

## ARKANSAS LEVEL ONE E ESTABLISHMENT GRANT PROJECT NARRATIVE DRAFT

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November 4, 2013

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## EXISTING EXCHANGE PLANNING AND EXCHANGE ESTABLISHMENT PROGRESS

Arkansas was the first state to indicate an interest in pursuing the State Partnership Marketplace Model and maximizing the local flexibility allowed under this option. Governor Mike Beebe delegated responsibility for planning and implementing the State Partnership Marketplace (SPM) to the Commissioner of the Arkansas Insurance Department (AID), an executive branch agency of state government, and its new division, the Health Benefits Exchange Partnership Division (HBEPD); AID renamed the HBEPD the Arkansas Health Connector Division (AHCD) in June 2013. For consistency, we refer to “AHCD” throughout this narrative regarding references to the Division before and after its name changed.

AID has been the grantee for a Planning Grant in the fall of 2010, and for several Level One Establishment Grants:

- The first awarded in February 2012 (referred to within the Division as the Level One A)
- A second awarded in September 2012 (Level One B);
- The third grant awarded in April 2013 (Level One C);
- A fourth awarded October 2013 (Level One D).

Each grant outlined Arkansas’s steps to offer a fully functional Marketplace for State residents by January 2014. Arkansas has been committed to successfully meeting grant requirements and engaging numerous and diverse stakeholders.

This Level One Establishment Grant application (Level One E) reports the many successes of Arkansas’s Marketplace to-date and will request funding to support the exploration of the State’s transition from the current State Partnership Marketplace (SPM) model to a State Based Exchange (SBM) model. Specifically, with Level One E funds we expect to:

- Analyze and review the current Arkansas SPM and national SBM structures, policies and processes to assess how best to move Arkansas from an SPM to SBM model, as per CCIO direction;
- Analyze opportunities for collaboration and reuse of services and operations among intra-agency, inter-agency and external stakeholders;
- Review Arkansas’s lessons learned and best practices to continue strong consumer and stakeholder engagement and support, collaborating with Arkansas’ diverse uninsured/underinsured customer base, as well as utilizing multiple sources of outreach and education through the many available Assister sources;
- Develop business operations policies and procedures to support a State Based Marketplace, in addition to continuing the Qualified Health Plan (QHP) certification and re-certification and plan monitoring, including those dealing with continuity of coverage issues and SHOP;
- Analyze and plan potential Marketplace infrastructure, policies and processes consistent with the State Based Exchange Blueprint in areas such as operational costs, program integration, business operations, information technology, reuse, organization structure, and program integrity.

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Current efforts have focused on successfully collaborating with the U.S. Department of Health and Human Services (HHS), the Arkansas government, and private partners and to connect Arkansas Medicaid ,private QHPs, and Arkansas consumers with the Federally-Facilitated Marketplace (FFM) in the short-term, and on evaluating, taking steps for transitioning to and potentially operating a SBM under the Arkansas Health Insurance Marketplace (AHIM) in Arkansas starting in 2016. With the strong leadership from the Legislature, the newly established Board of Directors (Board), Governor Beebe's endorsement and support from existing governance, the State is working to examine how to best offer quality and affordable health coverage to Arkansas residents while providing a best in class customer experience.

Arkansas continues to make organized, steady progress toward assuring that residents in need benefit from implementation of the ACA on January 1, 2014 and from the opportunities for expanded insurance coverage offered by the State's AHIM going forward. Funds from the Level One E Establishment Grant will support Arkansas's efforts to plan transition to a State Based Marketplace..

### **Key Findings and Background Research**

Arkansas is below the national average on a number of health indicators. Many suffer from poor health and are in need of coordinated care and disease management, often for chronic, complex and co-morbid diseases. For example, early research showed:

- In 2010, life expectancy at birth was 76 years, three years less than the national average of 79.
- Nearly 34 percent of children were overweight or obese in 2011; this percentage increased to 65 percent for adults.
- According to Kaiser Family Health's [KFH] *Health Status* report, nearly 10 percent of the population had been diagnosed with diabetes and in 2009 there were 219 deaths per 100,000 of the population due to heart disease, where nationally there were 180.
- Overall, the death rate was higher in Arkansas than the average across the country (893 per 100,000 in Arkansas in 2010 compared to 747 per 100,000 nationally).

In addition to health issues, Arkansas faced challenges with both its health care delivery systems and in terms of its numbers of uninsured / underinsured. For example:

- According to KFH State Health Facts, 19 percent of Arkansas's population lived in a primary care health professional shortage areas in 2012; and in 2008 Arkansas ranked in the bottom ten states for having only 19 physicians per 10,000 of the population while the national average was 26.
- Arkansas Medicaid was a fee-for-service program with reimbursement rates generally well below commercial and, until recently, well below Medicare reimbursement rates. This low reimbursement coupled with Arkansas's rural geography historically impeded provider access in the Medicaid program.
- Arkansas ranked among the top ten states in terms of uninsured residents for 2009-2010. The Arkansas Center for Health Improvement (ACHI), home of the Surgeon General, estimated in February 2013 that about 26 percent of working-age Arkansans were uninsured. Additional research Arkansas estimated

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587,000 Arkansans, or 20 percent of our population, would be uninsured in 2013. Of that number 80,000 would be small group eligible and 507,000 would be uninsured individuals.

According to 2011 studies by the National Association of Insurance Commissioners (NAIC), Arkansas's employer sponsored insurance market covered 1.2 million Arkansans in 2010 through self-insured employers (884,000), large group employers (211,000), and small group employers (105,000). The individual market covered 115,000 Arkansans. Medicaid and ARKids First in State Fiscal Year 2012 covered 795,889 people, or 26 percent of the state's population (Arkansas DHS, December 2012).

Expected Health Insurance Marketplace (HIM) Enrollment: AHCD consulted with actuaries to assess the financial implications of State insurance mandates on eligible Essential Health Benefit (EHB) benchmark plans. Actuaries Powell and Associates estimated that the population in Arkansas should increase from 2,930,594 in 2013 to 2,949,350 when the HIM becomes available in 2014. For both years, approximately 86% of Arkansas should be under 65 years old.

Based on projections (See Marketplace Report at <http://hbe.arkansas.gov/MP.pdf>), it is expected that 211,000 Arkansas residents eligible for Advance Premium Tax Credits would enroll in private insurance plans through the Marketplace; further, Optumas estimated that 247,000 would enroll in QHPs through the Marketplace with premiums funded by the Medicaid expansion. This would reduce Arkansas's uninsured rate by more than half. By 2019, the uninsured population was estimated to drop to less than nine percent of the population.

Powell and Associates also predicted selected coverage variables in 2013, 2014, and 2019, breaking them down by population, age, family size, employment status, percent Federal Poverty Level (FPL), self-reported health status, education, literacy, and insurance status (insured / uninsured). Among their estimates were:

Variable	2013	2014	2019
Number of individuals covered by employer plan	1,103,499	1,018,552	1,006,987
Number of individuals eligible for employer coverage but not enrolled (insured vs. self-insured)	80,000		
Number of small employers not offering health coverage (less than 50 employees)	28,765		
Number of individuals covered by full-coverage and individual major medical plans	544,295	499,264	438,314
Number of individuals in self-insured plans	695,204	641,688	634,402
Number of individuals in mini-med or limited benefit plans	N/A	N/A	N/A
Number of individuals enrolled in Medicaid	682,000	856,641	899,207
Number of individuals enrolled in another public plan including dual	136,400	171,328	179,841

Variable	2013	2014	2019
eligibles			
Number of individuals eligible for Medicaid but not enrolled		70,000	
Number of individuals not insured	587,000	301,106	279,901

**The Arkansas Marketplace - Individual and Group Markets:** In 2011, 53 carriers issued individual policies in the State. Total annual earned premium was reported at approximately \$244,076,578. Arkansas Blue Cross Blue Shield dominated the business with 75% market share; all others were in single digits. The total number of covered lives (including dependents) by all carriers was about 119,566 Arkansans. Arkansas Blue Cross Blue Shield covered 91,499 lives and all others covered the balance, or approximately 28,067.

In 2012, the Group Health Insurance marketplace contained 24 health insurance carriers with \$443,087,573 of yearly earned premium. That covered about 130,194 Arkansans including dependents. Three carriers dominated the small group market in Arkansas:

- Arkansas Blue Cross Blue Shield - 65,835 covered lives
- United Healthcare - 27,573 covered lives
- QualChoice Health Plan - 25,912 covered lives.

Following an interagency agreement in 2012, the University of Central Arkansas (UCA) assessed the existing competition in the individual and small group health insurance markets (50 or fewer employees), along with measuring carriers' willingness and interest in participating in Arkansas's SPM. UCA used 2011 data to survey Arkansas's top ten issuers of Individual Comprehensive Health Coverage, representing 97% of the State market, and Small Group Comprehensive Health Coverage, accounting for 99%. Of the 17 issuers that responded, only 12 potential Marketplace issuers fully answered.

After reviewing preliminary findings, UCA expanded the survey scope to include additional companies to assess how many carriers might participate in the Arkansas HIM. Carriers surveyed noted five barriers to participation: (1) uncertainty; (2) adverse selection; (3) questions about whether carriers would be allowed to sell in specific counties or required to sell throughout the state; (4) churning; and (5) medical-loss ratio. The survey also found carriers preferred an "open market" versus "active purchaser" approach. (See <http://hbe.arkansas.gov/MarketplaceResearch.pdf>.)

**"Churning" Studies:** Using funds from the Administrative Supplement, ACHI conducted preliminary research on the "churning" issue raised by carriers and predicted to disrupt continuity of coverage when consumers moved between Medicaid and QHP coverage with HIM subsidies. ACHI reviewed published literature, state-based studies and the *ARHealthNetworks* populations to estimate the extent of "churning" and the points at which individuals were expected to "churn".

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ACHI wrote a policy brief examining Arkansas-specific churn issues and possible options for addressing churn, with pros and cons for each. The brief also discussed split family coverage issues, including options to address those situations. ACHI predicted “high-volume churn” between Medicaid and the Advanced Premium Tax Credit population, if a traditional Medicaid expansion model were chosen, but it projected significantly reduced churn under what came to be known as the Private Option.

**Economic Impact:** Arkansas Medicaid and AHCD funded a 2013 RAND Health Study to estimate the economic impact of establishing a SPM and expanding Medicaid in Arkansas under the ACA. This study provided updated estimates of the numbers expected to enroll in the new Marketplace.

(<http://www.achi.net/MiscDocs/130103RAND%20Final.pdf> ).

While federal funds would be used to cover most of the 400,000 additional people covered for insurance post-ACA, Arkansas would lose federal money through Medicare reimbursement cuts, a reduction in Medicaid Disproportionate Share Hospital (DSH) payments, and additional taxes on insurance plans. However, the net effect would be an estimated increase of roughly \$430 million to the State; with the community multiplier effect of this net increase in federal spending, the total impact on the State’s gross domestic product (GDP) would be a gain of around \$550 million. Additionally, employment could rise by about 6,200 and mortality was estimated to decrease by 1200 lives annually. In the county-level analysis, total State and local tax revenue would increase by about \$19 million. Based on the increased enrollment and spending distributions for Arkansas, the State could see a decrease of about \$67 million dollars in uncompensated spending costs in 2016.

**Influence of the Private Option:** Using the actuarial data and health services research related to the Private Option, Arkansas pursued an aggressive strategy of education and communication in recruiting carriers to participate in the HIM. The Private Option was inviting to carriers because it would essentially double the consumers that could shop in the Marketplace.

Following the initial planning review and discussions of strategies to mitigate the impact of consumer “churning” among Insurance Affordability Programs in Arkansas, Manatt Health Solutions (Manatt) was chosen to study continuity of care/coverage issues and assist in outlining potential strategies to minimize the impact of churning. In late 2012, three potential options were shared with the Insurance Commissioner, Medicaid Director, Surgeon General and diverse state stakeholder groups. It also was predicted the Private Option would generate \$1.6 billion in Medicaid funding from the federal government for Arkansas in 2015 and \$2 billion in 2017.

Research found the overwhelming majority of the Private Option consumers would be less than 45 years-old, with the 25-34 age group containing the highest percentage of Private Option consumers. This indicated the cost of servicing those plans would likely be less than thought. Actuaries predicted a relatively healthy population, a contrast with early fears by companies with little experience with the Medicaid population. Meetings were held with Medicaid and AID staff, the Governor and members of his office, and key stakeholders in early 2013. All the research provided support for the Arkansas Health Care Independence Act.



