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## Project Narrative

### Arkansas Level One Establishment Cooperative Agreement

Arkansas was the first state to indicate an interest in pursuing the State Partnership Marketplace Model and maximizing the local flexibility allowed under this option. Governor Mike Beebe delegated responsibility for planning and implementing the State Partnership Marketplace (SPM) to the Commissioner of the Arkansas Insurance Department (AID), an executive branch agency of state government, and its new division, the Health Benefits Exchange Partnership Division (HBEPD). AID was the grantee for a Planning Grant in the fall of 2010, a Level One Establishment Grant awarded in February 2012 (referred to within the Division as the Level One A), a second Level One Establishment Grant in September 2012 (Level One B), and a third Level One Establishment grant in April 2013 (Level One C), each outlining steps toward the goal of having a fully functional Marketplace for Arkansas residents by January 2014. AID renamed the HBEPD the Arkansas Health Connector Division (AHCD) in June 2013. Arkansas has been successful in meeting grant requirements and engaging numerous and diverse stakeholders. Stakeholder inclusion and a solid consumer focus are strengths of Arkansas's planning process which has shown detailed planning and implementation of Plan Management; Consumer Assistance; and Outreach and Education functions, each of which have taken into account multiple constituency groups.

This Level One Establishment Grant application (Level One D) reports the many successes of Arkansas's Marketplace planning efforts to date and requests funding for continued implementation and ongoing improvements of Arkansas's State Partnership Marketplace (SPM). Specifically, with Level One D funds we plan to 1) Continue our Outreach & Education campaign designed to share insurance options with eligible consumers and encourage enrollment, with an added emphasis on those who have had life-changing events that would qualify them to enroll outside the open enrollment period; 2) Continue our In-Person Assister services with a maximum of 537 guides through open enrollment and 134 after open enrollment; 3) Continue our Speakers Bureau to inform communities across the regions of the state about options available under the ACA; 4) Continue developing policies and procedures to support QHP certification and re-certification and plan monitoring while developing account management functions; and 5) Continue working on continuity of coverage issues, specifically regarding pediatric and stand-alone dental plans.

AID's efforts are focused on excellent consumer services as we collaborate with the U.S. Department of Health and Human Services (HHS), Arkansas government, and private partners to efficiently connect Arkansas Medicaid and private Qualified Health Plans (QHPs) with the Federally-Facilitated Health Insurance Marketplace and to locally operate, evaluate and continuously improve the Consumer & Stakeholder Engagement & Support and Plan Management Functions of the State Partnership Marketplace in Arkansas. With Governor Beebe's endorsement and strong leadership from Insurance Commissioner Jay Bradford and the AHCD, AID is actively working to implement an effective SPM in Arkansas so that quality, affordable and understandable health coverage is available to our residents.

This Project Narrative provides pertinent background for an understanding of our accomplishments in planning for the Arkansas SPM as well as new information highlighting progress, performance, and challenges since our Level One C submission. The immediate past six months have included substantial happenings and gains in the areas of legislation, In-Person Assisters, Outreach and Education, carrier recruitment and QHP certification.

### EXISTING EXCHANGE PLANNING AND EXCHANGE ESTABLISHMENT PROGRESS

Beginning in December 2010 with the appointment of Cynthia Crone as Director of AID's Health Benefits Exchange Planning effort, organized, steady progress has been made toward assuring that Arkansas and her residents are prepared to benefit from implementation of the ACA and most specifically the opportunities for expanded insurance

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coverage offered by the Marketplace. AID's first step, using funds from the Planning Grant, was to direct research aimed at gathering information about the insurance status of the state's citizens, insurance carriers doing business in the state, processes and technology systems in place within state government that might be leveraged for Marketplace operation, and the wishes of stakeholders regarding the best way to operate a Marketplace for Arkansas. Six diverse stakeholder groups met as often as bi-weekly to address various Marketplace-related topics: outreach/education; community leaders; consumers; information technology; providers; and state agencies. Sixty-six community meetings were held in 17 towns across Arkansas. A statewide summit attracted 100 attendees, including legislators opposed to the ACA.

A review of this initial research and particularly the wishes of key stakeholders contributed to the Governor's directive to AID to pursue the SPM for Arkansas. This direction led to the need for additional, targeted research, the establishment of processes to make policy decisions, and additional qualified staff to create the structure necessary to support the state's ability to fully participate in and benefit from the SPM. Research and study has continued, especially surrounding the plan for the Medicaid premium assistance model to serve as the foundation for Arkansas's Medicaid expansion. Under this "Private Option" model – as it came to be known at the state Capitol -- premiums for QHPs sold by carriers doing business in the Marketplace would be paid by Medicaid, covering adult consumers up to 138 percent of the Federal Poverty Level. This concept has received preliminary approval from HHS, and an 1115 Waiver <https://www.medicaid.state.ar.us/Download/general/comment/FinalHCIWApp.pdf>

was submitted to HHS on Aug. 5, 2013. Much AHCD activity has resulted in a doubling of AHCD staff, and Crone has been promoted to AID Deputy Commissioner for the AHCD. Arkansas is excited about the prospect of being the first state to offer Medicaid expansion in the fashion of such an integrated Marketplace, and AHCD looks forward to a continued fruitful relationship with HHS and CMS.

For consistency, we refer to "AHCD" throughout this narrative regarding references to the division before and after its name was changed.

### **Key Findings of Background Research**

Over the last two-and-half years, AID has overseen research covering a broad range of topics and conducted by several different groups and individuals. In 2011, AID selected First Data Government Solutions, LP (First Data) and the University of Arkansas for Medical Sciences (UAMS) as primary contractors for Arkansas's Marketplace planning activities. First Data had three subcontractors, SCIO Inspire (formerly Solutia), Powell and Associates, and Arkansas Foundation for Medical Care (AFMC). The latter two are Arkansas-based companies. The UAMS work was performed by Partners for Inclusive Communities, the College of Public Health, and Arkansas Center for Health Improvement (ACHI), home to Arkansas's Surgeon General. In 2012, AID contracted with the University of Central Arkansas (UCA) to conduct a survey and gather additional information about the Arkansas insurance marketplace and likely promoters or barriers to issuer participation in the federal Health Insurance Marketplace in Arkansas. We also consulted with actuaries to assess the financial implications of state insurance mandates on eligible Essential Health Benefit (EHB) benchmark plans.

Following our initial planning review and discussions of potential strategies to mitigate the impact of expected consumer "churning" among Insurance Affordability Programs in Arkansas, and at CCIIO's recommendation, AID entered into a professional services contract with Manatt Health Solutions to identify continuity of care/coverage issues and assist in outlining potential strategies to minimize the impact of churning. ACHI also analyzed the churning issue. In late 2012 through our policy consultation contract with ACHI, AHCD joined with Arkansas Medicaid to fund a study by RAND Health to estimate the economic impact of Marketplace establishment and Medicaid expansion in Arkansas as allowed under ACA. This study also provided updated estimates of the numbers expected to enroll in the new Marketplace. <http://www.achi.net/MiscDocs/130103RAND%20Final.pdf> (Appendix A)

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Also by late 2012, Manatt had provided AHCD with three potential continuity of coverage options to discuss with the Insurance Commissioner, Medicaid Director, Surgeon General and diverse state stakeholder groups that led to a more expansive contract with Manatt and its subcontractor, Optumas, to do more in-depth research in an expedited manner with a goal of selecting a viable option and implementing it in advance of FFE Open Enrollment. Manatt and Optumas consultants were in Little Rock for an initial site visit February 6-8, 2013. They met with Medicaid and AID staff on multiple occasions to gather information about the alignment of Medicaid benefits and the Arkansas EHB. They also met with key stakeholders individually and in two group settings as well as with the Governor and his key staff. Subsequent meetings occurred with Arkansas's legislative leaders and on April 23, 2013, the Arkansas Health Care Independence Act was signed into law. Key findings to date follow.

Health Status: On many health indicators, Arkansans' health status is below the national average. Life expectancy at birth was 76 years in 2010, three years less than the national average of 79. Nearly 34 percent of Arkansas children were overweight or obese in 2011, and this percentage increases to 65 percent for adults. According to Kaiser Family Health's *Health Status* report, nearly 10 percent of the population had been diagnosed with diabetes and in 2009 there were 219 deaths per 100,000 of the population due to heart disease where nationally there were 180. Overall, the death rate is much higher in Arkansas than the average across the country (893 per 100,000 in Arkansas in 2010 compared to 747 per 100,000 nationally). Many Arkansans suffer from poor health and are in need of coordinated care and disease management, often for chronic, complex and co-morbid diseases.

Health Care Delivery System: Currently, 19 percent of Arkansas's population lives in a primary care health professional shortage area (Kaiser Family Health [KFH] State Health Facts [SHF] *Primary Care HCSAs*, 2012), and in 2008 Arkansas ranked in the bottom 10 states for having only 19 physicians per 10,000 of the population while the national average was 26 (KFF SHF, *Physicians per 10,000 Civilian Population*, 2008). Arkansas Medicaid is a fee-for-service program with reimbursement rates that are generally well below commercial and, until recently, well below Medicare reimbursement rates. This low reimbursement coupled with Arkansas's rural geography has historically impeded provider access in the Medicaid program and generally. Arkansas is working today to develop innovative ways to improve services currently offered to its Medicaid enrollees to ensure better health outcomes. The Arkansas Department of Human Services (DHS), Arkansas Medicaid, Arkansas Blue Cross and Blue Shield, and QualChoice of Arkansas developed the Arkansas Health Care Payment Improvement Initiative to align incentives across payers, thereby reducing variation in quality and increasing cost efficient practices. Arkansas Medicaid has reported this system resulted in significant savings and expected additional savings as the program expands in the future. Further, with CMS Innovations Center funding, 75 primary care practices in Arkansas are being transformed into patient-centered medical homes, targeting individuals with complex medical needs or chronic conditions and offering more intensive care coordination and support. Over a 42-month period, the state of Arkansas will receive up to \$42 million to implement and test its State Health Care Innovation Plan, which calls for a majority of Arkansans to have access to a patient-centered medical home by 2016. Such homes will provide comprehensive, team-based care with a focus on chronic care management and preventive services.

Numbers of Insured/Uninsured: Arkansas has a large and growing number of uninsured individuals and ranks among the top ten states in terms of uninsured residents (Kaiser Family Foundation (KFF) *State Health Facts (SHF)* for 2009-2010). ACHI estimated in February 2013 that about 26 percent of working-age Arkansans are currently uninsured. First Data contractors SCIO Inspire and Powell and Associates estimated that 587,000 Arkansans, or 20 percent of our population, will be uninsured in 2013, the year before the Marketplace becomes operational. Of that number 80,000 would be small group eligible and 507,000 would be uninsured individuals.

According to the National Association of Insurance Commissioners (NAIC) (2011), Arkansas's employer sponsored insurance market covered 1.2 million Arkansans in 2010 through self-insured employers (884,000), large group

employers (211,000), and small group employers (105,000). The individual market covered 115,000 Arkansans. Arkansas's ACA Pre-existing Condition Insurance Plan (PCIP) covered 886 enrollees before transferring coverage to HHS in July 2013.

Medicaid and ARKids First in State Fiscal Year 2012 covered 795,889 people, or 26 percent of the state's population (Arkansas DHS, December 2012).

*Expected Enrollment 2014:* Based on actuarial projections (See Marketplace Report at <http://hbe.arkansas.gov/MP.pdf>), it is expected that 211,000 Arkansas residents eligible for Advance Premium Tax Credits will enroll in private insurance plans through the Marketplace and Optumas has estimated that 247,000 will enroll in QHPs through the Marketplace with premiums funded by the Medicaid expansion. This will reduce Arkansas's uninsured rate by more than half. By 2019, the uninsured population is estimated to drop to less than nine percent of the population.

Powell and Associates predicted selected coverage variables in 2013, 2014, and 2019 as noted below.

Variable	2013	2014	2019
Number of individuals covered by employer plan	1,103,499	1,018,552	1,006,987
Number of individuals eligible for employer coverage but not enrolled (insured vs. self-insured)	80,000		
Number of small employers not offering health coverage (less than 50 employees)	28,765		
Number of individuals covered by full-coverage and individual major medical plans	544,295	499,264	438,314
Number of individuals in self-insured plans	695,204	641,688	634,402
Number of individuals in mini-med or limited benefit plans	N/A	N/A	N/A
Number of individuals enrolled in Medicaid	682,000	856,641	899,207
Number of individuals enrolled in another public plan including dual eligibles	136,400	171,328	179,841
Number of individuals eligible for Medicaid but not enrolled		70,000	
Number of individuals not insured	587,000	301,106	279,901

Demographics of the Arkansas population relative to insured/uninsured status in 2013 and 2014, as predicted by Powell and Associates, are presented in the following tables.

Year	2013	2014
<b>Population</b>	2,930,594	2,949,350
<b>Population &lt;65</b>	2,508,499	2,524,553

Year	2013		2014	
	Insured	Uninsured	Insured	Uninsured

Year	2013		2014	
	Insured	Uninsured	Insured	Uninsured
<b>Population &lt;65</b>	1,921,499	587,000	2,251,263	273,290
<b>Income</b>				
<138% FPL	393,402	284,819	534,623	147,939
139% - 400% FPL	840,721	230,170	987,016	90,729
>400% FPL	687,376	72,011	729,624	34,623
<b>Age</b>				
0-4	157,181	33,038	177,268	14,169
5-18	443,607	134,351	521,133	60,524
19-25	126,972	91,643	175,374	44,641
26-35	265,641	102,632	323,056	47,573
36-45	356,741	99,555	413,395	45,821
46-55	339,796	76,113	382,310	36,261
55-64	231,560	49,668	258,727	24,301
<b>Work status</b>				
Employed	1,838,432	557,185	2,152,780	258,169
Unemployed	83,067	29,815	98,483	15,121

Year	2013		2014	
	Insured	Uninsured	Insured	Uninsured
<b>Health status (1)</b>				
Excellent	708,567	167,903	809,100	72,979
Very good	638,817	180,283	742,908	81,435
Good	404,448	168,342	493,155	83,301
Fair	112,976	50,327	139,057	25,291
Poor	56,690	20,145	67,043	10,284
<b>Household size</b>				
1	853,637	377,122	1,060,378	178,258
2	852,659	163,141	949,550	72,750
3	167,006	34,797	186,868	16,226
4	44,200	9,450	49,232	4,761
5+	3,998	2,491	5,235	1,295

Year	2013		2014	
	Insured	Uninsured	Insured	Uninsured
<b>Education/literacy status</b>				
<b>Child N/A</b>	476,145	127,099	550,923	56,182
<b>Not finished High School</b>	235,093	141,897	309,661	69,741
<b>High School graduate</b>	422,860	163,141	512,964	76,788
<b>Some College</b>	405,930	108,639	467,889	49,973
<b>College graduate</b>	258,387	36,115	280,352	16,036
<b>Graduate degree</b>	123,084	10,109	129,475	4,571

(1) Health status is self-reported by survey participants

### **Current Marketplace**

*Individual Market:* The research done in 2011 used 2010 reporting and reflected that there were 53 carriers issuing individual policies in the State of Arkansas. Total annual earned premium for that market was reported at approximately \$244,076,578. One carrier (Arkansas Blue Cross Blue Shield) dominated the business with 75% market share; all others are in single digits. The total number of covered lives (including dependents) by all carriers was about 119,566 Arkansans. Arkansas Blue Cross Blue Shield covered 91,499 lives and all others cover the balance, or approximately 28,067.

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

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

Using funds obtained through an Administrative Supplement to the Planning Grant, AHCD entered into an interagency agreement in 2012 with the University of Central Arkansas (UCA) to examine the existing competition in the individual and small group (50 or fewer employees) health insurance markets among health insurers currently operating and potential new entrants for the State of Arkansas, and their willingness and interest in participating in Arkansas's SPM.

The first step was to update the 2010 information reported earlier with 2011 data. There were 45 issuers on the AID 2011 list of Individual Comprehensive Health Coverage providers. The top ten issuers on that list accounted for 97 percent of the Arkansas market. There were 18 issuers on the 2011 list of Small Group Employer Comprehensive Health Coverage providers. The top ten issuers on that list accounted for 99 percent of the Arkansas market. The decision was made to survey the top ten issuers on each of these lists. Of the 17 issuers that responded, two companies provide supplemental plans only, two issuers withdrew from the comprehensive health coverage market nationwide and one issuer no longer writes individual or small group comprehensive health coverage in Arkansas, leaving 12 potential Marketplace issuers providing answers to the survey questions.

After discussing their preliminary findings with the AHCD Director, members of the Plan Management Advisory Committee (PMAC) and others, UCA agreed to expand the scope of their survey to include additional companies. The final report is available at <http://hbe.arkansas.gov/MarketplaceResearch.pdf>. It found that questions remained

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about how many carriers would participate in the Marketplace in Arkansas. Carriers listed five barriers: uncertainty, adverse selection, questions about whether they would be allowed to sell in specific counties or required to sell throughout the state, churning, and medical-loss ratio. The survey also found that carriers prefer an “open market” approach versus “active purchaser.”

