

**U.S. Department of Health and Human Services  
Office of Consumer Information and Insurance Oversight**

**Cooperative Agreement to Support Establishment of  
State-Operated Health Insurance Exchanges**

**Kentucky Application  
Level I Establishment Grant**

**Funding Opportunity Number: IE-HBE-11-004  
CFDA: 93.525**

**Submission Date:** August 15, 2012

**Period of Performance:** September 2012 to September 2013

## **Project Narrative**

The creation and establishment of the Office of the Kentucky Health Benefit Exchange (KHBE) by Executive Order 2012-587, demonstrates Kentucky's continued commitment to move forward in implementing the Patient Protection and Affordable Care Act of 2010 (ACA). Kentucky has embraced the opportunities presented by the ACA. Using Federal funds from Kentucky's two Level I Establishment Grants and through plans to support a modernized Medicaid eligibility and enrollment system, the Commonwealth has completed tasks relating to all eleven core operations areas of an Exchange. These efforts reflect advancement towards the establishment of a successful Exchange and the first phase of stakeholder engagement, information systems development, and policy development. Future work will build upon this planning and continue to reflect consultation and engagement with diverse stakeholders.

## **Demonstration of Past Progress in Exchange Planning Core Areas**

The Commonwealth of Kentucky has made considerable progress in the past year in planning for the KHBE. The Commonwealth designated the Kentucky Cabinet for Health and Family Services (CHFS) to lead planning and establishment efforts for the KHBE, as CHFS is home to many of the Commonwealth's human services and health care programs and houses key state agency stakeholders of the KHBE, including the Office of Health Policy (OHP), Department for Medicaid Services (DMS), Department for Community Based Services (DCBS), and Office of Administrative and Technology Services (OATS). This project has been, and will continue to be, overseen by Carrie Banahan, Acting Executive Director of the OHP and newly appointed Executive Director of the Office of the KHBE. Ms. Banahan previously served as the Deputy Commissioner of DMS and Director of the Health Division in the Department of Insurance (DOI). She will be supported from a technical perspective by OATS leadership, including the OATS Deputy Executive Director/CIO and Chief Technical Architect. Additional executive level expertise will be supplied on an as-needed basis by the DMS Commissioner, the OATS Executive Director, and the CHFS Chief Budget Officer. Executive level staff will be under the direction of CHFS Secretary Audrey Haynes, who served as the national YMCA's senior vice president and chief government affairs officer, chief of staff to Tipper Gore, and assistant to Vice President Al Gore.

The Commonwealth utilized Accenture, a planning vendor, to establish integrated work groups to discuss critical operational, functional, and technical design matters that are essential to the operations of the KHBE. These workgroups collaborated to create an operational plan that includes work products that support the planning, functional, and technical design. These technical work products also lay out detailed Technical and System Requirements, Reference Architecture, Application Blueprint, Integration and Interface Blueprint, Data Management, Security and Risk Assessment Plan, Medicaid Implementation Advanced Planning Document, and a Request for Proposal (RFP) to build an end-to-end eligibility and enrollment system to serve both Medicaid and KHBE participants.

Although implementation activities outlined in the previous Level I Grant application will continue, the Commonwealth has achieved an advanced state of readiness to proceed with a study of Kentucky's health care workforce capacity, planning and development of a Navigator program, and staffing of the new Office of the Kentucky Health Benefit Exchange. In order to meet Federal milestones, implementation activities to operate the KHBE by January 1, 2014, must continue. Therefore, the Commonwealth is submitting a third Level I Establishment Grant application for funding to support the Kentucky health care workforce study, Navigator program development, and staffing for the Office of the Kentucky Health Benefit Exchange.

### **Background Research**

The background research necessary for planning an exchange in Kentucky, including an assessment of the number of insured and uninsured individuals in the Commonwealth, current health insurance market status, and identification of the number and characteristics of potential users, was conducted by University of Kentucky (UK) Department of Biostatistics and Department of Health Services Management. The final research report was submitted to the Center for Consumer Information and Insurance Oversight (CCIIO) in August 2011.

### **Stakeholder Consultation**

To initiate and engage stakeholders in development of the KHBE, the OHP and DOI hosted roundtable meetings in August and September of 2010. Attendees included customers, agents, employers, healthcare providers, health insurers, and other interested parties. While these meetings were hosted primarily to obtain valuable background information, meaningful input relevant to exchange planning was also produced, including comments that a state-specific exchange is necessary to meet the needs of Kentuckians.

In April 2011, the Commonwealth also established a healthcare reform in Kentucky website ([healthcarereform.ky.gov](http://healthcarereform.ky.gov)) to provide another mechanism to inform the public about exchange activities and solicit involvement and input from stakeholders. The website also provides access to information relating to the ACA, and includes a link to the Federal healthcare reforms website ([HealthCare.gov](http://HealthCare.gov)).

