verification and Validation (IV&V): Funding is requested under this grant application for a contract for Independent Verification and Validation (IV&V). This contract will include a risk and security assessment as well as assessments of other vulnerabilities of the IT infrastructure of the Exchange. This contract will be conducted in collaboration with the Minnesota Department of Human Services APD efforts for Medicaid eligibility and enrollment.

Financial Management, Program Integrity, and Financing Mechanisms

Level-One funding is requested to continue the work of existing staff related to financial management. Funding is also requested for an additional staff resource responsible for design and development of funding flows and business processes for financial functions of the Exchange. Descriptions of existing and new staff responsibilities are provided below. More detailed descriptions of existing positions are available in our previous Level-One grant request.

Existing Staff

- Finance Director: The Finance Director is responsible for providing strategic direction for the financial operation of the Exchange. The Finance Director will also ensure compliance with HHS financial monitoring and reporting activities. This work will include ongoing development of detailed work plans and budget estimates through 2014 to ensure that Minnesota meets HHS milestones for financial management, program integrity activities including the prevention of fraud, waste, and abuse. The Finance Director will also have lead responsibility for creating and overseeing Exchange

financing mechanisms, including collaboration with the Department of Human Services on cost allocation between Medicaid and Exchange funding streams.

New Staff

- Finance Business Analyst: The Finance Business Analyst is responsible for analyses of the financial management functions required for the Exchange. This includes funding flows and business processes design and development for advance premium tax credits, cost sharing reductions, fund aggregation, premium collection and payments processing, risk sharing, payment transfers, and reconciliation between the Exchange, insurers, employers, and federal agencies. This position is also responsible for assisting the Exchange Finance Director in the creation of an operating accounting structure as well as required state and federal financial reports for the Exchange.

C. Summary of Exchange IT Gap Analysis

Minnesota's original Exchange IT Gap Analysis was conducted in May of 2012. Changes since that time are included below. The original IT Gap Analysis is also included below.

Since the original Gap analysis, the Department of Human Services completed and submitted to CMS a PAPD for the Enterprise Systems Modernization Strategy for the MAGI Medicaid portion of Eligibility and Enrollment within the Exchange. The PAPD is centered on planning efforts to improve and update the infrastructure of the enterprise systems that handle eligibility and enrollment. The planning efforts are being conducted in conjunction with the Exchange planning and related gate reviews.

The Department of Commerce has been working and discussing options with the National Association of Insurance Commissioners (NAIC), along with other states, to modify their systems to potentially work with solutions inside and outside the Exchange. The discussions have included the identification of new and expanded elements that can be collected within their systems for use with the Exchange. The intent is to help facilitate insurer and health benefit plan activities related to submission and certification. System improvements from the planning efforts are targeted to begin early in 2012.

Technical Architecture
The Minnesota Departments of Commerce, Human Services, and Health have completed a joint Gap Analysis of IT components and systems in relation to the IT functions necessary for an Exchange. The current State technical architecture that could be used for an Exchange is very diverse and compartmentalized within current systems. For example, systems that would relate to eligibility and enrollment for Medicaid are over twenty years old and the main processing systems for commercial plan information reside outside the State at a system operated by the National Association of Insurance Commissioners (NAIC). A description of these existing systems is found in Table 1.

Findings from this analysis have concluded that a Minnesota Exchange can benefit and utilize some existing State systems, however most functionality will need to be derived from new elements. A complete IT infrastructure has yet to be articulated, however funding is requested under this application to further IT architecture development, integration and interaction. Minnesota has determined that the Exchange will be most effective using an interactive modular design centered around core functions.

Applicable Standards

Planning and management efforts of the project will be utilizing applicable standards in the development and interaction of information with the Minnesota Exchange. All development activities are required to comply with HIPAA transaction standards (including those adopted by the Secretary pursuant to sections 1104 and 1561 of the Affordable Care Act), accessibility requirements, as well as State and Federal security and privacy requirements. Please refer to the Project Principles and Standards listed on page two of the Minnesota IT RFP for a more comprehensive listing. The RFP can be found at: http://mn.gov/commerce/insurance/images/Exch-MN-IT-RFP1.pdf .