*ACHI churning study:* Using funds from the Administrative Supplement, AHCD entered an interagency agreement with ACHI to conduct preliminary research on the “churning” issue predicted to disrupt continuity of coverage and providers when consumers move between Medicaid coverage and Qualified Health Plan (QHP) coverage with subsidies offered through the Marketplace. ACHI reviewed published literature, state-based studies and the AR Health Networks population to estimate the extent of churning and the points at which individuals are expected to churn. The ARHealthNetworks population (a waiver program targeted at businesses who employ low-income individuals and self-employed individuals) was used as a proxy for expansion populations both in Medicaid and the Marketplace. For the Marketplace, ACHI examined the duration of coverage to serve as an estimate of expected churn. Additionally, ACHI has written a policy brief examining Arkansas-specific churn issues and possible options for addressing churn, including pros and cons for each option. The brief also discusses split family coverage issues, including options to address those situations. ACHI predicted “high-volume churn” between Medicaid and the Advanced Premium Tax Credit population, if a traditional Medicaid expansion model was chosen, but it projected significantly reduced churn under the Private Option. (Appendix B)

*Economic Impact of ACA in Arkansas:* The previously referenced RAND study estimated the economic impact of the Marketplace and Medicaid Expansion for Arkansas. While federal funds would be used to cover most of the 400,000 additional people estimated at that time to be covered for insurance post ACA, the state would lose some federal money through cuts in Medicare reimbursement, a reduction in Medicaid Disproportionate Share Hospital (DSH) payments, and additional taxes on insurance plans. The net effect of these changes is an estimated increase of roughly \$430 million. Because of the community multiplier effect of this net increase in federal spending, the total impact on the state’s gross domestic product (GDP) will be a gain of around \$550 million. Additionally, employment would rise by about 6,200 and mortality is estimated to decrease by 1200 lives annually. In the county-level analysis, total state and local tax revenue would increase by about \$19 million. Based on the increased enrollment and spending distributions for Arkansas, the state could see a decrease of about \$67 million dollars in uncompensated spending costs in 2016. Estimates calculated by Optumas predict that the Private Option will bring \$1.6 billion in Medicaid funding from the federal government to Arkansas in 2015 and \$2 billion in 2017.

*Influence of the Private Option:* Based on actuarial data and health services research related to the Private Option, AID pursued an aggressive strategy of education and communication in recruiting carriers to participate by doing business on the Marketplace. The Private Option was inviting to carriers because it essentially doubles the number of consumers that will shop in the Marketplace. An analysis by Optumas found that the overwhelming majority of the Private Option consumers would be less than 45 years-old with the 25-34 age group containing the highest percentage of Private Option consumers. This indicates that the cost of servicing those plans will likely be less than some carriers may have thought. Actuaries predicted this would be a relatively healthy population, a contrast with early fears by companies with little experience with the Medicaid population. The short time window between Governor Beebe’s signing of the Arkansas Health Care Independence Act (Medicaid expansion through the private insurance marketplace) and the deadline for plan submission for QHP approval presented a new set of challenges for carriers. To encourage application, the AID extended QHP deadlines to June 30, 2013 and allowed companies to simultaneously apply for Arkansas licensure and QHP status.

Even so, four potentially new medical carriers joined existing carriers in attending an AID outreach meeting on April 11, 2013. Others participating in the meeting were Joel Ario (Manatt), Commissioner Jay Bradford, Arkansas Surgeon General Joe Thompson, Arkansas Medicaid Director Andy Allison, DHS Director John Selig, and Steve

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Schramm (Optumas). A second meeting was held May 13 to further address carrier questions and encourage participation. In addition to these meetings, the Commissioner and the AHCD Deputy Commissioner have met by phone with OPM and several MSPs interested in the Arkansas Marketplace in 2014.

### **Legal Authority and Governance**

Arkansas's 2011 legislative session convened in January, shortly after the Exchange Planning Grant was awarded and prior to implementation of the various stakeholder inclusion activities described below. AID supported passage of HB2138 <http://www.arkleg.state.ar.us/assembly/2011/2011R/Pages/BillInformation.aspx?measureno=HB2138>)

to establish a State-Based Marketplace in Arkansas. Insurance carriers, producers, consumer advocacy organizations including Arkansas Advocates for Children and Families and AARP-Arkansas, ACHI, Arkansas Hospital Association, and Arkansas Foundation for Medical Care also were advocates for the bill. However, opposition to ACA by Republican legislators prevented the bill's passage. The GOP was in the minority in the Arkansas Legislature at the time but nonetheless had the votes to hold up the AID's entire budget bill (appropriation bills in Arkansas require a super-majority of 75 percent for passage) because of opposition to "Obamacare," as opponents liked to refer to the ACA. The Governor and the Commissioner held firm and maintained the Exchange Planning Grant (\$1 million) in the AID budget. On the fourth vote, the AID budget passed. The issue of establishing a Marketplace in Arkansas was assigned to the House Committee on Insurance and Commerce for interim study between the 2011 and 2013 legislative sessions.

Following the 2011 legislative session, planning activities to garner support for an Arkansas Marketplace continued. Legislators were appointed to the Steering Committee. Others attended work group sessions and community meetings. Timing for state Marketplace authority was complicated by the fact that the General Assembly did not meet again in regular session until 2013. Non-budget items are rarely heard during sessions in even-numbered years which typically only take up fiscal matters. Non-appropriation bills require a supermajority vote to be considered. Governor Beebe stated he would not call a special legislative session to seek Marketplace authority nor establish Marketplace authority through an Executive Order. He has consistently maintained that he would not "go against the wishes" of the Legislature on this issue.

Without enabling legislation, an official governance structure had not been designated for Marketplace planning. Stakeholder feedback regarding possible governance options was obtained through various methods with findings consistent with HB 2138 that recommended a quasi-governmental model connecting a non-profit board with the AID. As part of our planning process, this feedback was obtained using a targeted survey of Marketplace workgroups, an Internet-based survey for the general public, and community meetings.

The Marketplace Planning Workgroups continued to address specific governance issues throughout 2011.

When CMS identified the option for an SPM model, the Governor in December 2011 directed AID to begin planning to establish an SPM. AID formally established the AHCD under the administrative direction of Cynthia Crone and the Division began to establish the infrastructure needed for Arkansas to partner with HHS in the development of an SPM. AHCD advised HHS that Arkansas will be responsible for both the Plan Management and Consumer Assistance functions of the SPM as allowed by federal and state statutes and published guidance. Arkansas's plans were confirmed in Governor Beebe's Declaration letter to DHHS Secretary Sebelius on December 12, 2012. (See <http://hbe.arkansas.gov/FFE/GovBeebePartnershipLetter.pdf>.) As stated in the letter, this puts Arkansas in a good position to transition to a State-Based Marketplace in the future should legislative or other action so direct. Subsequent to the Governor's letter, on December 17, 2012, AHCD submitted Arkansas's completed Blueprint Application to HHS for an SPM to operate starting in Plan Year 2014. On December 31, 2012, Arkansas received conditional approval from CMS to operate as an SPM. A letter from Secretary Sebelius to the Governor on January 3,



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2013 confirmed that HHS was granting Arkansas conditional approval to establish an SPM in 2014. (See [http://hbe.arkansas.gov/AR\\_Partnership\\_Release.pdf](http://hbe.arkansas.gov/AR_Partnership_Release.pdf))

The 2013 legislative session in Arkansas convened with a Republican majority for the first time since Reconstruction. There were great expectations as the AHCD moved forward after receiving approval of the Level One B grant in December 2012. However, this enthusiasm was tempered by the reality that a new Republican majority in the Legislature could very well vote to strip the SPM from the Insurance Department's budget, as was the strategy in 2011, leaving the possibility that fewer would receive health insurance coverage so important to a low-income state such as Arkansas.

But momentum changed in our favor following the introduction of the Private Option concept. Governor Beebe and Republican legislative leaders provided public support for the project, despite much of the Republican Party being opposed. The plan enjoyed universal support among Democrats. Governor Beebe and Surgeon General Thompson presented the plan to Secretary Sebelius in February and received concept approval.

The appropriation for the Division of Medical Services within the Department of Human Services included authority to spend the Medicaid expansion dollars. AHCD's Crone was among state officials who appeared during a question-and-answer session before a "committee of the whole" in the House of Representatives on April 8. Republican legislative leaders presented the bill. Some supporters of the bill couched it as an "anti-Obamacare" vote because it wasn't a direct expansion of the Medicaid program as envisioned in the ACA. There were uncertain and tense moments while the plan was pending before the Legislature, needing a supermajority of 75 percent to pass. But in the end the Private Option and the SPM survived in Arkansas.

Amendments that helped garner necessary votes included a provision making clear that Arkansas could withdraw from the program if the federal government required states to pay more. The governor described the amendments as simply making clear what was already in the bill. Each bill passed again, with the amendments.

The legislation will have wide-ranging impact on the state of Arkansas overall, but more specifically its uninsured population, the Arkansas Medicaid program, and the AHCD within the AID. We believe the general health of the state will see major improvements as a result of the ACA's implementation in Arkansas in cooperation with our Legislature. In addition, providers and insurers will benefit economically.

Overall, there were several items passed during the 2013 legislative session relative to the Affordable Care Act that will greatly impact the operations and future of the Marketplace.

Governor Beebe signed the Arkansas Health Care Independence Act (Acts 1497 <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1497.pdf> and 1498 <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1498.pdf>)

on April 23, 2013. This Act and the companion appropriation (Act 1496 <http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1496.pdf>) will result in federally-funded premium payments being paid to private insurers to cover individuals newly eligible for Medicaid under the ACA expansion to 138% of the Federal Poverty Level.

The governor also signed Act 1500 (<http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1500.pdf>)

to create a new, non-profit, quasi-governmental governing board that provides for a possible shift to a State-Based Marketplace as early as July 1, 2015 for Plan Year 2016. The Arkansas Health Insurance Marketplace would be exempt from all laws governing state agencies, except the Freedom of Information Act. The act called for board members to be appointed by July 1, 2013, including three appointees by the governor, three by the House speaker, and three by the Senate president pro tempore. The insurance commissioner and the director of the Department of Human Services will also be members. Other members will be both consumer and industry representatives. A

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section of the legislation specifies that the insurance commissioner maintains authority to carry out his or her regulatory duties. There will be a legislative oversight body. Employees would not be considered state employees and would be ineligible to participate in the state retirement system. The functions of the SPM would transfer to the new Marketplace if the Marketplace board decides to establish an SBM.

This legislation was pending for several weeks before action was taken. AID worked extremely hard during the session to help improve the bill, which initially called for a SBM run by a non-profit with little state input. Numerous conversations occurred between the sponsor, AID officials, and others desiring for the state government to maintain a strong role in the Marketplace. The legislation subsequently was amended to, among other things; add the Insurance Commissioner and Department of Human Services Directors to the board.

The board has been appointed but has yet to meet. In the interim, the advisory committees for AHC will continue consulting with the AID regarding policies for the SPM. We are pleased that several of the newly appointed members have insurance experience and/or are members of AHC advisory committees.

The newly-appointed Board of Directors is:

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

The other piece of legislation that directly affects the AHCD is Act 1439 (<http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1439.pdf>). It requires navigator and non-navigator assisters (Guides, Certified Application Counselors, and Licensed Producers) helping inform citizens of the programs under the ACA and facilitating enrollment in a Marketplace plan to receive licensure from the AID. The AID plans to set the annual license fee at \$35 a year. In order to qualify for a license, a navigator/non-navigator must pass background checks.

Overall, AID is pleased with the substance of these bills and continues to be excited about the future during the implementation process.

Act 1373 (<http://www.arkleg.state.ar.us/assembly/2013/2013R/Acts/Act1373.pdf>), the AID appropriation bill that includes spending authority for the SPM, passed both chambers following an initial hold in the House, and was signed into law by Governor Beebe on April 19, 2013.

We continue to work to build relationships with legislators and help them understand how the SPM works in Arkansas and how it can help their constituents. Key to that effort is diligently answering legislators' questions quickly and completely. We have invited the key Republican supporters of the Private Option to meet with AID leadership and to attend AHCD advisory committee meetings. The legislators have taken us up on our offer and we have exchanged helpful information. They articulated that the supermajority providing the margin of victory for the Private Option

remains fragile, and we are aware that consensus must be maintained during regular legislative sessions each odd-numbered year and fiscal, or budgetary, sessions each even-numbered year.

### **Stakeholder Consultation**

Stakeholder involvement is valued and a strength of the Arkansas planning effort. Public and private stakeholders are participating through various activities facilitated by AHCD staff and contractors. Key activities/stakeholder involvement strategies are listed below:

Stakeholder Group	Consultation Strategy
Steering Committee 2011	<p>Begun in May 2011, a 21-member Steering Committee appointed by the Insurance Commissioner met for two hours bi-weekly to coordinate planning efforts and make recommendations to the Commissioner, legislators and Governor about development of a State-run Exchange. Local and First Data Consultants assumed facilitation duties for the Steering Committee. Meeting summaries can be found on the AHCD website at <a href="http://hbe.arkansas.gov/Steering.html">http://hbe.arkansas.gov/Steering.html</a>. Comprised of two liaisons to each of six workgroups, two representatives of the major contractors (University of Arkansas for Medical Sciences [UAMS] and First Data), Governor’s Office, Arkansas Center for Health Improvement (home of AR Surgeon General), AR Department of Human Services (DHS) Director, and two legislators (one Democrat; one Republican), the Steering Committee met until November 15, 2011 when it recommended that efforts to plan a State-run Marketplace cease due to political opposition.</p>
Steering Committee 2012 – 2013	<p>Commissioner Bradford appointed a new Steering Committee in March 2012 to make recommendations relative to SPM development in Arkansas. Diverse committee members include representatives from government (executive agency leaders, Governor’s office, Legislature), private industry (health insurance and health care), and consumer advocacy groups (individual and small business). An orientation was held in April and the Steering Committee meets monthly to discuss planning/implementation issues, manage collaboration among the FFM planning efforts, provide active and visible leadership, approve or disapprove recommendations from the Plan Management or Consumer Assistance Advisory Committees to forward to the Commissioner, and garner support for FFM implementation and sustainability. First Data serves a facilitation role. Meetings are open and interactive video conferencing is used for distant participation. Monthly progress reports and meeting summaries can be found at <a href="http://hbe.arkansas.gov/FFE/Steering.html">http://hbe.arkansas.gov/FFE/Steering.html</a></p>
Work groups 2011	<p>Six work groups each met monthly in 2011: Community Leaders, Consumers, Information Technology, Outreach/ Education/ Enrollment, Providers, and State Agencies. These groups chartered in April, 2011 to discuss issues, strategies, and solutions, made recommendations to the Steering Committee. Average attendance ranged from 10 to 15 and guests were welcome. SKYPE attendance was used by some at distant locations. Meeting summaries can be found on the AHCD website at <a href="http://hbe.arkansas.gov/StateRun.html">http://hbe.arkansas.gov/StateRun.html</a>.</p>
Advisory Committees 2012 - 2013	<p>Under a new stakeholder engagement process, two Advisory Committees were created to align with the state operated functions of the SPM —Plan Management and Consumer Assistance. These active and diverse committees meet for a minimum of three hours each month (the Plan Management Committee consistently meets six hours per month) to consider scheduled policy issues and make recommendations related to SPM implementation. They</p>

Stakeholder Group	Consultation Strategy
	<p>review issue briefs and alternative policy recommendations, seek additional information, and make formal recommendations to the Steering Committee that makes recommendations to the Insurance Commissioner. Following an April, 2012 orientation, the committees began meeting in May, 2012. Each has formed subcommittees. Three (non-government) co-chairs from each committee sit on the Steering Committee. Committee products can be viewed at <a href="http://hbe.arkansas.gov/FFE/Consumer.html">http://hbe.arkansas.gov/FFE/Consumer.html</a> and <a href="http://hbe.arkansas.gov/FFE/Plan.html">http://hbe.arkansas.gov/FFE/Plan.html</a>.</p>
Community Meetings 2011	<p>During the summer of 2011, UAMS led 66 “information and listening” sessions in 17 towns/cities across Arkansas targeting four stakeholder groups: Community Leaders, Providers, Consumers, and All Citizens. Three special population sessions were held targeting Spanish-speaking and Marshallese residents. More than 500 Arkansans attended. Specific outreach was made to minority groups and those with special health care needs. Interpreters were available. A report of this effort was presented at the Stakeholder Summit in October 2011.</p>
Community Meetings 2012	<p>On July 18, 2012 approximately 200 stakeholders participated in community meetings held in seven locations across the state using interactive video technology to connect stakeholders with the AID Commissioner and AHCD director for an SPM update and live Q &amp; A session. Live web stream was also available. The morning and afternoon meetings were held in Little Rock and via interactive technology to sites in each of Arkansas’s four congressional districts. AHCD staff was available at each site to interact with attendees before and after the meetings. Both the morning and afternoon sessions were recorded and are available on the AHCD website at <a href="http://hbe.arkansas.gov/">http://hbe.arkansas.gov/</a>. Sessions were transcribed and translated into Spanish for distribution as needed</p>
Community Meetings 2013	<p>The AHCD and several contractors (Arkansas Department of Health, Arkansas Minority Health Commission, and University of Arkansas Partners for Inclusive Communities) have led community meetings across the state. A Speakers Bureau has been established to provide information in all 75 counties. Trained workers began presentations Aug. 1, 2013. The Minority Health Commission has hosted local community forums across the state, and the University of Arkansas at Little Rock (UALR) is gearing up to provide community-based education sessions to small business through the Arkansas Small Business and Technology Development Center.</p>
Web-Based Survey 2011	<p>UAMS conducted research and created a web-based survey to solicit residents’ input into planning. The survey was “live” July 12 – August 25, 2011. There were 432 valid responses to the survey. (See <a href="http://hbe.arkansas.gov/StakeholderInput.pdf">http://hbe.arkansas.gov/StakeholderInput.pdf</a>).</p>
State Agency Health Improvement Leaders 2011 - 2013	<p>Arkansas Center for Health Improvement (ACHI), home of Arkansas’s Surgeon General, convenes a monthly leadership meeting where Arkansas’s four major health improvement activities are addressed: Health Insurance Marketplace, Health Information Technology (HIT), Workforce, and Payment Transformation. The Governor’s Policy Office, State Agency directors and chief of staff from the Departments of Insurance, Human Services, Health, Office of HIT, and the UAMS meet for updates and strategic discussions. In planning the implementation of the Private Option, these meetings have been moved to bi-weekly.</p>
HBE Stakeholder Summit 2011	<p>A one-day statewide stakeholder summit was held October 11, 2011. Joel Ario, past Director of the Office Health Insurance Exchanges at HHS, and Joe Thompson, the Arkansas Surgeon General, served as keynoters, addressing HBE development, issues, and progress to date,</p>

