

Office of Consumer Information and Insurance Oversight

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

**Alabama Department of Insurance
Quarterly Report 1**

Date: January 26, 2011

State: Alabama

Project Title: Alabama Exchange Planning Grant

Project Quarter Reporting Period:
Quarter 1 (09/30/2010-12/31/2010)

Grant Contact Information

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Website (if applicable): N/A

Award number: 1 HBEIE100006-01-00

Date submitted: January 26, 2011

Project Summary

Please provide a narrative description (about 5-10 sentences) describing your progress so far in planning activities under each core area. We would like to know what activities you have undertaken to date and what you plan to undertake in the next quarter. Please refer to the Reference section at the end of this template for some examples of what you could include under each core area.

The Alabama Department of Insurance has had several significant challenges develop in the first quarter of the Exchange Planning Grant. November elections marked a sea change in the political climate for the state. For the first time since Reconstruction, Alabama has Republican leadership—for example, the Governor, the Lieutenant Governor, the Secretary of State, and the Attorney General are now all Republican. Additionally, Alabama now has a Republican majority in both the House and Senate. How this will impact the implementation of health care reform, specifically the creation of an American Health Benefit Exchange in Alabama, remains to be seen. January 2011 marked a new quadrennium which meant that an organizational session for the Legislature was required to be held in January, 2011. During an organizational session, no legislation may be passed; the session is solely for the purpose of enabling the Legislature to establish its committees and rules. Monday, January 17, 2011, marked the inauguration of the new Governor, Dr. Robert Bentley.

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One of the significant setbacks to the Exchange planning was the delay in contracting with an entity that will assist the Department in the Exchange planning process. All contracts must be reviewed by the Legislative Contract Review Oversight Committee. Due to the new quadrennium which required the reorganization of the House and Senate committees, no monthly meetings were held for the months of November, December and January. As a result, contracting with an organization to assist in Exchange planning was not possible during the first quarter as originally planned.

Core Areas

On November 15, 2010, the Department issued a Request for Proposals (RFP) seeking assistance with the first year of planning and design and implementation of a federally mandated American Health Benefit Exchange and Small Business Health Options Program (SHOP) Exchange. The RFP, which is attached to this report as Exhibit A, was modelled after Vermont.

In brief, the RFP sought respondents that could assist in:

1. Development of a strategic plan to serve as the roadmap for Exchange planning. This would include development of a timeline for key planning steps.
2. Development of a comprehensive and written analysis recommending one or more models for the State's Exchange(s). This includes fiscal and operational issues, governance, cost efficiency and contracting needs.
3. Creation of an implementation plan including a timeline.
4. Addressing financing options for an Exchange.
5. Providing actuarial support and modeling for planning and development.
6. Conducting a study of the uninsured and underinsured population—including needs and expectations Alabamians and key stakeholders will have with the Exchange.
7. A study of the current insurance market including available plan designs and payment models, the impact the Affordable Care Act will have on the market from new markets to grandfathered plans.

The selected contractor would be key in the completion of many aspects of the grant, from background research to determining resources, capabilities, governance, finance and business operations. It would assist the Department in determining what technical infrastructure exists and can be utilized, as well as what remains to be developed.

• Background Research

As a result of the recent timing issues, little has been done in the way of Background Research for Exchange Planning. However, it is anticipated in the future quarterly reports, more information will be provided.

• Stakeholder Involvement

In order to begin identifying key stakeholders and those organizations that could help strengthen its efforts in Exchange planning, the Department invited twenty (20) organizations. The initial list was pared down to be conservative.

On December 14, 2010, the Department of Insurance held its first stakeholder meeting. It was standing room only. As word spread throughout the state of the work DOI was doing on Exchanges and its receptiveness for open dialogue with organizations, experts and consumers, more stakeholders asked to join the meetings. The second stakeholder meeting, which was originally planned to be held on January

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13, 2011, had to be rescheduled for January 20, 2011, in order to find a location which could accommodate the interested parties which now numbered sixty (60) people and organizations. By the second meeting, the DOI had outgrown its own meeting space.

The December 14, 2010, meeting had one basic goal aside from the opportunity to introduce the key staff charged with health care reform to the stakeholders and to meet the stakeholders themselves. The Department provided a presentation on Exchanges under the Affordable Care Act to ensure that all stakeholders were familiar with the task ahead. Many of the stakeholders at this point were only familiar with what had been reported in the media. This provided a golden opportunity to clarify and correct any misunderstandings stakeholders may have had regarding Exchanges. Needed enabling legislation to establish the Exchanges were also discussed.

Four main technical assistance workgroups were formed and have been quickly filling with members. These groups are tasked with the following goals and will be working closely with the contractor once on board:

1. *Enrollment and Consumer Assistance*

What information is helpful to a consumer? How should the information be presented? What format should the information be presented in? What role should the navigator play? Who should they be? What will consumers expect from the Exchange? How will enrollment in Medicaid and All Kids be determined in real-time?

- Website development (comparative information on plans)
- Determine enrollment periods (special, initial open, annual open)
- Develop web-based calculator and easy to understand consumer friendly information
- Determine how best to present information (what format is best to understand and compare plans)
- Analyze current eligibility, subsidy determination and/or enrollment systems
- Address the Navigator—who, what, when, how
- Develop call center requirements—availability, locations
- Consider innovations such as enrollment centers? How to handle initial open enrollment versus annual enrollment?

2. *Exchange Administration*

How can the Exchange be established to become self-sustaining? How best to keep the Exchange accountable?

- Develop recommendations of organizational and governance structures for the Alabama Exchange
- Assess legal and practical implications of organizational and governance alternatives
- Draft proposed legislation to establish Exchange organization and governance
- Analyze current resources that can be devoted to implement and operate an Exchange
- Determine the operational needs of an Exchange including financial and IT operations
- Project funding requirements and potential sources of funding—a five year plan
- Develop an implementation plan, a plan of operation, a business plan
- Reporting to ensure transparency to consumers, state government and federal government
- Determine ways to generate revenue to continue the Exchange as self-sustaining

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3. *Qualified Health Plan Administration*

Who gets to participate? What objective criteria will we need to determine plan eligibility? What ongoing accountability will we require in order to continue participation?

- Assign ratings to plans
- Develop standardized format for presentation of plans
- Premium reporting standardization
- Determine network adequacy--providers
- Develop certification of health plans—the criteria by which to measure

4. *IT and technology requirements*

What systems do we have in place now? What can be improved? What can be enhanced (if any)? What systems are out there in the marketplace that could work/be modified for Alabama needs?

- IT system requirements for eligibility
- Look at IT system requirements, IT strategy, technical infrastructure
- Determine website needs and requirements
- Explore potential links/ads and other marketing tools for revenue possibilities—setting parameters
- Develop specifications for RFPs, contracts or invitations to bid
- Address security issues
- Explore data use agreements with state and federal agencies for eligibility determinations
- Explore data use agreements for financial and payment issues
- Future meetings with stakeholders will be held in conjunction and under the direction of the Department contractor.

• Program Integration

Beginning in November, key Insurance Department staff began meeting weekly with key staff of Medicaid and All Kids (CHIP) in the Public Health Department to begin a dialogue on Exchange planning and integration with these public assistance programs. These meetings have been helpful for all involved as the Department is now more familiar with the enrollment issues and capabilities of the agencies. Additionally, information sharing has helped bring the three agencies in closer partnership. As part of this new relationship, staff from all three agencies attended the Exchange Planning Grantee meeting in Arlington, Virginia in December.

• Resources & Capabilities

Resources and capabilities will be a topic of further review with the contractor. Currently, the Department has two staff members who have been temporarily assigned full-time to health care reform efforts. These individuals have been meeting weekly with other Department staff to utilize their expertise in planning. It is hoped that the contractor will assist in relieving Exchange planning efforts on existing staff as well as assist in determining staff needs for implementation and Exchange operation, if Alabama elects to establish its own Exchange.