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The short time window between the Arkansas Health Care Independence Act (Private Option) and the deadline for plan submission for QHP approval presented a new set of challenges for carriers. To encourage applications, the date for existing QHP deadlines was extended to June 30, 2013 and companies were allowed to simultaneously apply for Arkansas licensure and QHP status.

### **Legal Authority and Governance**

Both the SBM and SPM models were assessed early on. Arkansas advised HHS that Arkansas would be responsible for the Plan Management and Consumer Assistance functions of the SPM as allowed by federal and State statutes and published guidance.

Governor Beebe's sent a Declaration letter to HHS Secretary Sebelius on December 12, 2012. (See <http://hbe.arkansas.gov/FFE/GovBeebePartnershipLetter.pdf>.) As the letter stated, the SPM puts Arkansas in a good position to transition to a State Based Exchange in the future. On December 17, 2012, AHCD submitted Arkansas's completed Blueprint Application to HHS for an SPM to operate starting in Plan Year 2014. On December 31, 2012, Arkansas received conditional approval from CMS to operate as an SPM. A letter from Secretary Sebelius to the Governor on January 3, 2013 confirmed that HHS was granting Arkansas conditional approval to establish an SPM in 2014 ([http://hbe.arkansas.gov/AR\\_Partnership\\_Release.pdf](http://hbe.arkansas.gov/AR_Partnership_Release.pdf)).

Another outcome was the development of the Medicaid premium assistance model to serve as the foundation for Arkansas's Medicaid expansion. Under this Private Option, premiums for QHPs sold by carriers doing business in the HIM would now be paid by Medicaid, covering newly eligible adult consumers up to 138 percent of the FPL. This concept received State approval, and an 1115 Waiver was submitted to HHS on August 5, 2013. The Centers for Medicare and Medicaid Services (CMS) Section 1115 Research and Demonstration Waiver for Private Option, applied for by DHS, was granted September 27 by CMS for Arkansas to run this program.

**2013 Legislative Updates:** The 2013 legislative session raised expectations and concerns regarding the establishment of the SPM. Governor Beebe and Surgeon General Thompson had presented the "Private Option" plan to Secretary Sebelius in February and received concept approval. The appropriation for the Division of Medical Services within the Department of Human Services (DHS) included authority to spend the Medicaid expansion dollars. In the end, the SPM and Private Option passed, with the provision making clear that Arkansas could withdraw from the program if the federal government required states to pay more.

As discussed, the Private Option should have wide-ranging impact on the state of Arkansas. The general health of the State should see major improvements as a result of the ACA's implementation in cooperation with the legislature. In addition, providers and insurers should benefit economically.

In 2013, the Legislature passed a number of laws related to the ACA:

- **Acts 1497 and 1498:** Arkansas Health Care Independence Act (Private Option) was signed April 23, 2013. The Acts provide for federally-funded premium payments being paid to private insurers to cover individuals newly eligible for Medicaid under the ACA expansion to 138% of the FPL. (See

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<http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1497.pdf> and <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1498.pdf>.

- **Act 1496**: provides companion appropriation for the Private Option. (See <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1496.pdf>).
- **Act 1500**: created a new, non-profit, quasi-governmental governing Board to provide for the shift to a State Based Exchange as early as July 1, 2015 for Plan Year 2016. The Board represents consumers and industry and was to be appointed by July 1, 2013, with three members each appointed by the Governor, the House Speaker, and the Senate President Pro Tempore; the AID Commissioner and the DHS Director also are members. A Legislative Oversight Committee provides Board oversight. The functions of the SPM will transfer to the new Marketplace Board no sooner than July 1, 2015 and at the time the Marketplace Board establishes the SBE as approved by DHHS.. Under the Act the AID Commissioner maintains authority to carry out his or her regulatory duties. The law can be found at <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1500.pdf>.

The Board of Directors has been appointed and has started meeting as a full Board and as subcommittees (Grants and Search). Several members have insurance experience and/or are members of existing advisory committees. Members are:

- **Governor Mike Beebe's Appointments**: Mike Castleberry, Little Rock, Vice President of Network and Business Development at HealthScope and member of the AHC Plan Management Advisory Committee; Chris Parker, Little Rock, partner at Eichenbaum, Liles P.A. in Little Rock; Annabelle Imber Tuck, Little Rock, retired Justice of the Arkansas Supreme Court, member of the AHC Steering Committee and co-chair of the AHC Plan Management Advisory Committee.
- **Senate President Pro Tempore Michael Lamoureux's Appointments**: Steve Faris, Central, former state senator; Fred Bean, Little Rock, President, Bean Hamilton Corporate Benefits and member of the AHC Plan Management Advisory Committee; John Denery, Little Rock, Stephens Insurance Executive Vice President.
- **House Speaker Davy Carter's Appointments**: Sherrill Wise, Little Rock, Vice President and Treasurer of Dillard's Inc.; Dr. Jerry Jones, Cabot, former Branch Chief of Pharmacy Services, Arkansas Department of Health; Greg Hatcher, Little Rock, founder and owner of Hatcher Agency.
- **Other Members of the Board (by virtue of their positions)**: Jay Bradford, Arkansas Insurance Commissioner; John Selig, Arkansas Department of Human Services Director.

Other relevant Acts include:

- **Act 1439**: requires Navigator and non-Navigator Health Insurance Marketplace assisters (e.g., Guides, Navigators, Certified Application Counselors or CACs, and Licensed Producers/Agents and Brokers) to complete training and receive licensure from the AID. The AID set the annual license fee at \$35 a year. Assisters also must pass background checks. As of October 29, 2013, over 1100 assisters across the State

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had completed training and licensing. (See <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1439.pdf>)

- **Act 1373**: the appropriation bill that includes spending authority for the SPM passed both chambers, and was signed into law by Governor Beebe on April 19, 2013. Appropriation discussions are ongoing. (See <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1373.pdf>).

AID continues to work to build relationships with legislators, informing them about the SPM in Arkansas and how it can help their constituents. Key to that effort is diligently answering legislators' questions quickly and completely, holding meetings with representatives of both parties and inviting legislators to advisory committee meetings, all of which have proven helpful in establishing an ongoing dialogue.

### **Stakeholder Engagement Model for Governance**

Prior to the establishment of the Board by Act 1500, a formal Stakeholder Engagement Model was developed in early 2012 that restructured six original work groups into a Steering Committee and two advisory committees aligned with the SPM State-led functions: a Plan Management Advisory Committee (PMAC) and a Consumer Assistance Advisory Committee (CAAC). The PMAC focuses on the definition and delivery of the QHP guidelines; the CAAC focuses on the IPA guidelines, outreach efforts and consumer complaint resolution. Both report to the Steering Committee which makes policy recommendations to the Insurance Commissioner.

The Stakeholder Engagement Model was presented in April 2012 to the reconstituted committees, representatives from CCIIO (Teresa Miller, Amanda Cowley and Emily Pedneau) and the Director of HHS Region VI (Marjorie Petty), among others. Key state leaders participating included Insurance Commissioner Jay Bradford, Surgeon General Joe Thompson and Medicaid Director Andy Allison. (<http://hbe.arkansas.gov/FFE/Steering/StakeholderModel.pdf>.)

The model is structured to be sustainable across political administrations and could assist in developing and managing key relationships at all levels. Primary sponsorship and decision-making are the responsibility of the AID Commissioner. The Steering Committee includes Senior Management representation from:

- Insurance Department (AID) (2);
- Department of Human Services (DHS) (2);
- Arkansas Health Agency Leaders (1);
- Advisory Committee Co-Chairs (6);
- Department of Finance & Administration (DFA) (1);
- Legislature (2);
- Governor's Office (1); and
- At-Large Members (3).

The Deputy Commissioner serves as the Chair of the Steering Committee. Minutes of meetings are available at <http://hbe.arkansas.gov/FFE/Steering.html>.

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## Stakeholder Consultation

Stakeholder involvement has proven a valuable strength of the Arkansas Marketplace planning and implementation efforts. It remains important as the State considers the steps to transition to a SBE. Public and private stakeholders have participated through various activities, outlined below:

Stakeholder Group	Consultation Strategy
<b>Steering Committee 2011</b>	<p>The original 21-member Steering Committee appointed by the AID Commissioner met to coordinate planning and make recommendations to the Commissioner, legislators and Governor about development of a State Based Exchange. It met until November 15, 2011 when initial efforts for a SBE were put on hold. Meeting summaries can be found at <a href="http://hbe.arkansas.gov/Steering.html">http://hbe.arkansas.gov/Steering.html</a>.</p> <p>The initial Steering Committee was comprised of liaisons from six workgroups (Community Leaders, Consumers, Information Technology, Outreach/ Education/ Enrollment, Providers, and State Agencies), University of Arkansas for Medical Sciences (UAMS), Governor's Office, Arkansas Center for Health Improvement (ACHI is home of AR Surgeon General), AR Department of Human Services (DHS) Director, and two legislators (one Democrat; one Republican).</p>
<b>Community Meetings 2011</b>	<p>During the summer of 2011, UAMS led 66 "information and listening" sessions in 17 towns/cities across Arkansas targeting four stakeholder groups: Community Leaders, Providers, Consumers, and All Citizens. Three special population sessions were held targeting Spanish-speaking and Marshallese residents. Specific outreach was made to minority groups and those with special health care needs. Interpreters were available.</p>
<b>Web-Based Survey 2011</b>	<p>UAMS conducted research and created a web-based survey to solicit residents' input into planning. The survey was "live" July 12 – August 25, 2011. There were 432 valid responses. (See <a href="http://hbe.arkansas.gov/StakeholderInput.pdf">http://hbe.arkansas.gov/StakeholderInput.pdf</a>).</p>
<b>Steering Committee 2012 – 2013</b>	<p>AID Commissioner Bradford appointed a new Steering Committee in March 2012 to make recommendations relative to SPM development. Committee members include representatives from government (executive agency leaders, Governor's office, Legislature), private industry (health insurance and health care), and consumer advocacy groups (individual and small business). The Steering Committee discusses planning/implementation issues, manage collaboration among the SPM and FFM planning efforts, discuss issues pertaining to possible transition to a SBE, approve or disapprove recommendations from the PMAC/CAAC to forward to the Commissioner. First Data serves a facilitation role. Monthly progress reports and meeting summaries can be found at <a href="http://hbe.arkansas.gov/FFE/Steering.html">http://hbe.arkansas.gov/FFE/Steering.html</a>.</p>
<b>Advisory Committees 2012 - 2013</b>	<p>Under a stakeholder engagement process, two Advisory Committees were created to align with the state operated functions of the SPM —Plan Management (discussed more fully under</p>

	Business Operations) and Consumer Assistance. Each meets for a minimum of three hours monthly to consider scheduled policy issues and make recommendations related to implementation. They review issue briefs and alternative policy recommendations, seek additional information, and make formal recommendations to the Steering Committee. The Committees began meeting in May, 2012. Committee products can be viewed at <a href="http://hbe.arkansas.gov/FFE/Consumer.html">http://hbe.arkansas.gov/FFE/Consumer.html</a> and <a href="http://hbe.arkansas.gov/FFE/Plan.html">http://hbe.arkansas.gov/FFE/Plan.html</a> .
<b>Community Meetings 2012-2013</b>	The AHCD, along with Arkansas Department of Health, Arkansas Minority Health Commission, and University of Arkansas Partners for Inclusive Communities, have led community meetings across the state since 2012. A Speakers Bureau has been established to provide information in all 75 counties in both English and Spanish. Trained workers began presentations Aug. 1, 2013. Additionally, the Minority Health Commission has hosted local community forums across the state, and the University of Arkansas at Little Rock (UALR) provides community-based education sessions to small business through the Arkansas Small Business and Technology Development Center (ASBTDC).
<b>State Agency Health Improvement Leaders 2011 - 2013</b>	AHCI convenes a monthly leadership meeting where four major health improvement activities are addressed: Health Insurance Marketplace, Health Information Technology (HIT), Workforce, and Payment Transformation. The Governor's Policy Office, State Agency directors and chief of staff from the Departments of Insurance, Human Services, Health, Office of HIT, and the UAMS meet for updates and strategic discussions. In planning the implementation of the Private Option, a subgroup began meeting bi-weekly.
<b>Legislative Reports 2011 - 2013</b>	<p>Insurance Commissioner and Marketplace staff formally present at numerous legislative committee meetings. One-on-one or small group discussions are held as needed to update legislators or answer specific questions.</p> <p>Marketplace Staff have participated with legislators through meetings of the Public Health Welfare and Labor Committee on Medicaid expansion and the SPM, Rules and Regulations Committee on Arkansas EHB rules and the Insurance and Commerce Committee regarding the SPM. During the 2013 legislative session, most business occurred in the Insurance and Commerce Committee. AHCD has participated in meetings of the Public Health, Welfare and Labor Committee, Legislative Council, Review Committee, PEER Committee, the Personnel Committee, and most recently the HIM Board Oversight Committee..</p>
<b>AHCD Website 2011 - 2013</b>	AHCD information and planning efforts are posted on the AHCD website, <a href="http://www.hbe.arkansas.gov">www.hbe.arkansas.gov</a> , including meeting notices, summaries, Q & A, and issue briefs. Readers are directed to staff for questions/comments.
<b>Arkansas Health Connector Website 2013</b>	Through the Outreach and Education marketing and advertising contract, Mangan Holcomb Partners (MHP) has been the vendor managing the public education website for enrollment efforts at <a href="http://www.arhealthconnector.org">www.arhealthconnector.org</a> . The website has been tailored, relying on photography of Arkansans, rather than stock footage. The first month's activity included 110,000 visits by

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	91,000 unique visitors; activity has remained strong.
<b>Producer Outreach 2013</b>	AHCD and University of Arkansas Partners for Inclusive Communities staged meetings throughout the state in July 2013 with hundreds of agents and brokers. The locations of these meetings, which were well-attended, were: Little Rock, Fort Smith, Fayetteville, Jonesboro, West Memphis, El Dorado, and Texarkana. An email was sent in August 2013 to 38,000 licensed producers announcing availability of federal and State training leading to Arkansas HIM licensure.