Other key standards that the State Exchange will be relying upon will be the National Information Exchange Model (NIEM) and the Medicaid Information Technical Architecture (MITA). Both of these specifications will play a critical role in the interactions of the Exchange and the data transfer between systems. The use of MITA will also provide support of a high quality customer experience, as well as seamless coordination between Exchanges, Medicaid, CHIP, and other State health care programs and between the Exchanges and insurers, employers, and Navigators/brokers.

HIPAA

Exchange planning efforts will include requirements for complying with HIPAA Privacy and Security Regulations. Work that has been done on current State systems will provide the framework for meeting the current and any future needs within the Exchange. Milestones and phase periods identified throughout the project management of the Exchange implementation will require compliance with all HIPAA Regulations.

Accessibility for Individuals with Disabilities

Exchange IT systems must include usability features or functions that accommodate the needs of persons with disabilities and limited English proficiency. All work being done on the Exchange must comply with the Minnesota IT Accessibility Standards effective September 1, 2010, which entails, in part, the Web Content Accessibility Guidelines (WCAG) 2.0 (Level AA) and Section 508 Subparts A-D which can be viewed at: http://www.mmd.admin.state.mn.us/pdf/accessibility_standard.pdf . These State guidelines are in accordance with the Federal Rehabilitation Act and the Americans with Disabilities Act.

Security and Federal Information Processing Standards

Per National Institute of Standards and Technology (NIST) publications, Exchange design and implementation will take into account security standards and controls. For details on NIST publications, see: http://csrc.nist.gov/publications/PubsSPs.html . The Exchange will comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security and privacy requirements, including standards soon to be promulgated, see: http://csrc.nist.gov/publications/PubsFIPS.html . The design will take into account Medicaid and Child Health Insurance Program privacy protections specified under Code of Federal Regulations (CFR), Title 42, Parts 431.300 through 431 .307 and Part 457.1110. The Exchange will also comply with the Federal Information Security Management Act of 2002 (FISMA).

Exchange work plans will include the facilitation of secure communications and notifications between components and systems. Security and auditing provisions are also planned to provide a robust accountability for actions dealing with account administration as well as other areas of the Exchange. The ability to report these actions may be performed by staff administration through the account administration module specified under Minnesota's recently released Exchange IT RFP.

Table 1: IT Gap Analysis

Name	Description	Current Hardware/Software	Goals
MAXIS	MAXIS determines eligibility and issues payments for public assistance, food support and some health care programs. It is used by both State and county staff. MAXIS links all 87 Minnesota counties so that benefits and eligibility determinations are uniform throughout the State. Some programs that are supported by MAXIS: • Medical Assistance (MA) • Medicaid • General Assistance Medical Care (GAMC) • MN Family Investment Program (MFIP){MN TANF} • Federal Food Support Program (Food Stamps) • MN Supplemental Aid (MSA) • Group Residential Housing (GRH) • IV-E Foster Care The original MAXIS system was implemented in 1991. Initiation begins with paper processing that is eventually data entered into the system. While it is very integrated and has a lot of functionality, it has become expensive to operate and can be difficult to modify to meet current and future needs. Integration will be difficult based on the age and complexity of the system.	The primary operating system is the zOS & z/Linux and IBM mainframe. The original Maxis system was built using ADABAS and Natural and those technologies continue to be the underlying support for the newer Child Care programs for eligibility determination and provider payment. Java and web services are increasingly in use for front end and interface actions.	A system replacement is planned but not currently scheduled. Integration with the Exchange for consistent eligibility determination. Expectation is that eligibility for most people is determined in a simple, consumer friendly, "real time" manner and that the same customer experience is provided to all individuals. However, some individuals may require a more detailed eligibility process that begins with the Exchange, but may be concluded elsewhere; the Exchange will facilitate referrals and transfers of information for these individuals who require a more detailed eligibility analysis. We are considering the utilization of shared rules via the rules engine component.
MEC^2	Minnesota Electronic Child Care is a front end interface to the MAXIS system. It supports the determination of eligibility and the delivery benefits for the Child Care Assistance Program (CCAP).	A java web application that is launched from web services/application servers to run on the user's computer. Backend is MAXIS: NATURAL and ADABAS.	Future intention is to enable eligibility information to be shared between systems.
MN-ITS	MN-ITS is a group of web application that supports online provider functions. The system serves as a "front-end" to the MMIS system to enable providers to determine recipient eligibility, submit claims, obtain claim status and get their remittance advice free and online. Other functions are also available through the provider portal such as: pharmacies can access RxCompare via MN-ITS to update their drug prices, specialized health care programs like health care home, as well as children mental health assessments and drug history inquiries.	Launched from web services/application servers to run within a user's browser. A Java web browser application that utilizes an Oracle database.	Migrate system to service based architecture with reusable services to align with MITA principles.

