

Minnesota Project Narrative

A. Demonstration of Past Progress

Background Research

As described in previous grant applications, Minnesota entered into a contract with Dr. Jonathan Gruber and Gorman Actuarial in March 2011 with 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), private health insurers, and the Minnesota Comprehensive Health Association (Minnesota's high risk pool) 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 modeling presentations and final report can be found on the MNSure [website](#). In March 2012, Minnesota extended contracts with Dr. Gruber and Bela Gorman to update existing modeling results and an updated report was issued in February 2013. This actuarial analysis and economic forecasting of risk mix and volume of individual, small group, and Medicaid enrollment has assisted in estimating service and financing needs.

Legal Authority and Governance

MNSure enabling legislation was signed into law on March 20, 2013 by Governor Mark Dayton. The legislation touches on several key points that guide the operations, governance, and funding of MNSure. Per the legislation, MNSure is constituted as a state board governed by a seven member board that includes the Commissioner of the Minnesota Department of Human Services (Minnesota's Medicaid agency) and six additional members who are appointed by the Governor and confirmed by the Minnesota House of Representatives and the Minnesota Senate. Within one year prior to or at any time during their appointed term, board members shall not be employed by, be a member of the board of directors of, or otherwise be a representative of a health carrier, institutional health care provider or other entity providing health care, navigator, insurance producer, or other entity in the business of selling items or services of significant value to or through MNSure. The board is vested with various powers for both the individual and small employer components of MNSure. The enabling legislation can be found on the MNSure [website](#). Board members were appointed by Governor Dayton in April 2013. Under MNSure's enabling legislation, the Board has 180 days from the March 20, 2013 date of enactment to establish its governing policies and procedures. After these policies and procedures are established, governance of MNSure will transfer from the Minnesota Management and Budget Department to the Board.

Stakeholder Consultation and Consumer Engagement

Advisory Task Force and Committees

Previous Level One funding was granted to fund the work of the Minnesota Health Insurance Exchange Advisory Task Force. The Advisory Task Force provided guidance on a variety of issues related to the development of an Exchange for Minnesota. Advisory Task Force members were appointed in October 2011. Task Force membership included 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 on the MNSure [website](#). Recommendations from this task force informed policy discussions and decisions in the 2013 legislative session regarding MNSure's enabling legislation.

A number of technical work groups were created to provide technical assistance and recommendations to the Advisory Task Force on areas including adverse selection, finance, governance, eligibility, measurement and reporting, navigators and agents/brokers, outreach and communications, plan certification, small employers, and tribal consultation. Details on each of the work groups can be found on the MNsure [website](#). More than 200 stakeholders served on these work groups.

The MNsure Board of Directors is currently in the process of developing policies and procedures, including public engagement and advisory committee policies, that are expected to be finalized before September 2013. Per the enabling legislation, the MNsure Board is required to “establish and maintain advisory committees to provide insurance producers, health care providers, the health care industry, consumers and other stakeholders with the opportunity to advise the board regarding the operation...” of MNsure. The Board has released an application for individuals to serve on these advisory committees and they intend to make appointments to these committees by mid-September 2013.

Tribal Consultation

Minnesota has created a Tribal Consultation work group that consists of state agency representatives and tribes throughout the state. Minnesota has tribal consultation policies signed by four tribes. In addition, tribal representatives participated as formal members of the Advisory Task Force and multiple work groups. As mentioned previously, the MNsure Board is in the process of developing policies and procedures, including tribal consultation. The existing tribal consultation policy that was adopted under the previous structure has been updated. The updated draft has been shared with Tribal Leaders and Health Directors in Minnesota and discussions are scheduled at upcoming Tribal Health Directors and Indian Affairs Council meetings to discuss and finalize an updated tribal consultation agreement between the tribes and the new MNsure Board.

Communications and Outreach

With previous level one grants, MNsure has developed the foundational pieces for communications and outreach including market research, branding, communications planning, media/materials production, and media deployment. Minnesota is inter-weaving the supporting pillars into a tightly knit, integrated public awareness and outreach campaign to launch MNsure and establish measurable benchmarks to build upon for ongoing communications, outreach and marketing efforts. Media/materials are in production and deployment will occur in August and September 2013. Activities to date include:

Market Research: With previous level one grant funds Minnesota conducted market research with consumers, small businesses, and agents/brokers. Main findings from this research are that Minnesotans don't like today's experience with getting health care coverage. Individuals are frustrated by multiple information sources and carriers/agents “selling to them” – they want a one stop shop. Small employers are frustrated by the administrative process and “unpredictable” pricing. Brokers are key to small employers. Public program enrollees don't want to be treated differently and feel that there is a strong feeling of stigma associated with being on a public program. Research with brokers shows that they are concerned for the future of their livelihood, but see benefits of MNsure for their business including that it will be easier to compare multiple plans, make it simpler to select plans, help them reach “hard to reach” populations, provide an avenue for them to reach new markets, and can provide more options for them to help small businesses. Findings from those studies can be found on the MNsure [website](#).

Brand Development: With previous level one funds, Minnesota hired a branding firm, Haberman, to guide us through brand development. The project was conducted in four phases: Brand Discovery, Brand Creation, Brand Testing and Brand Finalization. After exploring multiple name options, descriptors, and logo designs, brand testing was completed with finalist options before we arrived at the MNSure name, logo, and descriptor of “Where you choose health coverage.”

Public Information Website: Earlier in the year, our functional website emerged from the mantle of the Department of Commerce site to become a stand-alone site dedicated to informing and engaging consumers and stakeholders. A vibrant, fresh look was applied to clearly convey the MNSure brand. The site underwent consumer testing to gather usability and user experience information, which was then applied to improve the site’s design and navigation. This site will transition to the fully operational MNSure marketplace site on October 1, 2013.