### **Establishing Assisters**

The Consumer Assistance functions, including developing and managing the In-Person Assister (IPA) programs, monitoring Guides and other assisters and directing both an Outreach & Education campaign and stakeholder engagement strategy, are the responsibility of Arkansas in the SPM model. More work is needed to ensure the general public, as well as specific constituencies, are kept informed of their health insurance options. Any transition from the SPM to a SBM will require continued focus on consumer assistance to ensure ongoing support and interest.

The Level One Grant has funded the expansion of stakeholder engagement activities associated with the IPA Guide program. AID has worked hard to expand consumer participation among underserved / hard-to-reach populations, including Hispanics, African-Americans, individuals with disabilities, Marshallese, Asians, and to expand representation from various geographic locations (such as the Delta area). AHCD has developed relationships with community organizations such as UAMS Center for Rural Health's Health Literacy program to ensure training and outreach materials are understandable to populations with low literacy rates; staff also developed relationships with the Arkansas Minority Health Commission to participate in a series of quarterly health forums designed to educate diverse communities regarding health disparities.

The Level One grants also provided funding to develop the Arkansas IPA Program. Public Consulting Group (PCG) was chosen competitively with a scope of work to support the CAAC to design, develop and implement the Arkansas IPA Program according to CCIIO and State guidelines and requirements. The three primary areas of responsibility for PCG were: (1) IPA eligibility, certification and training; (2) IPA entity application; and (3) IPA operations (including policies and procedures).

As noted, the CAAC is responsible for developing recommendations regarding communication, outreach, and consumer services surrounding the SPM, including the IPA Guide Program. In addition to various state agencies (ADH, DIS, DHS, etc.), the Committee includes broad representation from consumer advocacy groups, small business owners, insurance producers, dental associations, religious community, disability community, UAMS College of Public Health, legal community, unions, and more.

The CAAC made recommendations regarding the IPA program to the Steering Committee concerning:

- IPA Eligibility Requirements;



- IPA Training Requirements;
- IPA Certification and Licensure Requirements;
- IPA Entity application process – initial, renewal, denial, termination;
- IPA monitoring methods, monitoring requirements and performance metrics;
- Payment and evaluation of IPA entities;
- Performance metrics and payment.

CAAC's recommendations to the Steering Committee were approved, with some modification, and forwarded to the Commissioner, who approved them for adoption. Additionally, the Committee identified performance metrics it included in the contract requirements for IPA entities. The contracts create incentives by stipulating that 10 percent of the payment is dependent upon:

Measures	Standards
Enrollment	<ul style="list-style-type: none"> <li>• Number of individuals IPA Guides enrolled in a QHP, Medicaid, if applicable (or other insurance type);</li> <li>• Number of individuals IPA Guides enrolled in a QHP or Medicaid, if applicable, from a "hard-to-reach population" (TBD), if data are available;</li> <li>• Number of applications IPA Guides started with individuals;</li> <li>• Number of applications IPA Guides completed with individuals;</li> <li>• Percentage IPA Guide Entity "target populations" enrolled during open enrollment.</li> </ul>
Outreach and Education	<ul style="list-style-type: none"> <li>• Number of outreach activities completed (by type and number of attendees);</li> <li>• Number of education activities completed (by type and number of attendees).</li> </ul>
Administrative	<ul style="list-style-type: none"> <li>• Data reported accurately and in a timely manner, with no greater than five percent error or late rates;</li> <li>• Consumer complaints referred to AID's CSD Resource Center within two business days of receipt from consumer, with mutually agreed upon follow-up to be conducted.</li> <li>• No more than five percent enrollment error rate (as reported by the FFM and attributable to a specific IPA Guide entity.)</li> </ul>
Satisfaction	<ul style="list-style-type: none"> <li>• Overall consumer satisfaction with individual IPA Guides and/or IPA Guide Entity as documented by IPA Guide entity and/or AID surveys.</li> </ul>

As a result of an RFP developed with PCG in March 2013, AHCD has contracted with a diverse selection of 27 Arkansas governmental and non-governmental community based organizations to deliver IPA services. IPA entities are contracted to provide hundreds of individuals to be trained and licensed, and to serve as assisters throughout each of Arkansas's 75 counties.

These IPA Guides, along with the exchange producers (agents/brokers), are integral to the State's initial Outreach and Education efforts educating and preparing individual Arkansans for the open enrollment period; they began

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training June 2013 and the licensure process in September 2013. Funding for all elements of the IPA program is part of Level One B, C and D grants. Through October nearly 250 of an expected 537 IPAs completed training and are licensed to provide assistance statewide, in addition to about 1000 producers; additional IPAs and producers, as well as other assisters, are “in the pipeline” to complete the required training/licensure process. As a sample of IPA organizations delivering outreach and education through their assisters:

- Arkansas Department of Health (234)
- Arkansas Minority Health Commission (10)
- Community Health Centers (35)
- Covenant Medical Benefits (22)
- IN Affordable Housing Inc. (10)
- The Hispanic Women's Organization of Arkansas (10)
- Tri-County Rural Health (23)
- University of Arkansas for Medical Sciences (48)

### **Guide Training**

The Arkansas Department of Higher Education (ADHE) along with the Arkansas Association of Two-Year Colleges (AATYC) began development and delivery of training content in April 2013. AATYC has worked to develop and execute the classroom and online training plan based on the curriculum recommended by the CAAC. Classroom training was held at 22 two-year colleges and one four-year college in Arkansas. As noted, all Guides are required to successfully complete training with at least a 70 percent minimum score on applicable testing in order to be licensed. Grant funds were used to add an IPA Training Lead in May 2013; the Lead has insurance experience through the Senior Health Insurance Information Program (SHIIP). Responsibilities include scheduling, acting as a training liaison with the IPAs and IPA organizations, and helping oversee training curriculum development and delivery.

Training takes place in three phases:

- *Phase I* introduces Guides to the ACA and what it means to Arkansans. The goal of Phase I training is to prepare Guides to do outreach in their local areas. There are nine Phase I training curricula sets or “modules.” Those are: Customer Service, Basic Understanding of Health Care and Health Care Reform both Nationally and in Arkansas, The Affordable Care Act, Health Insurance 101, Privacy and Confidentiality, The Arkansas Insurance Department and the Health Insurance Marketplace, Qualified Health Plans, Diversity and Cultural Competency, and Basic Computer Skills. Future classroom training sessions are in the process of transitioning to online training starting early November using tools Moodle and Captivate.
- *Phase II* training is the online federal training that is applicable to the Navigators and other assister types including licensed producers. Two Navigator contracts have been granted in Arkansas, to Southern United Neighborhoods [SUN], and the Arkansas Navigator Coalition. Navigators hired will be required to complete Phases II and III of training prior to licensing.



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- *Phase III* will be Arkansas specific training to bridge any gaps in federal training and prepare assisters with Private Option information specific to Arkansas. Phase III has multiple versions to accommodate the specific needs of the various assister types where applicable.

### **Guide Operations**

Through an RFP process, a Guide Management System (GMS) has been developed by Computer Aid Inc. (CAI) in collaboration with input from AHCD staff. The GMS tracks Guides and IPA guide entities, and serves as the IT portal for tracking expenditures, reporting performance, and invoicing. AHCD uses GMS to view IPA Guide Organization and other assister training and licensing activities. IPA organizations use GMS to help meet contractual obligations and invoice AID for their services. GMS is used to track expenditures of IPA organizations in these categories: Salary / Benefits, Professional and Contractual, Travel, Supplies, Advertising, Equipment / Capital Purchases, and other uncategorized expenses not covered above. IPA Guide Organizations upload substantiating documents including receipts, expense reports, etc. to GMS on a monthly basis. IPA entities also use GMS to report performance activities of guides and generate reports illustrating the organization's performance.

### **Outreach & Education**

An inter-agency agreement was signed in September 2012 with ACHI/UAMS Creative Services to help implement the Outreach and Education campaign. A survey of an estimated 500 effected Arkansans and five focus group sessions at various locations around the State were used to develop the branding approach and later messages to inform Arkansas consumers about the SPM in a way that can be easily understood. Presentations by ACHI/UAMS included creative concepts for commercials and print. A key result of this work was the selection of the name and tagline for the Arkansas Outreach and Education campaign; "Arkansas Health Connector: Your Guide to Health Insurance."

In January 2013 AHCD selected the graphic (shown below) for branding of the Arkansas Health Connector program. The creative work was performed by Information Network of Arkansas (INA), the contractor that manages the AID website for AHCD. This is separate from the Arkansas Health Connector website, which is aimed toward consumers.



Arkansas has implemented a comprehensive, multi-phased Outreach and Education campaign that began spring 2013. The outreach and education staff work closely with contractors, the IPA Guides, ADH's Home Town Health

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programs (Speakers Bureau) and the Arkansas Health Connector Resource Center to support this comprehensive, multi-phase outreach and education campaign.

In May 2013, MHP presented its plan to inform Arkansans of the Marketplace options. This included working with Lattimer Communications, which specializes in minority outreach, specifically to African-American and Latino populations. The vendors planned to target community influencers, small businesses, hospitals, dentists, and other health care providers as groups that could help spread the message about the Marketplace.

The Outreach and Education campaign formally kicked off July 1, 2013, with the launching of the [ARHealthConnector.org](http://ARHealthConnector.org) website, managed by MHP, and multiple other promotions. The campaign was scheduled to run advertising in each county in Arkansas and included specific campaign messaging for multiple audiences. During the 13-week campaign, ads were scheduled to run on 28 television stations, 24 regional radio stations, 118 community radio stations, and in 120 community newspapers. There were ads planned on 227 billboards, 100 gas pumps, and two Central Arkansas Transit buses. Direct mail ads were planned for 254,000 households and 172,000 small businesses. MHP also coordinated the publication of educational inserts in *Arkansas Business*, *Talk Business*, and *Arkansas Times*.

A mobile app and Facebook page were developed as social media tools for multiple platforms. Focus groups and polls shaped the message. The catch phrase used has been “Get In,” (logo below) as many of those targeted for inclusion have been “left out,” thus, “Get In.” Soon after the October 1 launch, there were 12,140 ‘likes’ on Facebook for the Arkansas Health Connector, compared to 1,262 for the Massachusetts Health Connector and 746 for Connector for Health Colorado. There were 1,530 total downloads of the Arkansas Health Connector’s mobile app.



The website has proven successful in generating web traffic and interest, creating a recognizable brand and providing information to consumers, businesses, and agents and brokers about the SPM. From July 1 to September 15, there were 266,297 total visits to the website, including 204,257 unique visitors. The pages most visited were the mobile home page (123,104) and the website home page (130,722). From October 1 to October 19, there were 75,523 total visits to [www.ARHealthConnector.org](http://www.ARHealthConnector.org), including 58,102 unique visitors.

The outreach and education campaign has involved many partners. Governor Beebe participated in a taping of a video which was aired during an hour-long educational program on the Arkansas Educational Telecommunications Network (AETN), <http://www.aetn.org/programs/getin>. AHCD staff and IPA guides participated in a “phone bank” at AETN to take calls during the airing of the taped program. About 70 calls were received, mostly from people interested in learning more about their options and how the Marketplace will work.