Name	Description	Current Hardware/Software	Goals
MMIS	The Medicaid Management Information System pays medical bills and managed care capitation payments for Minnesota Department of Human Services (DHS) administered Minnesota Health Care Programs (MHCP) recipients, generates DHS program data for research and forecasting, assists in detecting medical fraud, and employs technological solutions to reduce costs and improve services for health care providers. Eligibility information for over 600,000 clients is stored within MMIS and over 30,000,000 claims are processed annually. Some program service payments that are supported by MMIS: • Medical Assistance (MA) • General Assistance Medical Care (GAMC) • MinnesotaCare (MNCare) • Medicare-related programs • Waivered Services Programs The system records MinnesotaCare eligibility results determined through a manual process. MMIS also supports Interactive Voice Response (IVR).	The primary operating system is the zOS IBM mainframe. The system uses COBOL, SQL and Customer Information Control System (CICS) components against both Virtual Storage Access Method (VSAM) and DB2 database. Newer components, including the MN-ITS system which supports provider billing, make use of Java and Oracle in a Service Oriented Architecture (SOA). Some applications that interact with MMIS: • MN-ITS • IBM WebSphere Enterprise Service Bus and registry • Filenet • Oracle Database	A plan to migrate the system from the mainframe to a server environment has been developed in alignment with MITA. Integration with the Exchange for the enrollment of eligible individuals to Medicaid and other State programs.
PRISM	The system is Federally mandated to support Minnesota's Child Support Enforcement programs. Some functions that are supported by PRISM: • Locate missing non-custodial parents • Implement automatic withholding with employers for support • Enforce child support orders • Centralize receipt and disbursement of child support payments as required by Federal law. Newer components, including functions that support employer requirements, use Java. PRISM supports an IVR and an online employer inquiry function.	The primary operating system is the zOS & z/Linux and IBM mainframe. The system was built using ADABAS and Natural. A recent study recommended replacement but suggested a policy simplification be completed prior to a system replacement. Newer components make use of Java and Oracle in a SOA.	A system replacement is planned and a schedule is being worked out. Expectations are that PRISM will have some integration with the Exchange to facilitate continued health care coverage to children and or ex-spouses. The exchange of employer information will need to be conducted between the Exchange and PRISM.
SMI	The Shared Master Index provides a single identification number and a table of separate system IDs as a cross reference, making it possible to bring together information from multiple systems. The application streamlines interchange of information among State and county systems.	A Java/DB2/web services application being migrated to a Java and Oracle in a SOA.	There are no plans to replace. Expectations are that SMI will be used to help match Exchange participants with State program participants.
Data Warehouse	Facilitates enterprise-wide access to extensive information from the DHS service delivery systems to meet various needs, such as Federal reporting, State evaluation, county performance and county operations in targeting services.	Utilizes a Teradata warehouse system. The system makes use of business intelligence tools.	The data warehouse tool licenses will run out in about 2 years. It is expected that a re-bid will occur. The Exchange could utilize the storage and tools of the Data Warehouse via a State Hub.