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- **Governance, Finance, Technical Infrastructure, Business Operations**

At the conclusion of the studies and research by the contractor, it is expected that the Department, in conjunction with input from key partners and stakeholders, will be able to make clear recommendations to the Governor and Legislature as to whether or not Alabama should establish its own Exchange, the most effective governance structure as well as financing options for the Exchange, what technical infrastructure exists and needs to be created for the Exchange and the basic framework of business operations for the Exchange. Legislation is being drafted in anticipation of introduction this Legislative Session which begins in March, however, key to achieving this goal is to have the basic studies, research and recommendations.

- **Regulatory or Policy Actions**

The Department is considering the adoption of the NAIC model legislation regarding the Exchange. At this time, however, the governance structure has not been determined. Once that has been accomplished, legislation will be completed and sponsors of legislation sought.

Barriers, Lessons Learned, and Recommendations to the Program

Please report on any issues or problems that have impacted the development and implementation of the project during the reporting period. Detail what impact any issues may have on the achievement of project targets, and set out how you plan to tackle these issues.

Also provide any lessons that you have learned during this quarter that you think would be helpful to share with other states as well as any recommendations you have for the program.

As previously reported, the Department has had several significant challenges develop in the first quarter of the Exchange Planning Grant. Elections brought new leaders and new legislative members. Due to the new quadrennium, the regular session of the Legislature does not begin until March, 2011.

Additionally, the Department experienced a delay in contracting with an entity that will assist the Department in the Exchange planning process. The grant workplan anticipated a contract in December. Due to timing of the grant award and the conclusion of Legislative Contract Review Oversight Committee meetings for 2010, it was impossible to contract with an entity to assist with planning efforts any earlier than February, 2011.

Technical Assistance

Please describe in detail any technical assistance needs you have identified through your planning activities. Please be as specific as possible about the kind of assistance needed and the topic areas you need to address. Discuss any plans you have for securing such assistance.

At this point in time, the Department does not anticipate any technical assistance needs if it secures a contractor to guide the Exchange planning process.

Draft Exchange Budget

In order to understand state budgetary requirements moving forward, we ask that you provide a draft budget to the extent possible for Federal fiscal years 2011 through 2014. You may specify functional areas as you deem appropriate based on the types of costs you anticipate incurring. Examples of possible functional areas include personnel, other overhead, IT and systems costs, and other operational costs.

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When developing IT and systems cost estimates, please ensure that you separate costs for updating Medicaid systems from costs for Exchange systems.

At this point in time, it is inappropriate to submit cost estimates for an Exchange as we do not have sufficient data from which to base any cost. As these reports are public documents, it would be irresponsible for a state agency to create consternation and concern on inflated figures which are based on little more than an uninformed guess. As more information is gathered during the planning process, it is anticipated that the Department will be much more specific and factual in future reports.

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Planning	\$1,000,000			

Work Plan

We ask that you begin working on a draft work plan for your Exchanges that will carry your planning and implementation efforts through January 1, 2014. On a quarterly basis, we would like to see your progress in developing this plan. We would like you to provide key objectives for implementing your exchange and corresponding milestones under each of these objectives. For your first quarterly report, please provide two milestones under each core area. In your second report, please provide four milestones. For your third report and the final report, we expect your work plan to be as comprehensive as possible.

For each milestone, please provide the following:

- **Name of milestone:** Stakeholder meeting
- **Timing:** December 14, 2010
- **Description:** In an effort to jointly collaborate and build an Exchange that will work for Alabama, state agencies, consumer advocacy organizations, provider advocates, and other interested organizations have begun meeting and opened a dialogue on Exchanges in the state.
- **Name of milestone:** Request for Proposal review and Contract offer made
- **Timing:** November 15, 2010-February 26, 2011
- **Description:** In order to effectively conduct background research, determine resources and capabilities, establish governance, finance and technical infrastructure as well as determine business operations of the Exchange, an entity with the required expertise must be contracted to provide these services. The end result will assist stakeholders, the Department and key partners in making final recommendations to the Governor and other state leaders on whether or not Alabama should establish its own Exchange and if so, how. More details on timelines and tasks will be available for the second quarter report. At the time of this report, the final contract was not fully executed and it would be premature to discuss further.

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Collaborations/Partnerships

Report on who you are working with outside of your office or department, and any changes or issues in your institutional context and/or any progress or issues with your project partners (where applicable).

Partner	Type	Role
State Employees Insurance Board (SEIB)	Employer Group	Advisory
American Cancer Society	Special interest	Advisory
AL Appleseed Center for Law & Justice	Consumer advocacy	Advisory
ADPH/CHIP (Ala. Dept. of Public Health)	Health dept.	Partner
Southern Strategy Group	Private contractor with other public organizations	
BCBSAL (Blue Cross Blue Shield of Alabama)	Private Insurance	Advisory
Alabama Arise	Consumer Advocacy	Advisory
AARP	Consumer Advocacy	Advisory
Dept. of Mental Health	Agency	Advisory
Family Voices of Alabama	Consumer Advocacy	Advisory
Ala. Dept. of Rehabilitation Services	Agency	Advisory
Ala. Information Services Division	Agency	Advisory
Ala. Medicaid	Agency	Partner
APHCA - Ala. Primary Care Association	Federally qualified health ctrs/advocacy org	Advisory
Alabama Hospital Association	Professional Association	Advisory
Medical Association of the State of Alabama	Professional Association	Advisory
Children's Health System	Hospital	Advisory
Alabama Association of Health Plans	Professional association representing private insurance	Advisory
Ala. Dept. of Senior Services	Agency	Advisory
VOICES for Alabama's Children	Consumer advocacy	Advisory
Ala. Dept. of Economic and Community Affairs	Agency	Advisory
Ala. Chapter—American Academy of Pediatrics	Professional association	Advisory
Business Council of Alabama	Professional association	Advisory
Alabama Rural Action Coalition	Agency/Advocacy organization	Advisory

Exhibit A RFP for Exchange Planning Services

Alabama Department of Insurance

REQUEST FOR PROPOSALS

for
Planning for Alabama's Health Benefit Exchange

Responses to this Request for Proposals (RFP) must be received on or before the date and time specified below. All Respondents must complete the following:

Company Name:	_____
Address:	_____
CityStZip:	_____
Phone No.:	_____
Fax No.:	_____
E-mail address:	_____
Federal Tax ID #:	_____

Return by: 3:00 PM, CST, December 17, 2010

General Instructions: Respondents must submit a response to this RFP on or before the return date and time. Pricing must remain good for 180 days. All charges related to the services must be provided on this form. **NOTE: (1) Late responses will not be considered, and (2) award(s) will be made in the best interest of the State.**

NOTE: FAILURE TO RETURN ALL PAGES OF THIS RFP

**DOCUMENT WILL DISQUALIFY A RESPONSE.
ADDITIONAL PAGES MAY BE ATTACHED IF NECESSARY.**

The Respondent's authorized agent must sign below. By signing this response, Respondent acknowledges that all information contained in the document is true and correct. Respondent acknowledges and represents that Respondent has read, acknowledges and accepts all requirements of this RFP. Failure to sign below will disqualify this response.

Authorized Signature

Title

Date

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REQUEST FOR PROPOSALS

PART I. GENERAL INFORMATION

The Alabama Department of Insurance (DOI), an agency of the State of Alabama, issues this Request for Proposals (RFP) to assist with the first year of planning for design and implementation of a federally mandated American Health Benefits Exchange (“the Exchange”) in Alabama. Award of this bid is expressly conditioned on the availability of grant funding. Even if grant funding is awarded, the DOI expressly reserves the right to award no contracts pursuant to this RFP, in its entirety or in sections. Contracts awarded pursuant to this RFP will not include minimum guarantees of funding and will include payments based on actual work performed as requested.