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A subsequent “phone bank” during a newscast on KTHV-Channel 11, the Little Rock CBS affiliate, also proved extremely successful. Staff took call after call at the station while the interviews aired. AHCD also participated in additional promotional / educational opportunities on August 29 at KARK-Channel 4 (240 calls) and on AETN on September 29 (104 calls). Finally, Resource Center and AID staff answered over 1000 calls October 1-2, after the opening of initial enrollment began.

Consumer assistance and outreach and education teams collaborated several times since enrollment began. Open enrollment for the Health Insurance Marketplace in Arkansas began October 1 with a “Get In” promotional and educational event at the University Of Arkansas Clinton School Of Public Service in Little Rock. Commissioner Bradford and Deputy Commissioner Crone were joined by Clinton School Dean Skip Rutherford; during the event the first applications were completed by Clinton School students in need of health insurance.

Additional early outreach and education efforts have included activities at the Arkansas State Fair (staffed by AHCD staff and IPA guides) and the Susan G. Komen Race for the Cure (staffed by AHCD leadership). During the Arkansas State Fair, nearly 26,000 contacts were made between October 11 and 20<sup>th</sup>; about 500 people were provided with information or enrollment materials.

The campaign will continue its efforts during Open Enrollment to make sure every affected Arkansan is aware that “the time is now” to enroll in a health plan and how to get assistance prior to January 1, 2014, if needed. Committed staff continue to work with community organizations to reach out to the African-American, Latino and other impacted communities. The objective will be to maximize the consumer enrollment in available QHPs.

Outreach and education to the business communities in Arkansas will continue as well. The University of Arkansas Little Rock Small Business Technology and Development Center (ASBTDC) will engage and provide assistance to Arkansas small businesses, an important constituency. Under an existing Level One Grant, the ASBTDC developed seminar training contents and materials and conducts training events to educate small business owners / employers and their employees about the ACA, connecting employers and employees with IPAs or licensed producers for in-person assistance. The Level One D grant request should extend this funding.

As mentioned, a final part of outreach and education is the AHC Resource Center, a collaborative effort with the Consumers Services Division (CSD) that provides consumers, brokers, health care providers, issuers and employers’ quick and accurate answers to questions about the ACA and how it impacts them. Contacts take the form of written correspondence, in-person consultation, or telephone communication. The Resource Center will provide monthly data to identify trends regarding complaints and frequently asked questions. The Resource Center will also help schedule speaking events and connect consumers to IPAs in their area. Through September 15<sup>th</sup>, the Resource Center handled 2369 calls and 410 emails pertaining to the Health Insurance Marketplace..

### **Long-term Operational Costs**

Aware that Marketplaces will receive no additional Establishment Grant funding from CCIIO after 2014, Arkansas included a high-level estimate of HIM operational costs and revenues when Arkansas was initially exploring a State Based Exchange in 2011. Using background research and actuarial projections of average premium costs per month

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in 2014 and applying Arkansas's current 2.5 percent premium fee to the estimated number of private plan enrollees in 2014, it was estimated that premium fees could be a source of financial sustainability for the Arkansas operated Marketplace. Regarding long-term operational costs, CMS notified states in November 2012 that it would charge up to 3.5 percent in issuer fees to pay for Marketplace operation, including the Plan Management and Consumer Assistance functions operated by the SPMs. The State will continue to assess whether these fees will exceed costs of operation of AHIM functions.

The AHIM envisioned by Act 1500 will be allowed to assess fees as necessary to sustain SBM operations. The Act calls for the Board to issue the recommendations on fees starting October 1, 2014 to the Arkansas HIM Legislative Oversight Committee "in the manner and format that the Committee requires." Assessments by the Board may be offset by amounts received by the premium tax during the year the assessment is levied. At this point, the State hopes to use future funding to project development and operations costs for the SPM and the new Arkansas Health Insurance Marketplace Board for the potential SBM.

### **Program Integration**

A significant portion of Arkansas's early Marketplace planning efforts was devoted to identifying opportunities to leverage existing functionality / processes for use in a SBE. The Arkansas's Program Integration Plan created as the result of these 2011 efforts is posted on the AHCD website at [http://hbe.arkansas.gov/PIPlan\\_20110817cc.pdf](http://hbe.arkansas.gov/PIPlan_20110817cc.pdf).

Since then, multiple agencies and organizations have been consistently involved in Marketplace planning activities, and as participants in the Steering Committee and/or the advisory committees. When the Governor began to pursue the SPM model, an initial step was to sift through existing research to determine what opportunities for collaboration and program integration existed in the two areas where the State had responsibilities: Plan Management and Consumer & Stakeholder Engagement & Support.

### **Business Operations of the Partnership Model Exchange**

Arkansas went through several SPM Planning Reviews with CCIIO in Maryland, between May 2012 and June 2013, to prepare for the October 1, 2013 Open Enrollment start. The Arkansas team was led by Insurance Commissioner Bradford and Deputy Commissioner Crone representing the State agencies that were working collaboratively to establish the Marketplace.

Other Arkansas participants included representatives from the Governor's office, Arkansas Surgeon General Joe Thompson; DHS Director of County Operations Joni Jones, Medicaid Director Andy Allison, DHS IT Director Dick Wyatt, and representatives from the Medicaid policy office, the DIS, along with other AHCD and contractor support as needed. Prior to the meetings AHCD submitted the Concept of Operations document, updated Design Reviews and Project Management Plan to CCIIO for review and discussion while on site. During those meetings:

- Arkansas completed the Blueprint Application and submitted it on December 17, 2012. The State received notice of conditional approval from CMS dated December 31, 2012. In the Exchange Progress letter from

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our CCIIO project officer, Emily Pedneau, Arkansas was commended for its progress and for continued efforts to help CCIIO work through many of the complex issues of the State Partnership Model.

- State representatives met with CCIIO and CMS leadership about policy and implementation issues related to Arkansas's Medicaid expansion using the Private Option, our Medicaid premium assistance model to purchase coverage for those at 138% of the FPL and below through plans doing business in Arkansas on the Health Insurance Marketplace. .

## **Plan Management**

Level One funds were used starting April 2012 for Plan Management consultation with PCG, to assist with development of QHP certification criteria and processes. PCG was responsible for assisting the PMAC in analyzing and reaching consensus on the appropriate mechanisms for QHP certification, monitoring and oversight. The work included development of position briefs, discussions with the PMAC, AHCD and other AID divisions staff, and interaction with CCIIO/CMS representatives to assure full understanding of all requirements.

The PMAC completed recommendations for the Active Purchaser vs. Open Marketplace topic area for all but one topic (Medicaid-Marketplace Integration), pending additional recommendations from the Medicaid Integration Subcommittee. Decisions were made concerning network adequacy standards, payment and quality improvement, QHP Marketplace certification, limiting the number of plan or benefit designs, the use of ACA quality standards, accreditation standards and certification approaches to plan selection. (Bulletin 1-2013

<http://www.insurance.arkansas.gov/Legal%20Dataservices/Bulletins/1-2013.pdf>).

- Discussion of habilitative services started September 2012 and continued through January 2013 with several EHB changes being submitted that incorporated CCIIO feedback and defined habilitative and other services. (See Directive 1-2013 at <http://www.insurance.arkansas.gov/Legal%20Dataservices/Directives/1-2013.pdf>) The Steering Committee approved a "Habilitative Benefit Scope of Services" as presented by the PMAC. The final drafting was left to AHCD staff for the Commissioner to approve in the QHP bulletin. The commissioner accepted the recommendations. (<http://hbe.arkansas.gov/FFE/Plan/Recommendations/1-25-2013.pdf>)

Actuary Lewis and Ellis, Inc. conducted a study to determine the effect of premium increases on the uninsured population in the State that use tobacco. This report was issued on February 4, 2013 for discussion at the February PMAC meeting. The Commissioner determined that the AHCD should limit tobacco upcharges, should they be added by carriers to the premiums, to no more than 20 percent in Year One.

Actuary Dillon also provided a review of the rating areas currently utilized in Arkansas and evaluated the effect of limiting those rating areas to increase competition and decrease premium prices within the state. The Steering Committee received input regarding rating and service areas, and it decided to maintain the original recommendation to allow seven geographic rating areas that would align with seven geographic service areas. It also recommended that the Commissioner allow benefit substitution within the EHBs as allowed by CCIIO. The Commissioner approved.

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The ACA defined certain requirements for network adequacy. The AID published several bulletins addressing requirements for network adequacy in the Marketplace (<http://www.insurance.arkansas.gov/Legal/Bulletins/11-2013.pdf> and (<http://www.insurance.arkansas.gov/Legal/Bulletins/11A-2013.pdf>).

Regarding Network Adequacy, the PMAC made the following recommendations at its recent October 2013 meeting:

- Require issuer submission of network information in a standardized format for plan year 2015 certification.
- Require submission of GeoAccess maps in a standardized format (which may include specific provider types). The request will be further defined and approved by the Network Adequacy Subgroup.
- Establish a subgroup to determine what specific network data and additional network information issuers will be required to submit for plan year 2015.
- A motion was made to reaffirm the language in the draft network adequacy standard relating to maintaining updated, online provider directories. The motion was rejected. The language in the standard will be clarified and revisited.

June 30, 2013 was Arkansas's deadline for medical and dental carriers to apply to offer QHPs through the Marketplace. Five medical carriers initially applied for QHP certification of multiple plans: Arkansas Blue Cross Blue Shield, NovaSys/Celtic Insurance Company, Blue Cross Blue Shield multi-state plan, QualChoice of Arkansas, and United Security Life and Health Insurance. United Security Life withdrew its application on July 29, 2013. AID reviewed each QHP proposal for compliance with QHP certification criteria as recommended by the Steering Committee and approved by the Commissioner, including the applicant's financial rating, business plan, and financial projections. AID made final QHP approval recommendations to HHS by the July 31, 2013 deadline.

Seven Stand-Alone Dental companies also applied: Arkansas Blue Cross Blue Shield, Best Life and Health, Delta Dental of Arkansas, Dentegra Insurance Company, Guardian Life Insurance Company, Lincoln National Life Insurance Company, and Renaissance Dental. We also received applications from additional dental carriers that intended to service the off-Marketplace market.

CCIIO approved four carriers with a total of 71 plans: Arkansas Blue Cross and Blue Shield, QualChoice, Arkansas Health and Wellness Solutions – Ambetter, and Blue Cross and Blue Shield Multi-State. The seven companies that applied to offer Stand-Alone Dental Plans were also approved by CCIIO—five inside the Marketplace and two outside only..

The business functions of certifying, renewing and managing the QHPs available through the Health Insurance Marketplace are the responsibility of Arkansas. AHCD uses SERFF to provide a single point of interaction for Arkansas issuers to submit plans for certification and renewal and for Arkansas state regulators to certify, renew and manage QHPs participating in the Marketplace. Using SERFF, an existing information technology, should mitigate costs and lessen the burden to issuers of adapting to a new system.

By coordinating multiple data collection, monitoring and evaluation strategies, AHCD plans to efficiently support marketplace studies to protect consumers and guide ongoing policy development and implementation and inform executive and legislative leadership for future modifications. During the October 11, 2013 PMAC meeting, PCG and



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members of ACHI presented an overview of quality improvement initiatives as related to QHPs and the Health Insurance Marketplace. Comments from the PMAC included:

- Clarification is needed whether quality of health plans or providers are evaluated (and questions regarding segmentation of health plan and provider ratings);
- Different incentives may be required due to Any Willing Provider laws;
- Many agreed with the suggestion that the Health Insurance Marketplace focus on integration into existing quality initiatives in Arkansas and not develop new initiatives;
- One consideration in quality metrics is whether they should be applied statewide or regionally;
- Considerations for provider-patient confidentiality since quality monitoring often involves claims data reporting and analysis.
- Quality improvement initiatives should align with certain Medicaid initiatives.
- Quality metrics, such as patient satisfaction, do not always align with health outcomes.

Committee members suggested early goals and recommendations for the ongoing discussions. These include: protecting consumers from nonperforming plans, providing a way to help inform consumers about quality metrics, and to “set the bar high” for quality performance. The PMAC recommended that a subgroup be established to have more in-depth conversations and develop recommendations for goals. It is not anticipated that the committee will finalize any specific criteria recommendations until after the federal guidelines for quality are released.

### **Eligibility and Enrollment**

Key to any current collaborative effort around eligibility and enrollment is the Arkansas Department of Human Services (DHS) which houses the state’s Medicaid agency and is expected to be a critical partner in flow of information about FFM-Medicaid eligibility and enrollment. Eligibility and enrollment expertise and experience at DHS will be invaluable to Arkansas’s developing SPM and any future SBM. DHS county offices also play an ongoing role in managing appeals to Medicaid eligibility determinations and redeterminations.