Stakeholder Group	Consultation Strategy
	with time provided for questions and feedback from participants.
Legislative Reports 2011 - 2013	<p>Insurance Commissioner and AHCD staff have formally presented at numerous legislative committee meetings. One-on-one or small group discussions are held as needed to update legislators or answer specific questions. The project funded one legislator's attendance at the Utah Invitational Exchange Meeting in 2011. Several legislators attended the August, 2011 NPRM meeting in Denver as DHHS guests.</p> <p>On December 4, 2012, the Commissioner and the AHCD Director spoke at the New Arkansas Senator Orientation to educate incoming legislators about the SPM and the information was well received. Staff has also participated with legislators through meetings of the Public Health Welfare and Labor Committee on Medicaid expansion and the SPM, Rules and Regulations Committee on Arkansas EHB rules and the Insurance and Commerce Committee regarding the SPM. During the 2013 legislative session, most of our business occurred in the Insurance and Commerce Committee. Subsequently, we've participated in meetings of the Public Health, Welfare and Labor Committee, Legislative Council, Review Committee, PEER Committee, and the Personnel Committee.</p>
One-to-One or Group Stakeholder Meetings 2011 - 2013	Meetings with industry, government, associations, and civic leaders are held at the request of planning staff or the stakeholder(s) to update/dialogue on Marketplaces in general and Arkansas-specific planning activities. These include key informant interviews as part of the background research effort, and presentations to industry, civic or employer groups. AHCD staff continues to be frequent presenters at conferences and events throughout the state. A statewide Speakers Bureau is being implemented for 2013. UAMS, University of Arkansas (UofA) and Arkansas Department of Health (ADH) are key partners for this outreach effort.
AHCD Website 2011 - 2013	AHCD information and planning efforts are posted on the AHCD website, <a href="http://www.hbe.arkansas.gov">www.hbe.arkansas.gov</a> , including meeting notices, summaries, Q & A, and issue briefs. Readers are directed to staff for questions/comments.
Arkansas Health Connector Website 2013	<p>Through the Outreach and Education marketing and advertising contract, Mangan Holcomb Partners (MHP) is the vendor managing the public education website for enrollment efforts at <a href="http://www.arhealthconnector.org">www.arhealthconnector.org</a></p> <p>MHP and AHCD worked to make the website tailored to Arkansas as much as possible, relying on photography of Arkansans, rather than stock footage. The first month's activity included 110,000 visits by 91,000 unique visitors.</p>
Producer Outreach 2013	AHCD along with University of Arkansas Partners for Inclusive Communities staged meetings throughout the state in July 2013 with hundreds of agents and brokers. The locations of these meetings, which were well-attended, were: Little Rock, Fort Smith, Fayetteville, Jonesboro, West Memphis, El Dorado, and Texarkana. An email was sent in August 2013 to 38,000 licensed producers announcing availability of federal and state training leading to Arkansas Health Connector licensure.

Contractor UAMS Partners for Inclusive Communities (Partners) moved their administrative home to the University of Arkansas at Fayetteville. A contract with Partners through the U of A to continue statewide stakeholder engagement

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remains active. Partners will work closely with the AHCD Outreach and Education campaign efforts. This collaborative work will build on common federal and state level messaging for an SPM model.

Funding under the Level One A grant allowed the expansion of stakeholder involvement. In May 2012, the AHCD added an experienced Consumer Assistance Specialist to ensure a positive consumer experience, critical to the success of Arkansas's SPM. Sandra Cook's primary focus is on the coordination and development of the various consumer assistance programs, functions and requirements including developmental activities associated with the Arkansas In-Person Assister (IPA) program. She began immediately to expand consumer participation among underserved/hard-to-reach populations, including Hispanics, African-Americans, individuals with disabilities, Marshallese, Asians, and to expand representation from various geographic locations (such as the Delta area), etc. Cook developed relationships with UAMS Center for Rural Health's Health Literacy program in order to ensure that training and outreach materials are understandable to populations with low literacy rates. Additionally, she developed relationships with the Arkansas Minority Health Commission to participate in a series of quarterly health forums designed to educate communities regarding health disparities. Our Level One A funding also provided for a contractor to develop the Arkansas IPA Program. Public Consulting Group (PCG) was chosen through a competitive procurement process. Consultants from PCG have helped staff the Consumer Assistance Advisory Committee (CAAC), and provided policy briefs and alternatives for development of the Arkansas IPA Program. Using funds from the Level One B grant, PCG's consulting contract was extended through September 30, 2013 to allow them to continue working with the CAAC while aiding in the recruitment and training of IPAs.

Cook oversees the scope of work of PCG, which originally specified the Navigator program but was modified after CCIIO clarified that in an SPM, the Navigator program was the responsibility of CMS while the state is responsible for the IPA program. The scope of work is to design, develop and implement the Arkansas IPA program according to CCIIO and Arkansas guidelines and requirements. PCG developed a project work plan that detailed approach, staffing, project tasks, quality management plan, communications plan, issues, risks and change control. The three primary areas of responsibility for PCG are: IPA eligibility, certification and training; IPA entity application; and IPA operations (including policies and procedures).

Our Level One B grant proposal outlined the development and implementation of the In-Person Assister (IPA) program under the Consumer Assistance Specialist. After the grant funds were awarded in September 2012, we began to operationalize the IPA program and prepared to fill newly funded positions for both the IPA program and our Communications area (responsible for outreach and education). As these plans took shape, we determined that it would be more efficient to reallocate positions between these two areas and closely align their responsibilities. As the first step, Ms. Cook was reallocated to the IPA Contract Lead position with responsibility for all aspects of the IPA Program and continued oversight of the Consumer Assistance consultant (PCG). Ms. Cook's Consumer Assistance Specialist position was filled as a Communications Outreach Specialist. The IPA Program and Outreach and Education effort will work hand-in-hand with the Arkansas Health Connector Resource Center discussed later in this document.

Two active stakeholder advisory committees help inform AHCD staff and help shape recommendations from the Steering Committee to the Commissioner. Those are the Consumer Assistance Advisory Committee and the Plan Management Advisory Committee.

Plan Management Advisory Committee (PMAC) is discussed in detail in the Business Operations section later in the narrative. The diverse PMAC meets as much as six hours per month to consider policy and implementation issues of the SPM. Information regarding PMAC activities is available on our website at <http://hbe.arkansas.gov/FFE/Plan.html>.

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Consumer Assistance Advisory Committee (CAAC) is responsible for developing recommendations regarding Communication/Outreach and Consumer Services surrounding the SPM and the Arkansas IPA Program. In addition to various state agencies (Health, Information Services, Human Services, etc.), the committee membership includes representatives from consumer advocacy groups, small business owners, insurance producers, dental associations, religious community, disability community, UAMS College of Public Health, legal community, unions, and more.

### IPAs

CAAC made the following recommendations regarding the IPA Program to the Steering Committee:

- IPA Eligibility Requirement
- IPA Certification Requirements
- IPA Training Requirements
- IPA Entity application process – initial, renewal, denial, termination
- IPA monitoring methods, monitoring requirements and performance metrics (centered on the job responsibilities of the IPA Contract Monitors)
- Payment and evaluation of IPA entities
- Performance metrics and payment

CAAC's recommendations to the Steering Committee were approved, some with modification, and forwarded to the Commissioner who also approved them for adoption.

The following performance metrics were identified and included in the contract requirements for IPA entities. The contracts stipulate that 10 percent of the payment is dependent upon these factors:

#### 1) Enrollment Measures.

- Number of individuals that IPA Guides enrolled in a QHP, Medicaid, if applicable, (or other insurance type), if data are available
- Number of individuals that IPA Guides enrolled in a QHP or Medicaid, if applicable, from a "hard-to-reach population" (to be defined) , if data are available;
- Number of applications that IPA Guides started with individuals;
- Number of applications that IPA Guides completed with individuals;
- Percentage of IPA Guide Entity "target population" enrolled during open enrollment.

#### 2) Outreach and Education Measures

- Number of outreach activities completed (by type and number of attendees);
- Number of education activities completed (by type and number of attendees).

#### 3) Administrative

- Data reported accurately and in a timely manner, with no greater than five percent error or late rates;
- Consumer complaints referred to AID's Consumer Services Division within two business days of receipt from consumer, with mutually agreed upon follow-up to be conducted.
- No more than five percent enrollment error rate (as reported by the FFM and attributable to a specific IPA Guide entity.)

#### 4) Enrollee Satisfaction

- Consumer overall satisfaction with individual IPA Guides and/or IPA Guide Entity as documented by IPA Guide entity and/or AID surveys.

AHCD and our Consumer Assistance vendor, PCG, worked steadily to develop the RFP for IPA Entities as specified in our Level One B grant. The RFP was posted in March 2013. To date, we have contracted with 27 governmental and non-governmental entities. More responses are expected, and we are continually recruiting organizations who may be interested in outreach to eligible Arkansans across the state. IPA entities will provide individuals to be trained and serve as IPAs (we are referring to them as Guides) throughout each of Arkansas's 75 counties. These IPA Guides will be integral to our Outreach and Education efforts as well as to preparing individual Arkansans for Open Enrollment and began work in June 2013. Funding for the IPA program through September 30, 2013 was included in our Level One B and has been extended through March 31, 2014, through our Level One C grant. Our goal is for 537 Guides to serve the state. The IPA entity contracts to this point are as follows:

ORGANIZATION	NUMBER OF IPA GUIDES AWARDED	COUNTIIES TO BE SERVED
Arkansas Department of Health	234	All
Arkansas Guide Organization	6	Boone, Carroll, Madison, Marion
Arkansas Health Care Foundation	4	Jefferson, Hot Spring, Pulaski, Faulkner
Arkansas Minority Health Commission	10	Ouachita, Sevier, Union, Desha, Phillips, St Francis, Crittenden, Pulaski
Arkansas Voices for the Children Left Behind	1	Pulaski
Better Community Development, Inc.	4	Pulaski
Central Arkansas Volunteers in Medicine d/b/a Harmony Health Clinic	5	Pulaski
Central Arkansas Library	8	Jefferson, Faulkner, Lonoke, Pulaski, Saline
CHOCCROSS, LLC	7	Lee, Monroe, Crittenden, and Cross
Community Health Centers of Arkansas, Inc.	35	Benton, Carroll, Clark, Cleveland, Crawford, Crittenden, Drew, Greene, Hempstead, Lawrence, Lincoln, Logan, Marion, Montgomery, Newton, Ouachita, Phillips, Poinsett, Polk, Pulaski, Randolph, Searcy, Sebastian, Sevier, Union, Van Buren, Washington
Covenant Medical Benefits, Inc.	22	Clay, Craighead, Cross, Greene, Jackson, Mississippi, Lawrence, Poinsett, Randolph, Sharp
East Arkansas Enterprise Community (EAEC), Inc.	6	St Francis
Economic Opportunity Agency of Washington County, Inc. (EOA)	7	Washington



Friendship Community Care, Inc.	4	Boone, Pope, Washington, Stone
Future Builders, Inc.	18	Jefferson, Faulkner, Garland, Lonoke, Pulaski, Saline
Harbor House, Inc.	3	Crawford, Sebastian, Polk
Hope, Restoration & Wellness Learning Center	1	Pulaski
IN Affordable Housing, Inc.	10	Conway, Yell, White, Faulkner, Garland, Grant, Lonoke, Pulaski
Mental Health Council of Arkansas	16	Miller, Sevier, Union, Cleburne, Craighead, Independence, White, Pulaski, Benton, Washington, Boone, Crawford, Sebastian
Options for Life Services, LLC	11	Columbia, Dallas, Hempstead, Howard, Lafayette, Little River, Miller, Nevada, Union, Bradley, Jefferson
Quapaw House, Inc.	1	Garland
Southeast Arkansas Behavioral Healthcare System, Inc.	3	Arkansas, Jefferson, Grant
The Hispanic Women's Organization of Arkansas	10	Benton, Washington
The Living & Affected Corporation	7	Jefferson, Sebastian, Faulkner, Garland, Pulaski, Saline
Tri-County Rural Health	23	Arkansas, Ashley, Chicot, Desha, Drew, Jefferson, Lee, Lincoln, Mississippi, Phillips, Crittenden
Women's Council on African American Affairs, Inc.	4	Pulaski
University of Arkansas for Medical Sciences	48	Benton, Boone, Carroll, Crawford, Faulkner, Franklin, Jefferson, Johnson, Garland, Logan, Lonoke, Newton, Pope, Pulaski, Saline, Sebastian, Washington

### IPA Training

AHCD in April 2013 entered into an agreement with the Arkansas Department of Higher Education (ADHE) regarding the development and delivery of IPA training. ADHE is working with the Arkansas Association of Two-Year Colleges on this project. They have worked with AHCD to develop and execute the training plan based on the curriculum recommended by the CAAC and using the expertise of AHCD staff and the materials being developed as part of our Outreach and Education efforts and the federal Health Insurance Marketplace outreach and education campaign. Training is being held at 22 two-year colleges and one four-year college around the state. Each IPA Guide must successfully complete the training with at least a 70-percent score on applicable testing to be licensed to function in this role in Arkansas.

Training is taking place in three phases. Phase I introduces guides to the ACA and what it means to Arkansans. The goal of Phase I training is to prepare Guides to do outreach in their local areas in advance of open enrollment. The first Phase I training sessions were completed the week of June 24th with sessions continuing to be offered around the state for Phase I through August. Phase II training will be the federal training that is applicable to the various assister types. Phase III will be Arkansas specific training to bridge any gaps in federal training and prepare assisters with Private Option information specific to Arkansas. Phase III will have multiple versions to accommodate the specific needs of the various assister types where applicable. Work done through June 30 was specific only to

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Phase I. There are nine Phase I training curricula sets or “modules.” Those are: Customer Service, Basic Understanding of Health Care and Health Care Reform both Nationally and in Arkansas, The Affordable Care Act, Health Insurance 101, Privacy and Confidentiality, The Arkansas Insurance Department and the Health Insurance Marketplace, Qualified Health Plans, Diversity and Cultural Competency, and Basic Computer Skills. Weekly training sessions will continue through August at which time Phase I training will transition to on-line training. Phase II (federal) training is expected to become available August 15, 2013. Phase II and Phase III (Arkansas-specific) training, required for all navigators/non-navigators, will be available in August and September. Successful completion of Phase I will be required for guides to perform outreach and education functions. Through August 1, 2013, 208 Guides had completed Phase I training.

### IPA Operations

Cook, the IPA Contract Lead, is also working with PCG on the development of the policies, processes and procedures needed for operation of the IPA Program once all the staff and IPA entity contractors are in place. PCG is preparing a policy and procedures manual. The IPA Program also hired two contract monitors (Thomas Herndon and Tomika Clark) to monitor that IPA guidelines are met, document guide entity activities, and conduct bi-weekly webinars. Hiring for a third contract monitor is underway. These staff will work to coordinate activities of guides and navigators in Arkansas. Chloe Crater was hired as IPA Training Lead in May 2013. She has experience through the AID Senior Health Insurance Information Program. Her responsibilities include scheduling, acting as a training liaison with the IPAs, and helping oversee curriculum for training.

### GMS

A Guide Management System (GMS) being developed by Computer Aid Inc. (CAI) in collaboration with AHCD staff, will help track guides and guide entities, and serve as the portal for tracking expenditures, reporting performance, and invoicing. The AHCD uses GMS to view IPA Guide Organization activities and IPA organizations use GMS to help meet contractual obligations and invoice AID for their services. GMS is used to track expenditures of IPA organizations in these categories: Salary / Benefits, Professional and Contractual, Travel, Supplies, Advertising, Equipment / Capital Purchases, Other (uncategorized expenses not covered above). IPA Guide Organizations upload substantiating documents including receipts, expense reports, etc. to GMS on a monthly basis. IPA entities also use GMS to report performance activities of guides and generate reports illustrating the organization’s performance.

### Outreach & Education

An inter-agency agreement was signed in September 2012 for SPM branding work by ACHI/UAMS Creative Services to implement Phase 1 of our Outreach and Education campaign. A scientific survey to measure Marketplace opinions among an estimated 500 effected Arkansans and five focus group sessions at various locations around the state were used in development of the branding approach and later to develop messages to inform Arkansas consumers about the SPM in a way that can be easily understood. Presentations by ACHI/UAMS included creative concepts for commercials and print. A key result of this work was the selection of the name and tagline for the Arkansas Outreach and Education campaign; “Arkansas Health Connector: Your Guide to Health Insurance.”