In April 2011, the OHP issued a letter to 45 stakeholders, including representatives of insurance agents, businesses, consumer advocates, health insurers, healthcare professionals, and other interested parties. The letter included a request for written comments, issues, and concerns relating to the establishment of a Kentucky-specific exchange, and included information and questions relating to eligibility, exchange functions, insurer participation, market rules, qualified health plans, risk sharing, structure and governance, financing, and consumer education and outreach. A total of 22 responses from targeted stakeholders and other interested parties were received for a response rate of 48.9%. A summary of the responses is posted on Kentucky's healthcare reform website and will be used to support the creation and establishment of the KHBE.

To solicit additional comments and input from stakeholders, Exchange staff also:

- Meet monthly with organizations such as the Chamber of Commerce, Central Kentucky Association of Health Underwriters and Kentucky Voices for Health, an advocacy group; and
- Host bi-monthly conference calls with insurers to provide HBE related information.

Following are examples of other stakeholder activities.

Stakeholder	Date	Type of Activity
Insurers	May 18, 2012	HBE update
IT representatives from Insurers	May 30, 2012	HBE project overview and update of HBE activities, including insurer reporting, QHP and RFP activities
Kentucky Youth Advocates	May 30, 2012	HBE project overview, including essential health benefits, governance, Medicaid churn and stakeholders' involvement
Humana	June 4, 2012	HBE update, including products/QHPs
Kentucky Spirit (MCO)	June 13, 2012	HBE update, Medicaid churn and continuity of care

Following the June 2012 Supreme Court decision relating to the ACA, the Commonwealth began conducting regional public forums, inviting insurers, agents, small business owners, consumer advocates and consumers. The forums were structured to educate the public on the Exchange, review insurance market reforms and solicit input. Attendants participated in small group discussions and brief question and answer sessions at each forum. Following is the schedule of forums, including locations, which was posted on Kentucky's healthcare reform website.

Statewide Public Forums	
Date	Location
May, 7, 2012	Dept. of Transportation; Frankfort, Kentucky
July 25, 2012	Northern Kentucky Mets Center Auditorium Erlanger, Kentucky
July 26, 2012	University of Louisville; Louisville, Kentucky
July 27, 2012	Big Sandy Community & Technical College Prestonsburg, Kentucky
August 1, 2012	Somerset Community College; Somerset, Kentucky
August 16, 2012	West Kentucky Community & Technical College Paducah, Kentucky
August 17, 2012	Owensboro Community & Technical College Owensboro, Kentucky

## **Legislative and Regulatory Action**

On July 17, 2012, an Executive Order (EO) was issued by the Governor, creating the Office of the KHBE within the CHFS. The EO was necessary to move forward with establishment of the state-based KHBE. A copy of the EO is included in Appendix of this grant application.

## **Governance**

As specified in EO 2012-587, the Office of the KHBE is organized under the CHFS. Immediately following issuance of the Order, Governor Steven L. Beshear announced the appointment of Carrie Banahan as the Executive Director of the Office of the KHBE. Under Ms. Banahan's leadership, the Office will be composed of four divisions, including the Division of Health Care Policy Administration, Division of Information Systems, Division of Financial and Operations Administration, and Division of Communication and Outreach. All division directors will be appointed by the CHFS Secretary. An 11 member Exchange Advisory Board will be appointed by the Governor and include members with relevant experience in health benefits administration, health care finance, health plan purchasing, health care delivery system administration, public health, or health policy issues related to the small group and individual markets, and uninsured. Specifically, the Advisory Board will be composed of the following representatives:

- Commissioner of the Department for Medicaid Services or the Commissioner's designee;
- Commissioner of the Department of Insurance or the Commissioner's designee;
- Commissioner of the Department for Behavioral Health and Developmental and Intellectual Disabilities or the Commissioner's designee;
- One representative of insurers with a health line of authority and that offers health benefit plans in the Commonwealth;
- One representative of insurance agents licensed to sell health insurance in the Commonwealth;
- One representative of non-facility based health care providers licensed in the Commonwealth;
- One representative for facility based health care providers licensed in the Commonwealth;
- One representative of small employers doing business in the Commonwealth;
- One representative of an individual purchaser of health benefit plans in the Commonwealth; and
- Two consumer representatives.

The Governor will also appoint a Chair for the Advisory Board, which will work with the Office of the KHBE to review and discuss KHBE issues. The Advisory Board may also establish advisory sub-

committees, consisting of consumers and other stakeholder groups or interested parties, to study specific policy issues and advise the KHBE.

The KHBE will operate in accordance with ACA requirements and have in place, and make publically available, a set of guiding principles that includes ethics, conflict of interest standards, accountability and transparency standards, and disclosure of financial interests. In addition, the Advisory Board will adhere to Kentucky's Open Records Act, Open Meetings Law, Model Procurement Code, and Executive Branch Code of Ethics, which provides for and satisfies the EO requirement for a set of guiding governance principles.