Arkansas remains committed to a “no wrong door” consumer experience and is planning for a seamless user experience where consumers can enter through Access Arkansas <https://access.arkansas.gov/> or the FFM portal and have their Insurance Affordability Program (Medicaid, CHIP, QHP with premium tax credits, or the Medicaid-expansion QHP program) eligibility / enrollment needs met in real time or near real time. DHS is taking the lead in FFM Eligibility and Enrollment integration with our State Medicaid program and in the Private Option shopping and enrollment experience using Access Arkansas. AHCD is working closely with the Arkansas DHS County Operations to develop and test enrollment processes using programs such as SNAP. AID is taking the lead in oversight of loading QHPs to the FFM portal through SERFF and in collaborative planning efforts to minimize negative effects of expected consumer movement between Insurance Affordability Programs available for our residents

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## IT Gap Analysis and Exchange IT Systems

An early IT Integration Plan was developed after reviewing State documents and websites and interviewing relevant staff. (<http://hbe.arkansas.gov/ITIntegrationPlan.pdf>). This work was completed when the Arkansas was still considering a State Based Marketplace in 2011.

As part of this Gap Assessment effort, meetings were held with key State stakeholders, including those that supervise the functions of DHS, OHIT, DIS, the Employee Benefits Division (which manages health insurance policies for state and public school employees and retirees), and AID, as well as external State stakeholders. The meetings were intended to provide detailed insight regarding the capabilities and functions of the current systems. The Marketplace team carefully evaluated the information in the documentation along with the findings of formal agency interviews, subsequent discussions with various stakeholders including those with the August 2011 IT Workgroup meeting, and other states' research.

One of the primary objectives was to develop a comprehensive list of current systems and applications that could be used or reused to fulfill certain functional needs and integrate with the Health Benefits Marketplace, maximizing funding sources. The Information Technology Workgroup, the State Health Information Technology (HIT) Advisory Council and other stakeholders provided this information. This will need to be reassessed and updated in planning the SBE.

When planning for a State Based Marketplace ended after the 2011 legislative session, AHCD set about identifying the IT support needed for the SPM model. A current Arkansas IT inventory was submitted to HHS/CMS/CCIIO on July 23, 2012. Arkansas DHS Office of Information Systems' Director, Dick Wyatt, was lead for this effort. Ongoing strategic decisions will be required to shape the SPM architecture in Arkansas, especially in light of the new Private Option Medicaid-Marketplace integration policies. Our continued and strong commitment to State agency and federal collaboration is critical to the successful SPM until any future transition to a SBE occurs.

As noted, Computer Aid, Inc. (CAI) has provided an IPA IT solution to create application functionality for the management of the IPA Entity contracts as well learning management system functionality for the maintenance and tracking of training and certifications. Initially, the solution provided for the IPA Guide Management System and QHP (Private Option) management was planned for the same Curam platform as the Medicaid system build. However, delays in the Curam platform resulted in a change to the Microsoft.Net system, which was thought to be the best avenue for the long-term GMS solution.

The SERFF role and approach leverages existing systems, assists states in certifying QHPs, and facilitates integration. Using existing information technology investment vs. building new technology helped mitigate costs and lessen the burden to issuers adapting to a new system. The plans reviewed will eventually land up in the federal Health Insurance Oversight System (HIOS). NAIC increased SERFF functionality to allow for improved data collection and reporting. Using Level One A funds, AID has paid a one-time fee of \$84,451 to cover all costs associated with delivering SERFF functionality to support



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## Reuse, Sharing and Collaboration

AHCD works closely with other divisions of AID in several key areas. First of these is Plan Management. Initial planning determined that AID would be responsible for establishing the regulatory and certification standards including solvency standards for QHPs within the State. This has required intra-agency cooperation with Compliance, Rate Review, Finance, Liquidation, Legal, Consumer Services, License and Information Services Divisions. AID's Rate Review Division staff will continue to play a key role in the evaluation of the premium pricing structures of the QHPs. The License Division licenses and monitors Navigator and non-Navigator Assistants, including IPAs and producers, for competency to sell health insurance through the Health Insurance. AID uses SERFF and the federal Health Insurance Oversight System (HIOS) in its Plan Management implementation.

AHCD collaborates with the AID Accounting Division to assure that policies and procedures are in concert with Departmental financial processes, and has developed a close working relationship with the Compliance Division. The Level One grant funds are supporting staff to assist with Compliance activities; this was of tremendous value during the July QHP certification review. The Grant also funds a staff position in the Information Services Division of AID to assure that Marketplace-related systems are in sync with and supported by State systems as well as positions within the Consumer Service Division Resource Center.

**DHS:** AID is walking step-by-step with DHS and DHHS to assure that SPM eligibility and enrollment development is consistent with ACA requirements, provides a first-class user experience, and is in compliance with cost allocation requirements.

Multiple state agencies continue to collaborate in planning for FFM and Private Option implementation in Arkansas. Early inter-agency planning involving leadership of the DHS Research and Policy team, the DHS Division of County Operations (which performs Medicaid enrollment functions), Information Systems, and Medicaid Divisions; the AID; the Office of Health Information Technology (OHIT); and the State's Department of Information Services (DIS) resulted in a shared Marketplace Eligibility/Enrollment strategy using the Access Arkansas portal as the "face" of the Marketplace. When the state moved to the Partnership model, the FFM portal became the plan for the "face" and Access Arkansas is being used with the Private Option.

AID continues to meet weekly with DHS, specifically its County operations, IT and Medical Divisions, as well as its vendor HP and participating carriers, in an effort to build the best possible user interface and "warm hand off" from the federal HIM or Access Arkansas portals for low whose incomes are low enough to make them ineligible for tax credits but eligible to apply for Private Option.

**ACHI:** ACHI provides policy expertise and has legislative authority over Arkansas's developing All Payer Claims Database Plus (APCD+) which could potentially serve as an asset in the upcoming quality plan rating components of the Arkansas HIM. ACHI has presented preliminary recommendations, which are being evaluated for implementation after Plan Year One.

**DIS:** Another State department identified as instrumental in the development of the Marketplace Partnership is the Department of Information Services (DIS), which has offered strategic and operational expertise on single point of

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entry sign-on authentication, customer call centers, state IT architecture, and maximizing mobile functionality (social media).

The proper IT architecture and proper systems remain imperative toward supporting Consumer Assistance and Plan Management functions for the SPM, and the multiple systems required for a SBE. We seek to maintain our current vendor relationships, especially with DIS, to ensure that modern and complicated technology is developed and managed by those with a deeper understanding of what we are trying to accomplish in the Marketplace. AHCD has identified three needs regarding Information Technology: IT program management; development, data analysis and reporting; and ongoing IT development.

**ADH:** An interagency agreement with the Arkansas Department of Health provides staff support and expertise to the IPA Program through the ADH Home Town Health program. The agency provides outreach and education of community leaders and consumers about the Marketplace as well as support for local IPAs. Through an IPA Contract, ADH is providing Guides in all 75 of Arkansas's Counties through local health units. AHCD will make Outreach and Education materials available to ADH for use throughout the state and will foster routine communication between ADH and the contracted IPA entities.

**AG's Office:** To ensure that consumer interests are protected, Arkansas Attorney General's office has provided expertise regarding the prevention of fraud, particularly with plans or "agents" that misrepresent themselves as being part of the Marketplace when they are not.

**Resource Center:** In 2010, CSD was awarded a CCIO Consumer Assistance Program (CAP) grant to help consumers with issues related to provisions of the Affordable Care Act. Prior to 2011, all CSD staff members were generalists, addressing all life, health, and property/casualty calls. This led to the creation of the Resource Center.

The Resource Center is working to catalogue consumer inquiries and complaints in an effort to standardize responses, identify trends and work to continuously improve consumer services associated with the SPM. AID IT is helping to customize and utilize CSD call logs as data gathering and analysis tools for the SPM.

### **Organizational Structure**

Background research conducted in 2011 recommended an operational structure within which the Marketplace could do its business. This was based on interviews with representatives of State agencies (program and IT staff); consulting with other stakeholder groups; attending work groups and Steering Committee meetings; researching the best communication, outreach, education and evaluation strategies; investigating the Arkansas insurance market and gathered information about uninsured Arkansans -- all in an effort to gather the broadest picture of how Arkansas can best establish a successful Marketplace. The recommendations presented at that time were based on an Arkansas-operated Marketplace and are available for review at <http://hbe.arkansas.gov/BOPlan.pdf>. Following the Governor's decision to create the State Partnership, a division was created in AID responsible for the planning and implementation of the Arkansas operated services and support associated with the SPM.

### **Staff**

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The use of the Level One grant funding has helped the AHCD build a strong and diverse team capable of managing the many required Arkansas SPM functions and collaborating as necessary with the many different stakeholders involved. AHCD staff include:

- Cynthia Crone -- *Deputy Commissioner – Director, State Partnership Marketplace*. An Advanced Practice Nurse, Crone brings years of experience running community health programs and systems change. Responsible for the entire operation of the AHCD, including developing policy recommendations for Commissioner. Reports to Commissioner.
- Deborah Willhite -- *Chief Operations Officer*. A seasoned high-level government executive with experience directing complex operations under extraordinary time and political pressures. She served as Senior Vice President over Governmental Relations and Public Policy at the U.S. Postal Service and was responsible for communication and inter-agency resources during the 9/11 and the anthrax crises. A native Arkansan, Willhite also has private leadership experience. Reports to Deputy Commissioner.
- Bruce Donaldson -- *Statewide Stakeholder Account Manager*. Responsible for connecting with producers, other stakeholders and giving community presentations. Brings years of experience in the insurance industry. Reports to COO.
- Sandra Cook -- *IPA Contract Lead*. Responsible for coordinating the IPA program and community outreach, with an emphasis on hard-to-reach and minority populations. Brings years of experience in grants and community affairs. Reports to COO.
- Zane Chrisman -- *Attorney Specialist*. An attorney, Chrisman has experience in the private health insurance industry and as a regulator at AID. Among other duties, she serves as a liaison between members of the PMAC, the AHCD, and insurance companies. Reports to COO.
- Amanda Spicer -- *Grants/Contracts Specialist*. Responsible for overseeing grants accounting, reporting and the multitude of contracts and interagency agreements as well as internal finance. Roark resigned and was replaced by Spicer who brings to the position extensive experience managing grants, contracts and program budgets. Reports to COO.
- Tangelia Clary-Marshall -- *Program Operations Manager*. Supervises administrative support staff to include interviewing for hire, assigning and reviewing work, orienting new employees, coordinating staff, and monitoring performance. Brings years of experience in banking and finance. Reports to Deputy Commissioner.
- Belincia Jones-Lovelace - *Administrative Assistant III*. Responsible for various support duties for staff and operations of the Division. Background in Finance. Reports to Program Operations Manager.
- Heather Haywood -- *Public Information Manager*. Responsible for overseeing the Outreach and Education campaign and the marketing vendor. Serves as contact for news media. Brings experience in public relations and marketing. Reports to COO.

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- Terri Clark – *Communications Specialist*. Responsible for the speaker's bureau and grassroots communication. Brings experience in non-profit public relations and television news. Reports to Public Information Manager.
  - Seth Blomeley – *Policy and Research Analyst*. Responsible for policy memos, responses to legislative inquiries, compiling of reports and grants, and assisting communications team. Brings experience in print media as well as in state agency communications. Reports to Deputy Commissioner.
  - Chloe Crater – *IPA Education Lead*. Moved from the AID's Senior Health Insurance Information Program where she was employed as a Volunteer Program Coordinator. She previously worked as an adjustment specialist for an insurance company and as an executive director of a non-profit. Reports to IPA Contract Lead.
  - Thomas Herndon – *IPA Contract Monitor*. Former grants specialist with the Department of Finance and Administration. Reports to IPA Contract Lead.
  - Tomika Clark – *IPA Contract Monitor*. An AID employee since 2002, she comes from the Senior Health Insurance Information Program as the Volunteer Program Manager. Reports to IPA Contract Lead.
  - Nichole Weldon -- *Administrative Analyst*. Support for IPA program - training, licensing and monitoring. Reports to IPA Contract Lead.
  - Chantel Allbritton – *Insurance Compliance Officer*. Former delinquent tax collector and deed issuer at the Land Commissioner's Office, former legal researcher for abstract company. Reports to Plan Management/Attorney Specialist.
  - Tracey Dennis -- *Quality Assurance Officer*. Previously worked as an attorney and began in August 2013 to review frequently asked questions and ensure organized quality improvements. She will coordinate closely with the Consumer Assistance Program, staff and vendors as needed to implement organizational improvements. Reports to Accounts Manager.
  - Stradry Wilson – *Financial Specialist*. Previously worked in Licensing Division of AID. The Financial Specialist is responsible for working directly with IPA Guide organizations to provide technical assistance, regarding progress reports, budgeting, and monthly invoices. Reports to Grants/Contracts Specialist.
  - James Stepps -- *Information Technology Systems Specialist*. A veteran of Information Technology having worked on various corporate projects. Specializes in tracking of computer complaint issues and building relationship with SERFF. He assists in the development, training, and maintenance of shared databases that will be required between AHCD, AID Consumer Services Division, and other AID divisions. Reports to the Deputy Commissioner for Information Services.

