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Project Narrative

Guiding Principles

Maine has established the following guiding principles for Exchange planning and implementation efforts:

- Meet the minimum requirements of an Exchange as defined in the ACA;
- Support and expand Maine’s private insurance market;
- Operate as a competitive marketplace that is open to all licensed/qualified insurers;
- Align with the private and public sectors in supporting and promoting Value Based Purchasing; and
- Build upon, reallocate, and/or streamline existing private and public resources (where cost-effective and appropriate).

Background

Legislative and Committee Work

In 2010 the 124th Legislature created the Joint Select Committee on Health Care Reform Opportunities and Implementation by joint order, H.P. 1262, to study the ACA and determine the state's opportunities for health care reform and the state's role in implementing the federal law.

Also in 2010 Maine’s Advisory Council on Health Systems Development (ACHSD) held public meetings and discussed key elements of the ACA and how Governor-elect LePage and the Maine Legislature could implement health reform to the state’s best advantage.

The reports of the Joint Select Committee and the Advisory Council are attached as Appendices 1 and 2.

The 125th Legislature introduced and passed PL 90, “An Act To Modify Rating Practices for Individual and Small Group Health Plans and To Encourage Value-based Purchasing of Health Care Services.” This act included five major provisions:

- Reinsurance funding for high-risk individuals;
- Individualized pricing for affordable options;
- Purchase of insurance across state lines;
- New options for businesses joining together and
- New options for long-term unemployed

The 125th Legislature introduced two Exchange establishment bills, LD 1497 and LD 1498. These bills are discussed in more detail in State Legislative Action below. Each bill was tabled in favor of LD 1582, the creation of the Advisory Committee on Maine’s Health Insurance Exchange.

Exchange Planning

Advisory Committee

On June 6th, 2011, the 125th Maine State Legislature passed, Resolve Chapter 105, LD 1582, attached as Appendix 3. This resolve created the Advisory Committee on Maine’s Health Insurance Exchange (Advisory Committee or Exchange Advisory Committee). The Advisory Committee was charged with providing recommendations to the Governor and the Legislature in the following areas:

- Review and consider the recommendations issued by the 124th Legislature's Joint Select Committee on Health Care Reform with respect to a health insurance exchange;
- Consider the rules issued by the Federal Government subsequent to the passage of the ACA and their impact on the creation and operations of a health insurance exchange;
- Review the work products of other states to consider what elements of their health insurance exchange activities might be used in this State;
- Establish technical committees or seek the advice of technical experts when necessary to execute the duties included in the resolve; and
- Seek input from and report regularly to legislative leadership, the Joint Standing Committee on Insurance and Financial Services and the Governor's office throughout the advisory committee's deliberations

Early Innovator Grant

Maine joined with all the New England states in a joint Early Innovator grant application. Maine’s goals in participating in the Early Innovator program are to identify technical components developed in other States that can be leveraged within the context of Maine’s Exchange. Maine’s participation in the Early Innovator grant is described in more detail in Exchange IT Systems below.

Exchange Steering Committee

Within the Executive Branch, an Exchange Steering Committee made up of representatives from the Governor’s Office, the Bureau of Insurance (BOI), the Department of Health and Human Services (DHHS), the Dirigo Health Agency (DHA), the State Office of Information Technology (OIT), and the Office of the State Coordinator for Health Information Technology began work in May of 2011. This group’s charter is to support the Advisory Committee, coordinate with the New England Collaborative Early Innovator project, coordinate with CMS (Medicaid and CCIIO),

participate in national efforts such as California’s Enroll UX 2014, and administer the policies established by the Governor and Legislature.

The Exchange Steering Committee, to ensure a comprehensive and coordinated planning process, established workgroups in the following areas:

Administration/Operations: The Administration and Operations Workgroup is responsible for reviewing the ACA and associated rules in order to propose operational models for the Exchange. Their efforts include defining business processes, developing policy and procedure manuals, reviewing facilities, and comparing / considering these products with existing functions within the State. The Admin / Ops workgroup is also responsible for developing business requirements for Exchange systems with the IT Workgroup.

Insurance: The Insurance Workgroup is responsible for reviewing the ACA and associated rules pertaining to market reform and plan regulation, including examining existing Maine laws for compatibility with the ACA; modeling the impact of the Exchange on the private health insurance market; and considering reinsurance, risk adjustment, and risk corridors.

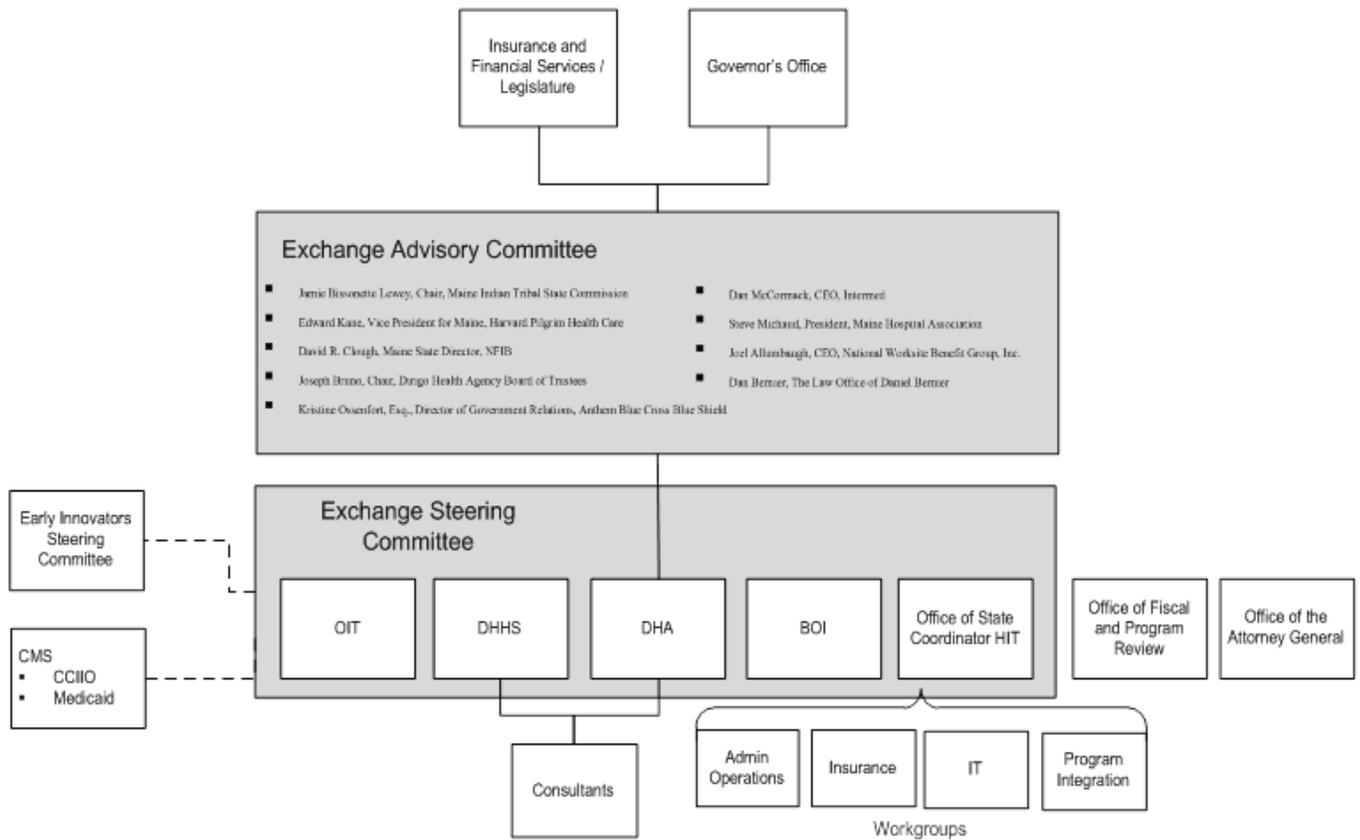
IT Systems: The IT Workgroup’s focus is on the information technology necessary to support Exchange operations. The IT Workgroup is responsible for examining existing Maine systems so they can be leveraged wherever practical, documenting Exchange process workflows to establish system requirements, and overseeing the build and integration of the systems that will support the Exchange.

Program Integration: The Integration Workgroup is responsible for coordinating activities between the various Maine Agencies required to make the Exchange successful, particularly those activities that involve coordinating Medicaid and Exchange functions. The Workgroup brings together DHA, DHHS, BOI, and the State Attorney General to ensure that issues crossing Agency boundaries are resolved in a coordinated manner.

The State procured consultants to assist the Steering Committee with needs assessments, environment scans, and planning activities using funding from Maine’s current Exchange Planning Grant:

- Alicia Smith & Associates – Program Policy Assistance and Program Integration Design
- Covington & Burling – Statutory/Regulatory Review and Input and Program Policy Assistance
- Karmada Consulting - Project Management and IT Systems Evaluation and Design; and
- Optumas – Health Purchasing Strategy and Actuarial Services;

Exhibit 1. Maine Exchange Project Organization



Proposal

In this Level One Establishment Grant Application, the State of Maine seeks funding to continue our efforts described above. Maine has designated DHA as the Grantee responsible for this Level One Establishment Grant. To date, under the direction of the Governor's Office, DHA has led Maine's Exchange planning.

Based on direction from the Governor and Legislature, Maine intends to use its Level One funding to:

- Build and/or reallocate existing eligibility engines to efficiently create a single, streamlined eligibility process for the Exchange and Maine's Medicaid program;

- Review existing state infrastructure to identify opportunities to leverage services, functions and resources that may be applicable to the Exchange’s requirements;
- Engage the private insurance market in stakeholder consultation;
- Consult with Maine’s federally recognized Native American Tribes;
- Design the business operations and systems requirements for the Exchange’s required functionality, including an implementation plan;
- Create a financial management model for the operations and accounting functions of the Exchange;
- Enhance existing consumer assistance capabilities;
- Examine the impact of various levels of coordination between Medicaid and the Exchange; and
- Secure expert resources to support the state’s Exchange planning and implementation process.

Organized according to the eleven core Exchange planning areas, what follows is a description of the progress made to date and Maine’s proposed activities to meet the requirements of this funding opportunity:

1. BACKGROUND RESEARCH

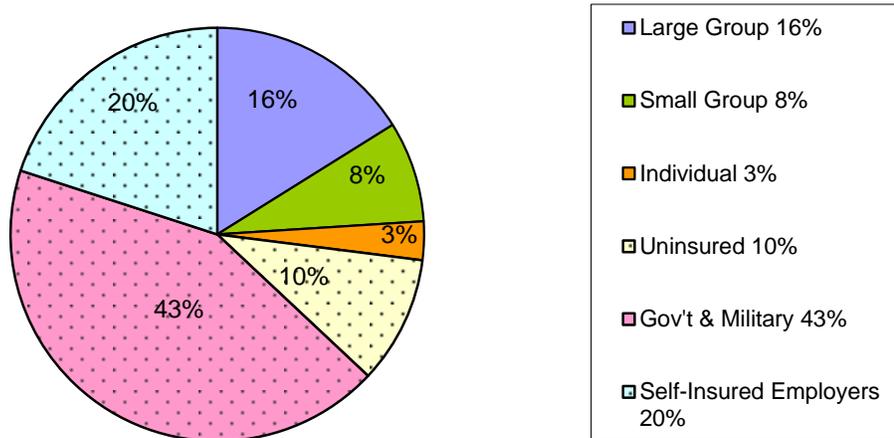
Progress to Date

Maine’s Bureau of Insurance has produced detailed analyses of Maine’s current insurance market and of the potential impact of the ACA on the market (Gorman Actuarial, LLC, May 2011). These reports are attached as Appendices 4 and 5. In addition, Optumas has compiled preliminary population research and analysis for the State of Maine. Key findings from these reports and analyses include:

- According to the most recent data available, approximately 40,000 Mainers have major medical coverage in Maine’s individual market, and approximately 106,000 have coverage as employees or dependents in the small group market. Maine’s uninsured rate of 9.6% is the sixth lowest in the nation, well below the national average of 15.4%.¹
- The following chart shows the sources of coverage by percentage of the Maine population. Slightly more than a quarter of the population has individual or group health insurance coverage that is regulated by the Bureau of Insurance. The others are covered by Medicare, MaineCare (Medicaid), military, self-insured employer plans exempt from state insurance regulation, or are uninsured.

