

E. PROJECT NARRATIVE

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed into law. These laws, collectively referred to as the Affordable Care Act (“PPACA”), include provisions that allow each state the flexibility and opportunity to establish a Health Benefit Exchange (“Exchange”) by January 1, 2014, that will facilitate the purchase of qualified health plans for individuals and provide for the establishment of a small employer health benefit Exchange designed to assist qualified employers in facilitating the enrollment of their employees in qualified health plans.

A. Demonstration of Past Progress in Exchange Planning Core Areas

On September 30, 2010, the Mississippi Insurance Department (“MID”) received a Health Insurance Exchange Planning Grant to plan for and ultimately establish an Exchange. To date, the following Exchange planning activities have been conducted or are currently underway in the following core areas:

I. Background Research

MID completed in-depth research on the health insurance market in Mississippi during the Exchange planning phase. Two reports were developed to provide MID with demographic, social, and economic information for all counties and select cities in the state, as well as the economic situation in each county and sixteen select cities. This information provides a picture of the possible challenges Mississippi will face in each area as it informs, educates, and ultimately enrolls individuals in an Exchange. Mississippi’s Exchange will serve an extremely diverse audience as the needs of Mississippians differ by region, ethnicity, and socioeconomic status. Mississippi has a total population of 2,951,996 persons, with 532,993 of these currently

uninsured. The percentage of Mississippi’s population living in poverty is much higher than the national average of 13.5%.

Family Income	Uninsured		MS Total	
	Count	Percentage	Count	Percentage
Up to \$15,000	92,460	17%	345,049	12%
\$15,000 to \$24,999	78,903	15%	300,423	10%
\$25,000 to \$34,999	56,965	11%	268,959	9%
\$35,000 to \$49,999	69,640	13%	372,288	13%
\$50,000 to \$74,999	69,479	13%	480,426	16%
\$75,000 to \$99,999	29,171	5%	311,765	11%
\$100,000 to \$149,999	13,774	3%	243,535	8%
\$150,000 or more	6,646	1%	123,061	4%
Unknown	115,955	22%	506,490	17%
Grand Total	532,993		2,951,996	

MID will use this data to develop education and implementation strategies specific to certain areas of the State, supporting the establishment of an Exchange that meets the objectives of the State and the needs of Mississippi residents. The aforesaid reports are attached hereto as Appendix “D” and Appendix “E”. MID will use these reports along with other background research in the Exchange planning process.

II. Stakeholder Consultation

Early on, MID placed an emphasis on stakeholder involvement to ensure participation during the Exchange planning and implementation process. MID has developed partnerships with various stakeholders and gained a vast array of public input. MID hosted a “Stakeholders’ Summit” in December 2010 with over 100 participants, including, representatives from the Health Insurance Exchange Study Committee created by Mississippi Legislation in 2010 (Senate Bill 2554) , members of State health agencies, health insurance companies, business groups, and various health providers and associations. The Governor, Lt. Governor and members of the Mississippi Legislature were also in attendance. MID and its consultants have conducted several legislative meetings and presentations to inform key legislators about healthcare reform and

exchanges. Four small group sessions were held in January 2011 over a two-day period to inform State leaders and other stakeholders as to current national issues concerning exchanges and to gain their input regarding their vision for an Exchange for Mississippi. The Governor's Office, Medicaid staff, MID leaders, Hospital and Medical Association representatives, business community leaders, independent insurance agents, and representatives from Blue Cross-Blue Shield, United HealthCare, Magnolia Health, and the Mississippi Underwriters Association all provided their views and concerns regarding an Exchange.

Over sixty individual stakeholder interviews and, most recently, thirteen town hall meetings have been conducted throughout the State. This stakeholder engagement has been invaluable as Mississippi plans to create a market driven state-based Exchange with a web portal geared toward its consumers. The Executive Summary of the Mississippi Health Benefit Exchange Report highlighting recommendations from the stakeholders is provided hereto as Appendix "C".