1.1. Background

The Patient Protection and Affordable Care Act (ACA), was signed into law in March 23, 2010. The ACA requires each state (or the federal government acting on behalf of each state) to create an Exchange that performs a variety of functions, including offering residents of each state the means to compare information on available health benefit plans, enroll in plans, and receive subsidies if eligible. In addition, the Exchange (or an entity on behalf of the Exchange) will certify “qualified health plans” to be offered on the Exchange, rate those plans based on quality, maintain a website and toll-free number, provide a calculator for consumers to determine the amount of their premium after subsidies have been calculated, coordinate with the Alabama Medicaid Agency and the Alabama Department of Public Health regarding eligibility and enrollment into Medicaid and All Kids (CHIP), identify individuals exempt from the federal insurance mandate, require participating plans to justify rate increases, and contract for Navigators to provide public education and facilitate enrollment. Either as part of the Exchange for individuals or as a separate Exchange, small businesses will have the opportunity to assist their employees in enrolling in health plans offered on the Exchange. Exchanges must be operational by January 1, 2014.

Alabama has received federal planning grant funds for the Federal Fiscal Year (October 1, 2010, through September 30, 2011). Please see Appendix A for the Project Abstract and Project Narrative for Alabama’s grant application.

Respondents are cautioned to read the terms and conditions and attached specifications carefully. Award will be based on Respondent’s responses to these specifications. Failure to provide the required information with the RFP response will automatically disqualify the response from consideration for award.

PART II. RFP GUIDELINES

2.1. Contact Persons. All requests for information concerning this RFP prior to bid opening must be directed **in writing**, to Kathleen Healey, Associate Counsel, Alabama Department of Insurance, P.O. Box 303351, Montgomery, Alabama 36130, or by facsimile at (334) 240-7581 or by e-mail to Kathleen.Healey@insurance.alabama.gov. Prior to award, the Respondent or Respondent’s Agent may not contact other DOI employees regarding this RFP. Following award, DOI will designate a contract administrator to whom requests for information concerning the RFP or awarded contract should be directed.

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2.2. Anticipated Timetable. DOI currently anticipates that the selection of a qualified firm and execution of the contract will proceed according to the following approximate timetable. DOI reserves the right, in its sole discretion, to revise all deadlines related to this RFP and post notice of these revisions on the DOI website (www.aldoi.gov).

Issuance of Request for Proposals	November 15, 2010
Deadline for Written Questions	November 19, 2010
Answers to Written Questions Posted on DOI Website	November 29, 2010
Deadline for Proposal Responses	December 17, 2010
Award date/Contraction negotiations begin	January 1, 2011
Target date for finalized contract	February 1, 2011

2.3. Written Questions; DOI's Response. Respondents may submit any questions about the RFP **in writing** to Kathleen Healey, Associate Counsel, no later than the date and time indicated above, via fax or e-mail. Fax questions should be directed to (334) 240-7581. An e-mail question should be directed to Kathleen.Healey@insurance.alabama.gov. DOI will respond to these written questions in two ways: (1) DOI will fax or e-mail its response to all potential respondents that submit a fax or e-mail request for such a response; and (2) DOI will post its response on the DOI website as an amendment to the RFP posting. DOI will not mail any responses. DOI will make every reasonable effort to post, e-mail and fax responses by close of business on the date indicated above to written questions received by the deadline indicated above. DOI reserves the right, in its sole discretion, to revise all deadlines related to this RFP and post notice of these revisions on the DOI website (www.aldoi.gov).

2.4. Proposals

2.4.1. General Guidelines. Costs for the development of proposals are the sole responsibility of the Respondent. All proposals become the property of the State of Alabama and will be a matter of public record after a contract has been awarded.

Respondents must include a statement in the proposal certifying that the price was arrived at without any conflict of interest.

Four (4) printed copies of the proposal must be submitted in a sealed package marked "ALDOI HEALTH BENEFITS EXCHANGE PLANNING PROPOSAL." The Respondent shall provide one original signed copy that is marked ORIGINAL.

RFP RESPONSES MUST BE RECEIVED BEFORE THE DEADLINE. Late responses will NOT be considered.

Submit Sealed Responses to one of the following:

<u>Mail:</u> Kathleen Healey Alabama Department of Insurance P. O. Box 303351 Montgomery, AL 36130-3351	<u>Hand Delivery or Courier to:</u> Kathleen Healey Alabama Department of Insurance 201 Monroe Street, Suite 502 Montgomery, AL 36104
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Respondents must sign in ink on page 1 of this RFP in the space entitled "AUTHORIZED SIGNATURE." Failure to manually sign this space on page 1 of the RFP will automatically disqualify the response.

A response to this RFP must include all of the information requested. Any submitted responses and all attachments will be referred to in this RFP as "Proposal," "Response" or "Bid Response."

The Department reserves the right to accept or reject any or all bids.

2.4.2. Proposal Format. Proposals should be prepared simply and economically, providing straightforward, concise descriptions of how the Respondent proposes to meet the requirements of the RFP.

2.4.3. Sealed Envelope. All proposals must be submitted in a sealed envelope.

2.4.4. Range of Services. Responses must specify all ranges of services to be provided. Proposals must specify complete range of professional services that Respondent is qualified to provide and will provide if awarded the contract. Proposals for services that are only partial in nature will be automatically disqualified.

2.4.5. Transmittal Letter. Proposals must be submitted with a transmittal letter signed by an individual with authority to bind the Respondent in a contract with DOI. Proposals must include the Respondent identification number, which is the Federal Employer's Taxpayer Identification Number. The letter must also include the following statement:

"The undersigned represents that the only person or persons, companies or parties interested in the Proposal as principals are named in this Proposal. This proposal is made without collusion with any other person, persons, company or parties submitting a proposal. This proposal is in all respects fair and in good faith without collusion or fraud. The undersigned has full authority to bind the Respondent in a contract with DOI. This proposal shall remain firm and be valid through the latest date for completion of services under any contract issued as a result of this RFP. Respondent understands that the DOI's boilerplate contract language and terms and conditions included in the RFP are not negotiable and will not be revised unless DOI determines, in its sole discretion, that revision would be in the best interests of DOI and the State of Alabama."

2.4.6. Fill in All Blanks and Attachments. Unless otherwise indicated, Respondents must complete all of the following blanks and include all required attachments in its Response at the time of the initial submission of the RFP Response to DOI.

2.4.6.1. Respondent's Contact Persons. Respondent must list the name, title, phone number and fax number of at least two (2) individuals who will be the contact persons for this RFP and who have the authority to respond to questions from DOI.

Name: _____

Title: _____

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Phone Number: _____

Fax Number: _____

Email: _____

Name: _____

Title: _____

Phone Number: _____

Fax Number: _____

Email: _____

2.4.6.2. References. Proposals shall include at least three (3) business references. Each reference shall include the name, address and phone number of the client organization and of the responsible project administrator familiar with the Respondent's performance. Additional references will need to be provided as requested by the DOI.

2.4.6.3. Cancellations. Respondents must provide a list of all contracts Respondent executed or accepted for professional services within the last two (2) years and that were canceled by any state agency prior to completion. For each canceled contract, include a detailed explanation for the cancellation and final resolution of the matter. Include the names and telephone numbers of each such agency's contact individual who has knowledge of the cancellation and the reasons for the cancellation. If none, specify none.