Funds from the Level One D grant will be used to cover the upcoming expiration of grant funds from the Consumer Assistance Program (CAP). The CAP grant ends April 2014 and continued funding of five positions is important to ensure the best possible consumer services and complaint resolution through the AHC Resource Center.

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Grant funds continue to support contractual relationships with vendors who have become integral for project management, and strategic, policy and operational consulting. These relationships provide the knowledge of business processes, organizational development, IT development, procurement, health insurance policy and project management assistance that will support the SPM and will be essential in creating an Arkansas State Based Exchange in the future.

### **Program Integrity**

As the SPM Model is finalized and implemented the oversight, auditing and fraud, waste, and abuse prevention tools needed to assure proper stewardship of public funds will be put in place. We are constantly monitoring that staff, contracts and operations resources are used efficiently and appropriately from the outset and follow state and federal rules. These same activities will need to be considered for the SBE.

AID has in place an accounting and financial department that is strictly governed by existing State policy. Arkansas audit procedures are performed yearly and are implemented to insure that no one person or position has sole authority to receive, process, and make payments. These policies are in force to provide an effective and efficient system of checks and balances. AHCD Finance works closely with the AID Accounting Division to assure that policies and procedures are in concert with AID's financial processes. There also are AHCD specific policies and procedures to supplement and provide adequate checks and balances to our existing AID Accounting Office. Individual HHS grants are tracked by specific grant identification and account numbers so that expenses, payments and draw-downs are separately and appropriately accounted for and reported.

### **Affordable Care Act Requirements**

Rate Review - The AID currently has prior approval authority over individual health insurance rates for all issuers. The AID was a recipient of Initial Rate Review, Cycle I and Cycle II, grant funding from CCIIO which helped Arkansas move toward an effective Rate Review program for all health insurance markets. Arkansas has been designated by CCIIO as having an "Effective Rate Review Program." The AID Rate Review Division (RRD) will continue all current activities and tasks related to the Affordable Care Act (ACA), including but not limited to rate filings for major medical policies. The AID Compliance Division works closely with RRD and utilizes all programs, job aids and other rate review tools developed by RRD. The Compliance Division supports RRD in all required HHS and Health Insurance Oversight System (HIOS) filings and reporting requirements related to planning for Rate Review. Consumer and plan outreach and other similar activities related to Rate Review will remain within the RRD scope of services.

iRate – RRD has created, developed and implemented iRATE (Insurance Rate Analysis and Tracking Engine), a "ground breaking" and automated SERFF data extraction/retrieval and analytics application. iRATE is a new application that automates and streamlines the rate filing review process, making it easier and faster to provide an effective rate review. iRATE is a web-based tool that presents data from SERFF (System for Electronic Rate and Form Filing) in a simpler way that is easy to understand. iRATE ensures that the most important data needed to complete a rate review is easily accessible at all times. In addition, iRATE includes a robust reporting system that helps insurance departments better track reviews and file them for future use. These capabilities and many others make iRATE the best application for performing a fast, effective and accurate rate review.

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iRATE was released for distribution on June 1, 2013. An iRATE webinar was held on June 24, 2013 to demonstrate the use and capabilities of iRATE accompanied with a comprehensive user manual. RRD is also producing a national webinar to demonstrate and implement the full capabilities and use of iRATE. Upon completion in 2013, Arkansas made iRATE available to every state and territory, free of charge.

Minimum Loss Ratio (MLR) - As MLR filings are made, the RRD will process all MLR filings utilizing its recently developed MLR tracking program to provide effective monitoring. RRD verifies the issuers' calculations of rebates, or lack thereof, and ensures that all rebates are made in the required time frame and in the proper amount. MLR tracking is essential for accurate review of all rate filings. Over the last two years, Arkansas consumers were awarded more than \$11 million in rebates.

Reinsurance, Risk Corridor and Risk Adjustments - The RRD plans to be the liaison for planning and implementation of these adverse selection mitigation strategies. Arkansas has elected for all three risk mitigation programs (Reinsurance, Risk Adjustment and Risk Corridor) to be run by the Federal Government for the SPM.

#### **Other ACA requirements:**

- Rule 102 required all carriers in the individual market to offer a child only policy. AID began a review of all policies to insure that any pre-existing condition provisions do not apply to anyone under age 19.
- AID will not approve any policy that does not comply with the ACA requirement that coverage be extended to children until age 26 on their parents' policy.
- AID adopted Rule 76 entitled "Arkansas External Review Regulation" which puts in place the NAIC model rule, thereby complying with the federal regulation regarding external review.

#### **SHOP**

Numerous stakeholder forums and targeted workgroups have been held, aimed at fostering discussion and gathering information from the individuals and groups who will be most impacted by the development of the Marketplace.

Based on expressed concern that employers would drop coverage after Marketplaces are introduced, ACHI prepared a policy brief in August, 2011, titled, "Will Employers Drop, Keep, or Add Health Insurance in 2014" <http://www.achi.net/HCR%20Docs/110808%20ISSUE%20BRIEF%20EMPLOYER%20RESPONSE.pdf>. The brief reviewed factors that suggest employers will drop, keep, or add coverage and reviewed five national studies (Mercer, McKinsey, Congressional Budget Office, RAND, and Urban Institute). The report concluded that the overall availability of employer-sponsored insurance is not likely to change much after 2014.

Since hiring the Plan Management Specialist, AHCD has been actively engaged with CCIIO and CMS to ensure a successful implementation of the SHOP program with the federal government. The individual and SHOP markets will be separate as part of the SPM model. As the result of federal changes, employers in 2014 will choose one plan for their employees as they do now. ASBTDC provides outreach to the small business community, with emphasis on

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SHOP. ASBTDC will work closely with the Small Business Administration regional office and the state and local chambers of commerce.

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## Proposal to Program Requirements

Building on the work completed by the State of Arkansas (the State) in its establishment of a State Partnership Marketplace (SPM) model, the State plans to make systematic, steady progress toward implementing the State-Based Marketplace (SBM) model for Arkansas. Early and on-going research coupled with guidance from the HIM Board, Arkansas Legislature, Arkansas State Agencies, other Arkansas Stakeholders, CMS and our CCIIO state officer will support our efforts and help us plan for the future.

Our planning for this effort will include frequent interactions with a wide-range of stakeholders and consumer groups, as well as leveraging much of the information gathered during the SPM planning. It also will include extensive research and analysis of the efforts of other states in their SBE Model planning. As plan for this growth and learn during subsequent phases of planning, we will conduct additional assessments aimed at ensuring the new Arkansas Health Insurance Marketplace (AHIM) represents and assists Arkansans in the most effective manner.

As we uncover potential Arkansas-specific challenges and risks, and navigate through the requirements of the SBE, we will determine the best approach for meeting the needs of AHIM and the requirements of HHS. Working together, we are confident that the State can, and will, implement an efficient, user-friendly SBE model that meets our mutual goal of increasing health insurance coverage for low- and moderate-income Arkansans by making quality, affordable plans easily accessible.

The specific activities we plan to undertake with the requested funding are described in the following sections.

### **Current Exchange Pathway**

Arkansas successfully completed the required planned steps to implement the SPM model. Much thought and planning took place during this planning; however, the State maintained an eye toward potentially establishing a SBM

Arkansas Act 1500 of 2013 allowed the creation of an SBM no sooner than July 1, 2015, for the 2016 plan year, at the earliest. The AHIM Board of Directors, which was created by Act 1500, met during the third quarter of 2013 and made the decision to prepare for an SBM model in Arkansas.

### **Strategy to Complete Exchange Activities**

Arkansas will approach the development of its SBM in the most collaborative manner possible with HHS and state partners. Within the State we will include all interested stakeholders in the process and seek to leverage existing resources whenever possible—to include SPM planning documentation and information from other state's SBE efforts. Our in-state collaboration will include other state agencies and departments including:

- Medicaid (Department of Human Services)
- Office of the Surgeon General (Arkansas Center for Health Improvement)
- Department of Information Systems
- Department of Higher Education
- Arkansas Minority Health Commission
- Office of the Governor



- Department of Health
- Arkansas Legislature members and committees

Representatives of these agencies and others in a health leadership role in the State will meet with our CCIO project officer, other CMS or HHS staff, and Arkansas legislators on a regular basis via teleconference or in person in an effort to foster full understanding and agreement on the manner in which the State is planning implementation of the SBM in Arkansas.

Our cooperative relationship with CCIO during the SPM planning fostered a healthy “back and forth” productive dialogue and exchange of ideas. Given the work already performed in planning the SPM model, Arkansas had the opportunity to participate in conversations with CCIO representatives on at least a weekly basis and more often by e-mail. We took full advantage of webinars and conference calls held by CCIO staff to explain new requirements such as the Blueprint and Level One funding opportunities.

Our plan to move toward SBM planning has further resolved us toward meeting the goal of providing affordable and quality insurance to the people of Arkansas. We look forward to further cooperation and guidance from CCIO, partner state agencies and government officials, and stakeholders in multiple capacities across the state.

The following table identifies the need for additional funding under this Level One grant in the identified Exchange Activities.

Core Area	Key Tasks and Milestones Under this Grant Proposal
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Core Area	Key Tasks and Milestones Under this Grant Proposal
<p><b>Legal Authority and Governance:</b>  <i>Ensuring that the State has enabling authority to operate an Affordable Insurance Exchange, including SHOP</i></p>	<ul style="list-style-type: none"> <li>• Compliant with the Affordable Care Act and implementing regulations, ACT 1500 has been completed giving the State enabling authority to operate Affordable Insurance Exchange, including a Small Business Health Options Program (SHOP)</li> <li>• Compliant with the ACA, the Exchange has been established with an Executive Board and governance structure, to include: <ul style="list-style-type: none"> <li>✓ Bylaws</li> <li>✓ Emergency Operation Rules</li> <li>✓ Fiscal Impact Statement</li> <li>✓ State of Necessity</li> </ul> </li> <li>• Through Arkansas Code Annotated 23-61-103 and 23-61-108, the Exchange has appropriate statutory and/or regulatory authority to certify qualified health providers.</li> <li>• Project Management Planning includes: <ul style="list-style-type: none"> <li>✓ Communications Management Plan</li> <li>✓ Issue/Decision Management Plan</li> <li>✓ Risk Management Plan</li> <li>✓ Organization Roles/Responsibilities (Board and non-Board members)</li> </ul> </li> <li>• The State is will acquire the appropriate approvals, to include: <ul style="list-style-type: none"> <li>✓ Letters of approval</li> <li>✓ Grant Committee approval</li> <li>✓ Arkansas Insurance letter of approval</li> <li>✓ Governor's letter of approval</li> </ul> </li> </ul>