III. State Legislative/Regulatory Actions

The Mississippi Comprehensive Health Insurance Risk Pool Association ("Association"), a nonprofit legal entity, was created by the Mississippi Legislature in 1991. As a result of the Association's infrastructure, expertise and exceptional record of providing health coverage to the citizens of this State, Mississippi believes that the Association is the logical platform for launching and running Mississippi's Exchange. The enabling legislation for the Association is found in Mississippi Code Annotated 83-9-201 *et.seq.*, 1972 as amended. The legislative purpose of the Association is, among other things, to establish a mechanism to allow the availability of a health insurance program and to allow the availability of health insurance coverage to those citizens of Mississippi, who desire to obtain or continue health insurance coverage under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. The statutory authority of the Association includes serving as a

mechanism to provide health and accident insurance coverage to citizens of this state under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. Legal counsel to the Association, as well as outside legal counsel to the Mississippi Commissioner of Insurance, issued written legal opinions that the Association has the authority to establish and operate an Exchange in Mississippi. The Association adopted initial amendments to its Amended and Restated Articles, Bylaws and Operating Rules approving the establishment and operation of a Mississippi Exchange and the Commissioner approved the amendments. A copy of the amendment, along with a complete copy of the Association's Amended and Restated Articles, Bylaws and Operating Rules, are attached hereto as Appendix "A."

IV. Governance

Special consideration has been given to ensure that the governance of the Exchange is guided by appropriate board members that possess the knowledge and experience necessary to establish, manage and operate the Exchange. The Association is operated subject to the supervision and approval of a nine-member board of directors and is subject to regulation by the Mississippi Commissioner of Insurance. The Commissioner has determined that the governing board of the Association as currently constituted is appropriate and highly desirable to operate Mississippi's Exchange.

By statute, the Association's board of directors consists of:

1. Four (4) members appointed by the Insurance Commissioner. Two (2) of the Commissioner's appointees shall be chosen from the general public and shall not be associated with the medical profession, a hospital or an insurer. One (1) appointee shall be a representative of medical providers. One (1) appointee shall be a representative of health insurance agents. Any board member appointed by the Commissioner may be removed and replaced by him at any time without cause.

2. Three (3) members appointed by the participating insurers, at least one (1) of whom is a domestic insurer.
3. The Chair of the Senate Insurance Committee and the Chair of the House Insurance Committee, or their designees, who shall be nonvoting, ex officio members of the board.

(See Mississippi Code Section 83-9-211; Article V, Section 2 of Amended and Restated Articles, Bylaws and Operating Rules)

The Association's Amended and Restated Articles, Bylaws and Operating Rules contain a conflict of interest provision and the Association has a Conflicts of Interest and Business Ethics Policy. Article V, Section 14 of the Amended and Restated Articles, Bylaws and Operating Rules is included in Appendix "A." A copy of the Association's Conflicts of Interest and Business Ethics Policy is attached hereto as Appendix "B." These conflict of interest provisions are consistent with standard corporate governance principles.

V. Program Integration

MID consultants conducted a study to determine how the Exchange can be successful and work with appropriate State and Federal programs. The research will be used to ensure that Mississippi maximizes the impact of the Exchange while minimizing duplication of efforts and costs.

MID staff has conducted several meetings with the Mississippi Division of Medicaid ("Medicaid") staff to discuss planning activities for an Exchange and the need for program integration. Medicaid staff participated in a consultant webinar to provide input on the current Medicaid technology platform and future needs for program integration with the Exchange. Due to many of the shared functions the Exchange will have with Medicaid, MID plans to continue working with Medicaid staff to better define roles and responsibilities.

VI. Exchange IT Systems

Mississippi has completed a thorough IT Gap Analysis to evaluate the State's readiness to implement Exchange IT systems. MID and the Mississippi Division of Medicaid IT staff participated in a webinar conducted by consultants on March 9, 2011, to gain insight on the State's existing technology infrastructure. Medicaid staff provided information on their existing IT software and hardware and gave valuable input for said IT Gap Analysis. Careful consideration was given to the "Key Principles of Exchange IT Capabilities" and "Core Exchange Functions Supported by IT" in the "Cooperative Agreement's" Appendix D, and steps were taken to address the plans for a modular, flexible approach to systems development. Mississippi is committed to implementing and incorporating the entire core Section 1561 recommendations for human services eligibility and enrollment processes. The materials for the webinar and other meetings are attached hereto as Appendix "G". Mississippi has reviewed the most recent *Guidance for Exchange and Medicaid V2.0* and will consider using many of the proposed standards during the design and development of Mississippi's target system.