In January 2013 AHCD selected the graphic (shown below) for branding of the Arkansas Health Connector program. The creative work was performed by Information Network of Arkansas (INA), the contractor that is also updating the agency website for AHCD. This website is separate from the Arkansas Health Connector website, which is aimed more toward consumers. The AHCD website is scheduled to be unveiled September 1, 2013.



Arkansas is implementing a comprehensive, three-phased Outreach and Education campaign that began in the spring of 2013 and that is planned to be sustained with existing funds through March 2014. The campaign is being led by AHCD's Public Information Manager, Heather Haywood, who brings to the position more than 20 years leading marketing and public relations campaigns throughout the State of Arkansas. Working closely with her in the role of Communications Specialist is Terri Clark who brings to AHCD over 16 years experience developing and executing public outreach campaigns. They will work closely with contractors, the IPA Guides, Arkansas Department of Health's Home Town Health programs (Speakers Bureau) and the Arkansas Health Connector Resource Center, a resource center which will be housed as part of the Consumer Services Division of the AID, to operationalize and support this comprehensive, multi-phase outreach and education campaign.

The AHC Resource Center, a collaborative effort between AHCD and the Consumers Services Division, will provide consumers, brokers, health care providers, issuers and employers quick and accurate answers to questions about the ACA and how it impacts them. Complaint resolution will take the form of written correspondence, in-person consultation, or telephone communication. The Resource Center will provide monthly data to the AHCD to identify trends regarding complaints and frequently asked questions. Such a compilation will help AID provide accurate and timely information as we move forward. The Resource Center will also help schedule speaking events and connect consumers to IPAs in their area.

The interagency agreement with ACHI/UAMS Creative Services facilitated Phase 1 outreach which was an education campaign focused on ACA and what it means in Arkansas for individuals and employers. Phase 1 was part of the Level One A grant and rolled out in the spring of 2013 to last four to six months. This phase included development of PowerPoint presentations and supporting materials for a Speakers Bureau and a direct mail campaign to solicit speaking engagements; media and direct mail campaign to recruit organizations to become IPA/Guides; and a public information campaign to address misinformation about the ACA.

The beginning of Phase 1 introduced an additional facet of the Outreach and Education Campaign with the announcement of the Arkansas Health Connector Resource Center, through which consumers or others can access Marketplace information provided by trained staff that will be available to answer and log questions, thereby helping to continuously improve our outreach and education campaign. We believe that an excellent "first consumer experience" is critical for long-term Marketplace success.

Once on staff, Haywood's first tasks were to finalize the RFP for Phase 2 of the Outreach and Education campaign and begin planning for Phase 3. As described in our Level One B grant application, Phase 2 is the part of the campaign that targets Arkansas's uninsured and underinsured residents including those who work in small businesses to provide them with information in preparation for Open Enrollment. This is the "get ready--open enrollment is coming" phase of the campaign.

The RFP was posted in March, and in May, the contract for Phase 2 was awarded to Mangan Holcomb Partners (MHP). Before it could take effect, the contract was required to be "reviewed" by the Arkansas Legislative Council's Review Committee. We worked to fast-track that meeting, and in May the contract was finalized. It runs through September 30, 2013, with Level One B funding and continues with Level One C funding until March 31, 2014.

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MHP on May 6, 2013, gave a presentation of its plan to inform Arkansans of the Marketplace options. The firm is subcontracting with Lattimer Communications, which specializes in minority outreach, specifically to African-American and Latino populations. The vendors plan to target community influencers, small businesses, hospitals, dentists, and other health care providers as groups that will help spread the message about the Marketplace. Materials will be distributed to schools and appeals are being made directly to local news media for coverage. A mobile app will be developed as social media will be managed and driven on multiple platforms. Focus groups and polls will help shape the message. The catch phrase is “Get In,” (logo below) as many of those targeted for inclusion have been “left out,” thus, “Get In.” Following the “Get Informed” phase will be the “Get Enrolled” phase.



The Outreach and Education campaign formally kicked off July 1, 2013, with the launching of the [ARHealthConnector.org](http://ARHealthConnector.org) website, which is managed by MHP and multiple other promotions. The campaign by MHP will run advertising in each county in Arkansas and includes specific campaign messaging for multiple audiences. During the 13-week campaign, ads will run on 28 television stations, 24 regional radio stations, 118 community radio stations, and in 120 community newspapers. There will be ads on 227 billboards, 100 gas pumps, and two Central Arkansas Transit buses. Direct mail ads will go to 254,000 households and 172,000 small businesses.

The campaign has been, and will continue to be, extensive and involving many partners. Governor Beebe participated in a taping of a video which was aired during an hour-long educational program June 27 on the Arkansas Educational Telecommunications Network (AETN). <http://www.aetn.org/programs/getin>

AHC staff prepared the script for the governor with input from the governor’s office. Commissioner Bradford, AHCD Deputy Commissioner Crone, Surgeon General Joe Thompson, AHC Stakeholder and Accounts Manager Bruce Donaldson, and Linda Nelson, District Director of the Small Business Administration appeared on the program, which was taped June 24. The show was hosted by longtime AETN host Steve Barnes. AHC staff and others staffed the phone bank at AETN to take calls June 27 during the airing of the taped program. About 70 calls were received, the vast majority from people interested in learning more about their options and how the Marketplace will work. A subsequent phone bank during a newscast on KTHV-Channel 11, the Little Rock CBS affiliate, also was extremely successful. Staff took call after call at the station while the interviews aired.

AHC and MHP also coordinated the publication of educational inserts in *Arkansas Business*, *Talk Business*, and *Arkansas Times*. Content was contributed by freelancer and longtime Arkansas journalist Ernie Dumas. Other content was produced by MHP staff and AHC Policy and Research Analyst Seth Blomeley. The *Arkansas Business* inserts contain some data that is now inapplicable following the federal government’s delaying the employer mandate. Therefore, it isn’t being distributed as widely as initially planned. The *Arkansas Times* insert, however, continues to serve as a helpful educational tool and is being shared at multiple venues.

[http://issuu.com/arkansastimesvisitorsguide/docs/get\\_informed\\_-\\_connecting\\_you\\_to\\_th](http://issuu.com/arkansastimesvisitorsguide/docs/get_informed_-_connecting_you_to_th)

Speakers Bureau Training, facilitated by AHC Communications Specialist Terri Clark, was held at AID on June 25, July 9, and July 11.

Phase 3 of the Outreach and Education campaign is slated to intensify our efforts during Open Enrollment to make sure every effected Arkansan is aware that “the time is now” to enroll in a health plan and how to get assistance to do so if needed. It is designed to maximize enrollment in QHPs.

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## **Long-term Operational Costs**

Aware that Marketplaces will receive no additional Establishment Grant funding from CCIIO after 2014, Arkansas included in its research a high-level estimate of Marketplace operational costs and revenues at a time when Arkansas was initially exploring a State-Based Marketplace in 2011. Using background research actuarial projections of average premium costs per month in 2014, and applying Arkansas's current 2.5 percent premium fee to the estimated number of private plan enrollees in 2014, it was estimated that premium fees could be a source of financial sustainability of the Arkansas operated Marketplace. In November 2012, CMS/HHS/CCIIO provided guidance estimating that a 3.5 percent carrier fee will be imposed by the Federally-Facilitated Marketplace for FFM and SPM states.

Furthermore, the Marketplace in Arkansas envisioned by Act 1500 will be allowed to assess fees as necessary to sustain its operations if such a State-Based Marketplace is created. The Marketplace Board will make recommendations starting October 1, 2014, and annually on each subsequent October 1. The act calls for the Board to issue the recommendations to the Arkansas Health Insurance Marketplace Legislative Oversight Committee "in the manner and format that the committee requires." According to the act, assessments by the Marketplace Board may be offset by amounts received by the premium tax during the year the assessment is levied. At this point, we expect the AHCD to project operations costs for the SPM and the new Arkansas Health Insurance Marketplace Board will project developmental and operational costs for the potential SBM.

## **Program Integration**

A significant portion of Arkansas's Marketplace planning effort in 2011 was devoted to identifying opportunities to leverage existing functionality/processes for use in a State-Based Marketplace. The initial effort cast a broad net to contact state agencies as well as other stakeholder organizations to learn what features might be applicable to the Marketplace. Since then, the agencies and organizations studied have been consistently involved in Marketplace planning activities as participants in the Steering Committee and/or the various work groups. Many of these same entities are also working together on other statewide initiatives such as the state's Health Information Exchange so were already thinking of opportunities to work together to leverage their resources. The Arkansas's Program Integration Plan created as the result of these 2011 efforts is posted on the AHCD website at [http://hbe.arkansas.gov/PIPlan\\_20110817cc.pdf](http://hbe.arkansas.gov/PIPlan_20110817cc.pdf).

In December 2011 when the Governor directed AID to pursue the SPM model, AHCD began sifting through the research done to determine what opportunities for collaboration and program integration existed in the model in which the state would have responsibilities in two areas: Plan Management and Consumer & Stakeholder Engagement & Support. We have been very pleased with the strong and consistent public-private partnership and integrated plans and policy development. Much of 2013 has been dedicated to program integration between Arkansas Medicaid, AID, and HHS relative to the new Private Option (Medicaid Premium Assistance program). The inability of the FFM to provide a "shopping experience" for Medicaid eligible consumers doing business in the Marketplace was a big blow to Arkansas. Arkansas DHS is left with little time, but much consumer and provider demand, to have a shopping portal ready for those in the 138 percent of poverty and below demographic by October 1, 2013.

Intra-agency integration: We identified that AHCD will work closely with other divisions of AID in several key areas. First of these is health plan management. Initial planning determined that AID would be responsible for establishing the regulatory and certification standards including solvency standards for QHPs within the state. This would require intra-agency cooperation among the AHCD, Compliance, Rate Review, Finance, Liquidation, Legal, Consumer Services, License and Information Services Divisions. AID will use SERFF and the federal Health Insurance Oversight System (HIOS) in its Plan Management implementation. AID's Rate Review Division staff will continue to

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play a key role in the evaluation of the premium pricing structures of the QHPs. Additionally, it is anticipated that AID's Consumer Services Division's (CSD) Consumer Assistance Program (CAP) will manage questions and complaints regarding health plans, navigators, In Person Assisters (IPAs) and licensed producers. The AID License Division will license and monitor thousands of navigator and non-navigator Marketplace assisters, including licensed producers, for competency to sell health insurance through the Health Insurance. We are developing processes for AHCD-CCIIO collaboration in certifying individuals for Arkansas's Health Insurance Marketplace licensure.

There was strong collaboration among AHCD, Rate Review, Compliance, Legal and Finance Divisions during the July 2013 QHP certification review process. CSD reports that during the month of July it received 615 telephone and 54 e-mail inquires regarding the Marketplace. Licensure is working closely with AHCD during August 2013 on processes for navigator and non-navigator licensing.

AHCD's Finance Manager, Amanda Spicer, is working closely with the AID Accounting Division to assure that policies and procedures internal to AHCD are in concert with AID's financial processes. AHCD has developed a close working relationship with the Compliance Division. The Level One C grant included funds to support a staff position from Compliance to accommodate the additional work of that Division as the result of the AHCD's Plan Management functions. This staff person was of tremendous value during the July QHP certification review. Level One C is also funding a staff position in the Information Services Division of AID to focus on helping AHCD assure that Marketplace-related systems are in sync with and supported by AID and other state systems. With funds from the Level One C grant, we are now supporting a staff position within the Consumer Service Division to help with the Resource Center as well as assume some of the costs of the Center's daily operations.

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

A new Medicaid Director, Andy Allison, began work in Arkansas on December 5, 2011. DHS has since issued several Medicaid Management Information System (MMIS) RFPs, which remain in the evaluation stage. AHCD is actively monitoring these activities and our IT Program Manager meets routinely with DHS and HHS staff via State Operations and Technical Assistance (SOTA) calls.

Key to this collaborative effort is the Arkansas Department of Human Services (DHS) which houses the state's Medicaid agency and is expected to be a critical partner in flow of information about FFM-Medicaid eligibility and enrollment. Eligibility and enrollment expertise and experience at DHS will be invaluable to Arkansas's developing SPM. DHS county offices will also play an ongoing role in managing appeals to Medicaid eligibility determinations and redeterminations. The collaboration with DHS will be especially important as final approval is received from HHS regarding the plan for the premium assistance model for Medicaid expansion.

Even with our change from planning a State-Based Marketplace to the SPM Model, Arkansas remains committed to a "no wrong door" consumer experience and is planning for a seamless user experience where consumers can enter through Access Arkansas <https://access.arkansas.gov/> or the FFM portal and have their Insurance Affordability Program (Medicaid, CHIP, QHP with premium tax credits, or the Medicaid-expansion QHP program) eligibility/enrollment needs met in real time or near real time. DHS is taking the lead in FFM Eligibility and Enrollment integration with our State Medicaid program and in the Private Option shopping and enrollment experience using

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Access Arkansas. AHCD is working closely with the Arkansas DHS County Operations to develop and test enrollment processes. AID is taking the lead in oversight of loading QHPs to the FFM portal through SERFF and in collaborative planning efforts to minimize negative effects of expected consumer movement between Insurance Affordability Programs available for our residents.

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

### ACHI

ACHI has provided AHCD with policy expertise and has legislative authority over Arkansas's developing All Payer Claims Database Plus (APCD+) which could potentially serve as an asset in the upcoming quality plan rating components of the Arkansas SPM. ACHI's scope of work for former Level One grants included developing several options for measuring health plan quality, including the development of an All Payer Claims Database, and presenting them to AHCD with risks and benefits and a full analysis of each. ACHI has presented preliminary recommendations, and AHCD continues to evaluate ACHI's recommendations for implementation after Plan Year One.

The exploratory phase (Phase I) of the utility of Arkansas's APCD and for the SPM consisted of collecting and evaluating available resources including ACHI's experience with the Arkansas Health Data Initiative, assimilating new information from the ACA published rules, regulations, and related conference and meeting proceedings, and gathering input from payers and representatives from other states with established APCDs. At the conclusion of Phase I, ACHI reported to the AID that while an APCD would be useful to QHP quality, in the short-term an APCD solution may be overly ambitious if the desire is only for its use as a method to measure QHP quality.

Consequently, ACHI explored other options for collecting and reporting quality data during Phase II while continuing to explore APCD utility. (See Appendix C for the briefing document "Summary of Health Plan Quality Metrics" which includes national and Arkansas-specific measures). During Phase II, the Arkansas healthcare environment dramatically escalated in complexity and coverage objectives through actions by the 89th General Assembly's legislative session. Building upon the rapidly progressing efforts for health system transformation already underway including payment improvement and health information technology, the General Assembly authorized a Medicaid expansion through premium assistance to QHPs and established a Board to develop a business plan for future Marketplace governance and oversight.

During Phase II of this project and as a product of ACHI's position as a coordinating entity for health system transformation in Arkansas, there arose an awareness of evaluation/reporting requirements related to ongoing health system transformation initiatives, including those related to the Marketplace, and the need to coordinate those efforts. Coordination of these efforts would optimize the utility of the planned database for measuring QHP quality and would also avoid duplication of data collection, reduce administrative burden, and align evaluation/reporting approaches where possible to ensure that our state is capturing and reporting on information that will drive health system transformation in addition to assessing the performance of the Marketplace itself.

At the completion of Phase II, ACHI presented AID with several options for measuring QHP quality and recommended that AID move forward with planning and building a database with multi-functional utility, inclusive of measuring QHP quality.

### DIS

Another state department identified as instrumental in the development of the Marketplace Partnership is the Department of Information Services (DIS) which has strategic and operational expertise on single point of entry sign-

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on authentication, customer call centers, state IT architecture, and maximizing mobile functionality (social media). Using Level One grant funds, AHCD entered into an interagency agreement with DIS for the services of a full time program manager to assist with intra-and interagency and state-federal IT-Program Integration. Carder Hawkins skillfully filled that role until he accepted the position as AID Deputy Commissioner for Information Technology in November 2012. We see Hawkins' appointment to this role as a "value add" for the ACHD work as well as inter-agency collaborative effort for implementation of the SPM. In December 2012 DIS assigned another very capable employee, Tonmoy Dasgupta, to fill this role going forward. Dasgupta has provided steady leadership and skilled project management during interagency IT development and testing as well as coordination of business and IT support needs for development of AHCD's Guide Management System and SERFF use for QHP certification reviews.

#### ADH

AHCD entered into an interagency agreement with the Arkansas Department of Health to provide staff support and expertise to our IPA Program through the ADH Home Town Health program. Under our agreement with ADH, outreach and education of community leaders and consumers about the Marketplace as well as support for local IPAs will become a priority for these Home Town Health programs. ACHD will make Outreach and Education materials available to ADH for use throughout the state and will foster routine communication between ADH and the contracted IPA entities. ADH is also a provider of IPA Guides, and has been contracted to provide the most guides – 234 -- by an IPA entity.

#### AMHC

Similarly, the Arkansas Minority Health Commission (AMHC) has contracted with ACHD to provide guides and facilitate community meetings throughout Arkansas, catering to minority populations.