Core Area	Key Tasks and Milestones Under this Grant Proposal
<p><b>Consumer and Stakeholder Engagement and Support:</b>  <i>Developing communication plans, a Navigator/In-person assister program, outreach and education plans, and a call center</i></p>	<ul style="list-style-type: none"> <li>• As part of our communication planning, the State will develop Stakeholder Consultation Plans. Planning efforts include: <ul style="list-style-type: none"> <li>✓ Assess current plans under the SPM and previous preliminary SBM information</li> <li>✓ Ascertain Stakeholder communication under the SBM model</li> <li>✓ Identify GAPS</li> <li>✓ Development communication plans, schedules, and implement SBM plans</li> </ul> </li> <li>• For our Navigator/In-person Assister Program planning, the State will complete the following tasks—ensuring the acquisition of the most qualified team of individuals to work with uninsured Arkansans to assist them in purchasing insurance through the Exchange: <ul style="list-style-type: none"> <li>✓ Assess current plans under SPM</li> <li>✓ Ascertain navigator/in-person assister roles in the SBM</li> <li>✓ Identify GAPS</li> <li>✓ Analyze Staffing model and identify new business functions</li> <li>✓ Develop SBM Navigator Model</li> </ul> </li> <li>• To develop AHIM outreach and education programs, aimed at increasing the number of Arkansans with health insurance and gain public support, the following tasks will be performed: <ul style="list-style-type: none"> <li>✓ Assess current plans under SPM and current Outreach and Education IT solution</li> <li>✓ Review previous SBE preliminary information</li> <li>✓ Develop AHIM Outreach and Education Plan</li> <li>✓ Identify GAPS</li> <li>✓ Develop RFPs and/or amendments to existing contracts</li> </ul> </li> <li>• As specified by 45 CFR 155.205(a), the State will develop a toll-free telephone hotline to respond to requests for assistance from individuals, employers, and employees. Planning efforts include: <ul style="list-style-type: none"> <li>✓ Review/assess current resource center and other states SBM call centers</li> <li>✓ Ascertain call center organizational structure and staffing numbers</li> <li>✓ Identify/collect policy requirements and functional requirements</li> <li>✓ Define business process</li> <li>✓ Job allocation approval process, recruitment, and training</li> <li>✓ Estimate funding/cost</li> <li>✓ Establish inter/intra-agency agreements</li> <li>✓ Call center volume analysis and reporting</li> <li>✓ Develop IT Solution RFP</li> </ul> </li> </ul>

Core Area	Key Tasks and Milestones Under this Grant Proposal
<b>Eligibility and Enrollment:</b> <i>Providing immediate enrollment and maintenance of enrollment in program(s) individuals may be eligible</i>	<ul style="list-style-type: none"> <li>• In planning to develop a verification process in which the applicant declares, affirms, or documents that eligibility requirements have been met at the time of application/renewal, the State will review and analyze preliminary “as-is” SBM eligibility and enrollment information, the current SPM, and the changes from the SPM to SBM. Other planning tasks include: <ul style="list-style-type: none"> <li>✓ Research other states and determine reuse of current systems</li> <li>✓ Identify GAPS</li> <li>✓ Determine eligibility and enrollment support in the Marketplace and identify volume impacts with DHS staff</li> <li>✓ Collect functional requirements</li> <li>✓ Define appeals process and activities</li> <li>✓ Conduct Alternative Analysis</li> <li>✓ Establish inter/intra-agency agreements</li> <li>✓ Assess conversion activities and define the “to-be” Marketplace SBE Model</li> <li>✓ Develop and issue IT Solution RFP</li> <li>✓ Procurement approval process, award, and DDI of IT Solution</li> </ul> </li> </ul>
<b>Plan Management:</b> <i>Providing functionality to support the Exchange in acquiring, certifying, monitoring, renewing, and managing withdrawal of qualified health providers and issuers the offer these plans</i>	<ul style="list-style-type: none"> <li>• To plan for how the State will provide the functionality to support plan management, the State will access the current SPM, identify GAPS or enhancements required for the SBM Model, and develop integration requirements with the SBM Model.</li> <li>• Other planning tasks include “in year” price and renewal management</li> </ul>
<b>Financial Management, Risk Adjustment, and Reinsurance:</b> <i>Administering premium tax credit, cost sharing reductions, program integrity, financial management, risk adjustments, and transition reinsurance</i>	<ul style="list-style-type: none"> <li>• To plan for financial management, risk adjustment, and reinsurance, the State will research and assess other state SBM Models and determine AHIM’s direction for this activity</li> </ul>

Core Area	Key Tasks and Milestones Under this Grant Proposal
<b>Small Business Health Option Program (SHOP):</b> <i>Engaging businesses with 50 or less employees. (100 or less in 2016)</i>	<ul style="list-style-type: none"> <li>• To plan for the SHOP program, the State will access the current SPM, research other states SBM SHOP Models, and conduct an alternative analysis</li> <li>• The State will ascertain the SHOP organizational structure and staffing numbers and determine the Arkansas model</li> <li>• After identifying GAPS the following tasks will be performed: <ul style="list-style-type: none"> <li>✓ Analyze staffing model</li> <li>✓ Identify new business functions and collect functional requirements</li> <li>✓ Assess conversion activities</li> <li>✓ Develop and issue an IT Solution RFP</li> <li>✓ Procurement approval process, award, and DDI of IT Solution</li> </ul> </li> </ul>
<b>Organization and Human Resources:</b> <i>Creating a staffing plan that addresses competencies, roles and responsibilities for basic day-to-day SBE business</i>	<ul style="list-style-type: none"> <li>• To plan for the SBM organization, the State will assess the SPM organization and human resources model, as well as the organization and human resources models for other state SBM models</li> <li>• The State will define the AHIM SBM organization and human resources model—including organization for SBE and activity components—and develop and organizational chart and staffing plan</li> <li>• After identifying GAPS the following task will be performed: <ul style="list-style-type: none"> <li>✓ Identify policy requirements</li> <li>✓ Establish inter/intra-agency agreements</li> <li>✓ Funding/cost estimates</li> <li>✓ Development roles and responsibility alignment, training, and processes and procedures</li> <li>✓ Implement new AHIM organization and human resources model</li> </ul> </li> </ul>
<b>Finance and Accounting:</b> <i>Processing financial transactions for individual enrollees of qualified health plans and fees for Exchange Health Plan Issuers</i>	<ul style="list-style-type: none"> <li>• To ensure that the Marketplace has a long-term cost, budget, and management plan, monitors its finances, and is able to track its costs revenues, the State will review preliminary SBM finance and accounting information and analyze SBM finance and account models in other states</li> <li>• The State will conduct an alternative analysis and define the AHIM “to-be” finance and accounting model</li> <li>• The State will then perform the following tasks: <ul style="list-style-type: none"> <li>✓ Collect and define function and policy requirements</li> <li>✓ Develop process and procedures, and funding/cost estimates</li> <li>✓ Establish inter/intra-agency agreements</li> <li>✓ Develop and issue an IT Solution RFP</li> <li>✓ Procurement approval process, award, and DDI of IT Solution</li> </ul> </li> </ul>

Core Area	Key Tasks and Milestones Under this Grant Proposal
<b>Technology:</b> <i>Planning, designing, and implementing the AHIM IT Solution</i>	<ul style="list-style-type: none"> <li>• To plan for the State’s IT solution, the State will review and assess technology information developed for the SPM, preliminary SBM work, technology documentation, and the current technical infrastructure</li> <li>• The State will review others states SBE technology</li> <li>• The State will then identify GAPS and conduct an alternative analysis, after which we must define the AHIM approach by executing the following tasks: <ul style="list-style-type: none"> <li>✓ Collect and identify technical and policy requirements</li> <li>✓ Develop the Concept of Operations (ConOps), Project Management Plan, and funding cost estimates</li> <li>✓ Establish inter/intra-agency agreements</li> <li>✓ Develop and issue an IT Solution RFP</li> <li>✓ Procurement approval process, award, and DDI of IT Solution</li> </ul> </li> </ul>
<b>Privacy and Security:</b> <i>Establishing written policies and procedures according to the standards set forth in 45 CFR 155.260(a) – (g)</i>	<ul style="list-style-type: none"> <li>• To plan for privacy and security, the State will research and assess current standards, policies and procedures and other state SBM Models</li> <li>• The State will identify GAPS and determine AHIM’s direction for this activity through the development and implementation of Privacy and Security System Plans</li> </ul>
<b>Oversight, Monitoring, and Reporting:</b> <i>Developing written policies, procedures, tools and/or systems to perform routine monitoring and auditing of SHOP activities, including fraud, waste, and abuse</i>	<ul style="list-style-type: none"> <li>• To plan for oversight, monitoring, and reporting, the State will research and assess the current process, as well as other state SBM Models and determine AHIM’s direction for this activity</li> </ul>
<b>Contracting, Outsourcing, and Agreements:</b> <i>Determining and planning for the commissioning needs of AHIM</i>	<ul style="list-style-type: none"> <li>• To plan for Contracting, Outsourcing, and Agreements, the State will research and assess current contracts as well as the contracting efforts of other state SBM Models</li> <li>• The State will identify GAPS and determine AHIM’s direction for this activity</li> </ul>

### Strategy to Address Early Benchmarks

Many early benchmarks performed by the State during our early SPM planning were relevant to the development of an SBM Model. The following details these early benchmarks:

**Operational Gap Analysis**—The State conducted an extensive operational gap analysis of the “as-is” services and capacity of existing state activities compared to the activities required for Marketplaces. We also

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conducted an IT gap analysis of the “as-is” systems. Subsequent to these activities the initial decision was made to pursue the SPM model rather than an SBM. The State tracked the Eligibility and Enrollment interface work being done by DHS and used SERFF for enrollment of certified QHPs. Having awarded a contract for development of the IPA Guide Management System, we also worked closely with that vendor to assure it meets the contract management and instructional needs of our IPA program and integrates well with various state technologies. On July 1, 2013, the website for the Arkansas Health Connector public outreach campaign went live. We are nearing completion of a redesign of our website to make it more user-friendly which will be particularly helpful during our Outreach and Education campaign. In establishing the SBE Model, much of the information gathered during the SPM planning will be leveraged, as well as additional assessments of other state SBM models to identify any additional GAPS.

**Actuarial and Market Analysis**—In 2011 and 2012, the State conducted an actuarial and market analysis. We engaged in an intense research effort to look at continuity of care/coverage issues and assist in identifying potential strategies to minimize the impact of churning. That led to Arkansas’s Health Care Independence Act and planning for the Private Option (Medicaid premium assistance) implementation through the SPM. We will continue to do market research using the data collected during this analysis and will apply it in our SBM Model planning.

**Stakeholder Engagement**—Evidence of our early and continued engagement with a wide range of stakeholders is illustrated throughout this document. Our SPM Stakeholder Engagement Model assures adequate representation from consumers, health providers and the insurance industry as we debate to consensus the preferred methods to implement Arkansas’s Health Insurance Marketplace’s role in Plan Management and Consumer & Stakeholder Engagement and Support.

**Long-term Operation Costs**—Regarding long-term operational costs, in November 2012, CMS notified states that they would charge up to 3.5 percent in issuer fees to pay for Marketplace operation. We anticipate these fees will exceed costs of operation of Arkansas’s SPM Model functions and will advocate continued federal funding at levels that sustain quality operations of the SPM while exploration of the SBM is conducted.. With evaluation ongoing by the AHIM Board in the planning of the State’s transition from the SPM to an SBM, we fully anticipate that Arkansas’s existing 2.5 percent issuer fee will cover SBM operational costs.

### ***Proposed Solution for Exchange IT Systems***

As described throughout this grant application, the State of Arkansas’ approach to SBM planning will include detailed “as-is” assessments. These assessments will extend the State’s IT systems and architecture. The State will examine the decisions made during SPM planning regarding IT systems solutions and research the IT approaches used by SBE models in other states. Following our assessments and research, we will perform an alternative analysis to look at the potential vulnerabilities and limitations of particular IT systems or structures. The goal of the

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alternative analysis is to provide an adversarial perspective to potential Exchange IT systems and to determine to the most effective IT policies and doctrines for AHIM.

### ***IT Seven Standards and Conditions***

Arkansas understands the importance of the analyzing alternative IT and project platforms in laying the foundation for establishment of the SBE Model. Therefore we will analyze the alternatives to meet the Seven Conditions and Standards for enhanced funding.

Rapid innovations in both Health Insurance Marketplace platform tools, as well as in the channels to procure and use them, leave Arkansas with a plethora of options from which to streamline the administration of our SBM planning and subsequent implementation.

Arkansas will identify reusable components to allow for more efficient and flexible changes, including utilizing standards such as Service Oriented Architecture (SOA), Enterprise Service Bus (ESB), Business Rules Engine (BRE), and Master Data Management (MDM). In addition, we will acquire an efficient and scalable infrastructure to accommodate changing requirements and program policy. During the alternative analysis, we will assess the advantages and disadvantages of the strategy.

As a first step, the State will identify the leading IT platform candidates, as well as more recent market entries. We will develop a prioritized list of desired features from the IT platform. With that list in mind, we will assess each candidate on several dimensions, including:

**Functionality**—Does the software provide the full range of functionality Arkansas requires? Are there specific areas of functionality of particular importance to the State? All leading IT platforms provide robust project planning functions, but differ in the strength and approach to dash boarding, reporting, and collaboration.

**Usability**—How easy is the software to use? Can users throughout the SBM Marketplace enterprise understand it quickly and intuitively? Is Arkansas staff familiar with any of the platforms already?