VII. Providing Assistance to Individuals and Small Businesses

MID has been working with an existing consumer assistance program that offers informative materials and presentations to groups and individuals, maintains a website at <http://healthhelpms.org/>, provides a toll free hotline, and has trained staff who are knowledgeable about public and private resources. They also work with the Mississippi Attorney General's office assisting consumers with their complaints.

MID is currently working on the remaining core areas in its strategic planning project with activities underway to address:

- Financial Management - Define the financial management infrastructure;
- Program Integrity- Plan for financial integrity, oversight and prevention of fraud, waste, and abuse;

- Health Insurance Market Reforms- Mitigate adverse selection inside and outside of the Exchange; and
- Business Operations- Identify and define future business operations for a successful Exchange.

B. Proposal to Meet Program Requirements

Mississippi has many distinct health and economic needs. As of 2010, eighteen percent (18%) of Mississippi residents were uninsured. Additionally, research shows that PPACA will increase Medicaid eligibility in the state from just under twenty-four percent (24%) to approximately thirty-four to thirty-eight percent (34-38%) of residents. Moreover, fifty-five percent (55%) of the state's residents live in rural areas.¹ Mississippi ranks last nationally in the percentage of public high school students who graduate.² The state ranks last in the percentage of people who use the Internet inside or outside the home.³ Furthermore, Mississippi ranks first in adult obesity, first in the number of adults who report no physical activity in the past month, first in heart disease deaths, first in teen birth rates, first in traffic fatalities, and second in infant mortality.⁴ These challenges help reinforce the notion that Mississippi needs a health benefit Exchange built by Mississippians to address the unique issues facing Mississippians.

Because MID has regulatory authority over all health insurance policies sold in the State of Mississippi and because MID will have integral involvement with the Exchange, Mississippi Governor Haley Barbour has designated MID as the applicant for these establishment funds. MID is applying for a Level One Establishment award for a period of one year after the date of the award and intends to accomplish its goals using a step by step approach for the establishment

¹United States Department of Agriculture. *United States Department of Agriculture*. <http://www.ers.usda.gov/statefacts/ms.htm> (accessed March 7, 2011).

²National Center for Education Statistics, US. *Trends in High School Dropout and Completion Rates in the United States*. December 2010. <http://nces.ed.gov/pubs2011/2011012.pdf> (accessed March 7, 2011).

³National Telecommunications and Information Administration, US Department of Commerce. *Current Population Survey, Internet Use 2010*. http://www.ntia.doc.gov/data/CPS2010Tables/Tables_3.xlsx (accessed March 7, 2011).

⁴United States Department of Health and Human Services – Centers for Disease Control and Prevention (CDC). National Center for Health Statistics, Mississippi Vital Records – Mississippi State Department of Health (MSDS), Behavioral Risk Factor Surveillance Systems – CDC, MSDH STD/HIV Office, National Center for Health Statistics, Henry J. Kaiser Family Foundation – State Health Facts. (accessed April 12, 2011).

of a health benefit Exchange. This approach will ensure that Mississippi's health benefit Exchange will (1) be certified by the United States Department of Health and Human Services ("HHS") by January 1, 2013; (2) begin operations and health insurance coverage for enrollees by January 1, 2014; and (3) be self-sustainable on January 1, 2015.

Mississippi is planning for the establishment of a health benefit Exchange based on the HHS *Initial Guidance to States on Exchanges*, released November 18, 2010. Key exchange principles and priorities include: establishing a market driven state-based Exchange, promoting efficiency, avoiding adverse selection, streamlined access and continuity of care, public outreach and stakeholder involvement, public accountability and transparency, financial accountability, and providing effective assistance to individuals and small businesses.