### **Exchange IT Systems**

The Commonwealth envisions two distinct IT solutions to support the Operating Model of the KHBE. One system will support eligibility determination and enrollment and the other solution will support distinct exchange functions, such as Shop & Compare Tools, Qualified Health Plan (QHP) selection, and Small Group Health Options Program (SHOP). Together, these solutions will be integrated through a multi-layered application architecture approach and adhere to the architecture guidance and the seven conditions for enhanced Federal funding required by the Centers for Medicare and Medicaid Services (CMS). In alignment with this guidance, the technical solution architecture will employ a modular design, based on Service Oriented Architecture design principles and the Medicaid Information Technology Architecture (MITA) framework.

In May 2012, a RFP was released for the eligibility and enrollment functionality required to support processing eligibility for all products under the ACA, including Medicaid, individual (subsidized and nonsubsidized), and small group (Small Business Health Options program (SHOP)) products. This RFP contains the core eligibility and enrollment functions required to accept and process applications for coverage, determine eligibility using the rules prescribed in the ACA, and process enrollments for the products available within the system. In addition to these core functions, the RFP seeks solution proposals for all major components required to run an effective and efficient eligibility and enrollment system, including but not limited to integrated Workflow, Document Imaging, Business Rules Management, Self Service Portal, and Support Service functions. The RFP also includes the requirements for the components exclusive to the KHBE, and seeks a solution for the functions required to integrate private health insurance plans into the system described in the Eligibility and Enrollment RFP, and meet the Exchange requirements of the ACA. This will include functions that are required for managing Individual and SHOP products, including but not limited to Premium Aggregation and Billing, Qualified Health Plan Certification, and Shop and Compare tools. Currently, the Commonwealth has received and reviewed the RFP responses and is engaged in contract negotiations.

### **Program Integrations**

As referenced earlier, the Commonwealth has designated CHFS as the single point of contact to lead planning efforts for the KHBE. In 2011, a high-level executive leadership team was also assembled

and includes individuals from the impacted agencies across state government, including OHP, OATS, DMS, DCBS, and DOI. The executive leadership team oversees the work of several inter- and intra-agency planning groups and serves as reviewer of major KHBE activities.

In August 2011, three work groups were established, including Medicaid, Insurance, and Information Technology workgroups. With the assistance of the Commonwealth's planning vendor Accenture, each work group met and discussed relevant topics to identify functional, system, and technical requirements. The Medicaid work group focused on topics, including eligibility determinations, verification, and enrollment; strategies for compliance with the "no wrong door" policy; Medicaid managed care; and other areas that impact Medicaid services. The Insurance work group focused on analyzing functional necessities for an Exchange, such as the certification of qualified health plans and quality rating systems; eligibility determinations; development of risk adjustment process and reinsurance mechanism; role of Navigators and Agents; SHOP functions and other areas of impact to the insurance markets in the Commonwealth. The Information Technology work group focused on the overall technical application architecture; ACA, CMS, and Health Insurance Portability, Affordability and Accountability Act (HIPAA) transaction standards; accessibility; and security and privacy standards.

In October 2011, the Medicaid and Insurance work groups merged to form one work group and conducted a deeper level of analysis of issues. This resulted in development of the KHBE Operating Model and a set of high-level detailed requirements for system development. This Model represents the functionality for both eligibility determination and enrollment in health coverage, regardless of whether the product or program is Medicaid, CHIP, Individual, Group, or other state/Federal programs. An operational plan for the KHBE was also developed through this work effort with the assistance of the Information Technology work group. The operational plan includes, but is not limited to, the KHBE Operating Model, KHBE Application Blueprint, functional and system requirements, Exchange Roadmap, and a RFP.

### **Financial Management**

The KHBE will be required to manage several types of financial transaction activities within the KHBE. The activities are outlined in the Financial Management section of the KHBE Operating Model.

The ACA requires each State to ensure that its Exchange has sufficient funding in order to support its ongoing operations beginning January 1, 2015; therefore, in an effort to estimate the revenue required to continue operations, the Commonwealth will be developing a sustainability model through 2015. Using this sustainability model to understand the operational needs of the KHBE, the Commonwealth will identify potential revenue sources and plans to meet and discuss the various options with state policy makers.

## **Oversight & Program Integrity**

The Program Integrity and system oversight functions include the planning and implementation of activities to prevent waste, fraud, and abuse. In an effort to prevent fraud and abuse, the KHBE plans to:

- Implement simple and clear eligibility and enrollment rules;
- Create processes that maximize the use of federal and state verified data;
- Assign unique index numbers for customers; and
- Match and synchronize identities that exist in the KHBE and across other State systems, such as the Kentucky Automated Management Eligibility System (KAMES).

In order to detect potential fraud and counteract fraudulent activity, the KHBE will also use data mining and analytic techniques that match patterns of activity. The KHBE will have the authority to terminate coverage based on the detection and proof of fraudulent activity. As appropriate, the KHBE will refer cases to insurers, the DOI, and DMS, as applicable. To support transparency of KHBE activities and operations, statistics and information relating to KHBE fraud, including statistics related to dollars lost due to fraud, will be available to the public.