#### ADHE

As previously noted, the Arkansas Department of Higher Education is providing integral support in stepping up to help train the IPAs, and the IPA trainers, in a cooperative venture with the Arkansas Association of Two-Year Colleges. Venues have been provided across each region of the state with 22 two-year colleges and one four-year university. This contract will extend to Arkansas-specific training for navigator and non-navigator assisters including Certified Application Counselors (CACs) and licensed producers. This inter-agency agreement has been essential to getting the IPAs ready to help Arkansans enroll in the Marketplace. Recently, AHCD facilitated an agreement between ADHE and Community Health Centers (CHCs) of Arkansas for the CHCs to contract with the two-year colleges for training Outreach Enrollment Workers (OEWs). This will provide for consistent Arkansas training and thus consistent consumer information.

#### AG's Office

In order to ensure that consumer interests are protected, AHCD has reached out to the Arkansas Attorney General's office regarding the prevention of fraud, particularly with plans or "agents" that misrepresent themselves as being part of the Marketplace when they are not.

#### ASBTDC

AHCD has contracted with the University of Arkansas at Little Rock Arkansas Small Business and Technology Development Center (ASBTDC) for outreach to the small business community, with emphasis on SHOP. ASBTDC will work closely with the Small Business Administration regional office and the state and local chambers of commerce.

#### MOUs/Contracts



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The AHCD plans to formalize an agreement with DHS, which houses the state Medicaid agency, and the Division of County Operations that performs eligibility enrollment and appeals for Medicaid. Staff from these DHS divisions work almost daily with AHCD, particularly in development of business and IT support processes that will support a seamless consumer eligibility and enrollment and complaint resolution experience for those accessing Private Option assistance or FFM premium tax credits. Because these development processes are still under development due to the recent passage of Arkansas Health Care Independence Act, our final interagency agreement outlining responsibilities has not been finalized. In the cases of agencies that receive funding through the AHCD, formal interagency agreements, or contracts have been finalized.

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

#### **Federal Reviews:**

Arkansas's Initial Planning Review with CCIIO took place in Bethesda, MD, on May 17 and 18, 2012. (Appendix D) The Arkansas team led by Insurance Commissioner Bradford and Deputy Commissioner Crone represented all the State agencies that are working collaboratively to establish the SPM. Participants included Arkansas Surgeon General Joe Thompson; DHS Director of County Operations Joni Jones, Medicaid Director Andy Allison, DHS IT Director Dick Wyatt, and representatives from the Medicaid policy office, the Governor's office, Carder Hawkins from the Department of Information Systems, and additional AHCD support and contractor staff. Prior to the meetings AHCD submitted the Concept of Operations document and Project Management Plan to CCIIO for review and discussion while on site. Subsequent to the Planning Review, AHCD staff meets regularly by phone with our CCIIO project officer and other CCIIO/CMS staff to work through outstanding action items.

AHCD submitted our updated CCIIO Design Review documentation on Monday, September 17, 2012 and attended our second Planning Review in Bethesda on October 1 to 2, 2012 (Appendix E). Many of the same people participated either onsite in Maryland or by interactive video from Little Rock. In the Exchange Progress letter from our CCIIO project officer, Emily Pedneau, Arkansas was commended for our progress and for our continued efforts to help CCIIO work through many of the complex issues of the Partnership Model. We continue to report to our approved Work Plan. Arkansas completed the Blueprint Application and submitted it on December 17, 2012. We received notice of conditional approval from CMS dated December 31, 2012. (Appendix F)

AHCD staff and First Data contractors also met with CCIIO officials in April, 2013, in Bethesda for a conference with multiple SPM states and also participated in Arkansas-specific meetings. In May, our team and others from Arkansas Medicaid, ACHI, and the Governor's Office, met with CCIIO and CMCS leadership in Baltimore about policy and implementation issues related to Arkansas's Medicaid expansion using a Medicaid premium assistance model to purchase coverage for those at 138 percent of the Federal Poverty Level and below through plans doing business on the Health Insurance Marketplace in Arkansas.

On June 19, 2013, we returned to Bethesda to meet with CCIIO for our Implementation Review. (Appendix G) Much information was shared on the part of each side in the discussion to help the state and federal governments move forward in a positive way toward open enrollment October 1, 2013.

#### **Local Development of Business Processes:**

Using Level One A funds, AHCD created the position of Grants/Contracts Specialist to oversee grants accounting, reporting, and the multitude of contracts and interagency agreements needed for establishing the SPM in Arkansas. Amanda Spicer fills this position. She brings extensive experience managing grants, contracts and program budgets. In recognition of the position's increasing responsibilities managing multiple grants and contracts, she was promoted to a more appropriate state position, Financial Manager.

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AID entered into a professional services contract with Public Consulting Group, Inc. (PCG) on April 20, 2012 for Plan Management consultation to assist with development of QHP certification criteria and processes. PCG is responsible for assisting AHCD and the PMAC in analyzing and reaching consensus on the appropriate mechanisms for QHP certification, monitoring and oversight. The work to be accomplished includes development of position briefs, facilitation of PMAC meetings, discussions with the staff of other AID divisions and interaction with CCIIO/CMS representatives to assure full understanding of the requirements.

A Plan Management Specialist, Zane Chrisman, was hired in May 2012, to serve as a liaison between members of the PMAC, the AHCD, insurance companies, consumers, advocates, state agency employees and the Federal Marketplace counterparts on issues or questions arising as to plan management, essential health benefits, or qualified health plans. She meets regularly with the co-chairs of the PMAC and other interested stakeholders and continuously researches questions related to plan management functions. She outlined similarities and differences between the potential EHB benchmark plans as Arkansas stakeholders studied various plans in order to recommend the best EHB Benchmark Plan for the state. She has worked diligently with staff, contractors, and consultants to review and analyze QHP submissions to result in AID's recommendations to CCIIO.

The Plan Management Advisory Committee (PMAC) met for the first time in May 2012. During that meeting, the committee reviewed the statutory requirements for selecting the EHB, the state mandated benefits, and the benefits offered by the seven Arkansas eligible benchmark plans.

In September, selection of Arkansas's initial Essential Health Benefit (EHB) Benchmark was completed by Commissioner Jay Bradford. The benchmark was submitted to CCIIO on September 24, 2012 (See Bulletin 2-2012 at <http://www.insurance.arkansas.gov/Legal%20Dataservices/Directives/2-2012.pdf> ).

The benchmark plan submitted was the Arkansas Blue Cross Blue Shield Health Advantage Point of Service (POS) Plan with the following supplementation:

- QualChoice Federal Plan Mental Health and Substance Abuse Benefits due to the BCBS Health Advantage plan benefit not best meeting the requirements under federal mental health parity law;
- Arkansas Child Health Insurance Plan (CHIP), ARKids First, for Pediatric Dental benefit as a pediatric dental benefit was absent from the BCBS Health Advantage plan; and
- Arkansas Blue Cross Blue Shield Federal Pediatric Vision Plan (BCBS Blue Vision - High) due to this being the federal plan with the highest enrollment, and Arkansas's only supplemental option. (The pediatric vision benchmark was changed to the Arkansas CHIP benefit following subsequent CCIIO guidance. See below.)

In June and July 2012, the PMAC began discussing Active Purchaser vs. Open Marketplace strategies for SPM plan selection. Two four-hour meetings were held in June to discuss options available to become an Active Purchaser and the range of choices within those potential options. Some of these areas included additional quality assessments, network adequacy requirements, Medicaid integration, and encouraging broad participation in the Marketplace. Additional information was also presented on the pediatric dental and vision benefits that needed to be supplemented. By the end of June, the group determined to focus on three areas: Medicaid Integration, statewide offerings, and recruitment of new issuer entrants. There were questions related to what must be included in pediatric dental, and the decision on the EHB Supplement was held until July.

Based upon current statutes and our research, the Legal Division and AHCD crafted an EHB determination rule that would develop a process to support the requirements of the ACA and would take into consideration the community feedback. This (EHB) Rule 103 was published on June 28, 2012. The proposed rule was presented to the Arkansas Joint Subcommittee on Administrative Rules and Regulations on August 21, 2012 where it was approved. (See Rule 103 at <http://www.insurance.arkansas.gov/Legal%20Dataservices/rulesandregs/Rule103.pdf>)

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In August, the PMAC completed recommendations for the Active Purchaser vs. Open Marketplace topic area for all but one topic (Medicaid-Marketplace Integration) pending additional recommendations from the Medicaid Integration Subcommittee.

- PMAC recommended that Arkansas SPM not require network adequacy standards that exceed federal ACA requirements in the first year. The Steering Committee and Commissioner accepted this recommendation.
- PMAC acknowledged the emerging importance of Arkansas's Payment Improvement Initiative in advancing quality and affordability and recommended that the SPM may engage or require carriers to adopt specific quality improvement strategies as a condition of having their QHPs certified to be marketed and sold on the Marketplace. The Commissioner accepted the recommendation.
- PMAC recommended that the SPM should not require carriers to offer their QHPs statewide as a condition of Marketplace certification. The Steering Committee recommended adding consideration of a regional approach with the goal of statewide coverage. The Commissioner accepted the revised recommendation.
- PMAC recommended that the SPM would not limit the number of plans or benefit designs that may be offered by carriers in the Marketplace. In a departure from the PMAC recommendation, the Steering Committee recommended that the SPM *may* limit the number of plans or benefit designs that may be offered by carrier on the Marketplace. The Commissioner accepted the revised recommendation.
- PMAC recommended passing on the options related to incentivizing carriers. The Commissioner accepted the recommendation.
- PMAC recommended that accreditation standards not be required outside of the Marketplace. The Steering Committee and Commissioner accepted the recommendation. (See Bulletin 1-2013 <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Bulletins/1-2013.pdf>)
- PMAC recommended that the SPM utilize ACA quality standards. The Steering Committee and Commissioner accepted the recommendation.
- PMAC recommended that the SPM utilize a certification approach to selective contracting. The Steering Committee discussed and recommended that the Arkansas Partnership Marketplace utilize a certification approach for plan selection, which was accepted by the Commissioner.

CCIIO's Proposed Rules and Notices of Proposed Rulemaking in November 2012 resulted in modifications to the EHB being submitted in late December. These modifications included a proposed definition of habilitative services, establishing the maximum age limit for pediatric dental and vision as "to age 19" and changing the benchmark pediatric vision plan from the federal employee benefit plan to the Arkansas CHIP vision plan as was allowed in revised CCIIO guidance. Discussion of habilitative services continued through multiple meetings in January 2013 with an additional EHB change defining habilitative services being submitted at the end of the month. (See Directive 1-2013 at <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Directives/1-2013.pdf>) The Steering Committee approved a "Habilitative Benefit Scope of Services" as presented by the PMAC. The final drafting was left to AHCD staff for the Commissioner to approve in the QHP bulletin. The commissioner accepted the recommendation. <http://hbe.arkansas.gov/FFE/Plan/Recommendations/1-25-2013.pdf>

AHCD staff participated in FFE Eligibility and Enrollment Learning Collaborative project meetings beginning in August 2012. Arkansas was one of eight states invited to participate in the FFE Eligibility and Enrollment Learning Collaborative that is part of an initiative to bring together state and federal partners to address common challenges, pursue innovations in Medicaid program design and operation, and enable timely and effective ACA implementation. Initial focus was on eligibility and enrollment systems, identifying critical coordination and integration points between Medicaid/CHIP and the FFM, and strategies to harmonize policies, operations, and systems to ensure a seamless

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eligibility pathway for consumers. This project is being led by Manatt Health Solutions which is contracted by CCIIO to manage this effort.

The ACA has defined certain requirements for network adequacy. All network adequacy regulations will likely transfer to AID. In the meantime, the AID asked issuers to abide by the details in an Arkansas bulletin issued April 30, 2013. (<http://www.insurance.arkansas.gov/Legal/Bulletins/11-2013.pdf>) Another bulletin addressing network adequacy was released May 14, 2013. This bulletin addresses requirements for participating in the Marketplace but makes clear that another bulletin will be forthcoming relating to network adequacy for all plans regardless of whether they are doing business in the Marketplace (<http://www.insurance.arkansas.gov/Legal/Bulletins/11A-2013.pdf>)

Using funds from our Level One A grant, we have contracted with actuary firm Lewis and Ellis, Inc. David Dillon of this firm conducted a study to determine the effect of premium increases on the uninsured population that uses tobacco. This report was issued on February 4, 2013 for discussion at the February PMAC meeting. The Commissioner determined that the AHCD should limit tobacco upcharges, should they be added by carriers to the premiums, to no more than 20 percent in Year One. (Appendix H)

Actuary Dillon also provided a review of the rating areas currently utilized in Arkansas and evaluated the effect of limiting those rating areas to increase competition and decrease premium prices within the state. As a part of that study (Appendix I), he also evaluated service areas to see if it would make sense to align service and rating areas within the state. A draft of Dillon's report was provided to AHCD for initial review on February 7, 2013. The Steering Committee received input from AID and issuer actuaries regarding rating and service areas, and decided to maintain the original recommendation to allow seven geographic rating areas that would align with seven geographic service areas. The Steering Committee also recommended that the Commissioner allow benefit substitution within the EHBs as allowed by CCIIO. The Commissioner approved these recommendations.

In response to Plan Management recommendations, multiple AID planning bulletins were released this year (listed below in the order in which they are released):

- 1-2013: "Requirements for Accreditation for Participation in the Arkansas Federally-facilitated Exchange Partnership" was released January 8, 2013 and can be found at <http://www.insurance.arkansas.gov/Legal/Bulletins/1-2013.pdf>
- 3-2013: (REPLACED IN ITS ENTIRETY BY BULLETIN NO. 3A-2013) "Requirements for Qualified Health Plan Certification in the Arkansas Federally-Facilitated Partnership Exchange" was released February 19, 2013 and can be found at <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Bulletins/3-2013.pdf>
- 5-2013: "Filing Guidance for Individual and Small Group Health and Dental Plans in Arkansas" was released on March 7, 2013 and can be found at: <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Bulletins/5-2013.pdf>
- 8-2013: "Notice of Carriers' Intent to Participate in the Exchange" was released on March 15, 2013 and can be found at: <http://www.insurance.arkansas.gov/Legal%20Dataseservices/Bulletins/8-2013.pdf>
- 11-2013: (REPLACED IN ITS ENTIRETY BY BULLETIN NO. 11A-2013) "Requirements for Qualified Health Plan Certification in the Arkansas Federally-Facilitated Partnership Marketplace" was released April 30, 2013 and can be found at <http://www.insurance.arkansas.gov/Legal/Bulletins/11-2013.pdf>

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- 11A-2013: “Network Adequacy Requirements for Health Plan Certification in Arkansas Federally-Facilitated Marketplace” was released May 14, 2013 and can be found at <http://www.insurance.arkansas.gov/Legal/Bulletins/11A-2013.pdf>
  - 3A-2013: (REPLACED IN ITS ENTIRETY BY BULLETIN NO. 3B-2013) “Requirements for Qualified Health Plan Certification in the Arkansas Federally-Facilitated Partnership Exchange (Marketplace)” was released May 23, 2013 and can be found at <http://www.insurance.arkansas.gov/Legal/Bulletins/3A-2013.pdf>
  - 12-2013: “Treatment of Pediatric Dental Coverage Provided Through Stand Alone Dental Plans” was released May 28, 2013 and can be found at <http://www.insurance.arkansas.gov/Legal/Bulletins/12-2013.pdf>
  - 3B-2013: “Requirements for Qualified Health Plan Certification in the Arkansas Federally-Facilitated Partnership Exchange (Marketplace)” was released June 25, 2013 and can be found at <http://www.insurance.arkansas.gov/Legal/Bulletins/3B-2013.pdf>

As previously reported the Commissioner held meetings April 11 and May 13 with potential Arkansas Marketplace carriers and answered their questions. We continued to work with vendors PCG and Manatt to develop the QHP evaluation guidelines that met requirements of the Private Option in Arkansas. Timelines reflected in the QHP Bulletin were shared as well as a desire to have as many issuers as possible in the Marketplace.

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

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

AID reviewed 13,341 items in the plans while completing its analysis of the submissions to make recommendation to HHS by CCIIO’s deadline of July 31, 2013. In the end, Arkansas recommended 71 medical plans in the individual market and seven for the SHOP. We recommended 26 Stand Alone Dental plans in the individual market and 21 for the SHOP. We are excited about the prospects for greater opportunity for health insurance in Arkansas given this hard work by all involved.

### **IT Gap Analysis and Exchange IT Systems**

First Data developed an IT Integration Plan (See <http://hbe.arkansas.gov/ITIntegrationPlan.pdf>) after reviewing applicable state documents and websites and interviewing relevant staff. This work was completed when the state was still considering a State-Based Marketplace in 2011.

As part of this Gap Assessment effort, meetings were held with key state stakeholders, including those that supervise the functions of DHS, OHIT, DIS, the Employee Benefits Division (which manages health insurance policies for state and public school employees and retirees), and AID, as well as external state stakeholders. The meetings were intended to provide detailed insight regarding the capabilities and functions of the current systems. The First Data

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team carefully evaluated the information in the documentation along with the findings of formal agency interviews, subsequent discussions with various stakeholders including those with the August 2011 IT Workgroup meeting, and other states' research.

One of the primary objectives of the interviews was to develop a comprehensive list of current systems and applications that could be used or reused to fulfill certain functional needs and integrate with the Health Benefits Marketplace, maximizing funding sources. The AHCD staff worked with the Information Technology Workgroup, the State Health Information Technology (HIT) Advisory Council and other stakeholders to collect this information.