Should this grant application be successful, MID plans to work to meet the needs of consumers and oversee and expend the funds to accomplish the goals set forth in the topics below:

- **Establishing a State-based Exchange**

Mississippi plans to be on track for achieving certification of its Exchange by HHS on or before January 1, 2013. The establishment of an Exchange requires a planning process that begins with state action, by legislation or other means, to create an Exchange entity with the authority necessary to implement and operate an Exchange. Mississippi has such an entity.

The Mississippi Comprehensive Health Insurance Risk Pool Association ("Association"), a nonprofit legal entity, was created by the Mississippi Legislature in 1991. With its infrastructure, expertise and exceptional record of providing health coverage to the citizens of this State, Mississippi believes that the Association is the logical platform for launching and running Mississippi's Exchange. The enabling legislation for the Association is found in Mississippi Code Annotated 83-9-201 *et.seq.*, 1972 as amended.

The legislative purpose of the Association is, among other things, to establish a mechanism to allow the availability of a health insurance program and to allow the availability of health insurance coverage to those citizens of Mississippi who desire to obtain or continue health insurance coverage under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. The statutory authority of the Association includes serving as a mechanism to provide health and accident insurance coverage to citizens of this state under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. Legal counsel to the Association as well as outside legal counsel to the Commissioner of Insurance issued written legal opinions that the Association has the authority to establish and operate as Exchange in Mississippi. The Association adopted initial amendments to its Amended and Restated Articles, Bylaws and Operating Rules approving the establishment and operation of a Mississippi Exchange and the Commissioner approved the amendments. A copy of the amendment, along with a complete copy of the Association's Amended and Restated Articles, Bylaws and Operating Rules, are attached hereto as Appendix "A."

The Association will carry out a number of Exchange functions including, but not limited to, certifying, recertifying and decertifying qualified health plans; providing for the operation of a toll-free telephone hotline to respond to requests for assistance; maintaining an Internet website through which enrollees and prospective enrollees of qualified health plans may obtain standardized comparative information on such plans; assigning a rating to each qualified health plan offered through the Exchange; utilizing a standardized format for presenting health benefits plan options in the Exchange; informing individuals of eligibility requirements for Medicaid, CHIP, or other applicable state or federal programs; establishing and making available by electronic means a calculator to determine the actual cost of coverage after any available

premium credits, reductions or adjustments are applied; and establishing a consumer outreach program.

Should the grant be awarded, MID plans to administer the majority of the funds as a sub-award to the Association so that they may conduct the activities necessary to establish the Exchange. The Association will make programmatic decisions, meet specific program objectives through performance measures as stipulated in the grant and comply with applicable HHS requirements. MID will monitor the subrecipient's performance against the goals and performance standards, outlined in a consortium agreement with the Association. The consortium agreement will be a formal written agreement and will address the activities required to meet the programmatic, administrative, financial, and reporting requirements of this grant. MID will provide a copy of the said agreement to HHS once an award is received and the agreement is finalized.

- **Promoting Efficiency**

Health benefit exchanges must be mindful of costs for consumers, employers, and the federal government. Mississippi's Exchange will be operated by the Association pursuant to rules and regulations developed by the Association and approved by MID and will be governed under the direction of the Association's Board. It is intended that Mississippi's Exchange will have the flexibility to respond to local market conditions and take actions to facilitate competition among plans on price and quality. Mississippi's Exchange will adapt to changes in the market by redesigning and modifying business plans as opportunities develop. The Exchange will also have the flexibility to deal with insurers, agents, and other business partners in a manner that serves the Exchange's interest in maximizing value for its consumers. Advisory boards consisting of relevant stakeholders will be created by MID to assist in the development of rules and regulations for the Exchange.

- **Avoiding Adverse Selection**

Mississippi's Exchange will seek to avoid adverse selection by taking measures intended to ensure that those who buy through the Exchange are a broad mix of healthy and less healthy participants. States have flexibility to provide consistent regulation inside and outside the Exchange, and to take additional action to prevent adverse selection. Mississippi intends to work with Federal and State government agencies, relevant stakeholders, national experts and any other appropriate entity in order to develop policy that will limit adverse selection within the Exchange. Reinsurance, risk adjustment and risk corridor programs may also be employed to help avoid adverse selection.