## **Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints**

The Commonwealth is focused on providing assistance to individuals and small businesses in the areas of eligibility determinations, coverage appeals, and complaints. Support services, including Education and Outreach, customer service, and technical support, are a critical function of the KHBE. Through a large targeted Education and Outreach campaign and the use of Navigators and Agents, the KHBE will conduct outreach to a large number of Kentuckians, including the most vulnerable and underserved individuals. The main channel for assistance will be through the Self Service Portal. Through the portal, individuals and small businesses will learn about the KHBE, obtain eligibility information and may enroll in health insurance coverage. The KHBE will also support customer service through a Call Center, which will respond to calls relating to Medicaid eligibility and individual responsibility determinations, determining subsidy calculations, and other functions which provide technical support.

Individuals and small businesses will have the ability to file appeals and complaints through multiple channels, including online, in person, or by telephone via the KHBE Call Center or the Consumer Assistance Program (CAP). The KHBE will develop policies and procedures for processing complaints and appeals.

## **Certification of Qualified Health Plans**

The KHBE will establish a certification process and designate a “qualified” status to a health plan that requests participation in the KHBE and meets all established requirements of a QHP. The certification process will include a comprehensive review of the health plan’s application, rate and benefit information, transparency in coverage, accreditation, and network adequacy. A process for

recertification and decertification of QHPs will also be established. Health plans will have the opportunity to appeal certification, recertification, and decertification decisions of the KHBE.

Currently, the DOI conducts a comparable comprehensive review of health plan forms that includes a review of network adequacy, benefits, rates, and other information in order for plans to be offered in the Commonwealth of Kentucky. Therefore, the KHBE plans to contract with DOI to conduct portions of the QHP certification process on behalf of the KHBE. The DOI is planning to use the System for Electronic Rate and Form Filing (SERFF), which was developed and is maintained by the National Association of Insurance Commissioners (NAIC) to assist in the KHBE QHP certification process. The SERFF database captures insurance rate and form filing information and serves as a portal through which insurance companies may submit filings to the States for review.

### **Call Center**

The KHBE will offer comprehensive customer service to support assistance requests and utilize customer service channels, including in-person support at local DCBS offices, a Call Center, mail correspondence, secure fax and email correspondence, online web chat assistance, and the CAP. Customer service functions will be available to help users with a variety of assistance requests, such as application assistance and basic technical issues, including password resets and log-on issues.

The KHBE customer service functionality will be primarily administered through the Call Center via a toll-free telephone line. Initiating customer service requests through the Call Center will allow the KHBE to offer consistent, high quality support to consumers, regardless of the assistance requested. In addition, the Call Center will allow each service support encounter to be documented and saved for future reference. Unresolved service requests will be routed to specialized workers for follow-up and resolution, as appropriate.

The Commonwealth recently amended an existing contract with Accenture to include activities relating to research and evaluation of various options for the KHBE Call Center. In response, Accenture identified Call Center requirements, reviewed existing Call Center systems, and developed a RFP for procurement of an independent contractor to establish the KHBE Call Center.

### **Exchange Website and Calculator**

See section entitled "Exchange IT Systems."

### **Quality Rating System**

The KHBE will assign quality ratings in accordance with quality rating system guidelines that will be issued by the Federal Health and Human Services (HHS) Secretary. To facilitate this process, the KHBE will review existing national quality rating systems, such as the National Committee for Quality Assurance and URAC, and other quality standards, and may develop additional state criteria relating to quality and performance improvement. In an effort to increase transparency and limit perceived

preferential treatment and administrative burden, the KHBE may contract with a third party quality rating service to conduct quality ratings on behalf of the KHBE.

The Health Plan Quality Rating process and criteria will be displayed on the Self Service Portal and be viewable by the public to support KHBE transparency and accountability. Health Plan Quality Ratings will be included as a component of the QHP certification process by the KHBE.

### **Navigator Program**

The KHBE will be responsible for the development and administration of a Navigator Program. This development will include a Navigator role definition, selection criteria, a recruitment plan, application and certification processes, and financial model for Navigator compensation and to ensure program sustainability. Kentucky has created a Navigator program workgroup, which includes staff from the OHP, DMS, DOI, CAP, and DCBS. Within this workgroup, subgroups have been formed to develop recommendations relating to specific aspects of the program, including performance standards, conflict of interest standards, financial compensation and sustainability, and training and certification. Thus far, the conflict of interest subgroup has researched and evaluated the applicability of current conflict of interest standards for state merit employees and potential training criteria regarding conflict of interest and drafted language related to conflict of interest that may be incorporated in a KHBE administrative regulation in the near future. Additionally, the financial compensation and sustainability subgroup has developed an implementation timeline for the Navigator Program, and the performance standards and training and certification subgroups have made progress toward development of policies and procedures and a training curriculum for the Navigator Program.