Launch Campaign: We are currently working with an advertising agency, BBDO Proximity, to develop and deploy a statewide public awareness outreach/marketing campaign for the launch of the MNSure marketplace. The campaign is currently in production and will be released the end of August 2013. We are using an approach that combines broad-based public awareness with elements directed to targeted groups such as the uninsured, small business owners and specific ethnic populations. The campaign will incorporate mass media for widespread reach, as well as grassroots outreach strategies crafted to locate consumers in their communities and not only educate them on MNSure, but move them to action

Navigators and Agents/Brokers

MNSure’s enabling legislation established the general direction of the Navigator and In-Person Assister Program (Consumer Assistance Program) and defined the role of Agents/Brokers with MNSure. As specified in the enabling statute, MNSure issued rules in April 2013 on the policies and procedures whereby entities (including Insurance Producers - Agents/Brokers, Navigators and In-Person Assisters) would be certified by MNSure to deliver consumer assistance services. On May 28, 2013, MNSure posted a RFP for Outreach and In-Person Assister Infrastructure Grants with the intent to award the grants in late August 2013. In addition to these grants, in-person assisters will be eligible for per enrollment payments. Starting June 3, 2013, MNSure started to receive applications from Consumer Assistants (Navigators, In-Person Assisters, Certified Application Counselors) and letters of intent from insurance producers (agents/brokers) intending to work with MNSure. Training and certification procedures will begin in August 2013 for all entities seeking certification to work with MNSure. More information on these programs can be found on the MNSure [website](#).

Customer Service

With the use of previous level one grant funds, Minnesota assessed options to deliver customer service functionality including delivering the service in house vs contracting options. This work included assessing the functional customer service needs of MNSure, understanding existing customer service resources, and examining options for operations. Following this assessment it was determined that Minnesota would establish an in house contact center that serves as the front door for all populations using MNSure. This contact center will be a virtual call center that works in collaboration with the Department of Human Services, counties, carriers, and other related contact centers to create a streamlined customer service experience while leveraging existing resources and expertise. Significant progress and accomplishments have been made in implementing the contact center infrastructure and business operations over the past six months. These accomplishments include: the hiring and training of contact center management and staff, the actual build out of the contact center facility, selection and implementation of the contact center telephony and data solutions infrastructure, selection and

implementation of the contact center's Customer Relationship Management (CRM) solution, and development and implementation of the contact center's customer service scripts, call handling protocols, and business and quality metrics.

Long –Term Operational Costs

Minnesota has worked with Wakely Consulting Group to develop long-term annual operating budget estimates for operations beginning January 1, 2014. This work has provided MNsure with baseline budget estimates for ongoing operational costs. Based on MNsure specific business operations, a staffing structure was developed that includes program staffing for Eligibility and Enrollment, Plan Management, Quality Measurement and Reporting, SHOP, Appeals, Navigator/Broker, Communications and Marketing, Customer Service, as well as administrative support and executive staff. In addition, MNsure worked with the Department of Commerce and the Minnesota Department of Health for staffing and other resource requirements for regulatory activities associated with a state-based Exchange. Finally, long term information technology needs were developed in coordination with the Department of Human Services and MNIT services.

In total, it is anticipated that the annual operational budget needs of MNsure will range between \$40 and \$60 million depending on enrollment levels and distribution between public and private coverage. Based on cost allocation estimates, non-public program annual costs would range from \$20 to \$40 million. The 2013 Legislature passed legislation allowing for MNsure to withhold up to 1.5% of premiums for commercial products purchased through MNsure for calendar year 2014. The legislation also allows MNsure to secure a \$20 million loan from the state that must be repaid with interest by June 30, 2015. Beginning in calendar year 2015, MNsure may withhold up to 3.5% of premiums for commercial products purchased through MNsure. The level of withhold will be decided by the MNsure board. Please see the attached self sustainability plan for additional information including revenue sources, participation projections, revenue projections, Medicaid and MinnesotaCare/ Basic Health Plan cost allocation and budget projections.

Program Integration

Interagency Agreements and Work Groups

Since August 2011, an interagency agreement has been signed and routinely updated between the MNsure and the Minnesota Department of Human Services (Minnesota's Medicaid Agency) that reflects joint activity between MNsure and the modernization of the Eligibility and Enrollment Systems at Department of Human Services. Specifically, the interagency agreement outlines: 1) the cost allocation methodology and billing and payment procedures for Medicaid activities; 2) collaborative efforts for Federal Reviews and APD processes 3) efforts for a joint RFP for Independent Verification and Validation; and 4) efforts to streamline eligibility and enrollment operations for all Insurance Affordability Programs. MNsure has also executed an interagency agreement with the Minnesota Departments of Health and Commerce that reflects the respective roles of the three entities in the Qualified Health Plan (QHP) certification, recertification and decertification process.

During the development and implementation phases of MNsure, Minnesota has utilized an interagency structure to effectively execute on activities and create an efficient process for communication, coordination, project management, decision making and issue resolution. This structure includes an Interagency Subcabinet made up of agency Commissioners, a Steering Committee/Contract Committee, a Technical Architecture Committee, Business Architecture Committee and a Solutions Architecture Committee that brings together both business and technical aspects of MNsure design, development,

and implementation. Reporting through to these committees are a series of work groups that include representatives from multiple state entities:

- Eligibility work group
- Enrollment work group
- Plan/provider management work group
- Legal/compliance work group
- SHOP work group
- Customer service work group
- Finance work group
- Information architecture work group
- Integration architecture work group
- Infrastructure work group
- Security work group

Business Operations

Plan Management and Quality

Minnesota is coordinating closely with a variety of agency and stakeholder partners to implement a plan management system that best serves the needs of the state. Minnesota is using existing regulatory entities for plan certification and the SERFF system for most components of the plan certification process. The Departments of Commerce and Health and MNsure signed an interagency agreement in April 2013 to facilitate the certification process and solidify roles between entities across different policy areas and operational issues. Health carriers submitted plans to be offered on MNsure at the end of May 2013 and it is anticipated that the certification process for these plans will be completed by mid-August 2013.