¹ See Current Population Survey, compiled jointly by the U.S. Census Bureau and Bureau of Labor Statistics, and the health coverage statistics compiled by the Kaiser Family Foundation at <http://www.statehealthfacts.org>.

Sources of Coverage in Maine



Current Population Survey, compiled jointly by the U.S. Census Bureau and Bureau of Labor Statistics, and the health coverage statistics compiled by the Kaiser Family Foundation at <http://www.statehealthfacts.org>.

Under the ACA, Maine expects some individuals will move from current sources of coverage to new sources for a variety of reasons, including:

- Medicaid will expand to 133% FPL;
- Individuals at or below 400% FPL are expected to take up insurance through the Exchange;
- Some higher income individuals are expected to move into the Exchange; and
- Small group employers may take advantage of the tax credits offered in the Exchange.

The following tables depict the projected impact of the Affordable Care Act (ACA) on enrollment in MaineCare and the newly formed Health Insurance Exchanges, the American Health Benefits Exchange (Individual Exchange) and the Small Business Health Options Program (SHOP Exchange) under two different scenarios: Consolidation² and the operation of a Basic Health Plan. The enrollment changes were derived by modeling the anticipated change in the cost of insurance for an individual based on key components of the ACA. These components include the expansion of Medicaid to 133% of the Federal Poverty Level (FPL), federal subsidies for premium and out-of-pocket costs for insurance purchased through the Exchange by lower income individuals, the individual mandate, and employer penalties and credits related to offering affordable or creditable coverage.

² Consolidation disenrolls non-mandatory eligibles from MaineCare so that those individuals either enter the insured market or become uninsured.

2014						
Scenario 1 (Consolidation)						
Program/Exchange	Previous Coverage					
	Medicaid	Individual	Uninsured	Small Employer (<50)	Large Employer (>=50)	Total
Medicaid	360,328	9,163	20,248	3,921	13,488	407,149
Individual	11,761	10,805	35,714	6,982	8,060	73,322
SHOP	17	121	189	19,201	N/A	19,528
Scenario 2 (Basic Health Plan)						
Program/Exchange	Previous Coverage					
	Medicaid	Individual	Uninsured	Small Employer (<50)	Large Employer (>=50)	Total
Medicaid	360,328	9,163	20,248	3,921	13,488	407,149
BHP	9,520	1,606	30,036	2,143	4,840	48,145
Individual	2,241	9,200	5,678	4,839	3,220	25,177
SHOP	17	121	189	19,201	N/A	19,528

2019						
Scenario 1 (Consolidation)						
Program/Exchange	Previous Coverage					
	Medicaid	Individual	Uninsured	Small Employer (<50)	Large Employer (>=50)	Total
Medicaid	360,328	9,672	24,587	4,657	16,017	415,261
Individual	14,898	16,557	49,939	4,684	10,208	96,286
SHOP	56	110	123	25,992	42,124	68,405
Scenario 2 (Basic Health Plan)						
Program/Exchange	Previous Coverage					
	Medicaid	Individual	Uninsured	Small Employer (<50)	Large Employer (>=50)	Total
Medicaid	360,328	9,672	24,587	4,657	16,017	415,261
BHP	9,520	1,423	31,546	2,701	6,954	52,144
Individual	5,378	15,134	18,393	1,983	3,255	44,142
SHOP	56	110	123	25,992	42,124	68,405

Preliminary analysis shows that approximately 93,000 people (e.g., 73,322 for the individual exchange and 19,528 for the SHOP exchange in the consolidation scenario) will be eligible and enrolled in the Exchange in 2014. That figure grows to approximately 166,000 people (e.g., 96,286 for the individual exchange and 68,405 for the SHOP exchange in the consolidation scenario) in 2019. The above preliminary analysis will be continually updated as further guidance is provided by the federal government on Exchange issues and Medicaid integration as well as Maine’s internal policy decisions as to how best to develop an Exchange to meets the needs of Maine’s citizens.

The table above assumes no population growth from 2010 and that the state will allow all eligible small employers to participate in the SHOP.

Medicaid enrollment figures were based on a MaineCare caseload report for the most recent complete month available at the time of the request, March 2011. Detailed eligibility information was provided by MaineCare, allowing us to determine the distribution of Medicaid recipients by Federal Poverty Level (FPL). Further analysis of additional MaineCare data will allow for refinements of the population totals and could change our projection of future MaineCare and Exchange enrollment. Uninsured, Individual, and Employer markets were determined based on the market-size data in the May 2011 Gorman Actuarial report to the Maine Bureau of Insurance titled *The Impact of the ACA on Maine's Health Insurance Markets*. Current Population Survey (CPS) data was relied on to split these three populations into multiple FPL bands, allowing us to analyze and model different aspects of the ACA that are dependent upon income. The reliance on MaineCare data and the Gorman Actuarial report was only to determine the market sizes that currently exist in Maine. All population movements projected in 2014 and 2019 were based on the actuarial modeling and assumptions by Optumas. The results of the modeling are preliminary and will change as we receive updated MaineCare data and as the federal government issues additional rules clarifying the ACA.

Under the ACA, Maine projects the following³:

- **By 2019, the number of uninsured is projected to decrease by 69,000, or 60%.** Due to the individual mandate and the premium tax subsidies, the number of uninsured will drop by 69,000 leaving 46,000 uninsured. 50% of this population will receive premium tax subsidies through the exchange and 22% of this population will receive coverage through public insurance. Another 23% are covered through ESI and the remaining 5% will be unsubsidized through the exchange.
- **Maine household budgets will improve by \$540 million or by \$1,010 per household in 2019.** This is due to the net effect of large benefits to households in the form of higher wages, exchange credits, and increased public coverage offset by smaller costs due to the dropping of ESI coverage, a rise in individual market spending, and new net costs due to taxes. Low income households will receive the majority of the benefits of the ACA; benefits to the middle class are modest, and losers outnumber winners among the highest income households.
- **54% of the Individual Market (20,000 members) will be eligible for tax subsidies within the exchange.** A fifth of this population will still experience premium increases even after the premium tax subsidies.
- **After the application of tax subsidies, 43% of the Individual Market will experience premium decreases as compared to pre reform premiums.** The average premium decrease will be 66%.

³ Gorman Report on Impact of ACA, 2011

- **After the application of tax subsidies, 57% of the Individual Market will experience premium increases as compared to pre reform premiums.** The average premium increase will be 37%. This is mostly due to the product limitations that will take place in CY 2014. It should be noted that we did not include in this estimate the impact of the federal reinsurance program in the exchange which may temporarily alleviate the premium increases.
- **The current average deductible in the Individual Market is \$6,300.** The average actuarial value for the Individual Market is 0.45. 15% of the market is enrolled in a \$15,000 deductible plan.
- **In CY 2014, the Individual Market’s overall benefits will increase by more than 50%.** The Individual Market will be enrolled in more comprehensive plan designs and the average actuarial value will increase to at least 0.68
- **In CY 2019, the newly reformed Individual Market will grow to 95,000 new enrollees.** About one-third of the individuals in this market will come from the existing non-group market in Maine, while almost half will come from the formerly uninsured.
- **89% of the Small Employer Groups will experience a premium increase as compared to pre reform premiums.** The average premium increase will be 12%. The remaining 11% of small groups will receive, on average, a 17% decrease. These premium changes are primarily due to the elimination of a carrier’s ability to use group size adjustments and the impact of the introduction of the exchange as there will be some selection as a small number of employers drop coverage.
- **The impact of merging the Individual Market with the Small Group Market will decrease Individual Market premiums by 9% and increase Small Group Market premiums by 12%.** In CY 2019, there will be an increase in Individual Market enrollment and some decline in the Small Group Market. They will almost be equal in membership. Morbidity of the Individual Market does not change as compared to now and Small Group Morbidity worsens thereby reducing the impact the Small Group Market has on the Individual Market

Proposed Program Requirement Activities

Maine has engaged Gorman to update their report on the impact of the ACA on Maine’s insurance market taking into account the passage of PL 90. The conclusions of this update will help inform policy makers as the State moves forward with its Exchange implementation.

Under the Establishment grant, Maine will build upon the work of Gorman and the Optumas population studies to continue its analysis of the market. These analyses will use State-specific detailed data. Maine expects the result of this analysis to differ from high-level generic national and preliminary studies (which vary significantly amongst themselves) because of their reliance on high level data points. The methodology of the report will include multiple individual behavior models (elasticity models, hazard models, inertia factors, take-up rates, benefit plan selection models, risk profile drivers, etc.); employer behavior (decision between financial implications, employee preferences, and administrative burdens); changes in risk of market segments as populations move across the years; premium changes under ACA reform; eligibility and cost implications of Medicaid policy decisions; and funding sources driven by FMAP changes, enrollment in different cost-sharing levels, federal subsidies, tax credits,

penalties, and assessments.

Maine proposes to complete the following activities with its Level One grant funding:

- Identifying the operational and programmatic risks for potential for adverse selection, both between plans/products participating in the Exchanges and between the Exchange and non-Exchange markets; and
- Examining the distribution channels in Maine’s private insurance market to determine how best to support and expand existing channels – e.g., agents and brokers.

2. STAKEHOLDER CONSULTATION

Progress to Date

Maine has consulted key stakeholders during its Exchange planning including: health care consumers and consumer advocates, individuals/entities with experience facilitating enrollment, representatives of small businesses, insurers, brokers, providers, Tribal representatives, and State Medicaid officials.

As noted in the introduction, the 124th Legislature created the Joint Select Committee on Health Care Reform Opportunities and Implementation by joint order, H.P. 1262, to study the ACA and determine the State's opportunities for health care reform and the State's role in implementing the federal law. The Joint Select Committee met six times in 2010: May 20th, June 22nd, September 21st, October 1st, October 19th and November 29th. All of the meetings were open to the public. The Joint Select Committee received presentations from several national experts and state officials on a number of provisions in the federal law. The Joint Select Committee also received comment on the policy issues related to health insurance Exchanges from stakeholders.

Maine’s Advisory Council on Health Systems Development (ACHSD) also held public meetings and discussed key elements of the ACA and how the new administration and Legislature could implement them to the state’s advantage.