### **Eligibility Determinations**

Eligibility determination is identified as the process of applying a complex set of eligibility rules to specific data associated with a customer to identify eligibility for:

- Coverage under one or more products offered within the KHBE, including Medicaid/CHIP, SHOP, and individual products; and
- Premium assistance and tax credits, and cost sharing reductions.

The determination of eligibility will be evaluated continuously throughout the customer's association with the KHBE, including at initial application, during scheduled periodic reviews, and any time specific program eligibility requirements change or new requirements are added pursuant to Federal and state rules and guidelines.

### **Enrollment Process**

Enrollment is a core operation process of the KHBE. Once a customer is determined eligible, the KHBE will provide assistance, as needed, to facilitate enrollment in a QHP or Medicaid or CHIP. During the enrollment process, the KHBE will determine individual responsibility based on subsidy calculation. The customer may utilize Shop and Compare tools to assist in the QHP selection process

or with the selection of a Medicaid Managed Care Organization (MCO), if determined eligible for Medicaid. The KHBE SHOP and Compare tools will include the display of health plan quality ratings, plan benefit summaries, and premiums and cost sharing amounts, as applicable. Robust comparison tools will provide customers with a more personalized comparison based on historical health care utilization experience (e.g., average number of office visits, primary care physician, average number or cost of prescriptions). The KHBE will transmit all required enrollment data to the Medicaid Management Information Systems (MMIS) or specific QHP on behalf of the customer. The enrollment process will also include the ability to maintain a customer record, renew health plan selections, disenrollment, and have coverage terminated, if necessary.

### **Application and Notices**

Application Intake is the process of capturing customer data in a single application. Applications will be accepted online, via telephone, on paper and in person. The process will capture all data elements required to determine eligibility, apply for a product offered within the KHBE, and communicate with the customer on an ongoing basis. This data includes, but is not limited to, income, expenses, and personal demographic information. The application intake process will also capture an applicant's agreement to the terms and conditions of the application and signature as proof of agreement to those terms. Signatures may be physical, electronic, or telephonic, dependent upon the customer's application channel.

### **Exemptions from Individual Responsibility Requirement and Payment**

The ACA requires Exchanges to have functionality to track, receive, and adjudicate requests for individual exemption from the individual responsibility requirements (e.g., an exemption based on religious sect or division). Processing individual exemptions will allow customers to document the reasons for exemption and provide supporting documentation for exemption verification. The KHBE will issue certificates of exemption to eligible individuals. Individuals denied exemption eligibility may request an appeal of a denial of exemption, if dissatisfied. Final exemption decisions will be communicated to HHS for transmission to the Internal Revenue Service (IRS).

### **Premium Tax Credit and Cost-sharing Reduction Administration**

The KHBE will include functionality to calculate premium assistance and tax credits, cost sharing, and individual financial responsibility. This information will be displayed to customers and integrated with Shop and Compare Tools available on the Self Service Portal. Calculated outputs will be based on information entered by the customer and verified during eligibility determination. A customer may decline or opt out of a subsidy at various points throughout the eligibility and enrollment process, including at the calculation stage. The premium tax credits may be received in an advanced form via IRS payments directly to the QHP, or claimed via income tax filings. Reconciliation processes will be the joint responsibility of the IRS and the customer.

### **Adjudication of Appeals of Eligibility Determinations**

The ACA provides the right to request and submit an appeal regarding eligibility determination decisions made by the KHBE. The appeal process includes a reconsideration request and/or hearing, which means an individual, employer, or authorized entity, may begin the appeal process through a reconsideration request, but may bypass this step entirely if a formal hearing is more desirable. Appeals may be submitted through multiple channels, including online, in-person, or over the phone, but regardless of the channel, a written request for a reconsideration or appeal must be submitted to the KHBE. After a customer has filed an appeal of any kind, the KHBE will send a notification related to the appeal process. The notification will include a provision which allows the customer to review the individual file and present evidence, as needed.

### **Notification and appeals of employer liability for the employer responsibility payment**

See previous section.

### **Information Reporting to IRS and Enrollee**

Another core functional area of the KHBE Operating Model is Analytics & Reporting, which will provide functionality to build, create, and run operational analytics and reports to support policy decisions and management in making business decisions relating to the effectiveness and efficiency of business processes, organizational units, or individuals. The reporting solution will provide reports to support key system and business functions, giving users the ability to quickly and easily access timely and useful information. The KHBE will have the ability to produce a variety of report outputs in a variety of media and formats for maximum flexibility. The KHBE will also support analytics and reporting functionality that allows for communication with Federal Agencies, Insurers, Employers, and other State Agencies through the utilization of multiple interfaces.