MNsure has worked closely with the Departments of Health and Human Services to build a common framework for the collection and display of provider network information and quality information. These data will be used to populate a consolidated clinic and hospital level directory to support the consumer shopping experience. MNsure staff are also currently building out other aspects of MNsure decision support tools to help consumers compare and choose their health benefit plan, such as comparative health plan quality metrics based on existing market data, an out-of-pocket cost calculator, and algorithms to determine how plans will be presented to consumers. MNsure aims to have as many of these consumer decision support tools in place as possible by October 1, 2013, and will build out these tools further in the future. MNsure has also invested considerable effort in developing the foundation for Minnesota's future quality rating system and enrollee satisfaction system in collaboration with the Measurement and Reporting Work Group. MNsure facilitated consumer testing in December 2012 to solicit consumer feedback on potential display options for clinic and hospital quality information as well as a second consumer testing process in May 2013 related to the understanding of health plan quality measurement concepts and categorization of potential measures.

Minnesota began meeting with health carriers in November 2012 to help them plan for IT and business integration efforts needed to offer QHPs on MNsure. These meetings serve as a general source of updates for health carriers across enrollment, financial management, customer service, SHOP, plan management data, and carrier IT integration testing issues. MNsure has also established carrier workgroups related to each of these issues to identify options and solicit input on how to carry out core MNsure functions.

Financial Management

For nearly a year, MNsure has been part of the Minnesota Management and Budget agency. With the passage of enabling legislation, MNsure was established as a state entity with a governing board. Prior to transfer of MNsure to MMB, MNsure was part of the Department of Commerce. Over the last nine months, MNsure has continued to utilize the Department of Commerce as its fiscal agent. Effective July

1, 2013, MNsure no longer utilized the services of the Department of Commerce and established its own financial management and administrative services.

Minnesota follows legally prescribed procurement policies and procedures and, as such, has executed contractual and outsourcing agreements with vendors and other State and Federal agencies in compliance with State and Federal law. Also, as mentioned previously, the MNsure board is currently in the process of developing policies and procedures, including procurement policies, that will be finalized by September 2013. MNsure staff is also coordinating with the Department of Human Services to develop controls and compliance for the proper allocation and uses of Medicaid funding. MNsure has contracted with a consultant for the development of a public assistance cost allocation process to be submitted by the end of its first operational quarter, or September 30, 2013.

MNsure will utilize the current state e-payment vendor and bank as well as the Department of Human Services Receipt Center to process premium payments. MNsure will also utilize the Department of Human Services Issuance Operation Center to print and mail invoices for MinnesotaCare, SHOP and the initial month of QHP premiums. Interfaces to SWIFT (statewide accounting tool) currently exist with the e-payment vendor and the receipt center and will be utilized to assist with payment reconciliation.

Eligibility and Enrollment

MNsure has worked in close coordination and collaboration on eligibility and enrollment functions for all Insurance Affordability Programs (IAP) with the Department of Human Services to ensure a streamlined and real-time eligibility and enrollment experience for all populations using MNsure regardless of coverage type. The eligibility and enrollment system is co-owned and fully integrated between MNsure and the Department of Human Services. MNsure and the Department of Human Services are also coordinating and integrating notices, customer service and eligibility processing operations. MNsure has also created an integrated process for eligibility appeals for all populations utilizing MNsure that uses a common MNsure front door that utilizes resources at the Department of Human Services and the Office of Administrative Hearings to carry out most eligibility appeal operations.

Design Reviews

Minnesota has completed four reviews that are part of the Federal Enterprise Life Cycle Design Review process for Exchange IT Infrastructure. These reviews were conducted jointly between MNsure, the Department of Human Services (Minnesota's Medicaid Agency), and MNIT Services to facilitate a streamlined review process with CCIIO and OIS for gate reviews and CMS for the APD process.

- (1) Architecture and (2) Project Baseline review, November 2011: This meeting included discussions about Minnesota's modular IT development strategy, IT RFP status update, project management, development lifecycle, design considerations, current and proposed systems and performance measures.
- (3) Design Review, May 2012: This two-day meeting covered a wide range of topics including governance, organizational structure, project management, plan management and quality, eligibility and enrollment, SHOP, risk adjustment and reinsurance, re-use and interoperability, consumer and stakeholder engagement, financial management, finance and accounting, systems design, security and contingency.
- (4) FDDR, April 2013: This meeting included discussions about project management, IT systems and infrastructure, security, eligibility and enrollment and a scenario walk through.
- (5) ORR, August-September 2013: These business and IT reviews are planned throughout August and September 2013.

IT Systems

MNsure Solution for Exchange IT Systems

As stated in previous grant applications, MNsure's solution for IT systems builds on a previously conducted gap analysis that documents a need to replace existing aging eligibility systems for public programs. As such, the MNsure solution creates a new eligibility system for public and private coverage given that the existing Medicaid eligibility system is mostly paper-based and incapable of meeting requirements for interoperability. It is not possible to utilize the existing Medicaid eligibility determination system to implement rules associated with Insurance Affordability Programs.