Topics that received public input during the Joint Select Committee and ACHSD meetings included:

- Planning Concept and Vision, Mission and Principles Statements;
- The operational infrastructure of the exchange and opportunities for consolidation of program administration across the Exchange, Medicaid, and the Bureau of Insurance;
- Governance and organizational structure of the Exchange; and
- Policy considerations related to Medicaid benchmark benefit design and Medicaid

purchasing in as well as outside the Exchange.

Maine has continued to provide opportunities for stakeholder input, most recently through its Advisory Committee on Maine's Health Insurance Exchange. The resolve establishing the committee included the following stakeholders:

- Health care consumers and advocates;
- Small businesses and self-employed individuals;
- Tribal representatives;
- Health care providers;
- Health insurance issuers; and
- Agents and brokers.

The committee met four times in 2011 (August 16th, August 23rd, September 8th, and September 14th), each time taking public testimony after committee members discussed recommendations for Maine's Exchange enabling legislation. Public testimony was received from the following stakeholder groups:

- Advocates for low-income individuals
- Advocates for individuals with chronic disease
- Small Employers
- Large Employers
- Legislators
- Insurers
- Health Care Providers

The Advisory Committee's final report included recommendations to the Governor and the Legislature addressing a Maine Health Insurance Exchange. The Advisory Committee's report is attached as Appendix 6.

Access to all materials developed from the stakeholder consultation process has been, and will continue to be, available at: www.dirigohealth.maine.gov.

Proposed Program Requirement Activities

The State will continue the stakeholder consultation process and expand it under the Establishment Grant. Maine proposes to complete the following activities with its Level One grant funding:

- Developing a mechanism to ensure incorporation and meaningful participation of stakeholder feedback in the planning and establishment of the Exchange;
- Tracking federal requirements related to stakeholder engagement to ensure state compliance; and

- Establishing, documenting and implementing a process for consultation with federally recognized Indian Tribal governments to solicit their input on the establishment and ongoing operations of the Exchange.

3. STATE LEGISLATIVE/REGULATORY ACTION

Progress to Date

In 2011, the 125th Maine Legislature considered two Exchange establishment bills -- LD 1497 and LD 1498 (see Appendix 7). While substantially similar, the bills differed in the following areas:

- Board size and composition;
- Transition of existing functions to Exchange;
- Funding; and
- Role of Advisory Council.

There was consensus on having Maine establish and operate its own Exchange. Both bills established an independent executive agency that would be governed by an independent Board. Both bills also closely followed the model legislation developed by the National Association of Insurance Commissioners.

As it became clear during the 2011 Legislative session that more guidance was forthcoming from the federal government, the Legislature tabled both bills and established the Advisory Committee on Maine's Health Insurance Exchange.

The Exchange Advisory Committee has submitted model legislation to the Governor and the Legislature's Joint Select Committee on Insurance and Financial Services for their consideration in the next session. This proposed legislation is included in the Committee's Report as an appendix. As noted previously, the Advisory Committee's report is attached as Appendix 6.

Proposed Program Requirement Activities

Under the Establishment grant, Maine will continue to develop and support Legislation to establish the Exchange. Maine proposes to complete the following activities with its Level One grant funding:

- Assisting the Executive branch and the Legislature to evaluate proposed enabling legislation; and
- Reviewing existing insurance rules and regulations and suggesting changes for conformity to ACA requirements.

4. GOVERNANCE

Progress to Date

The 125th Legislature considered Exchange governance in LDs 1497 and 1498. The Advisory Committee further considered Exchange governance. The Committee's recommendations can be found in its report.

Proposed Program Requirement Activities

Consistent with its efforts for Legislative and Regulatory action, under the Establishment grant, Maine will continue to develop and support Legislation to establish the Exchange governance structure. Maine proposes to complete the following activities with its Level One grant funding:

- Assisting the Executive branch and the Legislature to evaluate proposed enabling legislation;
- Reviewing existing insurance rules and regulations and suggesting changes for conformity to ACA requirements; and
- Designing a framework for a formal operating charter or by-laws that are consistent with State and Federal requirements including public accountability, transparency and conflict of interest.

5. PROGRAM INTEGRATION

Progress to Date

As described in the introduction, Maine is using an Exchange Steering Committee as the vehicle for program integration and communication between state agencies.

In addition to the tasks described above, the Exchange Steering Committee is responsible for obtaining the required formal agreements with DHHS, BOI, OIT, and other state agencies as appropriate to complete the planning process.

The primary area of program integration the Exchange Steering Committee has focused on is the future integration between Medicaid and the Exchange. To that end, the Exchange Steering

Committee Workgroups have focused on the following tasks:

- IT Gap Analysis (see Section 6 Exchange IT Systems) focused on understanding and planning coordination with the eligibility and enrollment functions of the Medicaid ACES system with the development of a consolidated eligibility and enrollment system in the Exchange to promote a “no wrong door” solution for individuals and small employers seeking health care coverage in 2014.

The model being developed would allow individuals to be screened and enrolled into Medicaid if eligible; and to provide options for premium subsidies in the Qualified Health Plans offered through the Exchange for those who are determined to be ineligible for Medicaid. The state anticipates that this work could result in an application for consolidated eligibility system under a Preliminary Advanced Planning Document (PAPD) to secure 90% federal funding.

- Mapping the “as is” business processes for Medicaid eligibility determination and enrollment and the “to be” processes that meet ACA requirements for Medicaid enrollment, the operational requirements of the Exchange and achieve the required coordination between the Exchange and the Medicaid program (See Section 11 Exchange Functions).
- Development of policy options for Medicaid eligibility. Maine is examining its options. The progress to date on this task, which has three specific components, is summarized below:
 1. Examining the impact of the application of Modified Adjusted Gross Income (MAGI) to the existing Medicaid covered populations who will be subject to the MAGI rules on countable income, household composition, and the standardization of income disregards. Maine has compared current Medicaid policies regarding these eligibility criteria to the MAGI standards that will be applied to non-elderly, non-disabled populations in Medicaid beginning in 2014.
 2. Examining the impact of the application of the recently published federal regulations on Medicaid eligibility and federal match rates (42CFR431.10-457.380). Maine presents an example of an *expansion state* based on coverage of non-categorical single adults up to 100% of the federal poverty level (FPL) and parents to 200% FPL as of the enactment of the ACA on March 23, 2010.
 3. The development of policy options for Medicaid eligibility in Maine relative to the new minimum federal standard of 133% FPL for the populations listed in (1) above.

The impact of applying MAGI on eligibility in Maine will be:

- Elimination of the current asset tests;
- Application of the standard 5% income disregard in place of current state rules; and

- Elimination of the waiting list for single adults and the expansion of eligibility to 133% FPL

In terms of federal funding, in 2014 Maine will receive:

- The Transition Federal Medical Assistance Percentage (FMAP) for single adults with incomes up to 100% FPL;
- The full Enhanced FMAP (100%) for *newly eligible* individuals on the waiting list with incomes up to 100% FPL and single individuals with incomes between 101% and 133% FPL; and
- The regular FMAP rate for parents, children, pregnant women, ABD, and Medically Needy.

Proposed Program Requirement Activities

The Establishment grant will enable Maine to continue to pursue the actuarial analyses that will support policy decisions about the future direction of Medicaid program integration

Maine will continue to evaluate options for their potential cost/benefit to the state.

Option 1 - Consolidation

This option would move:

- Parents from 200% FPL to 133% FPL; and
- Pregnant women from 200% FPL to 185% FPL (based on coverage in effect in 1989).

Option 2 – Basic Health Plan

This option would include a Basic Health Plan. Maine will assess:

- Reduced eligibility “churning” between the public programs and the Exchange;
- Reduced cost-sharing for individuals between 133% and 200% FPL; and
- The federal funding formula which would provide as a direct allotment to the state 95% of what the government would otherwise have expended in the form of premium subsidies for individuals between 133% and 200% enrolled in the Qualified Health Plans (QHPs) in the Exchange.

Maine proposes to complete the following activities with its Level One grant funding:

- Comparing the cost of the various options of consolidating the Medicaid population into the Exchange. Modeling will include unit cost, utilization, and underlying reimbursement assumptions to determine the relative impact to the State;
- Analyzing current and future federal eligibility guidance, examination of potential options for Medicaid and reduction/consolidation, gap analysis with existing Medicaid

- eligibility and enrollment policy and process;
- Analyzing Exchange eligibility and enrollment policy, process and IT business requirements; and
- Developing Medicaid eligibility use cases for IT rules engine development and validation.

6. EXCHANGE IT SYSTEMS

Progress to Date

Under the planning grant Maine has begun the process of mapping out the information technology required to support the Exchange and establishing the “gap” between its existing infrastructure (current state) and the required environment (future state).

Envisioned Future State

As described in the introduction, the State established an IT Workgroup and an Administrative Operations Workgroup under the Exchange Steering Committee to focus on the Exchange’s functions and technical infrastructure. To map out the future state of the Exchange, the Workgroups:

- Reviewed federal law, regulations, proposed rules, and guidance on Exchange requirements including:
 - 1561 Standards and Protocols, Ver. 1.0, September 17, 2010
[<http://healthit.hhs.gov/portal/server.pt?open=512&mode=2&objID=3161>]
 - Planning Grants, September 30, 2010
[<http://www.healthcare.gov/news/factsheets/esthealthinsurexch.html>]
 - Cooperative Agreement to Support Innovative Exchange Information Technology Systems, October 29, 2010 [www.hhs.gov/ociio/initiative/index.html]
 - Guidance for Exchange and Medicaid Information Technology Systems, Ver. 1.2, May 2011
[http://cciio.cms.gov/resources/files/exchange_medicaid_it_guidance_05312011.pdf]
 - Several proposed rules that have been released by the federal government for comment. [<http://www.gpo.gov/fdsys/>]
 - Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges, January 20, 2011
[http://cciio.cms.gov/resources/fundingopportunities/foa_exchange_establishment.pdf]
- Developed a business practice document to outline Exchange business processes;
- Developed high-level business process flow diagrams for the Exchange; and

- Leveraged work done by other states in their grant applications and under the Early Innovator Grant.

Based on the minimum requirements described above, the Workgroups established the following high-level functional requirements for the Exchange:

- A full featured front-end web-based portal that will allow or provide for:
 - Consumers to explore the health insurance and other options available to them and to apply online for a range of benefits appearing as a single online application;
 - Community assistors, Navigators, and brokers to help consumers apply online;
 - Small businesses, sole-proprietors, and employees to explore the options available to them, to apply for the plans they select and to manage their plans and benefits;
 - Health plans and insurance companies to set up their options in the Exchange based on required criteria set by the state;
 - Integration with federal and state verification and eligibility systems (such as Internal Revenue Service, Social Security Administration, Department of Homeland Security, state eligibility systems) to verify and access information about consumers in real time;
 - Eligibility determination for Medicaid (using the Modified Adjusted Gross Income rules) and other subsidized coverage available to consumers;
 - Consumers able to provide electronic point in time verification by faxing, scanning, or e-mailing their supporting documents;
 - Notifications to consumers via e-mail, text messaging, or paper notices about their coverage, renewals and more;
 - Consumers to view and manage their eligibility and enrollment information; and
 - Electronic recertification, change in circumstance and other subsequent application events.
- Appeals;
- Standards-based rules engine;
- Document management;
- Integration with other systems and services;
- Accessibility and other usability standards;
- Customer support;
- Support for consumer mediation;
- SHOP Exchange offerings, employer reporting and third-party administration;
- Commercial insurance offerings:
 - Certification, recertification, and decertification of qualified health plans;
 - Premium tax credit and cost-sharing reduction calculator;
 - Quality rating system; and
 - Risk adjustment and transitional reinsurance.
- Navigator program;
- Notices;
- Administration of premium tax credits and cost-sharing reductions;
- Adjudication of appeals of eligibility determinations;

- Information reporting to IRS and enrollees; and
- Outreach and education.