Name	Description	Current Hardware/Software	Goals
SSIS	The Social Services Information System is a Case management system for county social workers. Some support services performed by SSIS: • Child protection • Foster Care • Adoption • Children's mental health • Adult maltreatment reporting • Waiver claiming An extensive financial sub-system supports MMIS billing and county financial management which includes time-reporting, client communications, case management functions, and extensive reporting.	Originally built using Delphi and Oracle	A system upgrade is planned and a schedule is being worked out to simplify maintenance and centralize much of the data. It is also being planned to eliminate the need for large servers in the counties. It is desirable for Navigators, especially county social workers, to be able to utilize SSIS interactions with the Exchange.
SERFF	The System for Electronic Rate and Form Filing is sponsored and operated by the National Association of Insurance Commissioners (NAIC) and is governed by the SERFF board. The system is designed to enable companies to send and States to receive, comment on, and approve or reject insurance industry rate and form filings.	The system utilizes a web interface as well as the ability to invoke an Application Programming Interface (API) to interact with other systems. The API was developed using the Java Web Services Developer Pack (JWSDP). Modifying and interacting with the API utilizes some of the following technologies: • XML • SOAP • Java • Other technologies can be used to call the web service.	Electronic interaction between the Exchange and SERFF is being investigated by NAIC and the States. Systems should interact. Alternative processing means are also being investigated and planned.
I-SITE	The Internet State Interface Technology Enhancement System is an Internet browser-based version of the Common User Interface (CUI). I-SITE is used to obtain financial, market conduct and producer licensing information housed in the NAIC data tables. (look up tool)	An Internet browser-based interface	I-SITE in conjunction with Exchange administrative access could continue to be used for information look up.
Sircon	Sircon is a wholly owned subsidiary of Vertafore, Inc. The company offers a producer lifecycle platform as software-as-a-service (SaaS) to deliver information about licensing, recruiting, contracting, appointments, regulatory compliance, education tracking and producer management. Minnesota uses Sircon for tracking producer licenses, complaints, and contact information. Some company license tracking is also done.	Suite of web-based services Sircon for States is a hosted solution, which resides in two co-located secure data centers.	System interaction with the Sircon data is being investigated. Alternative processing means are also being investigated and planned.

Name	Description	Current Hardware/Software	Goals
NIPR	The National Insurance Producer Registry (NIPR) is a non-profit affiliate of the National Association of Insurance Commissioners (NAIC). The system is a national repository for producer license information (Producer Database - PDB), along with an established network that facilitates the electronic exchange of producer information (NIPR Gateway).	The PDB is a database that is accessible to State regulators via the internet. Minnesota does not load data directly to the PDB, nor extract data from it directly. Data transfers are handled by SIRCON. State staff look up and review individual producer records in the PDB through an Internet browser and a link provided in the SIRCON application. The NIPR Gateway is a communication network that is programmed to interact with external systems via a Transaction Layout, but is not currently used.	Electronic interaction between the Exchange and NIPR is being investigated by NAIC and the States. Systems should interact. Alternative processing means are also being investigated and planned. The NIPR could be used for loading complaint data.
Manual	Some processing of Health Maintenance Organizations (HMO) information is done outside of electronic systems. Examples of these activities include application and renewal processing, complaint intake and investigation, financial report reviews, and NCQA/HEDIS measure processing. HMO quality exams are also performed in similar fashion in conjunction with interagency agreements.	Paper and single electronic files.	Forms and data for HMO information could be converted to electronic means and processing. This information could interact with the Exchange and other State systems via a State Hub.
Quality Measures	A standardized set of quality measures for health care providers across the State. A quality measure is an indicator that measures health outcomes, processes, patient experience, access or safety or other desirable results for a defined population of patients. For detail, see: http://www.health.state.mn.us/healthreform/measurement/index.html	The data collection and assimilation into usable data sets are conducted by both State and contracted vendors.	Data assimilation will continue outside of the Exchange with interaction via a State Hub or administrative access. Data outputs are intended to be fully integrated with the Exchange.
Provider Peer Grouping	A system comparing health care providers on a composite measure of risk-adjusted cost and quality. This peer grouping system includes a combined measure of cost and quality for a provider's patient population as a whole, and separately for select specific health conditions. For detail, see: http://www.health.state.mn.us/healthreform/peer/index.html	The data collection and assimilation into usable data sets are conducted by both State and contracted vendors.	Data assimilation will continue outside of the Exchange with interaction via a State Hub or administrative access. Data outputs are intended to be fully integrated with the Exchange.