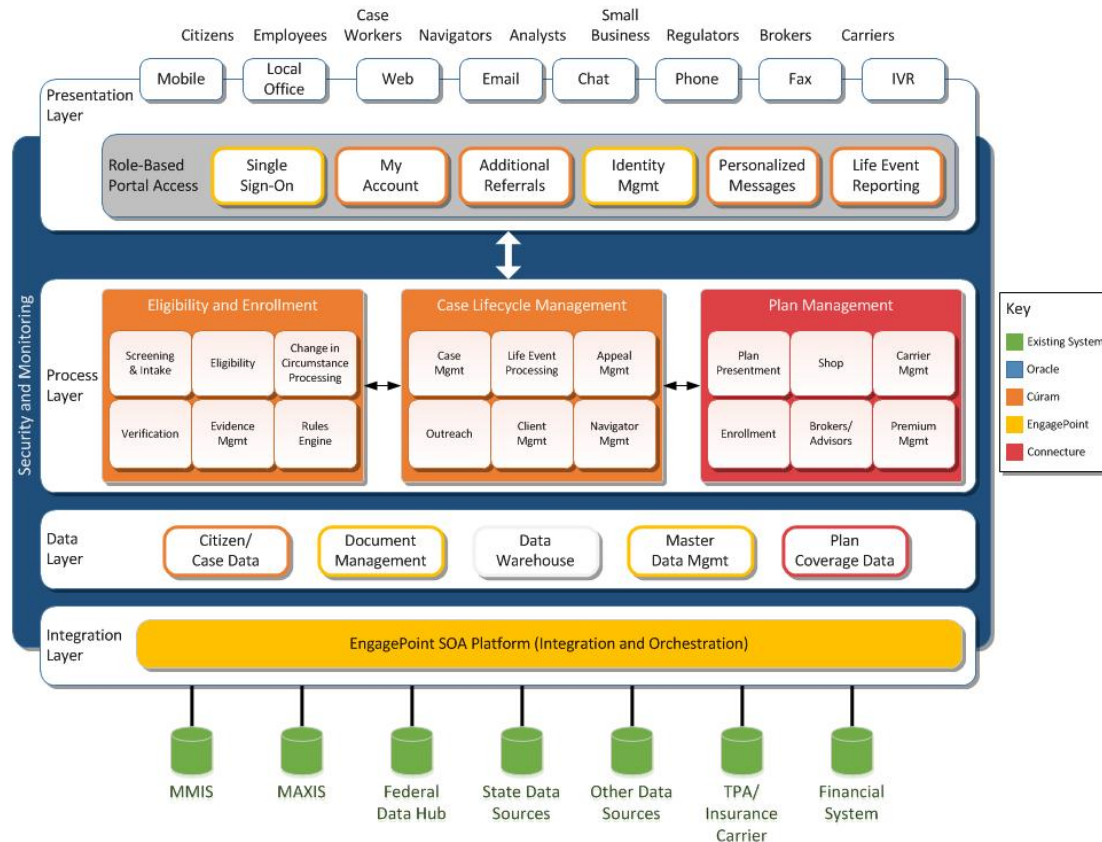
The MNsure IT System Solution is an independent application that is comprised of modular components. The Solution is hosted on infrastructure supported by Minnesota Information Technology Services (MN.IT services). The MNsure application contains components from commercial off the shelf (COTS) products as well as configured and custom solutions. The COTS applications provide large parts of the required system functionality and are integrated through an enterprise scale, service-oriented platform for system integration. IBM's Curam Software product is utilized for individual eligibility determinations and case management. Connecture's StateAdvantage product will process enrollments, small business participation, and insurance plan and provider displays. Products from EngagePoint provide integration services as well as financial management for billing, aggregation and reconciliation of payments. MNsure is also connecting with the National Association of Insurance Commissioners (NAIC) System for Electronic Rate and Form Filing (SERFF) for plan certification. A conceptual view of the Service Oriented Architecture (SOA) upon which the MNsure is integrated with both internal COTS products and external government systems provides a holistic MNsure application. The view also describes the critical software components for the integration, their function within the larger system, and how they are integrated to provide a cohesive foundation for the solution.

The principles and guidelines of SOA are utilized to achieve a sustainable technical architecture for MNsure. The principles and guidelines use a producer/consumer model, in which all software components produce information services that can be consumed by other components. Utility services are used by the new services of applications within MNsure, state legacy applications, and the COTS applications. Aligned with Medicaid Information Technology Architecture (MITA) and Web Services Interoperability Organization (WS-I) guidelines, the MNsure SOA design promotes interoperability and reuse. WS-I's basic profile defines best practices within the web service standards and promotes the highest possibility for reuse and platform independence by emphasizing standards, utilizing built-in security and privacy and by being information-centric.

Also within the MNsure SOA guidelines is the other major component to the MNsure solution is that of MITA. MITA provide the architecture inspired guiding principles to achieve a sustainable technical architecture. MITA is an initiative of the United States Center for Medicaid and State Operations (CMSO) intended to foster integrated business and Information Technology (IT) transformation across the Medicaid enterprise to improve the administration of the Medicaid program. MITA is a national framework intended to support improved systems development and health care management for the United States Medicaid enterprise.

Additional opportunities exist to enhance not just the MNsure solution, but related activities and systems. For example, the Department of Human Services is planning to use the Curam software platform for all public health care programs. Plus, the Department of Human Services is exploring

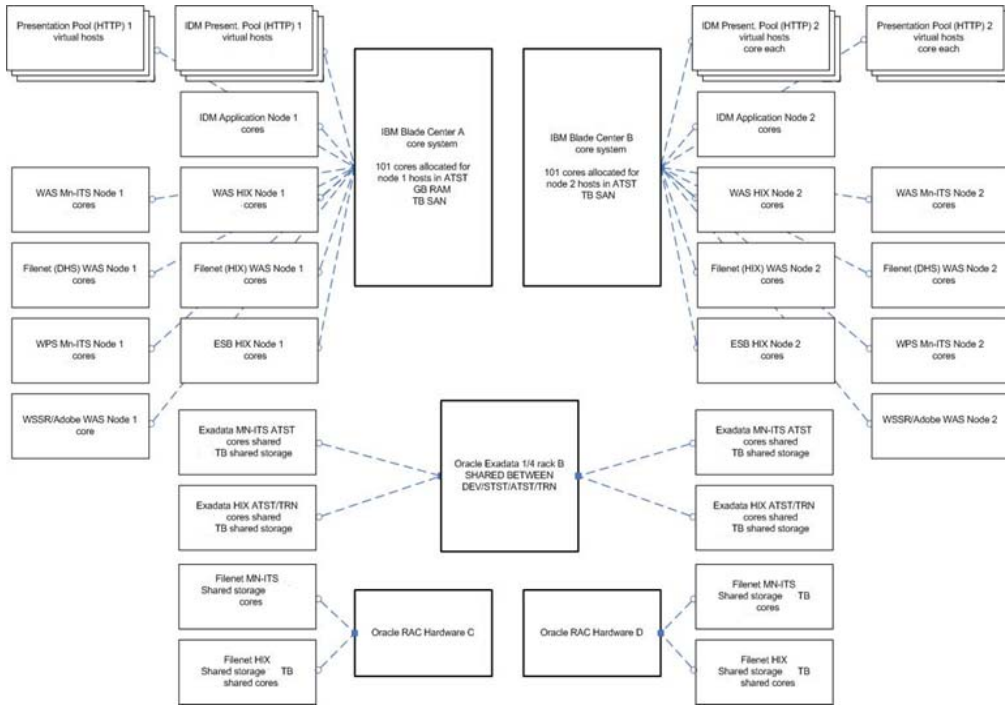
opportunities to connect other human services to the software platform in the future. The MNsure application will also display quality data provided by the Health Department. Within the solution, this quality information will be linked to plans via clinics and hospitals for display with chosen health plans. Additional efforts will also enhance the operational functionality between MNsure and other systems. For example, not only will the SERFF system provide the means for regulatory staff to conduct their statutory duties and to certify qualified health plans, but it may also serve as the template for Medicaid plans' information to be displayed on MNsure in the future.