### **Outreach and Education**

The KHBE is developing a robust education and outreach program to inform individuals and small businesses about the KHBE and the new health care coverage options. The program will include activities which communicate the value of purchasing health insurance through the KHBE and provide information and assistance relating to the purchase and selection of health insurance coverage. Information will include an overview of ACA and the personal responsibility requirement, information on QHPs, certification standards, and availability of subsidies, such as Premium Tax Credits and Cost Sharing Reductions.

In development of the education and outreach program, the Commonwealth is leveraging lessons learned from prior education and outreach campaigns, such as the successful KCHIP Program. It is also using the UK's research relating to education and research to deploy an education and outreach strategy that uses a variety of methods and targets a vast array of Kentuckians. While Navigators will be key players in both educating and distributing education and outreach materials, multiple entities including QHPs, health care providers, agents, and educators will be used for education and outreach, and the delivery of messaging. In addition, multiple access channels for communication,

including public media and web campaigns, telephone outreach, and printed materials to target potential KHBE customers and employers will be used.

Additionally, the Commonwealth recently issued a Request for Quote (RFQ) from two outside experts, with whom it has existing business relationships, to obtain quotes for a plan which includes recommendations and options for branding, the design and provision of education and promotional materials, and the development and implementation of a multi-faceted advertising and marketing campaign. This activity relating to education and outreach will be particularly important as individuals and small businesses prepare for open enrollment beginning in October 2013. During the review of responses and discussions relating to the RFQ, the importance of utilizing avenues for free media and leveraging existing private and public resources (e.g., State Fair) will be emphasized by the Commonwealth. With the implementation of a unique KHBE brand, the provision of KHBE educational and promotional materials, and a multi-faceted advertising and marketing campaign, the KHBE message will be delivered clearly, confirm the KHBE's credibility, and create a connection with and motivation for the targeted population to use the KHBE to purchase health insurance.

#### **SHOP- Specific Functions**

The KHBE will produce and send monthly premium bills to each SHOP participating employer to request payment of their employees' health plan coverage. The SHOP participating employers will submit a single payment to the HBE on behalf of both the Employer and the employees. The KHBE will receive payments and remit premiums owed to each QHP on behalf of the SHOP employer. The KHBE will reconcile any enrollment and premium payment discrepancies with the QHPs on a monthly basis.

#### **Proposal to Meet Program Requirements**

In this Level One Establishment Grant Application, the Commonwealth requests funds to procure a vendor to conduct a comprehensive study of the state's health care workforce capacity, for planning and development of the state's Navigator program, and to support staffing of the new KHBE organizational structure, created and established under EO 2012-587.

#### **Health Care Workforce Capacity**

It is anticipated that Kentucky's establishment of the KHBE will result in a majority of Kentucky's 640,000 uninsured individuals using the Exchange to purchase health insurance coverage. Additionally, it is expected that these individuals will ultimately be covered under Kentucky Medicaid or KCHIP, or qualified health plans offered by the KHBE.

As more of Kentucky's uninsured individuals acquire coverage, these individuals are expected to access the state's health care system for much needed health care services, particularly since the United Health Foundation recently reported the following information relating to health in Kentucky:

- Approximately 822,000 people in Kentucky use tobacco.
- 1.1 million Adults in Kentucky are obese.
- 332,000 adults in Kentucky have diabetes.
- 24.7 percent of Kentucky's children under age 18 are in poverty.
- 38.1% of Kentuckians age 65 and over are edentulous.
- Kentucky ranked 49<sup>th</sup> among States for the average number of days a person could not perform work or household tasks due to mental health issues.

[American's Health Rankings 2011, at [www.americashealthrankings.org/KY](http://www.americashealthrankings.org/KY)].

As these individuals begin using the health care system, and others in the state grow and age according to population trends, the demand for health care services and personnel to provide these services is expected to rise significantly and health care workforce shortages will occur, particularly in primary, chronic/long-term behavioral health, and oral health care. [Santoro, K. and Speedling, C. (July 2012). "Investing in the future of health care workforce." NIHCF]. Based upon this information, the KHBE recognizes that analysis of the state's existing health care workforce capacity and identification of future needs are necessary to meet the needs of Kentuckians and the KHBE.

With the requested funds, Kentucky will procure an independent contractor to assist in a comprehensive study which will assess current access to and availability of Kentucky's existing health care workforce, identify shortage areas where an increase in the health care workforce is necessary to meet current and future needs of Kentuckians, identify and assess legislative and administrative policy changes that may be needed to increase the supply of health care providers to improve population health, and develop a plan, including recommendations and strategies, for recruiting and maintaining an adequate and available health care workforce, if indicated. The study will begin as soon as possible following the funding award and the award of contract, which will be procured in accordance with the State's procurement process.