2.4.6.4. Litigation. To be entitled to consideration, Respondents must have available the necessary qualified personnel, skills, organization and facilities to fulfill all the services required under this RFP and any resulting contract. A response received from a Respondent whose services or performance have been documented as unsatisfactory, whose services or performance have documented problems pending resolution at DOI, and/or who have been involved in litigation with any federal, state, or governmental entity may not be considered. Respondent must state below whether during the last three (3) years the Respondent, including its parent company, any subsidiary, and/or office location, has been involved in litigation with any federal, state, or governmental entity. (attach additional sheets if necessary)

2.4.6.5. Cost Reimbursement. DOI will pay no costs or expenses of Respondent in submitting a response to this RFP. DOI will not authorize payments for any costs incurred prior to or for periods prior to the effective date of DOI's contract, if any, resulting from this RFP.

2.4.6.6. Conflicts or Potential Conflicts of Interest. Respondent must provide a statement of any conflicts or potential conflicts of interest of Respondent or Respondent's

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employees, who will or may provide services under any contract resulting from this RFP. Failure to disclose all conflicts or potential conflicts of interest may result in Respondent being disqualified and may result in cancellation of the contract. In submitting an RFP response, Respondent certifies that, except as disclosed under the provisions of this section, Respondent possesses the necessary independence in the provision of services sought by DOI under this RFP.

2.4.6.7. Other Information. Respondents may include any information that Respondent considers relevant but not solicited in this RFP.

2.4.7. Respondent Identification. Respondent must provide Federal Employer's Identification Number or, if a sole owner, may enter his/her Social Security Number.

2.4.8. Corporate Qualifications. Bids shall include evidence of Respondent's current or past experience in any of the areas of expertise identified as necessary in this Request for Proposal. In addition, the Respondent shall include the name and a one-paragraph biography of each principal person who will be assigned to this project. Respondents should answer the following questions:

1. What is your background and experience, including qualification and areas of expertise related to this request? Provide a full description of the experience you have had in this or similar work.
2. Describe your experience and your understanding of work within the context of state government. Have you had specific experience working with state government? Please describe.
3. How were prior relevant projects successful? Please provide examples.
4. Who will perform the work for each task included in your response? Please include resumes for key personnel.
5. What is your organization's size and structure?

2.4.9. Scope of Work. The work plan should be responsive to the requirements set out in Section 4. Respondents may bid on any one or more of the Sections of 4.1.1, 4.1.2., 4.1.3, 4.1.4., 4.1.5., or 4.1.6. Respondents may also bid on all sections. The Department of Insurance reserves the right to award contracts to Respondents of its choice for each Section 4.1.1., 4.1.2., 4.1.3, 4.1.4., 4.1.5., and 4.1.6. Respondents for Section 4.1.1. must bid on all subsections of 4.1.1.

2.4.10. Cost Proposal. Cost proposals should include estimates for each element of service requested and a total. The cost proposal should respond to the requirements set out in Section 4. If a Respondent chooses to bid on more than one section, the proposed budget must include separate costs for each section. Due to the variable nature of the services required, Respondents must include hourly rates for each staff class.

2.4.11. Respondent Affirmations and Certifications.

2.4.11.1. Financial Interests. Respondent warrants that neither Respondent nor any person or entity that will participate financially in the contract has received compensation from DOI for participation in preparation of the RFP or other specifications for this RFP and any resulting contract. In responding to this RFP, all Respondents must complete the

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disclosure statement required pursuant to Sections 41-16-80, et seq., Code of Alabama 1975 (Alabama Act 2001-955), which can be accessed from the Attorney General's web site at the following address:

http://www.ago.state.al.us/ag_items.cfm?Item=70

A copy of the disclosure statement is also on our website in PDF form, however, directions for completion can only be found on the Attorney General's website.

2.4.11.2. False Statements; Breach of Representations, etc. By signature to Respondent's Proposal or Response, Respondent makes all the representations, warranties, guarantees, certifications and affirmations included in this RFP. If Respondent signs the Proposal or Response with a false statement or it is subsequently determined that Respondent has violated any of the representations, warranties, guarantees, certifications or affirmations included in this RFP, Respondent will be in default under any contract awarded.

2.4.11.3. Favors By signature to Respondent's Proposal or Response, Respondent warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or employee in connection with this RFP and any resulting contract.

2.4.11.4. Acceptance of Terms. By submitting a response, Respondent warrants that all terms of the contract (Exhibit B) are acceptable.

2.4.11.5. Respondent's Costs. Respondent will bear all costs and expenses for the provision of services required by this RFP and any resulting contract. All such costs and expenses must be included in the prices detailed in the contract. No other amounts will be paid by the DOI.

2.4.11.6. Franchise Taxes; Non Residents; Foreign Corporations. The Respondent warrants that it is not currently delinquent in the payment of any taxes owed the State of Alabama. If a foreign corporation or other business entity, Respondent certifies that the business entity has made the appropriate filing with the Alabama Secretary of State to be qualified to do business in this state.

PART III. TERMS AND CONDITIONS

3.1. Compliance with Requirements. In submitting bids in response to this RFP, all Respondents agree to comply with all requirements of this RFP and any resulting contract.

3.2. Award of Contract. A response to this RFP is an offer to contract with DOI based upon the terms, conditions and specifications contained in this RFP. Offers and RFP responses do not become part of a contract or agreement with DOI unless and until they are accepted and agreed to by DOI. DOI reserves the right to make any corrections or include additional requirements in DOI's contract prior to execution that is necessary for DOI's compliance, as an agency of the State of Alabama, with all state and federal requirements. The term of the contract is expected to be nine months.

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3.3. Rejection of Bids; Open Records; Reissuance. DOI reserves the right to reject, in its sole discretion, any or all RFP responses and all or any part of any response and waive minor technicalities. DOI will award a contract, if any, to serve the best interests of DOI and the State of Alabama. DOI's waiver of any deviations in any response will not constitute a modification of this RFP and will not preclude DOI from asserting all rights against Respondent for failure to fully comply with all terms and conditions of this RFP. All RFP responses become the property of DOI. DOI may reissue another RFP for the services as described in this RFP or similar services at any time.

3.4. Pricing. All pricing must be submitted in accordance with the Cost Proposal included as part of Respondent's proposal to this RFP. Responses subject to price increases will not be considered.

3.5. Time for Submission. Responses to this RFP must be time stamped by the DOI ***before*** the hour and date specified on page 1 of this RFP. Late responses properly identified will be returned to Respondent unopened. Late responses will not be considered under any circumstances. DOI reserves the right to evaluate responses submitted prior to the stated deadline as they are received.

3.6. No Alterations or Withdrawals of Bid after Deadline. Responses cannot be altered or amended after the deadline specified on page 1 of this RFP. Any alterations made before this deadline must be initialed by Respondent or Respondent's authorized agent. No responses can be withdrawn after the deadline without approval by the DOI.

3.7. Facsimile and Other Electronic Response. Facsimile, scanned or other electronic responses to this RFP will not be accepted.

3.8. Attachments. DOI will not consider any terms and conditions or other documents attached to a response as part of the RFP Response unless the Respondent specifically and prominently refers to each of them on page 1 of the RFP Response. DOI reserves the right, in its sole discretion, to reject any Respondent's terms and conditions or other documents or attachments as part of Respondent's RFP Response.

3.9. Unacceptable Terms in Respondent's Response. Any terms submitted by Respondent, regardless of whether such terms conflict with this RFP and/or contract, which conflict with or are in violation of Alabama law, are void regardless of whether DOI accepts such terms or is deemed to have accepted such terms.

Unacceptable terms and conditions included in a Respondent's RFP response may result in disqualification of the response. If an award is made to such a Respondent, such terms and conditions are void and are not part of a contract between Respondent and DOI.