Infrastructure

The first environment installations were conducted during the fall of 2012 and consisted of environments for reference, build, development and testing. Since then, other environments for acceptance testing (A-Test), system testing (S-Test), training, and production have been established and are being built out with supporting software and current release product code for the MNsure application. These efforts of installation have been coordinated between MNsure, MNIT, Department of Human Services, and the vendors providing the MNsure Solution.

The MNsure project acted on the opportunity to leverage and extend existing infrastructure in a MN.IT data center. This action allowed the project to save considerable costs that would be associated with procuring a whole new and supported infrastructure set. The leverage also awarded the project the ability to better integrate with other State systems that would need to coordinate with MNsure. As a representative of the different environments established for MNsure, the following schematic of the production environment helps to illustrate the infrastructure used for the MNsure application.



Establishment Reviews

Please see detailed information on establishment/design reviews above under the Business Operations.

Reuse, Sharing, and Collaboration

Because of a number of similarities in the technical design of Exchanges, Minnesota has and is working very closely with the State of Maryland and the District of Columbia to coordinate efforts. This has proven to be very valuable as it is allowing the three states to learn and benefit from each other and to avoid duplication of efforts. For example, Minnesota is using the code developed in Maryland for defined contribution for SHOP and Maryland is using code developed in Minnesota for identity proofing.

Minnesota has been asked to participate in Early Innovator workgroups that convene to discuss technical topics related to establishing an Exchange. These work groups cover such topics as connection and interaction with the Federal Services Hub, creation and execution of test scenarios of business processes within an Exchange, support and ideas that can be shared amongst the States, Exchange systems and related security, and activities related to health plan display and selection by users.

Minnesota has engaged in various forms of information gathering and sharing with a number of other states, including Washington, Massachusetts, Utah, Oregon, Maryland and Rhode Island, on a variety of topic areas including communications and marketing, project management, plan management, SHOP, customer service, grant management, financial operations and provider network data collection.

Minnesota has also participated in the UX 2014 project, sponsored by the California HealthCare Foundation and several other national and state health care philanthropies. Related to UX2014, Minnesota has also participating in the Consumer Decision Support Rules for Health Exchanges (consumer choice) which is sponsored by the Pacific Business Group on Health (PBGH).

Organizational Structure

In the first level one grant award, Minnesota requested funds to hire senior level leadership to provide management and strategic direction for Exchange activities. In subsequent level one grant requests, Minnesota requested additional funds to hire additional staff to develop and implement business requirements, processes, and work flows for Exchange functional components. Please see the “Key Personnel and Organizational Chart” document for the visual depiction of our organizational chart.

Program Integrity

MNSure has established a specific Compliance/Program Integrity Unit and internal controls form the backbone of MNSure’s Program Integrity Framework. MNSure is using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework as its internal control standard. This framework consists of five components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. Consistent with this framework, MNSure’s compliance plan is risk-based and relies heavily on the identification and testing of control activities in place to ensure that organizational goals are met. MNSure’s Compliance and Program Integrity Plan was submitted according to Minnesota’s Blueprint submission date at the end of June 2013. The plan will be executed in two phases. A short-term phase, which begins in late September 2013 and runs through March 2014, will focus on the highest risk activities and will include high-frequency testing and targeted monitoring. A long-term phase, which begins in April 2014 and runs through December 2014, will build on the findings from the first phase and will focus on activities in a lower tier of risk. During this phase, more in depth audit activities will occur both within MNSure and within partner entities.

Affordable Care Act Requirements

The Minnesota Departments of Health and Commerce have worked together collaboratively to implement ACA provisions related to health insurance market reforms and rate review. The Minnesota Department of Commerce was already conducting rate reviews prior to passage of the ACA and has updated its practices to align with federal requirements. The Minnesota Departments of Commerce and Health have also incorporated other market reforms enacted to date into their regulatory practices and have communicated with Carriers about these reforms through bulletins. Lastly, at the end of May 2013, legislation ([HF 779](#)) was enacted that incorporates ACA market reforms into Minnesota Law.

SHOP

MNSure SHOP will provide both an employer and employee choice shopping experience and will start to be available on October 1, 2013. Employers will be able to choose plans from the four metal levels, by health carrier, or a selection of any plans being offered in the small group market. Employers may choose one or more plans for their employees or provide a defined financial contribution to their employees based on a reference plan and allow their employees to pick the plan that best fits their personal and family needs and budget. The employee will then be able to view and compare the benefits and costs of the employer selected options to help them make a more informed decision about the products being offered to them. In addition, MNSure will provide the employers with aggregated billing and enrollment functionality to simplify the insurance purchasing process across multiple carriers.

MNSure has been working closely with health carriers to align with current small group administrative practices in order to provide the most cost effective plan choices in one easy to use application. MNSure is also working to make sure that agents/brokers are well informed about MNSure and how using it will benefit their clientele. We see the agent/broker community as a critical factor in bringing small employer groups to MNSure.

B. Proposal to Meet Program Requirements

Current Pathway

Minnesota is establishing a state based marketplace to be ready for open enrollment on October 1, 2013, including a consumer-friendly website portal with fully functioning eligibility and enrollment capabilities, operational call center, SHOP Exchange, premium aggregation services, an established broker/navigator program, available and consumer-friendly health plan comparison information, operational account management functionalities and accompanying marketing and outreach activities. As noted previously, Minnesota has completed four design/establishment reviews to date and was conditionally certified as a state based marketplace in December 2012.