From a technical perspective, Maine’s future state architecture envisions a separate Exchange web services oriented platform that will seamlessly interoperate with both architecturally modern and legacy systems. For those legacy systems that do not currently have a web service interface, one will be added to keep the Exchange fully based on web service interfaces. The deployment of a separate platform will allow the State to leverage existing legacy integration investments while utilizing web services for new Exchange functions.

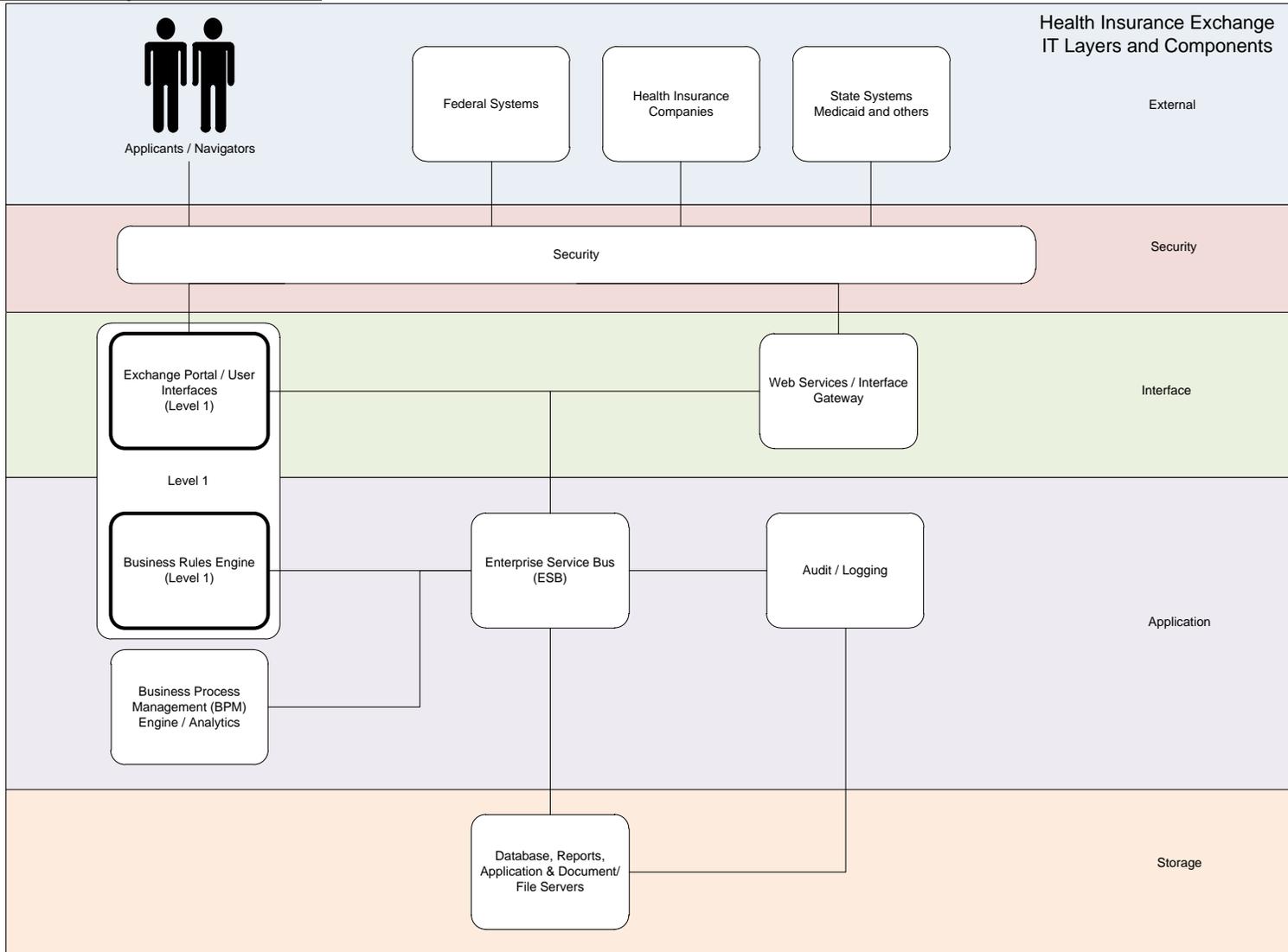
Based on the real-time web service interactions required for the Exchange and the potential incongruity of existing systems and processes with that design, Maine is pursuing a procurement approach that will result in a new Exchange system that will integrate with legacy systems. Medicaid eligible consumers, as determined by screening questions in the Exchange, will be referred to existing Medicaid systems for final eligibility determination and enrollment. It is important to note existing Medicaid systems will have to be modified to accommodate new federal regulations such as the MAGI income rules. After the initial screening by the Exchange, Medicaid eligible consumers’ information will be passed to existing Medicaid systems, via web services, for a streamlined consumer experience. By wrapping these interfaces as web services, the legacy and new Exchange systems will be interoperable and adhere to federal IT design guidelines.

For validation and verification of data, such as incarceration status or income, the Exchange will make web service calls to existing state or federal systems. For Maine’s existing systems that do not support verification via a web service, one will be built consistent with the Exchange’s architecture.

The State recognizes the need for an Exchange system that is modular and interoperable to support changes and expansion that will emerge over time. A modular system will allow the State to modify its business rules, logic, and various system layers by component.

IT Figure 1 illustrates the component model Maine envisions for its Exchange IT Architecture. Components planned for development under the Level One grant are highlighted.

IT Figure 1. Maine Exchange IT Architecture



Technical considerations for Exchange IT integration with existing Medicaid systems

Maine has made a significant investment in its existing Medicaid eligibility system (ACES) and in an online portal for client interaction with DHHS. While ACES does not meet the technical architecture standards outlined in the federal Exchange IT guidance, the State does not feel that it is feasible or desirable to replace or radically modify ACES in the timeframes outlined for Exchanges under the ACA.

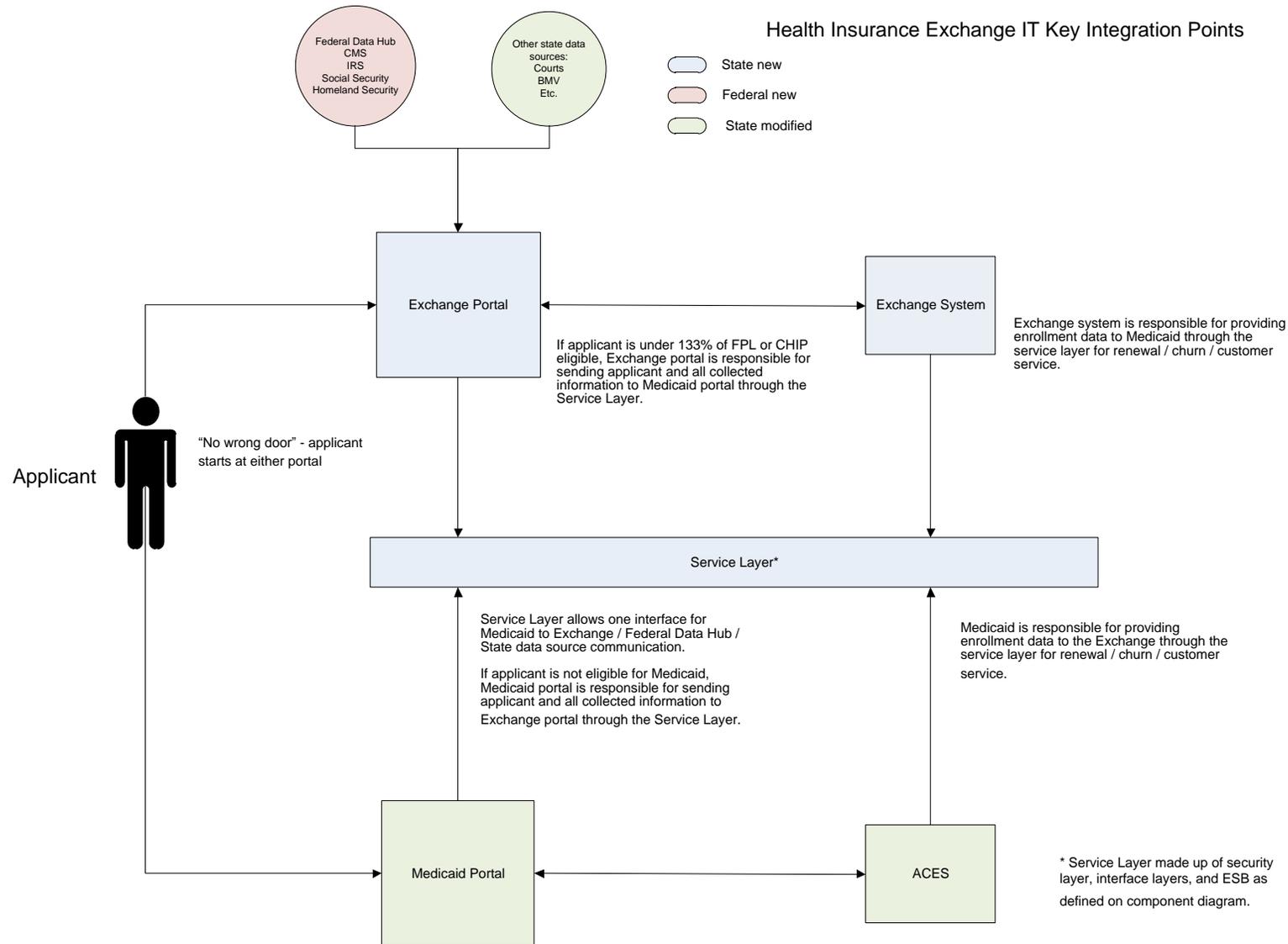
In this context, Maine’s technical strategy is to develop Exchange infrastructure in a fashion that coordinates with but is minimally disruptive to existing Medicaid eligibility systems while creating environment that is supportive of future Medicaid and other program eligibility changes

Maine’s plan for integrating the Exchange eligibility IT architecture with Medicaid depends upon building a “Services Layer” between the Exchange systems and ACES. The Service Layer is made up of the Enterprise Service Bus (ESB), Security, and Gateway components of the Exchange architecture.

ACES and the DHHS portal will need to be modified to interact with the Service Layer (using web services) in order to communicate with Exchange Architecture for purposes of sharing data and for accessing the Federal Data Hub.

System integration between the Exchange and Medicaid is illustrated in IT Figure 2.

IT Figure 2. System integration between the Exchange and Medicaid



Gap Analysis Summary

Maine established a three-step process to conduct systems reviews against the functional and technical requirements of the ACA. The reviews evaluated existing state systems via three steps:

- 1) Did the system have *functionality* that could be immediately used to support the business functions of the Exchange, or used with minimal modifications?
- 2) Did the system have *technical components* that could be immediately used to build the Exchange system, or used with minimal modifications?
- 3) Would the system need to *integrate* with the Exchange, or would the state want to integrate the system?