3.10. Agreement between DOI & Respondent. If DOI makes a contract award as a result of the issuance of this RFP, the entire agreement between DOI and Respondent will consist of the contract executed by DOI and Respondent. This RFP and Respondent's response, subject to the limitations described in this RFP, will be incorporated as part of the executed contract.

3.11. Conflicting Provisions. Unless expressly authorized by the executed contract by reference to this section, in the event of conflicting terms or provisions between this RFP, the contract, and Respondent's response, the executed contract will control.

PART IV: SCOPE OF WORK

The Scope of Work is divided into six sections. Respondents may bid on one, several, or all of these sections. Respondents bidding on Section 4.1.1. must bid on all work described in sections 4.1.1.1. through 4.1.1.5. If a Respondent intends to subcontract specific services, the Respondent should identify the intent to subcontract and identify the subcontractor, including sufficient information to establish the subcontractor's expertise in the subject area. Evidence of the subcontractor's qualifications to perform subcontracted work should be included in the bid.

4.1.1. STUDY OF EXCHANGE OPTIONS, DEVELOPMENT, DESIGN AND IMPLEMENTATION PLAN

This scope of work includes those tasks associated with overall planning and analysis supporting the DOI in the development, design, and, ultimately, the creation of an implementation plan to ensure the timely and effective creation of an Exchange in Alabama. The following tasks are preliminary identified as necessary for such planning and implementation, but it is expected that selected contractors will be assisting the DOI with identifying key questions, analysis, and decision points required prior to the successful implementation of an Exchange. *Please note: Respondents must indicate whether study methodology will comply with human research subject requirements under HHS' Office for Human Research Protections regulations and guidance, if necessary. (More information can be obtained at <http://www.hhs.gov/ohrp/>).*

4.1.1.1. Roadmap for Planning

As a preliminary step, the DOI needs to identify the goals for its Exchange, the most critical policy decisions that must be made, the data necessary for these decisions, and the order in which decisions should be made to facilitate the completion of the remaining tasks under this RFP. It is anticipated that the successful Respondent will, as directed by the DOI, create a strategic plan identifying potential Exchange goals, key policy decisions, timelines for decision making, and issue and analysis required for each decision. This roadmap should serve as the overarching framework for all Exchange planning, design, and implementation. Such roadmap may include recommended strategies for organizing stakeholder groups and government activities, for organizing data analysis tasks, and for identifying timelines for key planning steps. This plan must identify areas where work relating to the design and implementation of the Exchange could be coordinated with on-going state initiatives relating to health care reform.

4.1.1.2. Exchange Design Options

Consistent with the roadmap created pursuant to Section 4.1.1.1, and informed as appropriate by the results of activities identified in the rest of this RFP, as well as Alabama's existing programs and information technology (IT) infrastructure (both current and future), the successful Respondent will develop a comprehensive and written analysis recommending one or more models for the State's Exchange. Such model or models shall be aligned with key policy goals identified by the DOI and shall build on existing information and information gathered through other activities conducted pursuant to the contract(s) contemplated in this RFP. Such model or models shall be sensitive and responsive to stakeholder input obtained by the DOI, both through this RFP and otherwise.

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The analysis shall include a thorough examination of fiscal and operational issues, including governance, cost efficiency, and contracting needs to operate the Exchange under different potential models. The analysis shall include discussion and recommendations regarding whether specific functions should be performed by existing state entities, by newly created state entities, by regional entities, or by other outside entities. Such models should include organizational charts describing recommended functions for each aspect of the Exchange model or models. It is anticipated that the successful Respondent will work very closely with the DOI in preparing the analysis to ensure maximum coordination with other State health care reform initiatives. Respondents' responses to this RFP should describe how such coordination with the DOI will occur. Current State strengths and resources should be leveraged, while maximizing opportunities to improve health care delivery and financing infrastructure.

It is anticipated that such modeling shall also include an analysis of important questions necessarily implicated in the creation of an Exchange. Anticipated questions to be addressed in the modeling and recommendations may include:

- How should the Exchange be governed?
- Should the Exchange have a board of directors? If so, who should be on the board and how will they be selected? If not a Board, what is the most appropriate form of ongoing oversight?
- How will the Exchange interact with existing state government? With the federal government?
- Are there functions in the Exchange that would be more cost-effective and efficient to perform regionally?
- How should applications most effectively be processed? Should there be an in-person plan application option, in addition to the required web portal, phone, and mail options?
- How will the Exchange provide "no wrong door" service such that applications for coverage be enrolled in the proper program, whether Medicaid, All Kids, or private insurance plans? What role can www.myalabama.gov play?
- How will the Exchange determine whether an applicant has an employer plan available that provides essential coverage and is affordable?
- How will the Exchange determine if an applicant is exempt from the coverage mandate?
- Should the Exchange be expanded to include large groups?
- Should the small employer (SHOP) Exchange be separate or integrated with the individual Exchange?
- What functions should the SHOP Exchange perform to make it attractive to small businesses? For example, should the Exchange operate as an "aggregator"? What HR functions, if any, should the Exchange provide to small businesses?
- Should the SHOP Exchange be available to businesses with 50-100 employees prior to 2016? How many businesses and employees would potentially fall into this range?
- Will physical space be needed for the Exchange?
- What are important considerations for decisions on the design of the web portal?
- What technological challenges exist in the state and how best can the state overcome these challenges?
- What are the key considerations for designing a marketing and outreach component for the Exchange?

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- What is the best way to utilize the ACA-mandated Navigator function?
- What role should brokers and producers (agents) have in the new Exchange environment?
- What should be the process for resolving consumer complaints? For example, should there be one process for Medicaid, All Kids and private insurance?
- How should the consumer satisfaction surveys required by the ACA be conducted and presented on the web?
- Should the Exchange connect with the Health Information Exchange, and if so, how?
- How should the Exchange be evaluated? What measures should be used to define success?
- How should the Exchange be regulated?
- Should the Exchange be implemented in phases beginning earlier than January 2014? What phases could be implemented earlier?
- How could the Exchange be used to improve population health?
- How should the Exchange drive quality and cost containment?
- How could the Exchange support prevention and wellness initiatives?
- How could the Exchange be used to drive or support payment and health care delivery reform?
- How can the Exchange leverage existing data sources and IT infrastructure to be the most efficient and effective?
- What staffing needs are required to operate the Exchange? What financial start-up costs are expected? How can funding be sustainable?

4.1.1.3 Creation of an Implementation Plan

After DOI direction concerning the best Exchange model, the successful Respondent will prepare a written implementation plan for the Exchange, including key milestones, objective measures of success, and specific dates such milestones shall be achieved. It is anticipated that the successful Respondent will work very closely with the DOI, including stakeholders, in preparing the implementation plan to ensure maximum coordination with ongoing federal and state health care reform activities. The Respondents' response to this RFP should describe how such coordination will occur.

4.1.1.4. Recommendation for Exchange Financial Sustainability

The Exchange must be financially sustainable by January, 2015, and the DOI must determine the best way to meet this requirement. It is anticipated that the successful Respondent will draft a written analysis of sustainable financing options, including a thorough discussion of the pros and cons of each option. Financing options should consider the state budgeting process. Additionally, the financing options analysis would be expected to include consideration of the additional cost of state-mandated insurance benefits, in any, and the impact such costs would have on financing options.

4.1.1.5. Recommendation relating to Exchange Finance Functions

The Exchange must perform a variety of finance-related functions, such as developing, accounting and auditing standards; collecting premiums; controlling for waste, fraud, and abuse; creating transparency and reporting mechanisms for the public; and developing the technical infrastructure to comply with federal reporting requirements. It is anticipated

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that the successful Respondent will produce a written assessment of each financial function the Exchange must, or could, perform, and a recommendation or set of options for performing these functions, as well as an estimated cost. Functions should include collecting and safeguarding premium collections; reconciling tax credits and cost-sharing subsidies; selecting accounting systems, audit procedures, and internal controls; and financial reporting to the federal government and to the public.