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

The Arkansas Navigator IT RFP (Level One A grant funds) was posted on March 8, 2012 with a submission due date of April 20. There were no responses to the RFP. The AHCD's follow up with the vendor community and assessment by the Office of State Procurement (OSP) resulted in OSP issuing an Unsuccessful Bid Letter to AID. The Unsuccessful Bid Letter advised AID to issue a Request for Information (RFI) seeking recommended solutions within the realm of the defined requirements to determine a best fit through the RFI responses and possible subsequent demonstrations by vendors. Per OSP, AID could then negotiate a "reasonable pricing structure" with the vendor determined to have the best fit and, subject to approval of the negotiations, a contract could be issued.

The RFI was posted on June 1, 2012 for information regarding a solution for an integrated grant management and learning management solution for use in the support of the Arkansas Navigator program. Five responses were received by the June 22, 2012 deadline. Further review and action on the RFI responses was postponed based on additional guidance received from CCIIO that SPMs could not fund navigator grants as this would be a federal function. The state could, however, award IPA contracts for like services, and Arkansas began planning for this alternative approach to "assisters." AHCD selected Computer Aid, Inc. (CAI) as the vendor for the IPA IT solution. Notifications were sent to all vendors that responded to the opportunity in the second week of January. An initial meeting was held with CAI on January 15, 2013 and contract negotiations were finalized in March. The solution will provide AHCD with application functionality for the management of the IPA Entity contracts as well learning management system functionality for the maintenance and tracking of training and certifications. The short-term plan was development of a solution to support the IPA Guide Entity applications and individual Guide training by May 2013 using SharePoint and Moodle. The training application was delayed and we expect a solution in August using Moodle. Initially, the solution provided for the IPA Guide Management System and QHP (Private Option) management on the same Curam platform as the Medicaid system build. However, delays in the Curam platform resulted in a change to the Microsoft.Net system, which is thought to be the best avenue for the long-term GMS solution. Funds are available from the Level One A grant for this effort.

Arkansas will use the System for Electronic Rate and Form Filing (SERFF) to provide a familiar single point of interaction for Arkansas issuers to submit plans for certification and renewal and for Arkansas state regulators to certify, renew and manage QHPs participating in the SPM. The SERFF role and approach leverages existing systems, assists states in certifying QHPs, and facilitates integration. Using existing information technology investment vs. building new technology helped mitigate costs and lessen the burden to issuers adapting to a new system. NAIC increased SERFF functionality to allow for improved data collection and reporting. Using Level One A funds, AID paid a one-time fee of \$84,451 to cover all costs associated with delivering SERFF functionality to support Plan Management functions for QHPs for the Arkansas SPM. The originally projected date of enhanced SERFF

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implementation was January 1, 2013. It was postponed to March 29, 2013, and was released March 28, 2013, a day earlier than anticipated and with major upgrades. This version contains a block of functionality designed to assist state regulators and health insurance issuers with Plan Management responsibilities and plan submissions for the Health Insurance Marketplaces as defined by the Affordable Care Act. For the most part, SERFF functionality worked well for the initial certification cycle. There were some delays. The delays were slow computer application system response because of the last minute load on the system with many states filing at the last minute. These delays were expected and states were encouraged repeatedly to transfer plans ahead of the deadline.

A Memorandum of Understanding was executed between AID and Information Network of Arkansas (INA) for services to revise the AHCD website pages within the AID's website and to develop an additional section for the Arkansas Health Connector program.

Deployment of the new AHCD website is estimated for September 2013. Funds are available from the Level One A grant for this effort. This website hasn't become functional as quickly as we initially preferred because AHCD chose to focus on establishing the Arkansas Health Connector website, [www.arhealthconnector.org](http://www.arhealthconnector.org) which is managed by MHP as part of the Outreach and Education campaign, as the most efficient way to reach potential consumers and inform the public about the benefits under the ACA and insurance options available in Arkansas. That AHC website went live July 1, 2013.

### **Organizational Structure**

First Data's background research work in 2011 included recommending an operational structure within which the Marketplace could do its business. The First Data Team conducted interviews with representatives of state agencies (program and IT staff); consulted other stakeholder groups; attended work groups and Steering Committee meetings; researched the best communication, outreach, education and evaluation strategies; investigated the Arkansas insurance market and gathered information about uninsured Arkansans -- all in an effort to gather the broadest picture of how Arkansas can best establish a successful Marketplace. The recommendations presented at that time were based on an Arkansas-operated Marketplace and are available for review on the AHCD website at <http://hbe.arkansas.gov/BOPlan.pdf>.

With the shift in focus to creating an SPM, a division was created in AID to be responsible for the planning and implementation of the Arkansas operated services and support associated with an SPM. The Division is led by a Deputy Commissioner that reports to the AID Commissioner and is responsible for both state and vendor staff currently engaged for services needed by the Division.

#### **Staff:**

The initial planning grant in the fall of 2010 funded:

- **Cynthia Crone** -- *Planning Director*. An Advanced Practice Nurse, Crone brings years of experience running community health programs and systems change. Responsible for the entire operation of the AHCD, including developing policy recommendations for Commissioner. Reports to Commissioner.
- **Bruce Donaldson** -- *Stakeholder Liaison*. Responsible for connecting the AHCD with producers, other stakeholders and giving community presentations. Brings years of experience in the insurance industry. Reports to Deputy Commissioner.

The Level One A grant in February 2012 funded five additional positions:

- **Sandra Cook** -- *Consumer Assistance Specialist*. Responsible for coordinating the IPA program and community outreach, with an emphasis on hard-to-reach and minority populations. Brings years of experience in grants and community affairs. Reports to Deputy Commissioner.

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- Zane Chrisman -- *Plan Management Quality Specialist*. An attorney, Chrisman has experience in the private health insurance industry and as a regulator at AID. Among other duties, she serves as a liaison between members of the PMAC, the AHCD, and insurance companies. Reports to Deputy Commissioner.
  - Will Roark/Amanda Spicer -- *Grants/Contracts Specialist*. Responsible for overseeing grants accounting, reporting and the multitude of contracts and interagency agreements as well as internal finance. Roark resigned and was replaced by Spicer who brings to the position extensive experience managing grants, contracts and program budgets. Reports to Deputy Commissioner.
  - Tangelia Clary-Marshall – *Program Operations Specialist*. Responsible for program managing aspects, such as ensuring that action items are completed and works in a support role for Deputy Commissioner. Brings years of experience in banking and finance. Reports to Deputy Commissioner.
  - Julie Chavez/Nichole Weldon -- *Administrative Analyst II*. Responsible for various support duties for staff and operations of the AHCD. Chavez resigned and was replaced by Weldon. Reports to Program Operations Manager.

During development of the Level One B grant application in August, 2012, AID leadership proposed a staff expansion to encompass the tasks known to them at the time. That expansion included the addition of eight positions with most tied to the development of the IPA program. While we received the Notice of Award for the Level One B grant on September 27, 2012, we did not receive legislative spending authority in the form of an appropriation until Dec. 21, 2012. During this delay we laid the ground work for hiring by advertising, reviewing applications and interviewing the most qualified applicants.

During the delay and after the November Presidential election, AHCD also received much additional guidance from CCIIO/CMS on the expectations of a state that chose the SPM model. Some of this guidance impacted our planned IPA Program as well as our Outreach and Education plans. As a result, we decided to restructure the staff of these two AHCD areas. The Consumer Assistance Specialist was hired as the IPA Contract Lead and her position was repurposed into a Communication Specialist to assist with the ever-expanding Outreach and Education effort. During this delay, we also gave serious thought to the impact of Arkansas's November Legislative elections which resulted in a majority shift in the Arkansas House and Senate, with control of both chambers now belonging to the Republican Party for the first time since Reconstruction. Members of the Republican Party indicated the 2013 General Assembly would address whether or not the state would continue SPM planning. This and an increasing number of inquiries from diverse stakeholders plus a rapidly changing Marketplace establishment environment signaled to AID and AHCD the need for a position devoted to research and policy analysis related to the SPM development. To that end, AHCD repurposed an unfilled Administrative Analyst position to a Policy and Research Specialist to report directly to the Deputy Commissioner and focus on timely data gathering, analysis and reporting.

With additional grant money available, the AHCD began increasing staff in the winter and spring of 2013 to work toward meeting the goals required for open enrollment October 1, 2013. The passage of the Private Option and the continuation of the AHCD following the 2013 legislative session led to more effective recruiting for unfilled positions.

New staff hired with Level one B were:

- Heather Haywood – *Public Information Manager*. Responsible for overseeing the Outreach and Education campaign and the marketing vendor. Serves as contact for news media. Brings experience in public relations and marketing. Reports to Deputy Commissioner.



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- Terri Clark – *Communications Specialist*. Responsible for the speaker’s bureau and grassroots communication. Brings experience in non-profit public relations and television news. Reports to Public Information Manager.
  - Seth Blomeley – *Policy and Research Analyst*. Responsible for policy memos, responses to legislative inquiries, compiling of reports and grants, and assisting communications team. Brings experience in print media as well as in state agency communications. Reports to Deputy Commissioner.
  - Terry Rogers – *Administrative Assistant* for the IPA program. Reports to IPA Lead. (Resigned in July 2013)
  - Chloe Crater – *IPA Education Lead*. Moved to the AHCD from the AID’s Senior Health Insurance Information Program where she was employed as a Volunteer Program Coordinator. She previously worked as an adjustment specialist for an insurance company and as an executive director of a non-profit. Reports to IPA Contract Lead.
  - Thomas Herndon – *IPA Contract Monitor*. Former grants specialist with the Department of Finance and Administration. Reports to IPA Contract Lead.
  - Tomika Clark – *IPA Contract Monitor*. An AID employee since 2002, she comes from the Senior Health Insurance Information Program as the Volunteer Program Manager. Reports to IPA Contract Lead.
  - Chantel Allbritton – *Insurance Compliance Officer*. Former delinquent tax collector and deed issuer at the Land Commissioner’s Office, former legal researcher for abstract company. Reports to Plan Management/Attorney Specialist.

The Level One C grant funded:

- Donna Lambert - *Plan Approval Specialist*. Has worked for the Compliance Division of the AID for two years. She has 20 years experience in the private insurance industry in filing the type of plans she now reviews at AID. Reports to Deputy Commissioner for Compliance.

There were promotions of staff in recognition of their hard work and changing roles. During state fiscal year 2013, Tangelia Clary–Marshall was promoted to the position of Program Operations Manager from Administrative Analyst; Sandra Cook was promoted from Consumer Assistance Specialist to IPA Contract Lead; and Project Director Cynthia Crone was promoted to Deputy Commissioner for the AHCD. Bruce Donaldson, Statewide Stakeholder and Licensed Producer/Agent Specialist, was promoted to Accounts Manager, and Zane Chrisman, Plan Management Specialist, was promoted to Attorney Specialist effective July 1, 2013.

More positions will be filled with funding from our Level One C grant. They are Quality Assurance, Resource Center Specialist, Administrative Analyst, Information Technology Systems Specialist and IPA Contract Monitor. We also plan to fill a Chief Operations Officer position by reclassifying one of our grant coordinator positions and to transition a second grants coordinator position to focus on contracts and finance, including tracking billing for IPA organizations.

Three of the above-named positions have been filled:

- Tracey Dennis -- *Quality Assurance Officer*. Previously worked as an attorney and began in August 2013 to review frequently asked questions and ensure organized quality improvements. She will coordinate closely with the Consumer Assistance Program, AHCD staff and vendors as needed to implement organizational improvements. Reports to the Accounts Manager.
- James Stepps -- Information Technology Systems Specialist. A veteran of Information Technology having worked on various corporate projects. Specializes in tracking of computer complaint issues in the AHCD and helps build relationship with SERFF. He will assist in development, training, and maintenance of shared

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databases that will be required between AHCD, AID Consumer Services Division, and other AID divisions. Reports to the Deputy Commissioner for Information Services.

- Deborah Wilhite -- *Chief Operations Officer*. A seasoned high-level government executive with experience directing complex operations under extraordinary time and political pressures. She served as Senior Vice President over Governmental Relations and Public Policy at the U.S. Postal Service and was responsible for communication and inter-agency resources during the 9/11 and the anthrax crises. A native Arkansan, Wilhite also has private leadership experience.

#### Operational Procedures:

With the significant expansion of AHCD staffing, First Data led the effort to put in writing internal procedures and processes.

Operational procedures for the AHCD include weekly staff meetings to review the schedule of the week ahead as well as completed and pending activities from the previous week. In June 2013, the Deputy Commissioner initiated daily status meetings to ensure that staff is kept abreast and understands what colleagues are working on. The goal is to align and coordinate activities and identify interdependencies to make for a smoother operation and more knowledgeable staff that can head off problems before they occur.

There is also a recurring bi-weekly written status report that is completed by AHCD staff and vendor staff and which is further utilized on a bi-weekly status conference meeting that allows vendors to report on the status of their assigned tasks and provides the entire team with an update of the status across all areas of the AHCD. Vendors either attend these meetings in person or by telephone. The Division's work is additionally monitored through tracking of Action Items, Issues and Risks associated with the aggressive timeline and work plan required for the deadlines associated with implementation.

First Data conducted a change assessment in July 2013 utilizing staff interviews and a web-based survey. Recommendations include redefining the Monday staff meeting to be more strategic in focus and implementation planning needs to be utilized on a more consistent basis. Overall, the assessment found the AHCD leadership and team to be driven and optimistic about the progress in preparation for open enrollment. Subsequent decisions are expected to guide operations improvements and be useful to all staff and particularly the new Chief Operations Officer.

#### Stakeholder Engagement:

The AHCD staff and First Data in early 2012 redesigned the approach to stakeholder involvement in a way that would lead to decisions that must be made to implement the SPM for Arkansas. The included redesigning the six work groups into a Steering Committee and two advisory committees aligned with the SPM state-led functions: Plan Management and Consumer Assistance. A formal Stakeholder Engagement Model was developed.

The Stakeholder Engagement Model was formally presented in April 2012 when AHCD sponsored an SPM orientation to restart the planning process toward the SPM model instead of toward the originally planned State-Based Marketplace model. Representatives from CCIIO (Teresa Miller, Amanda Cowley and Emily Pedneau) and the Director of HHS Region VI (Marjorie Petty) participated in the meeting. Key state leaders participating included Insurance Commissioner Jay Bradford, Surgeon General Joe Thompson and Medicaid Director Andy Allison. Members of the re-constituted Steering Committee and Advisory Committees attended and had an opportunity to review and discuss the new Stakeholder Engagement Model, which can be found at <http://hbe.arkansas.gov/FFE/Steering/StakeholderModel.pdf>. The model has been in use since that meeting with some revisions to structure the documentation process as members gained experience using it.

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This model establishes a structure that is sustainable across political administrations and can assist in developing and managing key relationships at all levels. Primary sponsorship and decision-making will be the responsibility of the AID Commissioner, while stakeholders at all levels will help drive and support the SPM implementation in the State of Arkansas.

The Steering Committee includes Senior Management representation of the following:

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

Each Steering Committee meeting may include additional invitees, including but not limited to – project team members (includes vendor support staff), subject matter experts/content providers and Advisory Committee members. Minutes of meetings are available at <http://hbe.arkansas.gov/FFE/Steering.html>.

The Deputy Commissioner serves as the Chair of the Steering Committee. Throughout the course of decision-making, it is important to keep stakeholders engaged. Advisory Committee representation on the Steering Committee supports early and continued stakeholder involvement and directly addresses the Arkansas stakeholders' request to "have a seat at the decision-making table."

As previously noted, two standing Advisory Committees have been established to support the Stakeholder Engagement model –Plan Management and Consumer Assistance. The Plan Management Advisory Committee focuses on the definition and delivery of the QHP guidelines and the Consumer Assistance Advisory Committee focuses on the IPA guidelines, outreach efforts and consumer complaint resolution.

The AID Commissioner has designated three co-chairs for each Advisory Committee that represent the committee (along with the AID lead) at the Steering Committee -

- One co-chair represents Consumer Advocacy (Individuals and/or Small Business);
- One co-chair represents the Health Insurance Industry (Issuer/Producer/Broker); and
- One co-chair represents the Healthcare Community (Provider and/or Quality).

The role of the Advisory Committees is to evaluate and provide alternatives to the Steering Committee, as well as support communication and engagement across the stakeholder communities. The Advisory Committees coordinate directly with the AID Marketplace staff and contractors to discuss, evaluate and determine viable alternatives for consideration.

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

The business functions of certifying, renewing and managing the Qualified Health Plans (QHPs) available in the Arkansas Marketplace are elements of Plan Management and will be the state's responsibility in the SPM.

State regulators and insurers need an efficient, effective and compliant means to submit and review health plans for certification and inclusion in the Marketplace. Currently, AID uses the National Association of Insurance Commissioners (NAIC) System for Electronic Rate and Form Filing (SERFF), developed in 1998, to support handling of insurance policy rate and form filings from Arkansas's issuers.

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As previously noted, AHCD is utilizing SERFF as a single point of interaction for Arkansas issuers to submit plans for certification and renewal and for Arkansas state regulators to certify, renew and manage QHPs participating in the FFM. SERFF's role and approach leverages existing systems, assist states in certifying QHPs and facilitates integration. Using existing information technology will mitigate costs and lessen the burden to issuers of adapting to a new system. AHCD Accounts Manager Bruce Donaldson attended all NAIC/SERFF forums and any SERFF related forums at State Grantee Meetings. He assisted with SERFF adjustments to meet plan management needs. The plans reviewed will eventually land up in the federal Health Insurance Oversight System (HIOS).