As Maine analyzed its systems, it also looked for ways to integrate and leverage security, infrastructure, hosting, networking, policies, and other IT infrastructure components into its technical roadmap. The State expects to be able to reduce cost, time, and risk by relying on this approach to complete the detailed architecture and design work as part of an Establishment Grant effort.

The first step involved creating a list of systems to review and developing high-level screening questions that would allow initial elimination of systems that did not meet Exchange requirements. The goal of this screening was to quickly eliminate systems that would have a major functional or technical gap with the Exchange.

To develop the initial list of systems for consideration, key managers from OIT were assembled and provided high-level functional requirements and background for the Exchange. Using their knowledge of existing systems across the State, the managers assembled a list of systems for consideration in the gap analysis.

Screening questions were developed to quickly assess the feasibility of each system for use in the Exchange. The screening questions for Step 1 were:

1. Could the system potentially provide one of the key functional areas for the Exchange?
 - a. Online information portal or content management system for consumer education;
 - b. Facilitate shopping for and comparing health plans;
 - c. Scorecard for plans;
 - d. Assistant in Medicaid/CHIP or commercial enrollment/eligibility;
 - e. Premium payments;
 - f. Cost calculators, including tax and subsidy calculations;
 - g. Identity management/online account for the public;
 - h. Reporting on technical infrastructure;
 - i. Reporting on data in the Exchange;
 - j. Is the system capable of consuming or providing web services?
 - k. If not, could the functionality be added without a major rewrite?

2. Could the system provide key foundation services such as document management or user security/authentication?
3. Are there any plans to sunset the system in the next 48 months?
4. Is the system flexible enough to handle future unforeseen changes?

Systems that passed the Step 1 review were subject to additional analysis under Step 2. Step 2's analysis added additional criteria, such as ADA compliance, and went into more depth with the major functional and technical requirements.

Maine OIT staff familiar with the various systems in use throughout the State used a screening tool (questionnaire) to further examine existing systems. The IT Workgroup then held interviews with the staff to find out more detailed information about each system being considered.

After the interview process, the Workgroup compiled notes along with the completed screening tool. This documentation was reviewed by the Workgroup to further narrow down the list of potential systems. Systems that remained on the list went to Step 3 review.

Step 3 reviews were in-depth interviews with application system support staff to determine the suitability of specific systems for use in/with the Exchange.

Table 1 below summarizes existing Maine systems reviewed for possible use in the Exchange.

Table 1. Maine Systems

System Name Functionality Technology	Description	Comments
Dirigo Eligibility System Support DHA operations Database: Oracle RDBMS 10.2.0.1.0 Software: Oracle PL/SQL 10.2.0.1.0, Perl 5.8.7 Hardware: Windows NT / Dell Server	Eligibility System for DHA that interfaces with contracted insurance carrier	The DHA Eligibility system lacks fault tolerance, scalability and the proper architecture to support the Exchange.
Data Hub Middleware for system to system data exchange State Hosted: Database: Oracle RDBMS 10.1.0.5.0 Software: PL/SQL 10.1.0.5.0 Hardware: Sun E2900, EMC CX700	The DHHS Data Hub integrates eligibility and demographic data from ACES (Medicaid eligibility and other programs such as TANF, SNAP), MACWIS (child welfare), and MAPSIS (adult protective) and feeds that data to the state's MMIS system - 'Maine Integrated Health Management Solution' (MIHMS, which is operated by Molina).	Might be used as part of integration of the Exchange and the MMIS system. Technology current and scalable.

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<p>DDS</p> <p>Disability determination</p> <p>Disability Determination Services Cloud</p>	<p>Disability Determination Systems (SSA) Supplemental Security Income (SSI) is a Federal income supplement program funded by general tax revenues (not Social Security taxes): It is designed to help aged, blind, and disabled people, who have little or no income; and it provides cash to meet basic needs for food, clothing, and shelter.</p>	<p>Systems are provided by the federal government as is, not usable.</p>
<p>MIHMS</p> <p>Medicaid management system</p> <p>Molina Cloud</p>	<p>State's MMIS system, for paying Medicaid claims.</p>	<p>Functionally and architecturally not for use in the Exchange, but continue to play existing role as MMIS system after Exchange is built.</p>
<p>ACES</p> <p>Financial eligibility determination engine</p> <p>State Hosted: Database: Oracle RDBMS 10.1.0.5.0 Software: PL/SQL 10.1.0.5.0 Java Hardware: Sun E2900, EMC CX700</p>	<p>One-stop shop for financial eligibility across all DHHS programs. Good event logging and transaction history. Reporting is slow and manual. Reporting against production database has caused the system to freeze in the past. No reporting database. A test instance that is refreshed almost daily is typically used for reporting to avoid freezing the production application. Architecturally not correct for Exchange, does not contain an isolated rules engine that can be updated by a non-programmer. Interfaces with other systems are based largely on file exchange via batch process.</p>	<p>Will be used as part of integration of the Exchange and the MMIS system.</p>
<p>Benefits Portal</p> <p>Consumer facing eligibility determination</p> <p>InforME Cloud (InforME manages the Maine.gov Portal)</p>	<p>Consumer facing, interacts with ACES. Allows citizen to go through a set of screens to capture financial and other information, providing initial screening for MMIS, TANF, SNAP, and several other HHS services. Feeds ACES with results of initial screening for human review.</p>	<p>With modifications, can be used as part of integration of the Exchange and the MMIS system.</p> <p>Technology current and scalable. But it is not built around web services.</p>
<p>ALMS</p> <p>Enterprise licensing solution</p> <p>State Hosted: Database: Oracle RDBMS 10.1.0.5.0 Software: PL/SQL 10.1.0.5.0 Java Hardware: Sun E2900, EMC CX700</p>	<p>State's most widely leveraged licensing management system, including most of Professional and Financial Regulation agency.</p>	<p>While the system is current with respect to technology, it provides no functionality that can be used for the Exchange. Also, current Bureau of Insurance coverage certification is not part of this application.</p>

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<p>MERITS</p> <p>State's tax system.</p> <p>State Hosted: Database: Oracle RDBMS 11.1.0.7.0 Software: PL/SQL 11.1.0.7.0 Java Hardware: Sun E2900, EMC CX700</p>	<p>This is the tax engine for MRS, which posts returns and payments, provides access to MRS users, provides various reports, prints and tracks notices, etc.</p> <p>MERITS could potentially be used for validation and verification services. However, there are constraints in law, state and federal, regarding sharing of this information.</p> <p>For validation / verification, would need more than SSN, such as first four characters of last name to ensure legitimate user/requestor.</p> <p>There is a lot of sensitivity around using this information for purposes other than taxes. One option to help mitigate would be an acknowledgement screen where the user authorizes the use of this wage information. If the user says no, don't use the exchange. Hitting the MERITS system directly during tax season would cause performance concerns. Any solution would have to be addressed during design discussions.</p>	<p>Very specific in its purpose. Might be possible to use for validation and verification of MAGI and identity.</p>
<p>AdvantageME</p> <p>State's Financial System</p> <p>CGI Cloud</p>	<p>State's financial system – Accounts Payable, Accounts Receivables, General Ledger.</p>	<p>Possibly used for financial transactions to financial institutions</p>
<p>MACWIS</p> <p>Child Welfare Case management system</p> <p>Database: Oracle RDBMS 10.2.0.2.0 Software: PL/SQL 10.2.0.2.0 PowerBuilder: 12.1 Hardware: Sun E2900, EMC CX700</p>	<p>Maine Automated Child Welfare Information System (MACWIS) provides services primarily to the Office of Child and family Services but also supports other areas of DHHS. OCFS Child Welfare division uses MACWIS primarily as the case management system for casework staff, Title IV-E eligibility determination for children in the Department's care, licensing functions for foster care placement services, placement services payment processes for children in the Department's care, miscellaneous bills processing for DHS, and intake and assessment processes for child abuse and neglect reporting and mandatory Federal Reporting.</p>	<p>Client/server app. Architecturally it would be hard to leverage in the Exchange.</p>
<p>PBM/MEPOPS</p> <p>Pharmacy Web portal</p> <p>Goold Health Systems Cloud</p>	<p>This is a point of purchase system for pharmacy providers. This system processes Medicaid prescription drug claims by assessing a number of factors, including eligibility.</p>	<p>System owned and run by a vendor focused on PBM and support. Very focused on the PBM functions. Would be hard to adapt to Exchange functionality.</p>
<p>IMPACT2</p> <p>Provider directory</p> <p>Database: Oracle RDBMS 10.1.0.5.0 Software: PL/SQL 10.1.0.5.0 Java Hardware: Sun E2900, EMC CX700</p>	<p>Maine's Immunization Information System is a tool to ensure effective public health strategies through the use of secure, accurate, and accessible information. The registry promotes vaccination management by tracking and reporting provider vaccination administration, vaccine inventories and child Bright Futures preventive health visits; provides health tracking and quality assurance tools for clinician use; and provides internet access to current immunization trends, standards and health information.</p>	<p>Has knowledge of HIPAA transactions, handles HL7 data, uses Rhapsody tool for data conversion which is a very good data conversion tool, REST based architecture</p> <p>May be leveraged in future Exchange IT developments focused on integration of clinical data.</p>

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<p>FORTIS</p> <p>Document management system</p> <p>State Hosted:</p>	<p>COTS software for document management. Increasing in use across the State.</p>	<p>Possibly use for document management and archiving needs.</p>
<p>EIS</p> <p>Behavioral health case management, appeals and complaint tracking</p> <p>State Hosted: Database: Oracle RDBMS 10.2.0.4.0 Software: PL/SQL 10.2.0.4.0 Java Hardware: Sun E2900, EMC CX700</p>	<p>Custom software for document management.</p>	<p>Does not appear to have Exchange applicability.</p>
<p>ASPEN</p> <p>Complaint tracking system</p> <p>State Hosted:</p>	<p>Automated Survey Processing Environment contains license compliance tracking data for Medicare certified facilities.</p>	<p>Federally developed system that cannot be used for any other purpose by the State.</p>
<p>MECARE</p> <p>Long-term care eligibility appeals system</p> <p>State Hosted: Database: Oracle RDBMS 10.2.0.2.0 Software: PL/SQL 10.2.0.2.0 Java Hardware: Sun E2900, EMC CX700</p>	<p>There are a number of State and MaineCare funded long-term care programs which require medical and/or financial eligibility. The Medical Eligibility Determination (MED) assessment form is used when medical eligibility is determined. MECARE is the computer version of the MED form.</p>	<p>Custom system that would be hard to adapt to any other purpose.</p>
<p>211</p> <p>Information on Maine Health and Human Services programs</p> <p>External web program – www.211maine.org</p>	<p>A partnership with the United Way of Maine to help citizens quickly get to the right DHHS service. Has a call center and a web presence.</p>	<p>Privately managed program, with information updated in a content management system. No real ties to State.</p>
<p>Provider ListServ</p> <p>Online provider newsgroup community</p> <p>State Hosted:</p>	<p>New technologies may be more appropriate for the Exchange.</p>	<p>While a communication tool such as a listserv may be beneficial to the Exchange, newer technologies may be more appropriate.</p>