4.1.2. STUDY OF THE UNINSURED AND THE UNDERINSURED

In order to design and successfully implement an Exchange, the DOI must have a clear and comprehensive understanding of its uninsured and underinsured population. Identifying and analyzing the demographics and needs of this population should inform Exchange design, including such aspects as web interface and benefit design. The successful Respondent shall have expertise in the areas of survey design, planning, implementation, and analysis, including technical and statistical expertise in those areas.

Respondents should specify how they would work with the DOI to identify necessary data and, after the identification of such data, how the Respondent will sample and analyze data elements. It is possible that additional data will not be collected for this analysis, and current available data will require further analysis.

Respondents shall include timelines and cost estimates for each phase of such a study. A range of cost estimates is appropriate based on unanswered questions regarding the breadth of the study. Respondents are encouraged to be mindful of the DOI's needs regarding timeliness of such analysis and should tailor bid proposals, including timelines, accordingly.

4.1.3. ACTUARIAL SERVICES IN SUPPORT OF EXCHANGE PLANNING

It is anticipated the DOI will need a wide variety of actuarial services to support the work in Section 4.1.1. above, as well as to analyze numerous issues that will arise during the Exchange planning and development process. These services will be provided on an as-requested basis. The successful Respondent for ad hoc actuarial services will have sufficient credentials to be able to model and analyze the impact of various legal and policy decisions on insurance rates and markets as the Exchange is in the planning stages and become operational. It is anticipated that the successful Respondent for this Section 4.1.3. work will work closely with the successful Respondent for the Section 4.1.1. work (if such Respondents are not the same). The response to this RFP should include a discussion of how that coordination would occur. Examples of anticipated issues to be addressed may need to include:

- Looking at open enrollment strategies and modeling the impact such strategies could have on the insurance market, in and outside the Exchange
- Analyzing risk adjustment methodologies and recommending best approaches to comply with state and federal goals
- Assessing reinsurance options
- Analyzing various reforms and the impact such reforms, potential and actual, will likely have on premiums in different markets
- Modeling the impact of merging small and individual markets into one Exchange
- Modeling the impact of increasing the small group market to employers up to 100 employees
- Modeling likely behavior in nongroup, small group, and large group market in response to specified market changes and policy decisions

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- Modeling the impact of the self-insured market on the Exchange and recommending various approaches to mitigate adverse impact
- Recommending methodologies for standardizing and operationalizing the actuarial valuation of different benefit levels in the Exchange, in accordance with state and federal laws
- Recommending methodologies for standardizing and enforcing the new federal medical loss ratio requirements in federal law
- Assessing the adverse selection impacts of various legislative and policy decisions
- Developing methodologies to measure the cost of state-mandated benefits and to ensure that no federal funding supports insurance coverage for abortions

4.1.4. FORMAL STAKEHOLDER STUDY

As part of the Exchange planning and design, the DOI shall engage the public in policy development and implementation planning. In addition to ongoing work soliciting stakeholder involvement performed by the DOI, the DOI seeks a contractor to conduct a formal analysis and assessment of individual stakeholder needs and goals for the design of an Exchange. Stakeholders include, but are not limited to, members of the public from a variety of political, cultural and socioeconomic perspectives; people covered by both public and private health insurance programs; state legislators; individuals with disabilities and special health needs' small and large employers; nonprofit organizations; insurance companies; insurance producers; community-based organizations; health care providers (including primary care, as well as other physical and mental health providers; brokers; and stakeholders involved in public health. Stakeholder input should come from all geographic regions within the state.

It is anticipated that the successful Respondent will provide a formalized mechanism to solicit meaningful feedback from stakeholders and provide the DOI with a written summary of such feedback, as well as identifying key points and recommendations for how such feedback could be incorporated into the Exchange design and implementation.

Respondents should have expertise in communications and inclusive public policy development. It is anticipated this Respondent would work with the successful Respondent for Section 4.1.1. Respondents should include a description of how it is anticipated that such work will be coordinated.

4.1.5 STUDY OF THE CURRENT INSURANCE MARKET

To inform the work performed under Section 4.1.1., the DOI must analyze the current insurance market, including a comprehensive review of available plan designs and payment models. The successful Respondent will design and conduct a formal analysis of the current health insurance market, including modeling the impact ACA changes will have on that market. Such analysis shall be used to inform Exchange design decisions, and the successful Respondent shall provide the DOI with guidance on how best to use data to inform Exchange design and implementation decisions. Examples of anticipated issues that will need to be addressed are the quality and quantity of grandfathered plans within the State, the premium impact of reforms, the present breadth and anticipated future of the limited medical benefit plan market, the pros and cons of allowing a catastrophic health plan. Respondents shall describe how they would approach this work and describe timelines, recognizing that much of the work performed herein will need to be completed before key Exchange policy decisions can be made.

4.1.6 ASSESSMENT OF CURRENT PROGRAMS AND INTEGRATION OPPORTUNITIES

The successful Respondent will assist the DOI in developing a comprehensive assessment of health care benefit programs across public and private sectors, with the anticipated goal of aligning or standardizing benefit packages to minimize coverage disruptions and maximize care continuity. Such integration should consider benefit design, outreach, funds flow, eligibility determinations, enrollment/disenrollment, care coordination, claims payment, information systems, and applicable quality standards where feasible and appropriate. Where such integration is not feasible, the DOI may also require assistance in examining the best methods to explain benefit and other program feature differences to maximize consumer understanding and participation. A successful Respondent may also be required to study how different populations interact with health coverage distribution channels and whether, beyond benefit integration, communication tools associated with the acquisition of health care coverage need to be standardized or customized for specific populations. It is anticipated that this work will culminate in a written report comparing benefits as discussed above, with one or more recommendations relating to the standardization of benefits across programs.

It is anticipated that a successful Respondent will work closely with the DOI and other stakeholders to examine and answer these questions, and the bid response should include detailed discussion of how the Respondent will work with the DOI, how the Respondent will gather data regarding these issues (including ways in which currently available data and reports can be used to achieve maximum cost effectiveness) and identify the manner in which this data and analysis will be coordinated with ongoing efforts. Respondents should also identify timelines by which components of this analysis will be completed.

4.2. COST PROPOSAL

The Respondent shall offer a cost proposal, distinct from the Scope of Work proposal in Section 4.1. Cost proposals should include the anticipated price for each component and a total bid price for all work. Respondents shall provide one hourly rate for each staff class identified in the proposal. A blended rate, whereby a proposal identifies one hourly rate for all categories of services, is not acceptable. The DOI will also not accept a range of hourly compensation for the same staff level or function. Costs bids must be related to the functions and responsibilities outlined in Section 4.1.

PART V: PROPOSAL EVALUATION AND SELECTION

5.1. Proposal Evaluation

The DOI will conduct a comprehensive, fair and impartial evaluation of the proposals received in response to this RFP.

5.1.1. Phases of the Evaluation

The evaluation will consist of the following elements:

1. Evaluation of Minimum Requirements
2. Evaluation of References and Qualifications
3. Evaluation of the Scope of Work

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4. Evaluation of the Cost Proposal

5.1.2. Phase 1: Evaluation of Minimum Requirements

The purpose of this phase is to determine if each proposal is sufficiently responsive to the RFP to permit a complete evaluation of the organization and its experience. Proposals must comply with the instructions to Respondents in Sections 2 and 3. Failure to comply with the instructions shall deem the proposal non-responsive and subject to rejection without further consideration. The DOI reserves the right to waive minor irregularities.