The contract will result in a final report which reflects the findings, recommendations and strategies, and a plan for recruitment and maintenance of an adequate and available health care workforce in Kentucky. The report will build off the analysis of the state's potential KHBE user population conducted by the UK in 2011. The KHBE will leverage resources of other agencies, such as the Area Health Education Centers and Department of Labor and Department for Public Health, and Kentucky Institute of Medicine to ensure that analysis and research is not duplicated at the state level. The study will enhance the analytic capacity of the KBHE to understand current workforce needs, project demand for services, and identify educational pipeline gaps and other challenges to health care workforce development. This comprehensive and data-oriented approach to understanding the state's health care workforce supply and demand is essential to support necessary policy reforms and for successful implementation of the ACA. Additionally, report findings will be shared with Federal partners, stakeholders, and other interested parties, as requested and appropriate.

Specific Federal funds requested for the study of Kentucky's Health Care Workforce capacity is included in Kentucky's Budget Narrative/Justification document incorporated in the Appendix of this grant application.

### **Navigator Program**

The KHBE recognizes the vital role of Navigators in facilitating the enrollment of the newly insured and Exchange user population anticipated as a result of the ACA. Therefore, the KHBE needs to quickly and efficiently develop a Navigator program capable of training and certifying Navigators, according to ACA standards, well in advance of the October 1, 2013 open enrollment start date.

To support this effort, the KHBE is requesting Level One Establishment Grant Funds to support contracting with a vendor for planning and development of the state's Navigator program as stated above. Kentucky has already begun to bolster its efforts to provide consumers with information about accessing the KHBE, as well as to collect data on inquiries and concerns, both through the CAP and statewide public forums. In addition, the KHBE will coordinate with the vendor to provide preliminary research and planning on the Navigator program which has been conducted by interagency work groups.

Deliverables of this contract will be informed by and build off these efforts. As a part of the planning and development for this program, the contractor will produce a final report outlining policy options for each of the following deliverables and areas of analysis:

- Identification of Navigator functions and role within the KHBE and insurance marketplace.
- Proposal for how the KHBE should contract with Navigators and Navigator entities.
- Identification of the role of agents in the KHBE and their interaction with the Navigator program.
- Proposal for reaching culturally diverse and underserved populations.
- Proposal for standards, requirements, and curriculums for training and continuing education.
- Development of certification requirements and a corresponding process model.
- Strategies for the funding and sustainability of the Navigator program.
- Proposed system and/or process for evaluating the performance of Navigator grantees that includes proposed metrics, reporting standards, and draft evaluation forms and tools.
- Development of a RFP, in collaboration with the KHBE, to procure the Navigator entities for 2013 and beyond.
- Development of an implementation timeline to operationalize the program.

The final report resulting from this contract will provide the planning and development tools necessary to establish Kentucky's Navigator program. The KHBE will leverage resources of other agencies, such as the DCBS and local health departments, to ensure efficient and effective use of existing state resources.

The final structure of the Navigator program will depend on many policy issues and operational decisions that have not yet been made. The KHBE will use the resulting planning and development models from this contract/procurement as a basic operational structure that can be modified to support the future decision-making of the Exchange Advisory Board and Kentucky policymakers. The

deliverables and analysis resulting from this contract will be essential to ensuring Kentucky's Navigator program is operational in advance of the October 1, 2013 open enrollment period and that Kentuckians have the information they need to access insurance through the KHBE.

Specific Federal Funds requested for the planning and development of the KHBE Navigator program is included in Kentucky's Budget Narrative/Justification document incorporated in the Appendix of this grant application.

### **Office of the Kentucky Health Benefit Exchange Staffing**

The Office of the KHBE was created and established within the CHFS under EO 2012-587, which was signed by Governor Beshear on July 17, 2012.

In accordance with the EO, the Office of the KHBE must be headed by an Executive Director and be composed of such organizational entities as deemed appropriate by the CHFS Secretary. The Office must also be composed of four divisions, including the Division of Health Care Policy Administration, Division of Information Systems, Division of Financial and Operations, and Division of Communication and Outreach. Each Division must be headed by a Director appointed by the CHFS Secretary and staffed appropriately to meet the needs. The Office of the KHBE organizational structure, including Division titles and functions of each Division are depicted in the Organizational Chart, which is incorporated in the Appendix of this grant application.

In September 2012, the Office of the KHBE plans to relocate from its current location within the Human Resources building in Frankfort, which houses the CHFS, to another location in Frankfort. The relocation is necessary to accommodate the addition of new staff which will be hired to comply with the Governor's EO and house the staff of the new vendor, which is being contracted for the build of the KHBE IT solution. At this time, funds for staffing of the new Office of the KHBE are necessary and being requested to ensure the efficient, effective, and successful operations of the KHBE.

KHBE staffing will provide monitoring and oversight of Division Functions as the IT vendor creates touch points to the IT Systems within the various divisions. As these IT interfaces (or touch points) become operational, the Exchange staff will adjust their functions to focus on operations administration. More specifically, this funding request is for salaries of the:

- Executive Director (ED) and other Lead Project staff (CHFS), Support Staff (Department of Insurance) and Exchange Office Executive Level staff.
- Director of the Division of Health Care Policy Administration and salaries of supporting staff.
- Director of the Division of Information Systems and salaries of supporting staff.
- Director of the Division of Financial and Operations and salaries of supporting staff.
- Director of the Division of Communication and Outreach and salaries of supporting staff.