- **Streamlined Access and Continuity of Care**

Mississippi's Exchange will evaluate and coordinate eligibility for applicants with the Mississippi Division of Medicaid ("Medicaid"), the Children's Health Insurance Program ("CHIP"), and other state health programs. The Exchange must comply with all applicable federal statutes relating to nondiscrimination. Mississippi will utilize the federal government's critical building blocks and financial support for achieving an efficient enrollment process. Mississippi's Exchange will use those building blocks to help streamline access for consumers and also promote seamless access for applicants eligible for other health programs beyond coverage options available in the Exchange. Mississippi will need to upgrade its Information Technology ("IT") systems and other business operations and improve continuity of care across health programs.

Providing assistance to individuals and small businesses is a priority for the Exchange. MID and the Association will identify activities necessary for Exchange implementation to include defining the components of an Exchange and assessing the State's resources to reach the milestones identified in the Work Plan attached hereto in Section E. MID will carry out activities in the Exchange Establishment Core Areas identified in the funding opportunity:

❖ **Background Research**

MID completed in-depth research on the health insurance market in Mississippi during the Exchange planning phase. This background research is being used in the planning process and will be a viable resource for implementing the Exchange. The executive summary for this research and stakeholder secondary research is attached hereto as Appendix “C”. Further insurance market research will not be needed under the Establishment Cooperative Agreement.

❖ **Stakeholder Consultation**

Mississippi promoted stakeholder involvement in 2010 to gain input and support for planning an Exchange. Mississippi utilized the Health Insurance Exchange Study Committee, to provide guidance as to the direction that Mississippi should proceed in implementing an Exchange and to ensure stakeholder involvement during the planning stages.

As the State moves forward with the establishment of an Exchange, outreach efforts are critical to its success. Mississippi’s rural population, low rates of education attainment, and relative lack of computer literacy are a few of the largest challenges for the Exchange. Mississippi’s Exchange will serve an extremely diverse audience as the needs of Mississippians differ by region, ethnicity, and socioeconomic status. Fifty-five percent (55%) of the State’s residents live in rural areas and the State ranks last in the percentage of people who use the Internet inside or outside the home.

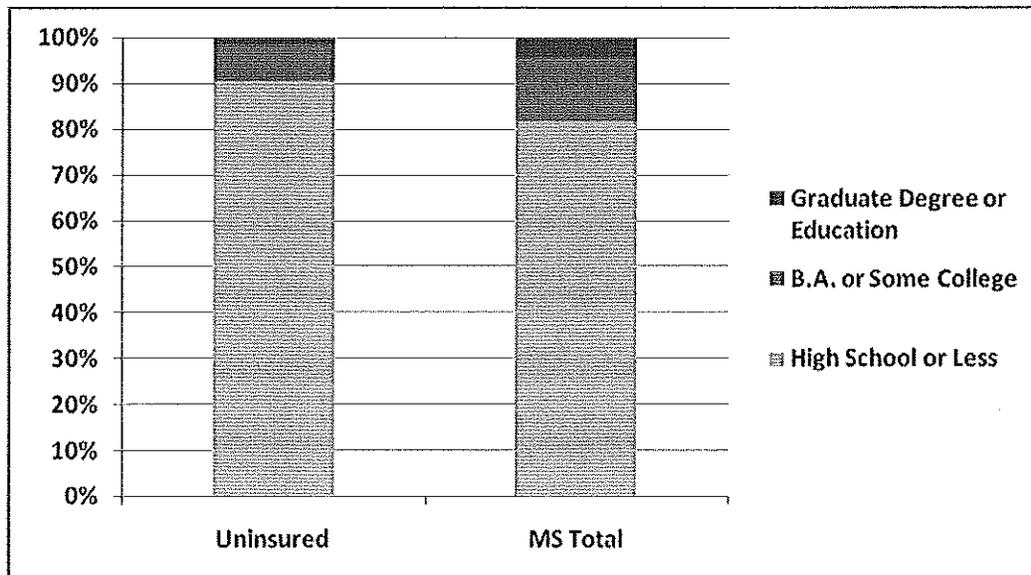
During the grant planning phase, MID’s consultants provided a report on the demographic, social, and economic factors that affect the well-being of Mississippi’s population. This report is attached hereto as Appendix “D”. MID will combine this information with health insurance coverage data to gain a complete picture of all possible challenges facing Mississippi as it informs, educates, and ultimately enrolls individuals in the Exchange.