The minimum requirements for a proposal to be given consideration are:

1. The proposal must have been received as provided in Section 2 before the closing of acceptance of proposals and in the number of copies specified.
2. The proposal must contain a transmittal letter as provided in Section 2.4.5.
3. The proposal must respond to the applicable requirements as provided in Section 4.1 and include a cost proposal as outlined in Section 4.2.
4. RFP General Terms and Conditions and other Contract terms must be accepted (Section 3, Appendix B).

5.1.3. Phase 2: References and Qualifications

The DOI will evaluate bids to confirm evidence of Respondents' current or past certification and assess the experience, corporate resources, and qualifications of the Respondents and any subcontractors. If necessary, additional references will be requested.

5.1.4. Phase 3: Evaluation of Scope of Work

For each proposal considered, the scope of work will be examined to determine the extent to which they will meet the requirements of the RFP and objectives of the DOI. Any work plan that is incomplete or in which there is significant inconsistency or inaccuracy may be rejected by the DOI. The DOI reserves the right to reject all proposals.

5.1.5. Phase 4: Evaluation of Cost Proposal

For each proposal considered, the cost proposal will be examined to determine the extent to which they will meet the requirements of the RFP and objectives of the DOI. Any costs proposal that is incomplete or in which there is significant inconsistency or inaccuracy may be rejected by the DOI. The DOI reserves the right to reject all proposals.

5.2. Proposal Selection

The Commissioner of Insurance will make the final selection of the contractors. The selected contractors will be requested to enter into negotiation with the DOI on detailed work plans, deliverables, and timetables. If negotiations do not result in a signed contract, the DOI will make another selection. Respondents will be notified of the selection. If all proposals are rejected, all Respondents will be notified. Proposals made by Respondents will not be made available to other Respondents until after a contract is completed and fully executed.

Exhibit B
Handouts from December 14, 2010
Stakeholder Meeting

Initial Exchange Stakeholder Meeting Agenda
Alabama Department of Insurance
December 14, 2010

1. **Introduction and Welcome**
 - a. general welcome and appreciation of interest and participation
 - b. Commissioner's remarks
 - c. introductions—go around table
2. **Exchange PowerPoint presentation**
3. **Grant RFP overview**
4. **Legislation overview**
5. **Q & A**
6. **Brainstorm for workgroup issues** (this is for Exchange planning only—not implementation)
 - a. vision & purpose for Exchange, enrollment and consumer assistance, Exchange administration, qualified health plan administration, IT and technology requirements.
 - b. how do we divide up into stakeholder working group as to different issues/areas?
 - c. who is missing from group?
7. **Set regular meeting dates**—possibly 2nd Thursday of each month?

HEALTH BENEFIT EXCHANGE BASICS

December 14, 2010

The Patient Protection and Affordable Care Act of 2009 ("PPACA")(Public Law 111-148) requires in Section 1311 that "Each State shall, not later than January 1, 2014, establish an American Health Benefit Exchange ("Exchange") that facilitates the purchase of qualified health plans; [and] provides for the establishment of a Small Business Health Options Program ("SHOP Exchange") that is designed to assist qualified employers in the State who are small employers in facilitating the enrollment of their employees in qualified health plans offered in the small group market in the State."

Establishing an Exchange

- Each state, if they choose, may establish an Exchange in the individual and small group markets by January 1, 2014. These Exchanges may be merged if the state desires.
- Each state must notify the U.S. Secretary of Health and Human Services (HHS) ("Secretary") whether it plans to operate a qualified exchange no later than January 1, 2013 so that the Secretary can begin developing a federally-run Exchange for that state. A state that elects to operate an Exchange must have the Exchange operational by January 1, 2014.
- The Secretary shall award grants to states to assist in the planning and establishment of the Exchange. These grants may not be used for operating the Exchanges. Planning grants of up to \$1 million have been announced and these funds were available effective September 30, 2010. The Alabama DOI applied for and received these grant funds.

Exchange Operation

- The Exchange must be a governmental agency or nonprofit entity established by the state. A state may create multiple exchanges serving different geographic areas, combine the operations of the individual and small group exchanges, or even create regional exchanges with other states.
- The Exchange must provide for:
 - Initial open enrollment period
 - Annual open enrollment period
 - Special enrollment periods
- All plans sold through the exchange (other than dental-only plans that provide pediatric coverage) must be certified as a "Qualified Health Plan" that:
 - Provides the Essential Benefits outlined in the law
 - Is licensed and in good standing in the state
 - Agrees to offer at least one Silver and one Gold plan (see below)
 - Agrees to charge the same price inside and outside of the Exchange
- The exchange will make the following levels of coverage available:
 - Bronze (covers 60% of actuarial value of benefits)
 - Silver (covers 70% of actuarial value of benefits)
 - Gold (covers 80% of actuarial value of benefits)
 - Platinum (covers 90% of actuarial value of benefits)
 - Catastrophic (high deductible plan for the young)
- Additional costs for any benefits other than essential benefits required (mandated) by the State must be paid by the Exchange

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Exchange Functions

- At a minimum, an exchange must:
 - Consult with relevant stakeholders, including consumers, those with experience facilitating coverage in qualified health plans, representatives of small businesses, state Medicaid offices and advocates for enrolling hard-to-reach populations.
 - Implement procedures for certification, recertification and decertification of health plans
 - Operate a toll-free hotline
 - Maintain an Internet website with standardized plan information
 - Assign a rating to each plan relative to each plan's quality and price
 - Utilize a standardized format for presenting options
 - Inform consumers of their eligibility for Medicaid, ALL Kids (CHIP) and other applicable state or local public health programs
 - Make available a calculator to determine the actual cost of coverage after subsidies and tax credits
 - Grant a certification attesting that the individual is not subject to the coverage mandate because –
 - There is no affordable option available, or
 - The individual is exempt from the mandate
 - Transfer to the Secretary of Treasury a list of individuals exempt from the individual mandate and employees eligible for tax credit
 - Provide to each employer the names of employees eligible for tax credit and those who ceased coverage during a plan year
 - Establish a Navigator program to conduct public education activities, distribute information concerning enrollment and the availability of tax credits, facilitate enrollment, and provide referrals to the appropriate State agencies regarding questions, grievances and complaints for any enrollee
 - Keep accurate accounting of all activities, receipts and expenditures and annually report to the Secretary and publish online an accounting of its administrative costs, including funds lost to waste, fraud and abuse
 - Require insurers to justify any premium increases prior to implementation and post all related information on their websites. Any patterns of excessive/unjustified increases or practices can result in expulsion from Exchange

Federal Regulations

- The Secretary shall establish criteria for the certification of qualified health plans. At a minimum, the criteria shall require that certified plans, at a minimum, must:
 - Meet marketing requirements and not discourage enrollment in the plan by those with significant health needs
 - Ensure a sufficient choice of providers (no requirement to contract if provider does not accept payment rates)
 - Include in the network essential community providers
 - Be accredited by an entity recognized by the Secretary
 - Implement a quality improvement strategy outlined in PPACA
 - Utilize a uniform enrollment form as required in PPACA
 - Utilize the standard format for presenting plan options
 - Provide information on quality assurance measures to enrollees and prospective enrollees on health plan performance

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- The Secretary shall develop a rating system to measure quality and price – also used for Web Portal
- The Secretary shall develop an enrollee satisfaction survey system for plans with more than 500 enrollees
- The Secretary shall assist Exchanges in the development of Internet portal – and continue operation of a federal Web Portal
- The Secretary shall define the Essential Health Benefits that must be in a Qualified Health Plan

Key Issues for State Consideration When Developing an Exchange

- Governance
- Roles of Various State Agencies
- Additional Functions of the Exchange
- Additional Information for Consumers
- Regulation of the market outside of the Exchange
- Multi-State Exchange or Subsidiaries
- Mandated Benefits: The State must pay for any coverage mandates that are over and above the “essential benefits” requirement
- Funding of Operations: Exchange must be “self-sustaining” beginning January 1, 2015. No federal funding will be available beyond this date. The Exchange is allowed to charge assessments, user fees or otherwise generate funding to support its operation.

