

## Vermont Level Two Establishment Grant: Summary

On June 29<sup>th</sup>, 2012 Vermont submitted its Level Two Establishment Grant Application to the Center for Medicare and Medicaid Services. The application requested \$104.4 million to support the continued planning, implementation, and operation of the state's Health Benefit Exchange through 2014. The requested funding will primarily be used to develop the IT systems to facilitate the critical functions of the Exchange, and ensure operability with other State health care systems built as part of the greater eligibility project. The development of these systems and business processes will be supported by additional staff and consultants hired to assist the Exchange in meeting the aggressive federal deadlines. Other specific projects that will be implemented as part of this funding request include an aggressive outreach and training strategy, an organizational structure review to ensure a 21st century enrollment experience for consumers, and a comprehensive Exchange evaluation plan.

### ***Progress to date***

Vermont has fulfilled the required milestones to receive a Level Two Establishment grant and has made significant progress in the creation of its Exchange using Planning and Level One Establishment funds. Highlights of past activities include:

- *Legislation and Governance:* Act 48 created the state's Exchange within the Department of Vermont Health Access (DVHA) and Act 171 created additional rules for the Exchange to follow. Vermont hired a Deputy Commissioner and has filled positions within the Exchange unit as well as across the Agency of Human Services and the Department of Financial Regulation.
- *Background research:* Vermont has surveyed and conducted studies on uninsured and underinsured populations, current insurance market, churn issues, and administrative simplification. Vermont conducted formal stakeholder interviews and analyses, held public meetings, and created an Exchange Advisory Board merged with the existing Medicaid Advisory Board.
- *Business Operations/Exchange Functions:* Vermont has studied and begun development of high-level business functions in the following areas: website and call center, premium tax credit calculator, plan quality rating system, certification of Qualified Health Plans, eligibility determinations for tax credits and public insurance programs, enrollment, individual responsibility determinations, eligibility appeals, employer appeals and notification, information reporting to IRS and enrollees, outreach and education, risk adjustment and reinsurance, and small business functions. Vermont has conducted IT gap and budget analyses, which showed that our current IT systems overall are antiquated and must be brought into the 21<sup>st</sup> century in order to ensure a vibrant Exchange. Vermont has studied the IT solutions other states have used in creating their Exchange and determined that an Oracle solution similar to Oregon's is preferable, and is pursuing this option.

### ***Plan moving forward***

Vermont has a plan to meet all required federal milestones, with a final goal of having a functional, federally-compliant Exchange by January 1, 2014. Vermont is considering staging functionality as suggested by CMS to ensure that the core functions are fully operational for enrollment starting October 1, 2013. Level Two Grant funds will be used to continue work in the core areas of stakeholder consultation, governance, program integration, health insurance market reforms, assistance to individuals and small businesses, appeals and complaints, and business operations/exchange functions. Highlighted activities include:

- *Outreach and Education:* The Exchange will build capacity to help Vermont's small businesses and individuals to understand the health care law, realize that quality health insurance is within reach, and

use the Exchange to compare and choose a health plan that fits their needs and budget. In addition to a targeted outreach campaign and social media activities, this will also include digital literacy efforts.

- *Website and Call Center:* The gateway to the Exchange will be a user-friendly website that will allow individuals and small businesses to shop for coverage, compare, plans, and choose a plan for themselves, their families, or their employees. The website is designed to allow for self-guided enrollment, but individuals will also have access to a call center that will allow them get answers to simple questions or walk through the entire application process.

- *Navigators:* Vermont will develop a network of application assistors known as Navigators, who will maintain expertise in eligibility, enrollment, and program specifications and conduct public education activities to raise awareness about the Exchange. Navigators will provide targeted outreach to specific populations, and will also facilitate selection of a qualified health plan in a fair and impartial manner.

- *Exchange IT Systems:* Vermont is moving forward using an Oracle-based system as the infrastructure for its website. Vermont will leverage its current Oracle software, and will use the Oregon design as a model. The design is multi-tiered with layers for user interface, enterprise integration, business rules, information management, security, and data. The implementation strategy revolves around reusing solutions where possible to facilitate productivity and lower costs, and is being coordinated with efforts to improve eligibility systems as part of Vermont’s health services enterprise system.

**Budget request**

Vermont estimates that it will cost \$118 million to create the Exchange and operate it in 2014. After a \$14 million allocation to Medicaid, the remaining \$104 million will be covered by the Level Two Establishment grant. The development and operation of IT infrastructure, including the necessary staff augmentation and associated business processes, is the largest component of the budget, representing 63% of the federal funding request. The IT Budget will be entirely contracted, with the majority going to the design and build of the chosen Oracle IT solution. The non-IT budget is 37% of the funding request. The main components of the non-IT portion of the budget include expenses associated with the call center, outreach and education efforts, consulting work, and staff salaries and benefits.

**Table 1. Vermont Level II Establishment Grant Overview**

	<b>Total</b>	<b>Percent of Total</b>
<b><u>IT Budget</u></b>		
IT Budget (Prior to Allocation)	79,502,589	
Medicaid Allocation	-14,151,461	
<b>Total IT</b>	<b>65,351,128</b>	<b>63%</b>
<b><u>Non IT Budget</u></b>		
Call Center	6,390,151	6%
Outreach and Education	7,377,952	7%
Consulting	10,405,875	10%
Staff & Fringe	7,092,937	7%
Other	7,760,922	7%
<b>Total Non-IT Budget</b>	<b>39,027,837</b>	<b>37%</b>
<b>Grand Total</b>	<b>104,378,965</b>	<b>100%</b>