Strategy to Complete Exchange Activities

Legal Authority and Governance: MNsure enabling legislation was signed into law on March 20, 2013 by Governor Mark Dayton. Per the legislation, MNsure is constituted as a state board governed by a seven member board that includes the Commissioner of the Minnesota Department of Human Services (Minnesota's Medicaid agency) and six additional members who are appointed by the Governor and confirmed by the Minnesota House of Representatives and the Minnesota Senate. Board members were appointed by Governor Dayton in April 2013. Minnesota is requesting grant funds for Board Member compensation, meeting facilities, and staff time for staffing the Board and committees.

Consumer and Stakeholder Engagement and Support: Minnesota is committed to developing a Minnesota marketplace that is informed by a variety of stakeholders throughout the process. To that end, Minnesota has worked with an Advisory Task Force and numerous technical work groups that are all open to the public, to gather input from the public. The MNsure Board is currently in the process of developing policies and procedures, including public engagement and advisory committee policies, that are expected to be finalized before September 2013. The Board is also in the process of updating the existing tribal consultation policy between the tribes and MNsure. The MNsure contact center will be operated as an in house virtual contact center and will open on September 3, 2013. MNsure is currently accepting applications and letters of intent from navigators, in-person assisters, and agents/brokers and training/certification will occur for these entities in August/September 2013. Lastly, media efforts and outreach materials are in production and will go live in August 2013.

Minnesota is requesting grant funds to continue funding staff in areas including customer service, communications, marketing, and outreach, and the Navigator and Agent/Broker program. Grant funds are also requested for communication services, printing, webinars, advertising, community events, collateral materials, contact center costs, language line, and IT support needs, and in-person assister compensation and grants.

Eligibility and Enrollment: Minnesota is committed to the "no wrong door" streamlined eligibility and enrollment philosophy through all elements of MNsure design, development, and implementation activities to ensure that all consumers have the same experience regardless of their coverage type. MNsure activities are occurring in close collaboration with the Minnesota Department of Human Services and MN.IT on efforts related to Medicaid, MinnesotaCare, and Advanced Premium Tax Credit eligibility policy and operations. Minnesota will use a state-developed single streamlined application, process applications online, through mail, and in-person, provide assistance to consumers seeking help over the phone, provide notices, conduct eligibility verifications through the federal data hub services

that have been successfully tested, determine eligibility real-time, and reconcile eligibility and enrollment information with health carriers and the federal government, and process appeals.

Minnesota is requesting grant funding for staff and resources related to eligibility determination and enrollment activities. Minnesota is also requesting grant resources for customer service application processing through interagency agreement, appeals processing, project management for 2014 releases to support program enhancements, and business process development and improvement within the eligibility and enrollment business area.

Plan Management: Minnesota is utilizing existing regulatory entities for plan certification and the SERFF system for the plan certification process. The Departments of Commerce and Health and MNsure signed an interagency agreement in April 2013 to facilitate the certification process and specify roles between entities across different policy areas and operational issues. Certified plan information from SERFF will be sent to the MNsure system for display and plan selection. Health carriers submitted plans to offer on MNsure at the end of May 2013 and certification of those plans will occur in August 2013.

MNsure is requesting grant resources for staff related to plan management and contract costs including the implementation of Minnesota's future quality rating and enrollee satisfaction survey systems. Funding is also requested for project management for 2014 releases to support program enhancements and business process development and improvement within the plan management area. Funds are also requested to cover indirect costs from Departments of Commerce and Health.

Risk Adjustment and Reinsurance: Minnesota has chosen not to operate a state-based risk adjustment program, but may change this decision in the future. Minnesota has also chosen not to operate a state-based reinsurance program. Minnesota is requesting funds to study the options and feasibility of establishing a state-based risk adjustment system. Funding is requested for staffing and IT costs associated with the analysis of options and feasibility.

SHOP: MNsure SHOP will provide both an employer and employee choice shopping experience and will start to be available on October 1, 2013. In addition, MNsure will provide the employers with aggregated billing and enrollment functionality to simplify the insurance purchasing process across multiple carriers. Minnesota is requesting grant funds for staffing for small employer eligibility and enrollment and contract costs including data entry, manual processing, printing and mailing notices and correspondences. Contract costs also include project management for 2014 releases to support program enhancements and business process development and improvement within the SHOP business area.

Organization and Human Resources: MNsure is currently in the process of establishing its own processes and procedures as it is transitioned from the Minnesota Management and Budget Department to the MNsure Board in September 2013. MNsure is requesting grant funding for staff and equipment costs for basic office needs including Project Management Office (PMO) support, business process development and improvement work within the PMO structure.

Finance and Accounting: Minnesota is in the process of transitioning previous level one grants from the Minnesota Department of Commerce to MNsure. Once officially transferred, MNsure will continue to follow existing state grant monitoring processes and procedures. These efforts are ongoing and updated as needed. In addition, MNsure staff have developed and implemented a process for invoicing the Department of Human Services for cost allocated items and have completed an assessment of the state SWIFT IT system for adequacy for MNsure activity. MNsure is implementing IT and operating solutions

for premium processing with identified partners. Minnesota is requesting grant resources for financial management staff and contract costs for premium billing, independent audit and collection services as well as business operation project management for 2014 releases to support program enhancements and business process development and improvement within the fund aggregation business area.

Technology: Minnesota is committed to developing a marketplace that is consumer-friendly, easy to use and accessible, and fosters fair and equitable competition in the health care system. MNsure will seamlessly support private and public health care coverage options to individuals and small businesses. To accomplish these goals Minnesota is working closely with vendors, state agencies and other states to leverage existing efficiencies and expertise. Minnesota's IT infrastructure is modular in nature to encourage a best in class solution. Minnesota is requesting grant resources for IT staff costs, IT consultant contracts, hardware, software, contract costs for annual maintenance for the MNsure modules and supporting software, security training, system enhancements and on-site support.

Privacy and Security: Minnesota has included detailed privacy and security requirements in the IT contract and is working closely with agency partners and vendors to make certain all federal privacy and HIPAA laws are followed. MNsure has submitted our privacy and security plan and signed interagency data sharing agreements per our Blueprint requirements. We are awaiting the release of the data sharing agreement for the federal data services hub. Minnesota is requesting continued grant funds for our Privacy and Security Officer.