The identification, job descriptions and salaries of these positions are detailed in the referenced Kentucky's Budget Narrative/Justification document, which is incorporated in the Appendix of this grant application.

Additionally, funds are necessary and requested to cover other expenses associated with the maintenance of KHBE staff, including fringe benefits and supplies. Federal Funds requested for these expenses are also included in the referenced Kentucky's Budget Narrative/Justification document.

### **Evaluation Plan**

As detailed in the proposal to meet program requirements, the Commonwealth has organized the KHBE implementation into seven major Workstreams, each with its own detailed tasks, timelines, budget, deliverables and milestones. The evaluation plan will allow staff to monitor progress and measure success within each Workstream.

The Commonwealth will use a defined project management methodology tool to evaluate progress, measure performance, and ensure success of each Workstream. The Project Manager will monitor and evaluate progress to ensure that deliverables are provided in a timely manner and within budget, and that sufficient organizational structure, work plans, processes, and reporting tools are present to identify and escalate issues to the appropriate level, as needed.

The evaluation plan presented in this application includes key indicators to be measured and baseline data for each indicator, methods and their efficacy to monitor progress and evaluate the achievement of program goals; plans for corrective action or timely interventions if targets are not met or unexpected obstacles delay plans; and a plan for ongoing evaluation of KHBE functions following implementation.

### **Key Indicators to be Measured and Baseline Data**

The work plan included in this application identifies the principal tasks, deliverables, and timelines for the completion of milestones within each Work stream. These tasks and deliverables are the key indicators to be measured. Progress toward the completion of tasks, deliverables, and milestones will be monitored on an ongoing basis by reviewing weekly and monthly management reports. A report of this progress will be provided to CCIIO through routine quarterly reports or more frequently, if requested.

### **Baseline Data for Each Indicator**

Ongoing or recently completed deliverables and deliverable evaluations will be used as the baseline data for the key indicators. This will serve as a starting point from which progress relating to each task and achievement of deliverables will be monitored and measured as indicated above.

### **Methods and Their Efficacy to Monitor Progress and Evaluate the Achievement of Program Goals**

As referenced earlier, progress towards the completion of tasks, deliverables, and milestones will be monitored on an ongoing basis by reviewing weekly, monthly, and quarterly management reports,

which are submitted to CCIIO. This process has provided effective project management, support, and oversight for the planning efforts thus far and will be extended to include the report of progress relating to the next phase of implementation.

1. **Project Status Reports** - Project status reports will be formal and focus on key tasks and milestones that have been completed on schedule and those running behind schedule, and the mitigation strategy for those likely to miss the original scheduled completion date. For each key task and milestone likely to be late, a mitigation strategy will be identified, defining specific actions to be taken to ensure completion within a timeline that does not compromise the timing of other tasks and milestones.
2. **Deliverables Review** - A detailed deliverable review process has been implemented in order to ensure the accurate, complete, and timely provision of project deliverables. The KHBE team is committed to producing and receiving high-quality deliverables from both internal and external sources. Core deliverables will be identified and entered into our project management software. Deliverable content, schedule, presentation, tracking, and approval process will be agreed to in advance and documented. KHBE staff will agree upon the specific content, format, and acceptance criteria for all deliverables and timelines, and due dates for deliverables' review and completion.

**Timely Interventions**

Through the use of the previously referenced project management methodology, status reports, and status meetings to identify key issues and potential risks, the project management team will be able to identify deliverables that may be at risk of delay. If a deliverable is determined to be delayed for any reason, a mitigation approach will be developed and agreed upon to ensure completion and limit the impact to other critical deliverables and milestones. This may include an adjustment to the scope of work, a temporary reallocation of resources, or in rare instances, and a written corrective action plan.

**Exchange Issues Management List**

The following template provides an example of the KHBE Issues Management List that will be used for tracking issued being monitored, as well as the current status of key tasks, deliverables, and milestones, both completed and outstanding.

Project Lead	Task-Milestone-Deliverable	Due Date	Revised Date	Problem	Mitigation	Status <i>(Complete, On-Schedule, Late,</i>
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						<i>Seriously Late)</i>

**Plan for Ongoing Evaluation of Exchange Functioning Once It Is Operational**

The Commonwealth is committed to robust and ongoing evaluation of KHBE performance, including:

- *Measurement of Core Business Functions:* Metrics will address activities conducted by KHBE staff, as well as any specific business functions performed by outside vendors.
- *Stakeholder Feedback:* Continuous feedback from key KHBE stakeholders, including providers, consumers, brokers, and carriers.
- *Impact on Non-Exchange Activities:* Monitoring of any adverse impacts on non-Exchange activities, including the Medicaid Program, other state programs, and non-Exchange insurance markets.