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<p>DOL employer database</p> <p>Employer demographics, industry and size</p> <p>State Hosted: Database: Progress Software: Progress Smart Object GUI Hardware: HP Proliant, Windows XP SP2</p>	<p>This application enables MDOL Center for Workforce Research and Information staff to perform the Quarterly Census of Employment and Wages (ES-202). The system houses statistical data regarding Employment and Wages, and Demographic information about employers. System is targeted to be replaced in 2014.</p> <p>They have an existing employer database that contains employer demographics, industry and size. However, it is built on older technology and Labor is looking to replace the system in 2014.</p> <p>They have a new hire database that could be used for large employers and employee matching.</p> <p>The system does not currently support access via a web service interface.</p> <p>Labor would like to share the cost subsidy calculator functionality with the Exchange when it is complete. Labor would like to leverage any identity management capabilities built into the Exchange.</p>	<p>Possibly use for validation/verification of employers, although web service would need to be built in modern, supported technology.</p>
<p>DOL wage database</p> <p>Wage information submitted by businesses quarterly</p> <p>State Hosted: Database: Progress Software: Progress Smart Object GUI Hardware: HP Proliant, Windows XP SP2</p>	<p>Limited to companies registered for unemployment. Built on older technologies.</p> <p>Contains wage information submitted by businesses quarterly. The database is limited only to companies registered for unemployment and does not contain sole proprietor information. It is build using older technologies. The database could potentially be used to verify employer/employee relationship and income. But a Web service interface would have to be built and a way of identifying individuals, other than SSN, would have to be determined. Use of SSN is not allowed by other systems other than verification.</p>	<p>Possibly use for validation / verification of employee-employer relationship, although web-service would need to be built in modern, supported technology.</p>
<p>CSEME</p> <p>Child Support Enforcement</p> <p>State Hosted: Database: Oracle RDBMS 11g Software: Oracle Forms 11g, Oracle Reports 11g, PL/SQL 11g, Oracle Business Intelligence 10 Hardware: Sun E2900, EMC CX700</p>	<p>The State’s child support enforcement system. The new-hire component is most applicable to the Exchange.</p>	<p>Possibly use for validation / verification of employee-employer relationship, although web-service would need to be built in modern, supported technology.</p>
<p>Secretary of State (SOS) corporate search system</p> <p>Validates a business is legal in Maine</p> <p>State Hosted:</p>	<p>Does not track employees.</p> <p>The Corporations Search system can validate if a business is valid and legal. It tracks if the business is in good standing with regard to the annual report filing requirement. It does not track number of employees. There is currently an online search capability. It is not clear if this can be done via web service. There are some concerns about data quality.</p>	<p>Possibly use for validation/verification of employers, although web service would need to be built in modern, supported technology.</p>

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<p>SOS driver license system</p> <p>Contains driver license records for Maine.</p> <p>State Hosted:</p>	<p>SSN cannot be used by other systems. Citizens do not always keep address information up to date. Data other than SSN can be used by other State Agencies, although the interface is not clear.</p> <p>The Driver License system can validate identity and residency. Similar to Department of Labor, SSN cannot be shared or used by other systems. However, the other data can be used by other State Agencies. It is common that people do not keep their address up to date in the system. InforME built the existing web search capability that could probably be modified for use by the Exchange.</p>	<p>Possibly used for validation/verification of identity and residence, although web service would need to be built in modern, supported technology.</p>
<p>CORIS</p> <p>Department of Corrections System</p>	<p>The Corrections Information System (CORIS) can validate incarceration status. It is written in modern technologies, although an SOA component will need to be built to validate the information.</p>	<p>Possibly used for validation/verification of identity and residence, although web-service would need to be built in modern, supported technology</p>

Table 2 below summarizes the State’s findings in its analysis of existing systems against the functional and technical requirements of the Exchange

Table 2. Gap Analysis At A Glance	
KEY:	<ul style="list-style-type: none"> ● Meets requirement ● Meets requirement with modifications, possibly significant ● Does not meet requirement

	Functional Requirements															Technical Requirements							
	Consumer Portal for Plan Shopping	Eligibility Determination	Plan Enrollment	Plan Certification	Tax credit and cost sharing calculator	Plan Scorecard	Risk Adjustment and Reinsurance	Customer Support	Navigator Support	Notices and Appeals	Premium Payment and Tax Credit Administration	Appeals Adjudication	IRS Information Reporting	SHOP Functions	Integration with State and Federal Data	Consumer Education/Information Portal	Identity Management	Document Management	Standards Based Rules Based Engine	Accessibility Standards	Agile SDLC	Cloud Based SOA	Complies with Federal Standards such as NIEM and HIPAA
Dirigo Enrollment	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Data Hub	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
DDS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
MIHMS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
ACES	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
ACES Portal	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

	Functional Requirements														Technical Requirements									
	Consumer Portal for Plan Shopping	Eligibility Determination	Plan Enrollment	Plan Certification	Tax credit and cost sharing calculator	Plan Scorecard	Risk Adjustment and Reinsurance	Customer Support	Navigator Support	Notices and Appeals	Premium Payment and Tax Credit Administration	Appeals Adjudication	IRS Information Reporting	SHOP Functions	Integration with State and Federal Data	Consumer Education/Information Portal	Identity Management	Document Management	Standards Based Rules Based Engine	Accessibility Standards	Agile SDLC	Cloud Based SOA	Complies with Federal Standards such as NIEM and HIPAA	
ALMS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
MERITS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
AdvantageME	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
MACWIS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
PBM/MEPOPS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
IMMPACT2	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
FORTIS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
EIS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
ASPEN	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
MECARE	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
211	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

	Functional Requirements														Technical Requirements									
	Consumer Portal for Plan Shopping	Eligibility Determination	Plan Enrollment	Plan Certification	Tax credit and cost sharing calculator	Plan Scorecard	Risk Adjustment and Reinsurance	Customer Support	Navigator Support	Notices and Appeals	Premium Payment and Tax Credit Administration	Appeals Adjudication	IRS Information Reporting	SHOP Functions	Integration with State and Federal Data	Consumer Education/Information Portal	Identity Management	Document Management	Standards Based Rules Based Engine	Accessibility Standards	Agile SDLC	Cloud Based SOA	Complies with Federal Standards such as NIEM and HIPAA	
Provider ListServ																								
DOL employer database																								
DOL wage database																								
DOL new hire database																								
DOL Inmate Unemployment																								
(SOS) Corporate Search System																								
SOS Driver License System																								

The state assessment resulted in the following key findings;

- There are no existing state systems which have functionality that could be immediately used for the Exchange.
- There are technical components that could be used to help build the Exchange system (particularly in the areas of document management, databases, servers, and security).
- There are at least six existing state systems that will need to integrate with the Exchange. The most significant areas of integration are with the existing Medicaid eligibility system, ACES, and with the DHHS eligibility portal.

Proposed Program Requirement Activities

Given that existing Maine systems do not support Exchange functions, some Exchange components will be developed or purchased. The Exchange will leverage existing state technical components where appropriate and/or obtain the components from other states and/or the federal government.

Within the state, existing Medicaid systems will be used for Medicaid eligible consumers. Other Maine agency systems, such as Labor, Revenue and/or Motor Vehicles, will potentially be used to verify and validate data. For existing systems that will need to communicate with the Exchange via web services, but do not currently have web service capabilities, a web service interface will be added to facilitate communication.

The federal data hub will be used to verify and validate data.

In addition to leveraging existing Maine technical components wherever practical, the State will work closely with other states and other national initiatives. Maine is currently participating in an Early Innovator Grant with all the New England states to share and leverage technical architecture and components developed by each state for potential reuse. Through its participation in the Early Innovator grant, Maine is also participating in the national Enroll UX 2014 project, which aims to create a generic “wireframe” that all states may use for their Exchange Web Portals.

Maine will leverage these solutions where it is practical to do so from a policy and program implementation perspective.

All components that Maine builds or acquires must meet the following technical standards

- 1561 Recommendations: Maine is committed to providing a consistent end user experience driven portal as part of its user interface layer.
- NIEM: for interactions with federal and State verification sources. As the NIEM is established for the health domain, Maine will implement these standards as part of its web services deployment on the Enterprise Service Bus.

- **HIPAA:** Maine will leverage its existing processes and procedures to ensure compliance with HIPAA privacy and security requirements, including any updates to HIPAA as a result of the ACA or federal rules. Consistent with current Maine policies, the Exchange will ensure HIPAA compliance by conducting ongoing internal and external reviews of its administrative and technical safeguards.
- **Accessibility:** Maine’s existing technical development standards already include stringent policies requiring websites to provide specific usability features for individuals with disabilities that go beyond what is required in the ACA and existing federal law.
- **Federal Information Processing Standards (FIPS):** Maine will review federal guidelines and intends to incorporate them into its health insurance exchange system selection and implementation. Maine will identify relevant application federal guidelines to enable:
 - Leveraging Maine IT governance to review and align security controls between state policies and insurance exchange operations;
 - Repeatable processes and guidelines for selecting and implementing security controls;
 - Incorporation of security controls and requirements into the ESB;
 - Enabling system security according to FIPS 199; and
 - Systematic and periodic assessment and measurement standards adherence.

Maine plans to use iterative, Agile, SDLC approach to its Exchange IT system development. Such an approach will provide maximum flexibility for the Exchange both for the initial release and future updates. Instead of managing very large project phases, the disciplined approach will be taken to manage the work in smaller, iterative steps.

Maine plans to follow the suggested SDLC Gate Reviews as defined in Appendix D of the grant application.

Maine proposes to complete the following activities with its Level One grant funding:

- RFP for systems design vendor procurement; and
- System design
 - Exchange system functional requirements – gathering and documentation;
 - System technical requirements – gathering and documentation;
 - System architecture and design;
 - System interface definitions with other government agencies (such as the Federal data hub, BOI, BMV, Treasury, Corrections, DHHS, etc.);
 - Database design and definition;
 - System infrastructure physical and logical design;
 - System infrastructure security design;
 - System workflow design (use cases);
 - Business rule definition;
 - Research common off the shelf (COTS) software for use in Exchange. (Such as a business rules engine);
 - Begin development of test cases; and

- Research and define hosting model and potential locations

7. FINANCIAL MANAGEMENT

Progress to Date

Maine's initial assessment of existing state capabilities shows that many of the finance-related functions of the Exchange are currently defined within state government. The state is currently managing multiple federal grants (e.g., Exchange Planning, HRSA Coverage Expansion, Pre-Existing Condition Program) and has established the technology, processes, reports, and controls to administer these grants.

Additionally, the state has experience in many of the financial management capabilities defined in the Exchange, including, but not limited to:

- Accounting and auditing standards;
- Collecting premiums;
- Controlling waste, fraud, and abuse;
- Creating transparency and reporting mechanisms for the public; and
- Developing the technical infrastructure to comply with federal reporting requirements.

Proposed Program Requirement Activities

Maine intends to further identify the key financial management and reporting systems within the state that can be leveraged for the Exchange and to assess the readiness of existing financial models. Maine proposes to complete the following activities with its Level One grant funding:

- Performing a readiness assessment of the accounting and financial reporting systems in the State that may be leveraged;
- Developing a work plan for the build out of an Exchange financial infrastructure;
- Developing transition plan for management of grant funding from state agencies to the Exchange; and
- Identifying and developing the necessary additional processes and systems to ensure that the Exchange can meet the federal requirements for financial management.