Oversight, Monitoring and Reporting: MNsure has established a specific Compliance/Program Integrity Unit and internal controls form the backbone of MNsure's Program Integrity Framework. MNsure is using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework as its internal control standard. This framework consists of five components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. Minnesota is also utilizing existing regulatory entities to enhance MNsure efforts to prevent fraud, waste, and abuse. MNsure is also currently determining near and long term metrics and reporting structures. Minnesota is requesting grant funding for travel for oversight and monitoring of many new consumer assistance partners across the state, Commerce hotline, fraud prevention advertising, office of administrative hearings, MN.IT Services costs, staff development, and administrative costs.

Strategy to Address Early Benchmarks

Gap Analysis of Existing Services: Minnesota has explored existing structures within the state and identified areas for integration and cost effectiveness. For example, MNsure is working closely with the Departments of Human Services, Commerce, Health and MN.IT to utilize and build on existing IT systems to develop an Exchange IT infrastructure that is efficient and cost effective. In addition, MNsure staff are working closely with agency partners in areas such as customer services, banking, contact centers, QHP certification and provider network information to develop an Exchange that meets all Blueprint requirements while also capitalizing on existing resources.

Plan Management: Minnesota is using existing regulatory entities for plan certification and the SERFF system for the plan certification process. MNsure is also coordinating with other state agencies to build on existing state data sources to integrate into the Exchange, including Minnesota Department of Health quality metrics for hospitals and clinics and provider network data collection.

Financial Management: Minnesota is utilizing existing state processes and procedures to ensure adequate financial management of grants and current accounting systems for grant accounting. In

addition, MNsure staff have developed and implemented a process for invoicing the Department of Human Services for cost allocated items and have completed an assessment of the state SWIFT IT system for adequacy for MNsure activity. Minnesota is developing and implementing IT and operating solutions for premium processing with identified state partners.

Eligibility and Enrollment: MNsure has worked in close coordination and collaboration on eligibility and enrollment functions for all Insurance Affordability Programs (IAP) with the Department of Human Services to ensure a streamlined and real-time eligibility and enrollment experience for all populations using MNsure regardless of coverage type. The eligibility and enrollment system is co-owned and fully integrated between MNsure and the Department of Human Services. MNsure and the Department of Human Services are also coordinating and integrating notices, customer service and eligibility processing operations.

Consumer Engagement and Support: Minnesota understands the importance of engaging stakeholders regularly and often throughout the design and development of MNsure. As such, The MNsure Board is currently in the process of developing policies and procedures, including policies related to public engagement and advisory committees. These new policies will become effective upon official transfer of authority from the Commissioner of Management and Budget, at which point the Board's new advisory committees will be appointed.

Appeals: MNsure has created an integrated process for eligibility appeals for all populations utilizing MNsure that uses a common MNsure front door that utilizes resources at the Department of Human Services and the Office of Administrative Hearings to carry out most eligibility appeal operations. This process will allow appeals to be processed in the most timely and cost effective manner given that all Insurance Affordability Program appeals can be heard simultaneously.

IT Gap Analysis: As stated in previous grant applications, MNsure's solution for IT systems builds on a previously conducted gap analysis that documents a need to replace existing aging eligibility systems for public programs. As such, the MNsure solution creates a new eligibility system for public and private coverage given that the existing Medicaid eligibility system is mostly paper-based and incapable of meeting requirements for interoperability. It is not possible to utilize the existing Medicaid eligibility determination system to implement rules associated with Insurance Affordability Programs.

As the IT system is being implemented and will be enhanced into the future, an IT Gap Analysis will be an ongoing coordinated effort with other state entities and external partners. This work, which has and will continue to include assessments of COTS software, will inform all technical design components of the MNsure IT system into the future. Gap analysis between required and desired functionality and a reference installation of the vendors' core software components is and will be continually be updated and evaluated for future improvement.

Actuarial and Market Analysis: As described in previous grant applications, Minnesota entered into a contract with Dr. Jonathan Gruber and Gorman Actuarial in March 2011 with 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), private health insurers, and the Minnesota Comprehensive Health Association (Minnesota's high risk pool) 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. In March 2012, Minnesota extended contracts with Dr. Gruber and Bela Gorman to update

existing modeling results and an updated report was issued in February 2013. This actuarial analysis and economic forecasting of risk mix and volume of individual, small group, and Medicaid enrollment has assisted in estimating service and financing needs.

Stakeholder and Tribal Consultation: Minnesota has created a Tribal Consultation work group that consists of state agency representatives and tribes throughout the state. Minnesota has tribal consultation policies signed by four tribes. In addition, tribal representatives participated as formal members of the Advisory Task Force and multiple work groups. As mentioned previously, the MNSure Board is in the process of developing policies and procedures, including tribal consultation. The existing tribal consultation policy that was adopted under the previous structure has been updated. The updated draft has been shared with Tribal Leaders and Health Directors in Minnesota and discussions are scheduled at upcoming Tribal Health Directors and Indian Affairs Council meetings to discuss and finalize an updated tribal consultation agreement between the tribes and the new MNSure Board.

Long-term Operational Costs Analysis: Minnesota has worked with Wakely Consulting Group to develop long-term annual operating budget estimates for operations beginning January 1, 2014. In total, it is anticipated that the annual operational budget needs of MNSure will range between \$40 and \$60 million depending on enrollment levels and distribution between public and private coverage. Based on cost allocation estimates, non-public program annual costs would range from \$20 to \$40 million

Proposed Solution for Exchange IT Systems

As explained previously, the MNSure IT System Solution is an independent application that is comprised of modular components. The Solution is hosted on infrastructure supported by Minnesota Information Technology Services (MN.IT services). The MNSure application contains components from commercial off the shelf (COTS) products as well as configured and custom solutions. The COTS applications provide large parts of the required system functionality and are integrated through an enterprise scale, service-oriented platform for system integration. IBM's Curam Software product is utilized for individual eligibility determinations and case management. Connecture's StateAdvantage product will process enrollments, small business participation, and insurance plan and provider displays. Products from EngagePoint provide integration services as well as financial management for billing, aggregation and reconciliation of payments. MNSure is also connecting with the National Association of Insurance Commissioners (NAIC) System for Electronic Rate and Form Filing (SERFF) for plan certification. The system is co-owned and fully integrated between MNSure and the Department of Human Services.