Mississippi has a total population of 2,951,996 persons, with 532,993 of these currently uninsured. The percentage of Mississippi’s population living in poverty is much higher than the

national average of 13.5%. The following table shows the distribution of uninsured and total population by the Federal Poverty Level (“FPL”). While 0-49% FPL contains 22% of the uninsured population (119,593 lives), the next highest amount of uninsured is found in the 133%-199% FPL. The remaining number of uninsured is fairly evenly distributed, accounting for the 24% of the population in Mississippi that is over 400% FPL.

% of FPL	Uninsured		MS Total	
	Count	Percentage	Count	Percentage
0- 49	119,593	22%	377,575	13%
50- 99	91,481	17%	343,409	12%
100-132	49,010	9%	219,790	7%
133-199	99,384	19%	427,198	14%
200-300	87,919	16%	511,794	17%
300-400	41,593	8%	368,617	12%
400 PLUS	44,013	8%	703,613	24%
Grand Total	532,993		2,951,996	

Eighty-two percent (82%) of Mississippi’s population has a high school diploma or less. The following table shows that ninety-one percent (91%) of the uninsured population has a high school diploma or less. Only eight percent (8%) has a Bachelor of Arts degree or some college education and one percent (1%) of the uninsured has a graduate degree.



With these population challenges, gathering stakeholder input throughout the Exchange planning and establishment process will be critical to the successful implementation of the

Exchange. Mississippi will undertake an extensive outreach effort to individual consumers and small business owners with widespread activities planned to ensure that consumers are well educated about the Exchange and their opportunities for participation. MID plans to engage stakeholder groups representing a variety of perspectives, including consumer groups, community representatives, health care providers, insurance carriers, brokers, and government leaders. This approach is designed to elicit a broad array of ideas and expertise in a highly collaborative manner. MID plans to target the following groups and focus on the following areas to garner stakeholder consultation:

- Community Input Groups – Areas of Focus:
 - Outreach and Education
 - Choice and Transparency
 - Federal Compliance
 - Implementation and Oversight

- Technical Advisory Groups – Areas of Focus:
 - Outreach and Education
 - Points of access
 - Driving adoption
 - Choice and Transparency
 - Plan options
 - Decision support
 - Federal Compliance
 - Implementation and Oversight
 - Public Program Integration (including churn management)
 - Resource management
 - Regulation