**Customizability**—How easy can the platform be modified to meet the unique needs of Arkansas? How important is the need to customize the platform for the State?

**Extensibility**—How well can the platform adapt to new functionality added over time? If Arkansas is making a long-term commitment to an enterprise IT platform, extensibility will be more important.

**Compatibility**—How well does the platform integrate with other software used by Arkansas, such as calendaring software, instant messaging, or reporting software.

**Cost**—What is the expect cost over the project lifecycle? Can Arkansas take advantage of any discounts or price concessions negotiated by the State or other state agencies?



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We will summarize our analysis and use the information to procure and implement the selected IT platforms.

### **Organizational Structure**

As mentioned, the State of Arkansas established an AHIM Board of Directors that will be responsible for the planning and implementation of the state-operated services and supports associated with an SBM. The Board, which was created by Act 1500, is responsible for AHIM staff that will be engaged in delivering the services needed to establish the SBM. The Board will write internal procedures and processes for the AHIM, as well as a comprehensive New Employee Orientation program using existing State-based human resources materials and referencing the programs of other SBM's.

The Board will utilize a network of agreements with other state entities to access information, supplement AHIM staff, and enhance opportunities to communicate Marketplace information to the broadest possible audience. These inter-agency relationships will include the following

**Arkansas Center for Health Improvement (ACHI)**—providing evidence-based health policy research, program development, and public issue advocacy

**Arkansas Department of Human Services (DHS)**—providing Medicaid and County Operations

**Arkansas Department of Information Services (DIS)**—providing IT staff

**Arkansas Department of Health (ADH)**—assisting the Speakers Bureau through the Home Town Health program

**Arkansas Department of Higher Education**—providing IPA training

**Arkansas Insurance Department – QHP approval and regulation; Assister Licensure; Grantee for Level One E**

**University of Arkansas for Medical Services**—serving as one of the contracted IPA organizations

**University of Arkansas Little Rock Arkansas Small Business and Technology Development Center**—providing outreach to small businesses regarding the ACA and the Arkansas Health Connector

Given AHIM's increasing scope of responsibility and the immense importance to Arkansas for the success of the SBM effort, we are requesting through this Level One E grant that appropriate funds for staffing such a wide-ranging endeavor. The staffing request outlines funding for new AHIM positions to ensure the best possible consumer services. The additional positions will include the following:

**Executive Director**—oversees all activities of AHIM and works closely with the Board of Directors to define and execute its mission in light of its statutory responsibilities and the health insurance needs of the state;

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attuned to the rapidly evolving health insurance market, health care delivery system trends, and state and national legislative and political dynamics as well as state and CMS requirements.

**General Counsel**—serves as the chief legal advisor to the Health Insurance Marketplace Board, AHIM Executive Director, and the Exchange's executive staff, providing advice on a variety of matters pertaining to the Exchange and its programs and operations; performs or supervises a number of functions including, but not limited to: legal research and writing of opinions; review and analysis of legislation, proposed regulations, and proposed policy changes; and, in collaboration with the Arkansas Attorney General's Office, monitors and manages pending litigation; maintains a wide variety of legal responsibilities and is expected to consistently exercise a high degree of initiative, independence, originality, and judgment in performing all duties

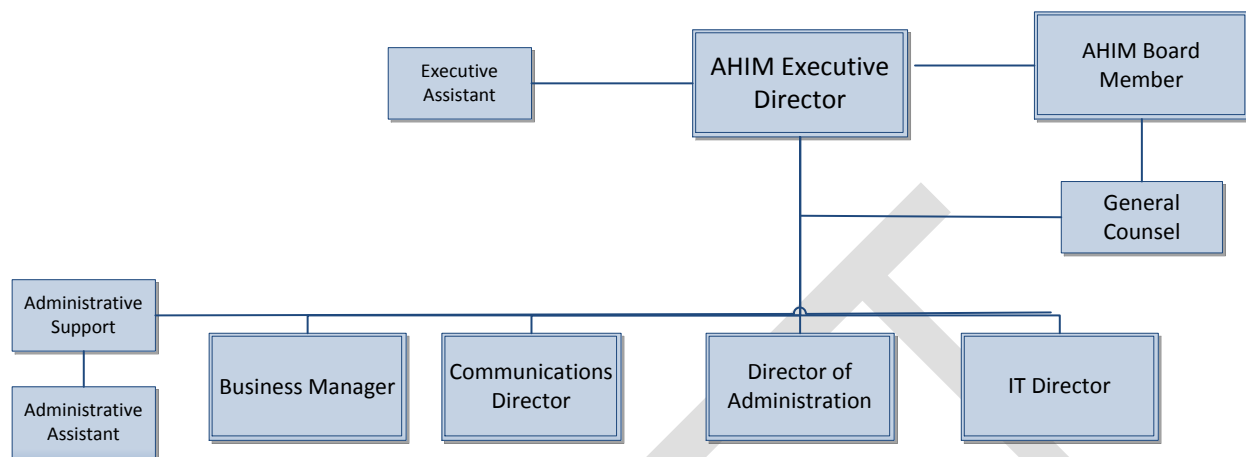
**Business Manager**—establishing AHIM strategic and programmatic priorities and managing the staff and projects to support Exchange goals; responsible for the day-to-day operations of the Exchange; prior to implementation, s/he will work to design and develop Exchange functions and processes; will report to the AHIM Executive Director.

**IT Director**—oversees all information technology functions throughout the organization, including both long-term planning of technology initiatives and arranging to meet the requirements of a functioning ARHIM and a public, high traffic web site; reports to the AHIM Executive Director

**Director of Administration**—provides management oversight and the strategic direction of the financial operation of the Exchange, including negotiating financial contracts; works directly with the AHIM Executive Director on key strategic initiatives; works closely with the other members of the senior management team, and the Exchange Board, to develop and implement financial strategy for Exchange programs; reports to the AHIM Executive Director

**Communications Director**—shapes the public image of AHIM and directs its interaction with the public, media, and elected representatives to ensure its responsiveness and accessibility; works to fulfill the ARHIM's commitment to outreach and public education about the ARHIM's new health insurance programs and the historic Patient Protection and Affordable Care Act of 2010 (ACA); reports to the AHIM Executive Director

The additional Level One E funding will also help fund administrative positions to assist the Executive Director, Business Manager, Communications Director, and Director of Administration. The following provides the proposed organization of this new team.



**AHIM Organization Chart**

In an organization of the size and complexity of AHIM, there are also general operating costs that we request be funded through this Level One E grant such as continued funding for supplies, rent, travel, etc. that are specified in detail in the Budget Narrative portion of this grant application.

#### ***Coordination with Federal Government***

As has been previously reported, the State of Arkansas will utilize the services of an interagency Board of Directors to work with CCIIO and CMS to develop the SBM for Arkansas. During the State's SPM planning, many from this group participated in the Initial Planning Review Meeting in Bethesda in May 2012 and in the second Planning Review in October 2012. They also met with CCIIO on June 19, 2013 during Arkansas's Implementation Review. For the State's SBM planning, they will continue their collaboration with CCIIO/CMS by conference calls and in-person meetings as needed.

Arkansas's CCIIO state officer will coordinate design and implementation reviews and meet with others at the regional or state-level of CMS as needed to share information, concerns, and work through solutions aimed at a successful SBE for Arkansas. Medicaid, DHS, and Arkansas IT representatives will also meet as needed with CMS representatives as they work their way through systems changes to support the successful Health Insurance Marketplace in Arkansas.

#### ***Reuse, Sharing, and Collaboration***

The State of Arkansas will examine other states' SBM planning efforts to determine best practices and evaluate lessons learned during the development process. Using repositories such as CALT and REFORUM to gather Exchange information from other states, we will assess those states' planning documents, organizational strategies, and technology investments and will administer alternative analyses to determine the best approach for the State.

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The use of existing social platforms to garner best practices from other states will mitigate costs and lessen the potential for risks in the State adopting any new systems and services.

Additionally, the State is working collaboratively with internal divisions/departments to maximize use of its state-of-the-art video and teleconferencing technology to make it easier for more stakeholders to participate in Town Meetings, advisory committee meetings, and working sessions on critical topics.

Our collaboration with Arkansas Department of Health's Home Town Health Program and the Arkansas Minority Health Commission provides for information dissemination through existing and trusted local networks.

### ***Financial Integrity Mechanisms***

The AHIM Board of Directors is responsible for conducting the full range of technical and fiscal activities required to prepare, submit and manage grant proposals, contracts, procurement and grants accounting. The State of Arkansas has been successful in receiving funding through several sequential federal grants. Systems are in place to assure separate accounting and bookkeeping for each grant. When a federal grant is awarded, it is assigned a separate state WBS element number, separate cost center, separate fund code, and separate fund center for tracking purposes.

The State operating expenses (salaries, supplies, etc.) and contracts are assigned to a cost center and a specific grant. The Board must authorize expenditures internally for items such as purchasing, and externally such as for payment on a contract, before it is submitted for payment. The deliverable is verified as being received and a signatory is provided on the invoice submitted for payment, noting which cost center or grant the invoice is to be paid from and which line item the invoice is to be paid from. The invoice is forwarded to the Board which pays the vendor.

The State's Accounting Division records amounts by grant electronically and gives a copy of the record to the Board at the end of the month. The Board keeps a separate accounting ledger in Excel format to ensure proper checks and balances with the internal State Accounting Division, and compares the submitted monthly reconciliation report with the internal grant budget to ensure the expenditures were deducted from the correct accounts according to federal and state policy. Any discrepancies between State Accounting and the Board are reconciled.

The Board has established additional policies and procedures to monitor the expenditure of travel funds; procedures that insure before any travel arrangements are made using grant funds, the travel is necessary to the development of grant activities.

A thorough, independent audit by the state Division of Legislative Audit is conducted once per year to ensure financial integrity. These audits meet generally accepted government auditing standards, and reports are presented to a state legislative committee.

### ***Work Plan Challenges***

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The primary challenges the State of Arkansas has identified in successful, timely implementation of the SBE model are ongoing:

- **Aggressive timeline**—To meet the 2016 timeline requirements for states to establish their Health Insurance Exchange operation, many road blocks may surface. Arkansas must properly plan for these roadblocks and implement adequate contingency plans to ensure that timeline requirements are met.
- **ACA information/misinformation**—Information and misinformation is widespread, not only in Arkansas, but nationwide. A major focus of our Outreach and Education campaign will be a concerted, organized effort to provide concise, accurate information to all Arkansans.
- **System improvements**—Arkansas is involved in multiple health system improvement efforts which all place demands on the same staff, agency, and other leaders at a time of limited resources. Interagency coordination and collaboration are intentional and funding through this cooperative agreement will assist in advancing the important work of Arkansas's SBE model implementation.
- **Arkansas per capita income**—As a state with the second-lowest per capita income, we project a high percentage of churning between insurance affordability programs and will design and implement an effective state-specific strategy to decrease churning and promote continuity of care by promoting the premium assistance Medicaid Expansion model. The challenge will then be to make it function smoothly and effectively. Many pieces must come together. But with proper planning, expertise, and hard work, we are confident of success.
- **Unanswered HHS questions**--We continue to ask for guidance and, when appropriate, suggest solutions for CCIIO/CMS to consider as issues arise. We appreciate the thoughtful assistance from CCIIO at a time when the federal government is trying to coordinate with all 50 states to get the Marketplace projects in place.

Arkansas is eager to implement its Health Insurance Marketplace. We feel we are on track with carefully designed activities underway to maximize enrollment of uninsured Arkansans in affordable health insurance programs. We respectfully request approval of the funding requests outlined in this application.

## **SHOP**

As mentioned, the State of Arkansas has facilitated numerous stakeholder forums and targeted workgroups aimed at fostering discussion and gathering information from the individuals and groups who will be most impacted by the development of the Marketplace and determined that the overall availability of employer-sponsored insurance is not likely to change much after 2014.

With this transition to the SBE model, the State will remain actively engaged with CCIIO and CMS to ensure a successful implementation of the SHOP program with the federal government. The individual and SHOP markets will

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be separate as part of AHIM. As the result of federal changes, employers in 2014 will choose one plan for their employees as they do now. The State will contract with the University of Arkansas at Little Rock Arkansas Small Business and Technology Development Center (ASBTDC) for outreach to the small business community, with emphasis on SHOP. ASBTDC will work closely with the Small Business Administration regional office and the state and local chambers of commerce.

Planning for the SBE model SHOP is an integrated activity. The State will utilize the funds from this grant to assess any documentation from potential SHOP partners, as well as research and analyze the SHOP activities of other state's SBE Models. With the information gathered, we will determine AHIM's direction for SHOP program implementation.