D. Evaluation Plan

Establishing processes and measures to monitor and evaluate progress and outcomes is essential to the success of developing an Exchange. This Level-One application is specifically focused on: Governance and Stakeholder Consultation; Program Integration and Business Operations; IT Infrastructure; and Financial Management, Program Integrity, and Financing Mechanisms; however Minnesota's overall plan for establishing processes and measures for evaluation includes all core areas for Exchange establishment. The evaluation plan includes an organizational structure, work plans, processes, and tools that will ensure that the project deliverables proposed under this Level-One application are met on time and on budget. Minnesota's specific evaluation plan proposed under this Level-One application includes:

- Key Indicators and Baseline Data
- Methods to Monitor and Evaluate Progress and Intervene When Timelines are Not Met
- Plans for Ongoing Evaluation of Exchange Functioning Once Operational

Key Indicators and Baseline Data

The "Work Plan" section of this Level-One application identifies the key tasks and timelines for completion of milestones for each core area that have been completed or are in progress under the Planning Grant, previous Level-One grant and those that are proposed for this Level-One grant, and that are tentatively envisioned through 2014. These tasks and timelines for milestones in each core area are the key indicators to be measured under the evaluation plan. Exchange staff are creating detailed work plans and milestones with associated tasks and timelines through 2014 for development of an Exchange in Minnesota. Baseline enrollment data recently provided under Background Research activities will be used in the future to measure and evaluate progress towards operational outcomes. As appropriate and available, data for key operational outcomes will be included and tracked in each quarterly grant report to HHS.

Methods to Monitor and Evaluate Progress and Intervene When Timelines are Not Met

The Project Manager and Information Project Director lead project management activities to ensure that project deliverables are completed on time, on budget, and within scope. The Project Manager is responsible for coordinating all work plans and timelines associated with the Exchange. The Information Project Director is responsible for working with contractors to develop work plans and budget estimates to implement the design and development of IT integration architecture and associated requirements. Specifically, the Information Project Director is responsible for managing IT implementation timelines and compliance with HHS SDLC stage gate reviews. Both the Project Manager and the Information Project Director are responsible for coordinating with the Departments of Commerce, Human Services, and Health.

In addition to the Project Manager and the Information Project Director, the Commercial Operations Director and the Public Program Operations Director serve as liaisons between the Exchange and the Minnesota Departments of Human Services, Commerce and Health and are responsible for coordinating work plans and monitoring progress on Exchange and integration issues. Together, these staff monitor and evaluate progress on integration issues and deliverables to ensure interagency coordination with the Minnesota Departments of Commerce, Human Services, and Health on work plans, timelines, identification of joint milestones running behind schedule, and mitigation strategies to address delays.

The Project Manager and Information Project Director monitor progress towards milestones specified in the detailed work plans and meet weekly with Exchange staff, the Minnesota Departments of Commerce, Human Services, and Health and contractors to review progress and adjust timelines and work flows as necessary. In addition, the Project Manager and Information Project Director are responsible for developing weekly project status reports for each core area. Contractors will also be responsible for submitting weekly status reports. The status reports will identify which milestones are on time and those that are running behind schedule. For milestones that are running behind, mitigation strategies will be identified by Exchange staff and contractors, with decisions made by appropriate Exchange staff and interagency partners from the Departments of Commerce, Human Services, and Health.

Progress on project deliverables and milestones will also be communicated with the Advisory Task Force. The Advisory Task Force currently meets on a monthly basis to provide guidance on the design and development of a Minnesota Exchange. As part of this charge, the Advisory Task Force monitors and evaluates progress and outcomes associated with project deliverables and provides guidance as necessary regarding mitigation strategies for milestones running behind schedule.

Plans for Ongoing Evaluation of Exchange Functioning Once Operational

Operational evaluation plans are included as part of the detailed work plans being developed by existing and proposed Exchange staff. The operational evaluation components of the detailed work plans will include processes, measures, data sources, and performance targets to monitor and evaluate functions once the Exchange is operational. Progress on the development of detailed work plans and operational evaluation components will be included in quarterly grant reports to HHS.