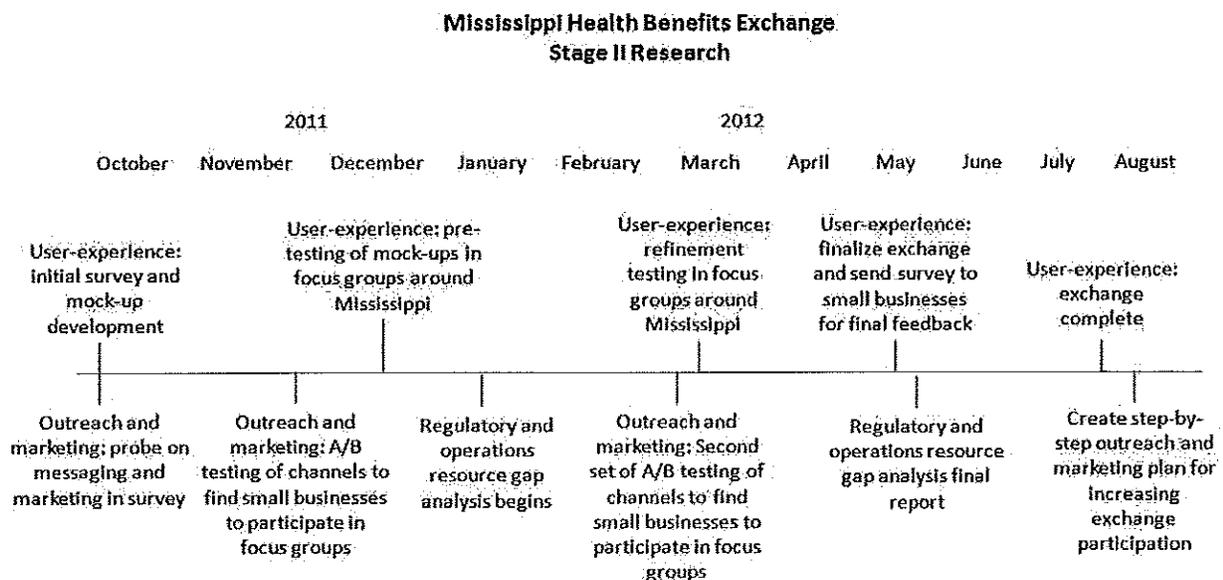
It is important to understand how Mississippians currently access health information and where and how they would like to access that information through the Exchange. MID plans to conduct education and outreach efforts through stakeholder focus group research sessions in two stages in order to:

- Stage I
 - Develop a foundational understanding of the challenges and unique needs associated with creating an Exchange in Mississippi;
 - Garner input and feedback from Legislators, consumer groups, carriers, brokers, small businesses, policy groups, and other appropriate stakeholders who will be impacted by an Exchange;

- Analyze public exchanges in other states with the goal of creating a successful Exchange; and
- Conduct initial user-experience and outreach research to create a health benefit Exchange that will result in high participation rates.

➤ Stage II

- Provide in-depth user-experience feedback;
 - In-depth interviews and focus groups with small businesses and individuals to gather initial feedback on the user-experience associated with the Exchange;
 - Survey small businesses to gather initial feedback on the user-experience associated with the Exchange;
 - User testing for individuals and small businesses throughout Mississippi;
 - Exchange wireframe testing and feedback from hundreds of potential participants;
 - User-experience optimization, once Exchange experience is relatively finalized;
- Perform outreach and marketing testing;
 - A/B media channel testing to attract small business participants to focus groups;
 - Concept testing, message testing, optimal sales and marketing channel research, target audience segmentation;
 - Development of a step-by-step plan for increasing exchange participation;
- Prepare resources and capabilities gap analysis; and
 - Gap analysis of regulatory and operations resource needs to create a successful exchange.



Stakeholder involvement will continue throughout the establishment process via planned phase two town hall meetings and supplemental focus group sessions conducted around the

State. An additional plan for multi-faceted outreach efforts to inform the public of the services and coverage options will be developed once they are defined. Advocates for consumers, patients, employees, unemployed individuals, self-employed individuals, and others likely to be Exchange enrollees, as well as those eligible for premium tax credits will all be targeted in these outreach efforts.

Mississippi has one federally recognized Native American Tribe, the Mississippi Band of Choctaw Indians, in Choctaw, Mississippi. Tribal enrolled membership is currently over 10,000 individuals with half of this population under the age of twenty-five (25). This Tribe has an Alternate Resources Office that seeks State, Federal or local program funding and assistance for medical services. MID planned to conduct an initial meeting with the office director and staff in late June 2011, regarding the Tribe's participation in the Exchange. Follow-up visits and communication are also planned as part of this effort to inform and promote the Tribe's participation in the Exchange.

The American Recovery and Reinvestment Act of 2009 ("Recovery Act"), Public Law 111-5, provides certain premium and cost-sharing protections under Medicaid and an exemption for certain Indian-specific property from consideration in determining Medicaid eligibility and from Medicaid estate recovery. It also provides certain Medicaid managed care protections for Indian health programs and Indian beneficiaries and establishes new requirements for consultation on Medicaid and CHIP with Indian health programs. These requirements will be addressed during stakeholder consultation as the plan for program integration progresses.