IT Seven Standards and Conditions

1. **Modularity** – Minnesota has developed its Exchange in a modular fashion from the start. The vision for the IT Exchange contract was seen as modular components that could be provided by multiple solutions. The modules include: eligibility, enrollment, SHOP, plan and broker/navigator management and display, provider display, fund aggregation and account administration. Minnesota is also utilizing other modular components to help support its Exchange. These other efforts range from the use of the National Association of Insurance Commissioner's (NAIC) System for Electronic Rate and Form Filing (SERFF) for insurance plan certification to the Minnesota Department of Health's quality data information to help with consumer choices.
2. **Medicaid Information Technology Architecture (MITA) alignment** – Minnesota is developing the MNSure system in a coordinated fashion with the Minnesota Department of Human Services and

MN.IT Services to ensure full MITA alignment. To ensure alignment, Minnesota is following and practicing System Development Life Cycle (SDLC) activities as well as aligning with other architecture guidance standards. All IT vendors working on this project are required to follow MITA practices.

3. **Leverage and reuse within and among States** – Minnesota has been fully committed to leveraging existing resources within the State and with other states. The MNsure staff has worked very closely with the Minnesota Department of Human Services and MN.IT throughout the technical development process. Minnesota is also working closely with the State of Maryland and the District of Columbia to coordinate efforts relating to a number of Exchange development components, including technical infrastructure. Minnesota has worked with multiple Early Innovator states on workgroups such as the Federal Data Services Hub Technical Work group, Test Scenario Working Group, Early Innovator Learning Collaborative, State Exchange System Security Group, and the Health Plan Work group.
4. **Industry standard alignment** – Minnesota and its private sector IT vendors are aligning with industry standards, specifically those recommended in ACA Section 1561 and CMS guidelines. Minnesota is also following best practices standards in multiple other areas such as security, project management and accessibility. All technical contracts have sections stating the Minnesota and project requirements for development activity.
5. **Support of business results** – The MNsure development activities are being driven by business needs and requirements, including regular interaction with a variety of stakeholders. These stakeholder groups have participated in numerous requirement sessions as well as review activities.
6. **Reporting** – Minnesota is designing an IT solution for MNsure that satisfies all state and federal reporting requirements. Standard project management methodologies are being practiced following PMBOK guidelines which support these reporting requirements.
7. **Seamlessness and interoperability** – Minnesota is focused on designing an Exchange that provides a streamlined and uniform user experience. The modular components are being integrated so that there is a consistent look and feel throughout and to avoid breaks to the user.

Organizational Structure

Please see the “Key Personnel and Organizational Chart” document for the visual depiction of our organizational chart.

Interagency coordination of this effort has been imperative to the success of MNsure. To facilitate these efforts, Minnesota continues to use a defined interagency structure to effectively execute design, development and implementation activities for MNsure that involves multiple state entities. This structure has proven to be an efficient process for decision making and issue resolution as well as a vehicle for communication, coordination, project management and documentation mechanisms. This structure includes Commissioners and staff from a number of Minnesota state agencies. This structure includes an Interagency Subcabinet made up of agency Commissioners, a Steering Committee/Contract Committee, a Technical Architecture Committee, Business Architecture Committee and a Solution Architecture Committee that brings together both business and technical aspects of MNsure design, development, and implementation. Interagency coordination will continue through this structure in the near term and through interagency agreements into the future when authority is officially transferred to the Board in September 2013.

Coordination with Federal Government

Minnesota works very closely with our Federal government partners. MNSure staff have weekly consultation calls with our State Officer and OIS partners to provide regular updates, ask questions and provide feedback. Minnesota also has monthly conference calls in coordination with the Department of Human Services and federal partners representing CMCS, CMCS Regional Office and CCIIO. MNSure staff also continue to participate in a number of federally-facilitated webinars, conference calls and user groups to stay as informed as possible as new information becomes available.

Reuse, Sharing and Collaboration (beyond IT)

Minnesota is committed to collaborating with other states and reusing and sharing as much as possible. Minnesota is in close contact with the State of Maryland on a weekly basis coordinating efforts on a variety of aspects of marketplace design and development including but not limited to technology, eligibility and enrollment, plan management and business operations. Minnesota staff also communicates on an as-needed basis with staff from a number of other states including Washington, Massachusetts, Rhode Island, Oregon, Utah and Maryland. Minnesota participates in a number of user groups and webinars facilitated by CCIIO, CMS, NAIC, the RWJ State Health Reform Assistance Network and NASHP on Exchange topics. Minnesota has also posted a number of documents on CALT and will continue to do so as new material is developed.

Financial Integrity

In addition to previously described efforts around program integrity, MNSure staff continue to work closely with program integrity staff and compliance staff at the Department of Human Services to ensure that all necessary and appropriate controls are implemented for public programs. In addition, all MNSure activities are taking place in full compliance with state policies and procedures regarding monitoring and oversight, as well as ongoing federal reporting requirements. MNSure staff also produce monthly monitoring and reporting regarding grant expenditure and encumbrance.

Challenges

Minnesota is working diligently to develop MNSure consistent with the timeline set forth in the Affordable Care Act. However, new and modified regulations that have been released since this spring have made the already tight timeline to get IT systems and business operations up and running even more difficult.

SHOP

MNSure SHOP will provide both an employer and employee choice shopping experience and will start to be available on October 1, 2013. Employers will be able to choose plans from the four metal levels, by health carrier, or a selection of any plans being offered in the small group market. Employers may choose one or more plans for their employees or provide a defined financial contribution to their employees based on a reference plan and allow their employees to pick their plan. In addition, MNSure will provide the employers with aggregated billing and enrollment functionality to simplify the insurance purchasing process across multiple carriers.

MNSure has been working closely with health carriers to align with current small group administrative practices in order to provide the most cost effective plan choices in one easy to use application. MNSure is also working to make sure that agents/brokers are well informed about MNSure and how using it will benefit their clientele. We see the agent/broker community as a critical factor in bringing small employer groups to MNSure.