NAIC identified five goals and objectives held by stakeholders in the SERFF Plan Management project:

- G01- Enhance SERFF to allow state departments of insurance to meet their Plan Management functions
- G02- Streamline the process for insurers submitting plans for inclusion on the Marketplace
- G03- Support integration between applications involved in Marketplace operations
- G04- Provide flexibility to the states regarding Plan Management
- G05- Minimize duplicative entry.

Tonmoy Dasgupta also helped coordinate state-NAIC requirements development and planning for the Arkansas-SERFF Plan Management Functions to facilitate the Department using SERFF in the selection process for QHPs. This work included close collaboration between the AHCD Plan Management Specialist and the Compliance Division Compliance Officer.

We were pleased with SERFF functioning for the first year review and recommendation cycle.

AID's Consumer Services Division (CSD) is designed to assist insurance consumers with complaints resolution and inquiries regarding insurance companies or agents. CSD investigates all complaints, working with the insurance company and the consumer to determine the appropriate course of action. Prior to 2011, all CSD staff members were generalists, addressing all life, health, and property/casualty calls. In 2010, CSD was awarded a CCIO Consumer Assistance Program (CAP) grant to help consumers with issues related to provisions of the Affordable Care Act. The AHCD and CSD staffs are committed to working collaboratively to expand CAP efforts in preparation for 2014 SPM implementation. CSD and AHCD are working to catalogue consumer inquiries and complaints in an effort to standardize responses, identify trends and work to continuously improve consumer services associated with the SPM.

In response to Act 1439 we will be using the existing AID licensing process for all Marketplace navigator and non-navigator personnel including licensed agents and brokers. AHCD is working with the AID License Division to establish processes whereby AHCD will review for successful completion of training, testing, and background checks. The License Division will process license applications and fees. A public hearing was held July 31, 2013 to address public comments regarding Rule 104 which sets the Marketplace license fee at \$35.

### **Program Integrity**

As part of our planning assessments we included review of existing monitoring tools for consideration when the Marketplace system is designed. As the SPM Model is finalized and we are establishing the Marketplace organization, we are putting in place the oversight, auditing and fraud, waste, and abuse prevention tools needed to assure proper stewardship of public funds. We are constantly monitoring that staff, contracts and operations resources are used efficiently and appropriately from the outset and follow state and federal rules.

AID has in place an accounting and financial department that is strictly governed by existing state policy. Arkansas audit procedures are performed yearly and are implemented to insure that no one person or position has sole authority to receive, process, and make payments. These policies are in force to provide an effective and efficient system of checks and balances. Additionally, Level One grant funding has allowed us to hire a Financial Manager

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dedicated to the financial management of the federal grants accorded under ACA. This position works closely with the AID Accounting Division to assure that policies and procedures internal to AHCD are in concert with AID's financial processes. Furthermore, we have implemented AHCD specific policies and procedures to supplement and provide adequate checks and balances to our existing AID accounting office. The Financial Manager is tracking, verifying and reporting all expenses, receivables, contracts and expenditures and checking for matches with the AID accounting office. Individual HHS grants are tracked by specific grant identification and account numbers so that expenses, payments and draw-downs are separately and appropriately accounted for and reported.

### **Affordable Care Act Requirements**

**Rate Review** - The AID currently has prior approval authority over individual health insurance rates for all issuers. In recent years the Commissioner has negotiated with issuers for all rate increases, and negotiated a lower rate affecting approximately 90,000 policyholders soon after being appointed Commissioner in 2009. He reduced the increase in rates by approximately four percent for the year 2010.

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

In June, 2012 the RRD hosted a National Rate Review conference in Little Rock where the AHCD Deputy Commissioner presented a session on State Level Collaboration Between Rate Review and Marketplace Implementation. About 30 states and territories attended this conference in person and a number more attended by live, interactive video.

**iRate** – RRD is creating, developing and implementing iRATE (Insurance Rate Analysis and Tracking Engine), a "ground breaking" and automated SERFF data extraction/retrieval and analytics application. iRATE is a new application that automates and streamlines the rate filing review process, making it easier and faster to provide an effective rate review. iRATE is a web-based tool that presents data from SERFF (System for Electronic Rate and Form Filing) in a simpler way that is easy to understand. iRATE ensures that the most important data needed to complete a rate review is easily accessible at all times. In addition, iRATE includes a robust reporting system that helps insurance departments better track reviews and file them for future use. These capabilities and many others make iRATE the best application for performing a fast, effective and accurate rate review. iRATE was released for distribution on June 1, 2013. An iRATE webinar was held on June 24, 2013 to demonstrate the use and capabilities of iRATE accompanied with a comprehensive user manual. RRD is also producing a national webinar to demonstrate and implement the full capabilities and use of iRATE. RRD has applied for a Cycle III grant in the amount of \$3.184 million. Cycle III grant awards will be announced on or before September 30, 2013.

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

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

Other ACA requirements:

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

## **SHOP**

AHCD has facilitated numerous stakeholder forums and targeted workgroups aimed at fostering discussion and gathering information from the individuals and groups who will be most impacted by the development of the Marketplace.

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

Since hiring the Plan Management Specialist, AHCD has been actively engaged with CCIIO and CMS to ensure a successful implementation of the SHOP program with the federal government. The individual and SHOP markets will be separate as part of the SPM model. As the result of federal changes, employers in 2014 will choose one plan for their employees as they do now. AHCD has contracted with the University of Arkansas at Little Rock Arkansas Small Business and Technology Development Center (ASBTDC) for outreach to the small business community, with emphasis on SHOP. ASBTDC will work closely with the Small Business Administration regional office and the state and local chambers of commerce.

## **PROPOSAL TO MEET PROGRAM REQUIREMENTS**

Building on the work of the last two-plus years funded by our Planning Grant (awarded September 2010 with Administrative Supplement awarded March 2012), Level One A grant (awarded February 2012), Level One B grant (awarded September 2012), and Level One C grant (awarded April 2013), ACHD is making systematic, steady progress toward implementing the State Partnership Marketplace (SPM) model for Arkansas. Early and on-going research coupled with guidance from CMS and our CCIIO state officer has supported our efforts as well as helped us plan for the future.

Arkansas chose the SPM model because it allows local development and oversight of the functions that most directly interact with Arkansans, and the insurance issuers and producers who do business in our state. From the onset of our planning efforts, we devoted much of our energy and resources to interaction with a wide-range of stakeholders and consumer groups. As we continue to grow and learn from those relationships, AHCD has branded the Arkansas

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Health Connector as a vehicle to represent and assist Arkansans as they negotiate the new Health Insurance Marketplace.

As we continue to learn more about the challenges Arkansas faces and the requirements of the SPM, we have identified additional needs. With this Level One D grant application, AHCD in summary is seeking funds for:

- Additional staffing resources
- The continued utilization of valued and necessary consultants
- Extension of our statewide and deep outreach activities
- Continuation of our far-reaching IPA services
- Further development of our comprehensive Qualified Health Plan (QHP) certification, recertification and monitoring processes
- Further study and implementation of continuity of coverage plans

Working together, we are confident that HHS and AID can, and will, implement and improve an efficient, user-friendly SPM model that meets our mutual goal of increasing health insurance coverage for low- and moderate-income Arkansans by making quality, affordable plans easily accessible.

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

### **Current Exchange Pathway**

As indicated throughout this document, Arkansas is taking deliberate, planned steps to implement the SPM model by January 1, 2014 with open enrollment starting October 1, 2013. Much thought and planning are taking place with an eye toward potentially establishing a State-Based Marketplace (SBM). Arkansas Act 1500 of 2013 allows the creation of an SBM no sooner than July 1, 2015, for the 2016 plan year at the earliest. However, there are no current plans for a SBM. That decision will be up to the newly-appointed Board of Directors of the Arkansas Health Insurance Marketplace, which was created by Act 1500. The board has yet to meet, but the clear intention of the legislation is to implement an SBM in Arkansas.

As more well-defined regulations and requirements are provided from CCIIO, we will assist the Board in any way it sees fit as the members evaluate the best model for Arkansas. We will ensure that the state's leadership is apprised of any HHS guidance that could trigger reconsideration of this position. We acknowledge that HHS views the development of a SPM as a logical stepping stone to evolve into an SBM at some future date. We await direction from the Board. We all so understand that 1311 Establishment Grant funds may be requested for staffing the Arkansas Health Insurance Marketplace Board and subsequent SBM developmental needs.

### **Partnership Activities**

Arkansas is approaching the development of its SPM in the most collaborative manner possible with HHS and state partners. Within the state we are including all interested stakeholders in the process and seeking to leverage existing resources whenever possible. Our in-state collaboration includes other divisions within AID as well as other state agencies/departments including Medicaid (within the Department of Human Services), the Surgeon General and his staff at the Arkansas Center for Health Improvement, the Department of Information Systems, the Department of Health, the Department of Higher Education, the Arkansas Minority Health Commission, the Governor's office, and members and committees of the Arkansas Legislature. Representatives of these agencies and others in a health leadership role in our state, including AHCD, meet with our CCIIO project officer, other CMS or HHS staff, and

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Arkansas legislators on a regular basis via teleconference or in person in an effort to foster full understanding and agreement on the manner in which AID is planning implementation of the SPM in Arkansas.

Our cooperative relationship with CCIO has fostered a healthy “back and forth” productive dialogue and exchange of ideas. Given that the SPM model was one of the later Marketplace options identified, CMS has worked hard toward finalizing all the guidelines and regulations. And, given that Arkansas was the first state to indicate a preference for the SPM, we have had the opportunity to ask specific questions prior to written direction and have had the opportunity on more than one occasion to voice our opinion on the preferred way to structure a particular operating procedure. The AHCD team participates fully in conversations with CCIO representatives on at least a weekly basis and more often by e-mail. We take full advantage of webinars and conference calls held by CCIO staff to explain new requirements such as the Blueprint and this Level One funding opportunity.

Our successful Design Review in October 2012 for both Plan Management and Consumer Assistance, the approval of our Blueprint Application in January, and positive feedback from our Implementation Review in June 2013 have further resolved us toward meeting the goal of providing affordable and quality insurance to the people of Arkansas. We look forward to further cooperation and guidance from CCIO, partner state agencies and government officials, and stakeholders in multiple capacities across the state.

**Plan Management Activities** – The business functions of certifying, renewing and managing the QHPs available through the Health Insurance Marketplace in Arkansas are the responsibility of Arkansas as an SPM operating Plan Management functions. As reported earlier in this document, AHCD is using SERFF to provide a single point of interaction for Arkansas issuers to submit plans for certification and renewal and for Arkansas state regulators to certify, renew and manage QHPs participating in the Marketplace. Using SERFF, an existing information technology, will mitigate costs and lessen the burden to issuers of adapting to a new system.

AHCD has identified the need for additional funding under this Level One grant application in these Plan Management areas:

- **Plan Management Consultation Services.** Public Consulting Group (PCG) has provided extensive consultation to AHCD, and in particular the Plan Management Advisory Committee (PMAC) in the form of issue briefs, meeting facilitation, conference calls, and meetings with CCIO/CMS. PCG’s services are needed for additional months from March 1, 2014, to September 30, 2014. AID would like to maintain PCG’s contract to maintain continuity and the consultants’ expertise as we evaluate the success of the QHP certification process and, by using lessons learned and knowledge gained during the previous months, prepare for Plan Year 2015 QHP certifications. Under this new contract PCG will work with Arkansas stakeholders to:
  - Evaluate previous recommendations related to Marketplace operations.
  - Evaluate previous recommendations for incorporating the additional consumers in the Marketplace through the Private Option.
  - Focus on quality assurance and quality control during the 2015 certification process. This will include the development of a tool for reviewing the short-term and long-term successes of the 2013 QHP process and identifying areas of improvement.
  - Develop operational procedures to respond to federal and state rules and regulations as they are promulgated. PCG’s expertise will be especially important and helpful given the new territory that the Private Option represents for all involved.
  - Continue to assist AID in developing policies and procedures for reviewing and certifying QHPs.
  - Assist with design and development of QHP account management.
  - Work with AID, issuers, and other stakeholders to develop the standards, thresholds and methods for the review of network adequacy in QHPs.



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- Evaluate possible health plan quality metrics for possible implementation in Arkansas.
  - Keep AID up-to-date on rules and regulations to help ensure that AID Bulletins and Plan Management policies and procedures remain current.
  - Train AHCD staff to best handle issues that may result during the 2015 Plan Year QHP certification process.
- **Actuarial Consultation Services.** AHCD seeks to continue the valuable and timely consultation provided by Lewis & Ellis to the AID regarding QHP policy development and the rate review and partial form review of QHPs expected to be filed with the AHCD for Plan Year 2015. This actuarial review of the QHPs will include: detailed review of the silver plans; review of cost-sharing modified silver plans; review of the bronze, gold and platinum plans associated with the QHP silver plan; review of the issuer's catastrophic plans; and a review of the issuer's child-only plans to be submitted for eligible applicants. This Level One D request would extend the contract for Lewis & Ellis one year from October 2013 to September 2014.
  - **Consultation on Network Adequacy and Quality Metrics.** The Arkansas Center for Health Improvement (ACHI) will continue development activities for Arkansas's Health Information Hub (which includes an APCD) designed to collect and provide data for multiple health improvement projects, including QHP quality. Overall development activities will include stakeholder involvement to define a realistic governance model and supported infrastructure. Specifically for the SPM, the hub will focus on two projects during the upcoming grant period:
    - Assessment of Network Adequacy. During our initial QHP certification process, it was determined that a more comprehensive and accurate method of assessing QHP network adequacy by service area is needed. Using primary and specialty care workforce assessments previously collected by ACHI and updates to licensure files, we plan to match licensed provider locations against QHP provider availability and accessibility within service areas and compare these to population-based health data to inform network adequacy in the Marketplace service areas. Enrollment and utilization of all Marketplace QHPs including those available through the Private Option premium assistance program will help inform network adequacy assessments. For example, the variability in underlying population risk across the state and within market/service areas combined with the utilization of the QHPs for the Medicaid Private Option could result in an unforeseen impact on the private market networks. Additionally, these varying risks could affect risk adjustment, reinsurance, and risk coordinators within and between market areas.
    - QHP Quality Reporting. We expect CCIIO to provide Marketplace QHP quality indicators in early 2014. The Arkansas Health Information Hub will include health plan accreditation quality reporting result when available. Using existing quality reporting and quality metrics identified by ACHI during previous Level One funding work, we plan to be ready to quickly augment CCIIO quality data requirements with Arkansas specific quality metrics that will be required for plan year 2015. To the extent possible, we will align reporting requirements across insurance affordability programs and the private market to decrease duplication and promote system wide reporting to drive quality improvement.

By coordinating multiple data collection, monitoring and evaluation strategies, we plan to efficiently support marketplace studies to protect consumers and guide policy development and implementation and inform executive and legislative leadership for future modifications.

Each of the above contracts will help guide quality rating development, a priority for the Arkansas SPM. This actuarial review could also include actuarial assessment of any plans by Arkansas Medicaid to transition new populations

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(such as pregnant women or custodial children under 200 percent FPL, and parents under 17 percent FPL) to Private Option coverage.

**Consumer Assistance Activities** -- The multiple functions under Consumer Assistance, including developing and managing an In-Person Assister (IPA) program and directing an Outreach & Education campaign and stakeholder engagement strategy are the responsibility of Arkansas in the SPM model adopted by the state. AHCD has taken many innovative steps and accomplished much on an accelerated timetable. But following open enrollment, more work is needed, using a variety of methods, to ensure the members of the general public, as well as specific constituencies, are kept informed of their health insurance options available in the Marketplace and how to access them.

AHCD has identified the need for additional resources in these areas of Consumer Assistance in this Level One D grant application:

- **In-Person Assister organizations.** AHCD seeks funding to continue contracts with governmental and non-governmental organizations through September 2014. Current contracts are funded with existing grants through May 2014. We project that during most of the Level One D funding period a reduced number of IPAs (134) will be needed, down from the current goal of 537. The remaining IPAs will support complaint resolution referrals, enrollment for consumers with life changing events who can enroll after the open enrollment period, and help prepare for 2015 open enrollment activities. It's imperative that the Arkansas Health Connector keep a physical presence in the regional communities throughout Arkansas to provide education and information to our residents with face-to-face interaction required by many before they will purchase a product such as health insurance.
- **Outreach & Education.** Additional funding for the contract with vendor Mangan Holcomb Partners is necessary to allow the development of Phase 4 of the marketing campaign, which immediately follows the first open enrollment period. Phase 4 will reach those Arkansans who might have had a life-changing event that qualifies them to enroll in health insurance during the Special Enrollment Period, reach uninsured Arkansans who missed out on the first enrollment period, and prepare those enrolled in health insurance through the Health Insurance Marketplace to renew their health insurance. Equally important will be reaching small businesses across Arkansas to educate business owners about the changes and implementation of the Affordable Healthcare Act beginning January 1, 2015. Phase 4 will run from April 2014 through September 2014, under the Level one D request. It includes:
  - Research and strategic planning.
  - Creative development, production, and printing, including brochures and other materials.
  - Media buys in newspapers, magazines, television, radio, billboards, among others.
  - Digital media, including website management, social media, and online advertising.
  - Public relations, including grassroots outreach and media outreach.
  - Multi-cultural marketing.