8. PROGRAM INTEGRITY

Progress to Date

State Exchanges are required to comply with a number of ACA provisions regarding financial and program integrity. The Exchange is required to be audited by the Secretary of HHS and will be subject to state-level audits. Maine will be designing and implementing a system of internal control and program integrity measures that reflect the best practices of the private market. As noted in Section 7 Financial Management, the State of Maine possesses functionality to ensure the program integrity of the Exchange. Many of the finance-related functions of the Exchange have already been developed in Maine, including:

- Accounting and auditing standards;
- Collecting premiums;
- Controlling waste, fraud, and abuse;
- Creating transparency and reporting mechanisms for the public; and
- Developing the technical infrastructure to comply with federal reporting requirements.

Proposed Program Requirement Activities

Maine will use Level One funding to establish a baseline of existing accounting and auditing standards for current state programs to identify consistency, redundancy, and fundamental compliance with federal and state standards. Maine will also review existing systems of premium collection in the state and assess them for relevance and applicability to the Exchange. As the federal government publishes additional guidance on ACA requirements specific to program integrity, Maine will analyze the additional guidance to determine if such guidance materially changes Maine's approach to ensuring program integrity: Maine proposes to complete the following activities with its Level One grant funding:

- Reviewing existing program integrity capabilities within state systems to determine potential capabilities available for leverage; and
- Identifying and developing the necessary additional processes and systems to ensure that the Exchange will meet the ACA requirements for waste, fraud, and abuse.

9. HEALTH INSURANCE MARKET REFORMS

Progress to Date

In response to the ACA, Maine's Insurance Workgroup examined existing statutes and regulations

to identify potential conflicts between state and federal law that would need to be addressed through legislation and/or by amending existing rules. In 2011 Public Law Chapter 364, Maine made two broad reforms to enforce the requirements of the ACA. First, carriers were required to comply with all applicable ACA requirements. Second, the Superintendent of Insurance (the “Superintendent”) was given authority to adopt and amend rules and establish standards to enforce the ACA.

Maine also has identified specific statutory provisions that required amendment to meet the requirements of the ACA. The Legislature has already adopted many of the required amendments, and in some cases, BOI has issued or proposed rules to conform existing statutory provisions to ACA’s requirements. In addition, BOI has issued bulletins and posted notices to inform carriers and consumers of the ACA reforms. Maine’s progress in implementing the specific market reforms provided under Subtitle A and Subtitle C of the ACA includes the following:

- **Annual and Lifetime Limits.** In 2011 Public Law Chapter 364, Maine amended its insurance laws to prohibit carriers from imposing annual and lifetime dollar limits on essential health benefits under individual and group health plans.
- **Prohibition on Preexisting Condition Exclusions and Rescissions.** In 2011 Public Law Chapter 364, Maine revised its laws to reflect the ACA’s preexisting condition reforms by prohibiting preexisting condition exclusions for any plan enrollee effective January 1, 2014, and for enrollees under age 19 effective immediately.
- **Guaranteed Availability of Coverage.** Maine law generally requires carriers to make coverage available to all Maine residents and all small groups, consistent with the ACA requirement.
- **Guaranteed Renewability of Coverage.** Maine law generally requires carriers to guarantee renewability of coverage in both the individual and group markets.
- **Dependent Coverage.** In 2011 Public Law Chapter 364, Maine amended its insurance laws to require policies that provide coverage to dependent children to make such coverage available until the child reaches age 26.
- **Coverage of Preventive and Emergency Services, and Essential Health Benefits.** In 2011 Public Law Chapter 364, Maine adopted the ACA requirements for carriers to provide coverage for emergency services, preventive health services, and essential benefits.
- **Rating Variation.** Maine revised its standards for rating variation in 2011 Public Law Chapter 90 and 2011 Public Law Chapter 364. Any variations permitted under Maine law that would exceed limits permitted under the ACA will be restricted to comply with the ACA’s limits on variations. In addition, it will not be permissible for carriers to vary rates using factors under Maine law that are not permitted under the ACA.
- **Rate Review.** 2011 Public Law Chapter 90 and 2011 Public Law Chapter 364 revised Maine’s review processes. BOI has proposed changes to its rate review program to reflect changes in these laws and the requirements of the ACA. BOI continues to solicit comments on these revisions to ensure that the proposed changes comply with the ACA.
- **Uniform Summary of Benefits.** Under 2011 Public Law Chapter 364, carriers are required to provide a uniform summary of benefits and explanation of coverage to applicants, enrollees, and policyholders that meets the requirements of the ACA, including the requirement that any notices be provided in a culturally and linguistically appropriate manner.

- **Internal Claims Processing and External Review.** In 2011 Public Law Chapter 364, Maine amended its laws giving policyholders the right to internal grievance procedures (meeting standards developed by the Superintendent) and independent external review (process overseen by the BOI), to be consistent with the ACA requirements.

Maine continues to analyze its statutes and regulations to identify any additional legislative or regulatory actions necessary to comply with the ACA.

Maine has conducted studies on market reform questions raised by the ACA, such when to expand the small group health plan markets, and whether (and if so, when) to merge the individual and group health plan markets, and whether to. As noted in Section 1 Background Research, Gorman Actuarial, LLC conducted initial analyses of these questions and concluded that merging the individual and small group markets would decrease individual premiums and increase group premiums due to the higher morbidity and smaller size of the State's individual market. In addition, the study found that the effect on the current market of expanding the definition of small employer to include employers with 51-100 employees would be negligible. The Advisory Committee recommended against expanding the small group market before it is required by the ACA because it could be disruptive and may have unintended consequences to do so before the market has adjusted to the other changes made by the ACA. As noted, the State has engaged Gorman to update its analysis to reflect recent changes in Maine's insurance laws.

Proposed Program Requirement Activities

Maine proposes to complete the following activities with its Level One grant funding:

- Actuarial modeling of reinsurance, risk corridor, and risk adjustment programs for Exchange programs; and
- Reviewing the Gorman analysis for evaluation of ACA provisions that impact premium rating options and uniform underwriting rules for the small group, individual and Exchange markets;

10. PROVIDING ASSISTANCE TO INDIVIDUALS AND SMALL BUSINESSES, COVERAGE APPEALS, AND COMPLAINTS

Progress to Date

In March 2010, Maine's Office of the Attorney General (AG) received a Consumer Assistance Program (CAP) grant. The grant provides funding to state agencies to implement programs that serve the public by assisting them with the many complexities that can be associated with obtaining health insurance. As a result of the grant, the State has created the Maine Health Insurance Consumer Assistance Program (MHICAP), a joint public/private program that assists

consumers in making informed decisions when selecting a health plan; assists consumers in resolving problems with their health insurance plans; and identifies issues, trends and problems that may require executive, regulatory, or legislative intervention.

Proposed Program Requirement Activities

Maine proposes to complete the following activities with its Level One grant funding:

- Reviewing existing private consumer assistance capabilities to determine potential capabilities available for leverage;
- Convening and communicating with other community-based organizations that facilitate consumer assistance and develop a plan for leveraging Maine’s extensive community-based consumer assistance network;
- Projecting assistance, complaints, and appeal volume based on projected individual and small employer based enrollment through the exchange, and experience in the private market;
- Developing policies and procedures for minimal compliance with consumer appeals of federal subsidy eligibility determinations; and
- Identifying opportunities for leveraging existing private consumer assistance capabilities versus leveraging state systems and determine most cost-effective approach so that the Exchange can meet the minimum ACA requirements for consumer assistance.

11. EXCHANGE FUNCTIONS

Progress to Date

Maine’s initial analysis shows that there is infrastructure in place to support the majority of the functional areas required of an Exchange. Planning grant research included cataloging capabilities and assessing existing functions to determine their applicability toward required Exchange functions. Refer to Appendix 6 (Advisory Committee Report).

Proposed Program Requirement Activities

Maine intends to develop the following programs to meet the minimum requirements for federal government certification to operate an Exchange. Maine proposes to complete the following activities with its Level One grant funding:

Certification, Recertification, and Decertification of Qualified Health Plans

Maine’s Exchange will have a process in place to certify, recertify, and decertify qualified health plans in the individual and small group markets as required by the ACA. Maine will use funding

under this grant to define the process and approach to these certification activities with health plans in 2012.

Call Center

Maine's Exchange will operate a toll-free hotline to respond to requests for assistance from consumers as required by the ACA. Maine will leverage its existing capabilities operating toll-free hotlines where appropriate. Maine will use funding under the grant to further develop its plan for the call center. As the federal government provides future guidance containing more specific information about the requirements for Exchange call centers Maine will make the appropriate adjustments to its hotline plans.

Exchange Website and Premium Tax Credit and Cost-Sharing Reduction Calculator

Maine's Exchange will maintain a website through which applicants and enrollees may obtain standardized comparative information on qualified health plans, apply for coverage, and enroll online as required by the ACA. Maine's Exchange website will post required transparency information and provide access to an electronic calculator that allows individuals to view an estimated cost of their coverage once premium tax credits have been applied to their premiums, and the impact of cost-sharing reductions, if they are eligible. Maine will use funding under the grant to further develop its Exchange website. These activities are described in more detail under Exchange IT Systems.

Quality Rating System

Maine's Exchange will assign a quality rating to each plan in accordance with the quality rating system that will be issued by the federal government as required by the ACA. Maine will use funding under the grant to develop its quality rating process.

Navigator Program

Maine's Exchange will establish a Navigator program, as required by the ACA, under which it awards grants (funded from the operational funds of the Exchange) to entities that will assist consumers in navigating their choices in the health insurance marketplace, including facilitating enrollment in qualified health plans. Maine will use Level One funding to develop its Navigator program consistent with the guidance of the Advisory Committee and any future legislation passed by the Maine Legislature.

Eligibility Determinations for Exchange Participation, Advance Payment of Premium Tax Credits, Cost-Sharing Reductions, and Medicaid

Maine's Exchange will verify and determine eligibility for qualified health plans as required by the ACA, including:

- Advance payment of premium tax credits;
- Cost-sharing reductions;
- Other applicable state health subsidy programs, including Medicaid and CHIP; and

- Appeals of eligibility determinations for enrollment in a qualified health plan and premium tax credits and cost-sharing reductions

Maine will use funding under the grant to further develop its plan for eligibility determinations. As the federal government provides future guidance containing more specific information about the requirements for Exchange verification and eligibility determination, Maine will make the appropriate adjustments to its verification and eligibility determination plans.

Seamless Eligibility and Enrollment Process with Medicaid and Applicable State Health Subsidy Programs

Maine's Exchange will determine an individual's eligibility for Medicaid, CHIP, and other applicable state health subsidy programs as required by the ACA. In order to ensure that such individuals are seamlessly enrolled in the program for which they are eligible without need for further determination by the other program, Maine will use its Level One funding to further plan and implement its eligibility and enrollment processes and systems with Medicaid.

Enrollment Process

Maine's Exchange will facilitate plan selection for an individual who is eligible to enroll in a qualified health plan as required by the ACA. This facilitation will include providing information about available qualified health plans customized according to an individual's preferences, receiving an individual's choice of plan, and providing enrollment transactions to qualified health plan issuers using applicable standards. Maine will use funding under the grant to further plan and implement its eligibility and enrollment processes and systems.