ALABAMA EXCHANGE PLANNING TASK FORCE WORKGROUPS AND TASKS

1. Enrollment and Consumer Assistance

What information is helpful to a consumer? How should the information be presented? What format should the information be presented in? What role should the navigator play? Who should they be? What will consumers expect from the Exchange? How will enrollment in Medicaid and All Kids be determined in real-time?

- Website development (comparative information on plans)
- Determine enrollment periods (special, initial open, annual open)
- Develop web-based calculator and easy to understand consumer friendly information
- Determine how best to present information (what format is best to understand and compare plans)
- Analyze current eligibility, subsidy determination and/or enrollment systems
- Address the Navigator—who, what, when, how
- Develop call center requirements—availability, locations
- Consider innovations such as enrollment centers? How to handle initial open enrollment versus annual enrollment?

2. Exchange Administration

How can the Exchange be established to become self-sustaining? How best to keep the Exchange accountable?

- Develop recommendations of organizational and governance structures for the Alabama Exchange
- Assess legal and practical implications of organizational and governance alternatives
- Draft proposed legislation to establish Exchange organization and governance
- Analyze current resources that can be devoted to implement and operate an Exchange
- Determine the operational needs of an Exchange including financial and IT operations
- Project funding requirements and potential sources of funding—a five year plan
- Develop an implementation plan, a plan of operation, a business plan
- Reporting to ensure transparency to consumers, state government and federal government
- Determine ways to generate revenue to continue the Exchange as self-sustaining

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3. Qualified Health Plan Administration

Who gets to participate? What objective criteria will we need to determine plan eligibility? What ongoing accountability will we require in order to continue participation?

- Assign ratings to plans
- Develop standardized format for presentation of plans
- Premium reporting standardization
- Determine network adequacy--providers
- Develop certification of health plans—the criteria by which to measure

4. IT and technology requirements

What systems do we have in place now? What can be improved? What can be enhanced (if any)? What systems are out there in the marketplace that could work/be modified for Alabama needs?

- IT system requirements for eligibility
- Look at IT system requirements, IT strategy, technical infrastructure
- Determine website needs and requirements
- Explore potential links/ads and other marketing tools for revenue possibilities—setting parameters
- Develop specifications for RFPs, contracts or invitations to bid
- Address security issues
- Explore data use agreements with state and federal agencies for eligibility determinations
- Explore data use agreements for financial and payment issues

Exhibit C

December 14, 2010 Meeting Summary

Initial Exchange Stakeholder Meeting Summary

Alabama Department of Insurance

December 14, 2010

Chaired by:

Jim Ridling, Commissioner of Insurance
Don Williamson, MD, State Health Officer, Alabama Department of Public Health
Rob Church, Commissioner, Alabama Medicaid

Attending:

Ginny Campbell, American Cancer Society; Kent Hunt, Department of Mental Health; Susan Chambers, Department of Mental Health; Susan Colburn, Family Voices of Alabama; Lolita McLean, ADRS; Melinda Davis, ADRS; Cathy Caldwell, ADPH/CHIP; Chad Nichols, Alabama Rural Action Coalition; Joan Carter, AARP; Danne Howard, Alabama Hospital Association; Carol Brown, Southern Strategy Group; Gretel Felton, Medicaid; Robyn James, ADSS; Viki Brant, ADPH/CHIP; Teela Carmack, ADPH/CHIP; Linda Lee, Alabama Chapter-American Academy of Pediatrics; Richard Whitaker, Medical Association of the State of Alabama; William Ashmore, SEIB; Noel Carden, BCBSAL; Mary Hayes Finch, APHCA, Alabama Primary Care Association; Claire Haynes, BCA; Mike O'Malley, AAHP; John Houston, Department of Mental Health; Mike Horsley, Alabama Hospital Association; Todd Russell, ADSS; Peggy Givhan, ADSS; Suzanne Respass, Children's Health System; Jim Carnes, Alabama Arise; Linda Tilly, VOICES for Alabama's Children; Lee Rawlinson, Medicaid; Shane Spees, BHS and Alabama Hospital Association; Wendy Hester, ADECA.

ALDOI Staff attending:

Steve Ostlund, Reyn Norman, Charles Angell, Kathleen Healey, Robert Turner, Jennifer Haskell

Summary:

The group had an opportunity for introductions. From there, Kathleen Healey and Robert Turner provided a presentation on Health Benefit Exchanges under the Affordable Care Act. They discussed the current grants that the Department of Insurance has received through the U.S. Department of Health and Human Services Office of Consumer Information and Insurance Oversight, specifically the Exchange grant and the Rate Review and Approval grant. Enabling legislation for the Exchange, external review, and rate approval authority was also discussed.

The group discussed technical assistance groups. Meeting attendees were asked to review the four areas established so far to see which area they were interested in participating and to contract Mr. Turner or Ms. Healey with their interests. Four areas were established:

1. Enrollment and Consumer Assistance

What information is helpful to a consumer? How should the information be presented? What format should the information be presented? What role should the navigator play? Who should they be? What will consumers expect from the Exchange? How will enrollment in Medicaid and All Kids be determined in real-time?

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- Website development (comparative information on plans)
- Determine enrollment periods (special, initial open, annual open)
- Develop web-based calculator and easy to understand consumer friendly information
- Determine how best to present information (what format is best to understand and compare plans)
- Analyze current eligibility, subsidy determination and/or enrollment systems
- Address the Navigator—who, what, when, how
- Develop call center requirements—availability, locations
- Consider innovations such as enrollment centers? How to handle initial open enrollment versus annual enrollment?

2. *Exchange Administration*

How can the Exchange be established to become self-sustaining? How best to keep the Exchange accountable?

- Develop recommendations of organizational and governance structures for the Alabama Exchange
- Assess legal and practical implications of organizational and governance alternatives
- Draft proposed legislation to establish Exchange organization and governance
- Analyze current resources that can be devoted to implement and operate an Exchange
- Determine the operational needs of an Exchange including financial and IT operations
- Project funding requirements and potential sources of funding—a five year plan
- Develop an implementation plan, a plan of operation, a business plan
- Reporting to ensure transparency to consumers, state government and federal government
- Determine ways to generate revenue to continue the Exchange as self-sustaining

3. *Qualified Health Plan Administration*

Who gets to participate? What objective criteria will we need to determine plan eligibility? What ongoing accountability will we require in order to continue participation?

- Assign ratings to plans
- Develop standardized format for presentation of plans
- Premium reporting standardization
- Determine network adequacy--providers
- Develop certification of health plans—the criteria by which to measure

4. *IT and technology requirements*

What systems do we have in place now? What can be improved? What can be enhanced (if any)? What systems are out there in the marketplace that could work/be modified for Alabama needs?

- IT system requirements for eligibility
- Look at IT system requirements, IT strategy, technical infrastructure
- Determine website needs and requirements
- Explore potential links/ads and other marketing tools for revenue possibilities—setting parameters

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- Develop specifications for RFPs, contracts or invitations to bid
- Address security issues
- Explore data use agreements with state and federal agencies for eligibility determinations
- Explore data use agreements for financial and payment issues

Further discussion was held on who should be included in future meetings. Several names were suggested and ALDOI staff would contact these folks in the interim to determine interest. At the end of the meeting, Mr. Turner and Ms. Healey provided contract information to attendees.

The next meeting was scheduled for January 13, 2011 at 10 a.m. at the DOI offices.