Previous Level One grants have funded activities in Phase 1, Phase 2, and Phase 3 of the Outreach & Education campaign.

Phase 1 utilized the services of the Arkansas Center for Health Improvement (ACHI)/University of Arkansas Medical Sciences (UAMS) Creative Services via an interagency agreement. It included the branding of the "Arkansas Health Connector" name and logo with a general information campaign. Phase 2 is targeted to Arkansas's uninsured and underinsured, including those who work in small businesses. This phase is a get-informed effort to educate and prepare Arkansans for open enrollment. MHP is the vendor and the message

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is multi-pronged and was described in detail earlier in this narrative. Phase 3 will entail a “Call to Action” to “Get Enrolled” during Open Enrollment (October 1, 2013 – March 31, 2014). The undertaking of this campaign is immense as Arkansans, like Americans in general, do not understand the ACA and how it affects them or doesn’t affect them. Arkansans in general are unaccustomed to buying health insurance on their own and the purchasing of health insurance through the Health Insurance Marketplace is a new concept nationwide. We intend to reinforce previous messages plus add messages about special enrollment periods leading to the 2015 open enrollment period beginning October 2014.

- **Speakers Bureau.** We wish to continue our relationship with the Arkansas Department of Health (ADH) for services by its Home Town Health program to provide speakers throughout the state to give presentations and distribute literature to community groups about the Arkansas Health Connector, how the ACA works and affects individuals and businesses, and about options for health care coverage available through the Marketplace. This Level One D application seeks funding from April 2014 to September 2014. The ADH divides Arkansas’s 75 counties into five health regions.  
<http://www.healthy.arkansas.gov/programsServices/localPublicHealthOffices/Pages/default.aspx>  
Further, each county has a “Home Town Health” program where local business and professionals who live in the local community team with local consumers to identify local health needs and work toward collaborative solutions. The Home Town Health programs are supported by ADH and include the services of their Public Information (PI) Specialists. PI Specialists live in the region served and, through the local Home Town Health infrastructure within their region, seek to “personalize” Marketplace education within the 75 counties. Home Town Health specialists are critical resources in getting information out while satisfying a multitude of requests for speakers.
- **IPA Training.** It’s essential that IPAs embarking on information missions throughout the state be educated about making positive personal connections, conveying information in the proper manner, and be knowledgeable about the ACA, the Health Insurance Marketplace, and the AHCD. As such, we need to ensure that our agreement with the Arkansas Department of Higher Education (ADHE) and the Arkansas Association of Two-Year Colleges (AATYC) remains intact. They have worked diligently to ensure IPAs are properly trained by credentialed college instructors. They will keep abreast of any changes that may require updates to the curriculum and design continuing education curriculum for IPAs who have already received licenses from the AID. The information is delivered via a combination of in-person, online training videos and live video conferencing in preparation for online certification testing. The ADHE and AATYC will continue to design, develop and deliver classroom training. This Level One D request would extend the agreement to September 2014.
- **Small Business Outreach.** The University of Arkansas at Little Rock Arkansas Small Business and Technology Development Center has a long history of engagement with and providing assistance to Arkansas small businesses, which are a key constituency we want to reach. Under an existing Level One grant, the center is developing seminar training contents and materials and conducting training events to educate small business owners/employers and their employees about the ACA and to connect employers and employees with IPAs or licensed producers for in-person assistance. This Level One D grant request would extend the funding for this project three months through September 2014.
- **Stakeholder Engagement.** The ACHD seeks to extend funding for the Arkansas Minority Health Commission through an interagency agreement to provide valuable outreach to the African-American and Latino communities. The Commission will develop and implement an expanded stakeholder engagement

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plan. The commission has extensive experience providing valuable education and fostering awareness on health issues with hard-to-reach minority populations statewide. The Level One D request seeks to continue the agreement from January 2014 through September 2014.

**Information Technology** -- The proper IT architecture and proper systems are imperative toward supporting Consumer Assistance and Plan Management functions. The AHCD recognizes this fact and has worked hard to develop relevant and up-to-date systems to meet the needs of a start-from-scratch operation. We seek to maintain our current vendor relationships to ensure that modern and complicated technology is developed and managed by those with a deeper understanding of what we are trying to accomplish in the Marketplace. AHCD has identified three needs regarding Information Technology as part of our request in the Level One D submission:

- **IT Program Management.** AHCD views its relationship with the Department of Information Systems (DIS) as a true partnership in moving forward with the SPM development and implementation. DIS works closely with AID to identify and monitor key program and operational needs throughout the many layers of the Marketplace project. DIS will continue to provide an on-site IT manager, Tonmoy Dasgupta, to make recommendations based on knowledge of Marketplace requirements as well as requirements of other HHS or NAIC programs serving the Marketplace population. This contractor will work closely with the project's QHP consultant and IT Development consultant. He will also monitor/coordinate IT interdependencies required by the Private Option, IT Development by Arkansas DHS, and by ACHI quality monitoring database needs. This Level One D request seeks to extend this arrangement one year from October 2013 to September 2014.
- **Development, Data Analysis and Reporting.** DIS is responsible for providing an environment for robust data analysis and reporting, for needs which include evaluating issuer rates, and providing data management and analysis/reporting as required by AID, specifically regarding Network Adequacy. Data analysis and reporting would be accomplished on an as-needed basis for such things as complaints. Work done on this project toward Network Adequacy will last past the life of the contract for added value. The Level One D request seeks to extend this data analysis contract from February 2014 to September 2014.
- **IT Development.** Computer Aid Inc. (CAI) is responsible for detailed design, development and implementation of the Arkansas Health Connector Division's Guide Management System (GMS) for IPA personnel management, performance reporting and IPA Guide entity invoicing functions. The system is a Microsoft .Net system and interfaces with systems used for training curriculum enrollment and competency testing of IPAs, as well as management of licensure tracking for IPAs and the other types of assister categories, as well as agent and brokers. Management and performance reporting tools are also included as part of the system, which also interfaces with Moodle for training curriculum for Guides. The Level One D seeks extension from February 2014 through September 2014 to complete the first open enrollment period and prepare for any needed improvements to be ready for the second open enrollment period by taking into account any issues that surface during the first open enrollment period as well as any changes to agent and broker licensure. Re-licensure of all four assister categories will be needed by September 30, 2014.

### **Strategy to Address Early Benchmarks**

Although many early benchmarks appear more relevant to the development of an SBM than to the development of an SPM, Arkansas did address these benchmarks during our early planning phase. We submitted a Benchmark application in December 2012 when requesting SPM conditional approval.

As discussed earlier in this document, AHCD conducted an extensive operational gap analysis of the "as-is" services and capacity of existing state activities compared to the activities required for Marketplaces. We also conducted an

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IT gap analysis of the “as-is” systems. Subsequent to these activities the decision was made to pursue the SPM model rather than an SBM. As noted earlier, AHCD is tracking the Eligibility and Enrollment interface work being done by DHS and we used SERFF for enrollment of certified QHPs. Having awarded a contract for development of the IPA Guide Management System, we are also working closely with that vendor to assure it meets the contract management and instructional needs of our IPA program and integrates well with state and AID technology. On July 1, 2013, the website for the Arkansas Health Connector public outreach campaign went live. We are nearing completion of a redesign of our AHCD website to make it more user-friendly which will be particularly helpful during our Outreach and Education campaign

In 2011 and 2012, AHCD conducted an actuarial and market analysis. We continue to do market research through our Plan Management and ACHI consultants. We engaged in an intense research effort led by Manatt Health Solutions and their subcontractor Optumas to look at continuity of care/coverage issues and assist in identifying potential strategies to minimize the impact of churning. That led to Arkansas’s Health Care Independence Act and planning for the Private Option (Medicaid premium assistance) implementation through the SPM.

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

Regarding long-term operational costs, in November 2012, CMS notified states that they would charge up to 3.5 percent in issuer fees to pay for Marketplace operation, including the Plan Management and Consumer Assistance functions operated by the SPMs. We anticipate these fees will exceed costs of operation of SPM functions and will advocate continued federal funding at levels that sustain quality operations. Further evaluation will be conducted by the Arkansas Health Insurance Marketplace Board in anticipation of a possible transition to an SBM, as discussed earlier in this document. We fully anticipate that Arkansas’s existing 2.5 percent issuer fee will cover SBM operational costs.

### **Organizational Structure**

As discussed previously in this grant application, AHCD remains a division of the AID and is responsible for the planning and implementation of the state-operated services and supports associated with an SPM. The division is led by a Deputy Commissioner who reports to the AID Commissioner and is responsible for both state and vendor staff engaged for services needed by the division. AHCD has written internal procedures and processes as well as a comprehensive New Employee Orientation program in addition to those of the Agency.

AHCD utilizes a network of agreements with other state entities to access information, supplement AHCD staff and enhance opportunities to communicate Marketplace information to the broadest possible audience. These inter-agency relationships include the Arkansas Center for Health Improvement (ACHI), the Arkansas Department of Human Services (DHS) which encompasses Medicaid and County Operations, the Department of Information Services (DIS) which provides IT staff, the Arkansas Department of Health (ADH) whose Home Town Health program assists in the Speakers Bureau, and the Arkansas Department of Higher Education, which is engaged in IPA training. The University of Arkansas for Medical Services recently agreed to be one of the contracted IPA organizations, and the University of Arkansas Little Rock Arkansas Small Business and Technology Development Center is reaching out to small businesses to share information about the ACA and the Arkansas Health Connector.

Using funding from this Level One D grant, AHCD will increase staff from 22 FTE positions to 29 FTE positions over the next few months in addition to contract staff and professional consultants. Given AHCD’s increasing scope of responsibility and the immense importance to Arkansas for the success of the SPM effort, we are requesting through this Level One D grant that appropriate funds for staffing such a wide-ranging endeavor. The staff increase request is

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a result of the upcoming expiration of grant funds from the Consumer Assistance Program (CAP). This CAP grant ends in April 2014 and AHCD wishes to continue funding these five positions to ensure the best possible consumer services and complaint resolution through our AHC Resource Center. The sixth additional position is a Licensing Document Examiner that will be needed to comply with Act 1439 of the 2013 which requires IPAs and the other categories of assisters to be licensed by the AID.

The additional Level One D funding will also help fund an existing position to assist the Finance Manager. A Financial Specialist will assist with the increased workload of approval and tracking of contract deliverables and payments. Funding for this position will be especially needed in light of nearly 30 IPA contracts, multiple Outreach and Education contracts, as well as other contracts described in this narrative, each requiring financial responsibility by AHCD staff.

In an organization of the size and complexity of AHCD, there are also general operating costs that we request be funded through this Level One D grant such as continued funding for supplies, rent, travel, etc. that are specified in detail in the Budget Narrative portion of this grant application. Of note, the AHCD, given our increased activities and staff size, must share a higher proportion of the rent for staff offices and other costs associated with the media center, which is also used by the Rate Review Division.

We are also requesting funds to continue our contractual arrangements with vendors who have become integral for project management and policy and operational consulting. These are:

- **Manatt Health Solutions.** As previously noted, the leadership and expertise provided by Manatt and subcontractor Optumas, was essential during the development of the Private Option and helped provide the necessary facts and analysis for legislative and executive policy makers at the state Capitol, as well as operational guidance for state agencies and issuers in integrating the two key Insurance Affordability Programs (Medicaid premium assistance and QHP advance tax credits). This Level One D request seeks funds to continue that relationship from October 2013 to September 2014, albeit in a much smaller way. We seek funds for Manatt to continue with policy, legal, operational consultation during the transition to the 2015 Plan Year. Manatt will assist with scheduling, convening and summarizing cross-agency leadership meetings to promote communication and drive decision-making regarding insurance affordability program coordination and integration as Arkansas considers transitioning pregnant women, children, and custodial parents under 17 percent FPL into the Private Option-QHP program. This will include facilitating two meetings with issuers regarding new issuer requirements for IAP coordination in 2015 and assisting with the 2015 issuer bulletin.
- **First Data Government Solutions.** First Data's on-the-ground consultation and project management continues to be invaluable as we work to orient, coordinate, and manage multiple contractors and new staff. First Data has literally been a side-by-side partner in the Arkansas Marketplace project from the start. Knowledge of business processes, organizational development, IT development, procurement, health insurance policy and project management are key qualities possessed by First Data. This Level One D request seeks funds to continue First Data's overall project management contract from December 2013 to September 2014. First Data's duties include:
  - Assisting with coordinating, evaluating and managing the various efforts across the state staff and all vendors toward the development and implementation of consistent operating procedures for SPM.
  - Continuing quality assurance tasks, reviewing documentation, policies, procedures, etc. for consistency and appropriateness.
  - Facilitating Steering Committee meetings and other executive level meetings as needed and supporting the AHCD.

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- Overseeing operation evaluations, stakeholder engagement activities as well as staff development.
  - Providing guidance and support to the activities related to the planning and implementation required for a possible transition to an SBM as early as 2015.

### **Coordination between State Entities and Federal Government**

As has been previously reported, AHCD is part of an interagency leadership group that is working with CCIIO and CMS to develop the SPM for Arkansas. In addition to AID, the group includes the Surgeon General and his staff from ACHI; a representative from the Governor's office; a representative from the Office of Health Information Technology and leaders from DHS including Medicaid, the Arkansas Department of Health, and the University of Arkansas for Medical Sciences. Many from this group participated in the Initial Planning Review Meeting in Bethesda in May 2012 and in the second Planning Review in October 2012. They continue their collaboration with CCIIO/CMS by conference calls and in-person meetings as needed. AHCD staff met with CCIIO during Arkansas's Implementation Review on June 19, 2013.

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

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

As noted throughout this document, AHCD will use SERFF to provide a single point of interaction for Arkansas issuers to submit plans for certification and renewal and for Arkansas state regulators to certify, renew and manage QHPs participating in the Health Insurance Marketplace. SERFF's role and approach leverages existing systems, assists states in certifying QHPs and facilitates integration. Using existing information technology investment instead of building new systems will mitigate costs and lessen the burden to issuers adapting to a new system. The AHCD staff has attended all NAIC/SERFF forums and any SERFF related forums at state grantee meetings. SERFF-AR testing and implementation of July reviews went well.

AHCD is working collaboratively with the AID Rate Review Division to maximize use of its state-of-the-art video and teleconferencing technology to make it easier for more stakeholders to participate in Town Meetings, advisory committee meetings and working sessions on critical topics.

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

### **Financial Integrity Mechanisms**

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

AHCD operating expenses (salaries, supplies, etc.) and contracts are assigned to a cost center and a specific grant. The Finance Manager, under supervision of the AHCD Deputy Commissioner, must authorize expenditures internally for items such as purchasing, and externally such as for payment on a contract, before it is submitted to the AID Accounting Division for payment. She verifies the deliverable was received and provides a signatory on the invoice submitted for payment, noting which cost center or grant the invoice is to be paid from and which line item the invoice is to be paid from. The invoice is forwarded to AID Accounting Division which pays the vendor.

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

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

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

### **Challenges**

The primary challenges AHCD has identified in successful, timely implementation of the SPM are ongoing:

- Arkansas's Legislative process for obtaining approval to spend grant funds once awarded, create and fill staff positions, and secure consulting contracts requires much attention to technical detail as well as an awareness and understanding of political situations as they evolve. As noted earlier, we did not receive legislative approval to spend the Level One B funds (awarded September 27, 2012) until December 21, 2012. Level One C funding, received April 7, 2013, was approved for spending May 28, 2013. We are hopeful that the continuous openness we've shown to our legislators throughout our planning process coupled with the able support of the AID Commissioner and the Governor's office will lead to approval of our requests in a more timely manner. Also, the Legislature's approval of the premium assistance Medicaid Expansion model may facilitate future appropriations of grants received for Marketplace operations. We must continue to be aware that many in the Legislature oppose any aspect of the ACA.
- Preparing for open enrollment: Plans are expected to be certified by HHS in early September to be sold on the FFM in Arkansas, IPAs must be trained, hired, and licensed as must all categories of assisters, and the Outreach and Education campaign funding for the open enrollment period must receive legislative approval to continue.
- A lack of information and misinformation about the ACA is widespread, not only in Arkansas, but nationwide. A major focus of our Outreach and Education campaign is a concerted, organized effort to provide concise, accurate information to all Arkansans.
- It takes time and valuable resources to bring new staff and/or consultants on board. We have redesigned and expanded our new employee orientation. To minimize the learning curve for consultants, we plan to keep many of the same ones in place to continue the valuable work they are doing.
- Arkansas is involved in multiple health system improvement efforts which all place demands on the same staff, agency, and other leaders at a time of limited resources. Interagency coordination and collaboration are intentional and funding through this cooperative agreement will assist in advancing the important work of Arkansas's SPM implementation.



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- As a state with the third-lowest per capita income, we projected a high percentage of churning between insurance affordability programs and have contracted with Manatt Health Solutions to help design and implement an effective state-specific strategy to decrease churning and promote continuity of care. Manatt's help was critical in promoting the premium assistance Medicaid Expansion model. However, we still await final approval from HHS for the Private Option. Then, the challenge will be to make it function smoothly and effectively. Many pieces must come together. But with proper planning, expertise, and hard work, we're confident of success.
  - There remain unanswered questions from HHS. We continue to ask for guidance and, when appropriate, suggest solutions for CCIO/CMS to consider as issues arise. We appreciate the thoughtful assistance from CCIO at a time when the federal government is trying to coordinate with all 50 states to get the Marketplace projects in place.

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