Applications and Notices

Maine's Exchange will implement all requirements for applications and notices consistent with federal requirements, including facilitating the use of a single, streamlined application, as required by the ACA. Maine will leverage its existing capabilities managing applications and generating notices where appropriate. Maine will use funding under the grant to further develop its plan for applications and notices.

Individual Responsibility Determinations

Maine's Exchange will have a process to receive and adjudicate requests from individuals for exemptions from the individual responsibility requirements of the ACA, and to communicate information on such requests to federal government for transmission to IRS, as required by the ACA. Maine will use its Level One funding to further develop its plan for individual responsibility determinations.

Administration of Advance Premium Tax Credits and Cost-Sharing Reductions

Maine's Exchange will perform the minimum administrative activities related to premium tax credits and cost-sharing reductions as required by the ACA, including communication with federal government in situations when a person has a change in income level. Maine will use its Level One funding to further develop its plans for the administration of advance premium tax credits and cost-sharing reductions.

Adjudication of Appeals of Eligibility Determinations

Maine's Exchange will implement a process for processing appeals, and this process will coordinate with Medicaid and CHIP, as required by the ACA. Maine's Exchange will notify employers when one or more of their employees is determined to be eligible for advance payment of a premium tax credit because the employer does not offer minimum essential coverage or the coverage is not affordable or does not meet the minimum value requirement. Maine will use its Level One funding to further develop its plans for the adjudication of appeals of eligibility determinations.

Information Reporting to IRS and Enrollees

Maine's Exchange will report to the IRS and enrollees each year certain information regarding the enrollee's coverage provided through the Exchange. Maine will use its Level One funding to further develop its plans for information reporting to the IRS and enrollees.

Outreach and Education

Maine will have in place an education and outreach program to inform health care consumers about the Exchange and the new coverage options available to them as required by the ACA. Maine will educate consumers about the process of purchasing health insurance coverage through the Exchange, including access to health plans that meet state and federal certification standards and access to assistance with paying their premiums and cost-sharing. Maine will use its Level One funding to further develop its plans for outreach and education.

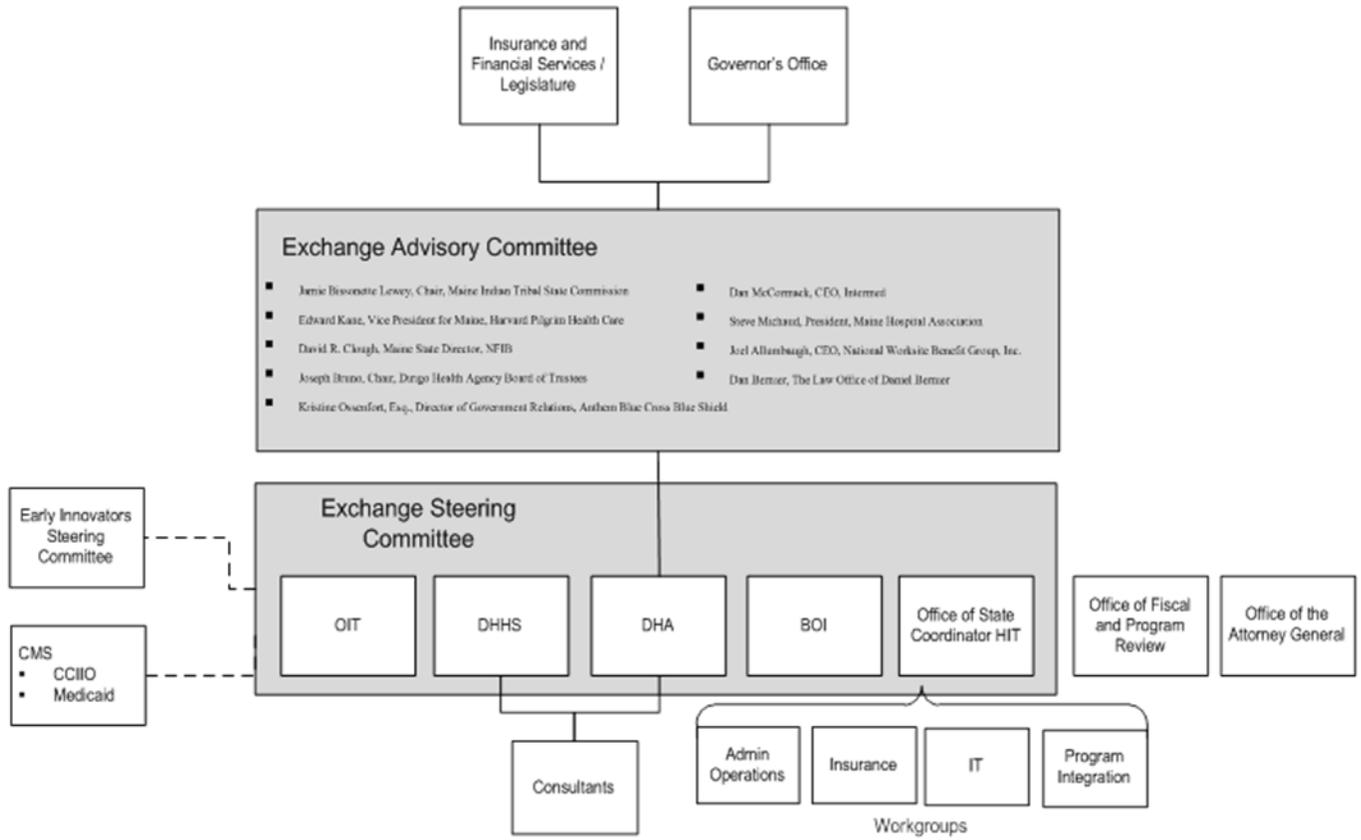
Risk Adjustment and Transitional Reinsurance

Maine will implement a risk adjustment program and a transitional reinsurance program in accordance with federal standards. Maine will use its Level One funding to plan for necessary data collection to support risk adjustment, including demographic, diagnostic, and prescription drug data and to develop data and other systems to support risk adjustment.

SHOP Exchange-Specific Functions

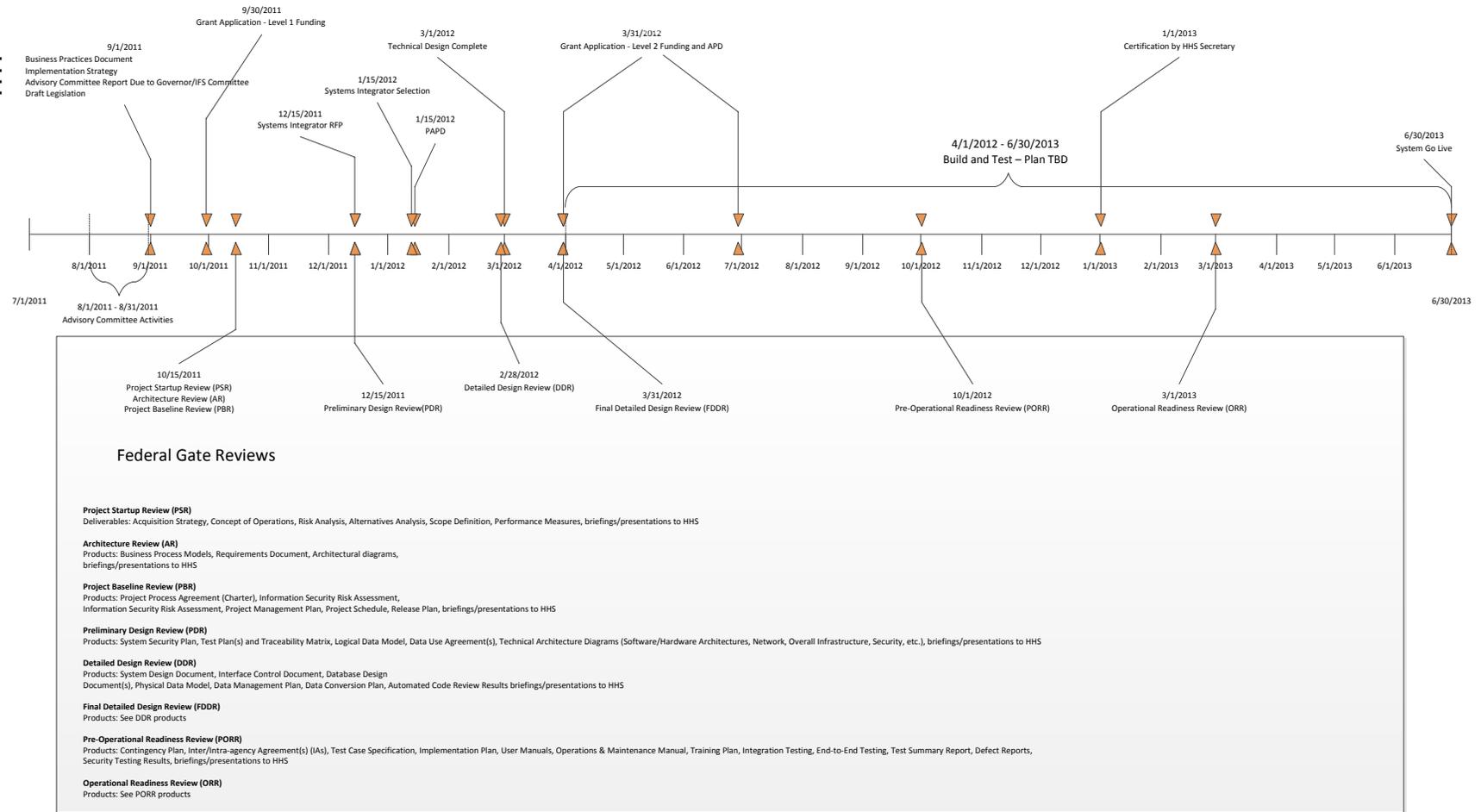
Maine plans to establish a Small Business Health Options Program (SHOP) Exchange as required by the ACA. The Advisory Committee has recommended that Maine maintain separate markets but merge the operations of its SHOP Exchange with its individual market Exchange. Maine will use funding under the grant to further develop its plans for the SHOP Exchange.

Organizational Chart



Exchange Timeline

Maine Health Insurance Exchange – Proposed Timeline
 as of Q3 2011



Listing of Appendices

Appendix 1 – Final Report of the Joint Select Committee on Health Care Reform Opportunities and Information

Appendix 2 – Options and Opportunities for Implementing the Affordable Care Act in Maine The Advisory Council on Health Systems Development

Appendix 3 – Resolve, CH 105, LD 1582, Creating the Advisory Committee on Maine’s Health Insurance Exchange

Appendix 4 – Preliminary Report: The Health Insurance Market in Maine prepared by Bureau of Insurance

Appendix 5 – The Impact of the ACA on Maine’s Health Insurance Markets prepared by Gorman Actuarial, LLC

Appendix 6 – Recommendation Regarding the Maine Health Benefit Exchange Report to the Governor and the Joint Standing Committee on Insurance and Financial Services from the Advisory Committee on Maine’s Health Insurance Exchange

Appendix 7 – 125th Maine State Legislature, LD’s 1497 and 1498

Appendix 8 – State of Maine Software Development Lifecycle (SDLC) Procedure