❖ **State Legislative/Regulatory Actions**

The Commissioner of Insurance ("Commissioner") has determined that the Association possesses the legal authority to establish and operate Mississippi's Exchange. The Association adopted initial amendments to its Amended and Restated Articles, Bylaws and Operating Rules approving the establishment and operation of a Mississippi Exchange and the Commissioner approved the amendments. A copy of the amendments, along with a complete copy of the

Association's Amended and Restated Articles, Bylaws and Operating Rules are attached hereto as Appendix "A." Under state law, the Commissioner has the authority to establish rules and regulations for an Exchange operated by the Association.

❖ **Governance**

Special consideration has been given to ensure the governance of the Exchange is guided by appropriate board members that possess the knowledge and experience necessary to manage and oversee the Exchange. The Association is operated subject to the supervision and approval of a nine-member board of directors and is subject to regulation by the Mississippi Commissioner of Insurance. The Commissioner has determined that the governing board of the Association as currently constituted is appropriate and highly desirable to operate Mississippi's Exchange.

The Association's board of directors consists of

1. Four (4) members appointed by the Insurance Commissioner. Two (2) of the Commissioner's appointees shall be chosen from the general public and shall not be associated with the medical profession, a hospital or an insurer. One (1) appointee shall be a representative of medical providers. One (1) appointee shall be a representative of health insurance agents. Any board member appointed by the Commissioner may be removed and replaced by him at any time without cause.
2. Three (3) members appointed by the participating insurers, at least one (1) of whom is a domestic insurer.
3. The Chair of the Senate Insurance Committee and the Chair of the House Insurance Committee, or their designees, who shall be nonvoting, ex officio members of the board.

The Association's Amended and Restated Articles, Bylaws and Operating Rules contain a conflict of interest provision and the Association has a Conflicts of Interest and Business Ethics Policy. Article V, Section 14 of the Amended and Restated Articles, Bylaws and Operating

Rules is included in Appendix “A.” A copy of the Association's Conflicts of Interest and Business Ethics Policy also is attached hereto as Appendix “B.” These conflict of interest provisions are consistent with standard corporate governance principles.

❖ **Program Integration**

Ideal program integration of the Exchange with current Federal and State health programs will ensure that Mississippi maximizes the impact of the Exchange while minimizing duplication of efforts and costs. A study is currently underway to determine the most efficient way the Exchange will work with Medicaid and CHIP. MID is currently performing a data-gathering process and in-depth interviews to identify the best way to integrate these various programs with the Exchange. The focus for these includes: (a) eligibility determination; (b) consumer protection; (c) premium regulation; (d) choice and enrollment into health plans offered by the State to Medicaid beneficiaries and children through CHIP; (e) choice and enrollment into health plans for State employees; and (f) choice and enrollment in health plans by other State-only financed plans. Due to many of the shared functions the Exchange will have with Medicaid, MID will continue meeting with Medicaid staff to better define roles and responsibilities. Options and recommendations on resource assessments, policy decisions, and operating procedures will be defined. An agreement will be executed between the Exchange and other State health programs, and MID will ensure that funding streams are appropriately allocated.

❖ **Exchange IT Systems**

Mississippi has reviewed the recently released *Guidance for Exchange and Medicaid V2.0* and will consider using many of the proposed standards during the design and development of the Mississippi Health Benefit Exchange. MID is especially interested in 5.1 Data Services Hub, as this will significantly streamline and standardize many of the eligibility functions and requirements of Mississippi's Exchange.

Mississippi has completed a thorough IT Gap Analysis to evaluate the State's readiness to implement Exchange IT systems. MID's professional consultants conducted a webinar on March 9, 2011, to gain insight on the State's existing IT infrastructure with participation by staff from Medicaid and MID. A summary of the IT Gap Analysis is included herein as Section C and the formal report is attached hereto as Appendix "F".

The technical architecture is critical to supporting the necessary business functions and features of the Exchange. Mississippi understands that the technical architecture must be:

- Flexible and utilize a services-based design capable of extending front-end services to stakeholders and back-end services to systems;
- Based in open standards such as the National Information Exchange Model ("NIEM") and WSI, to improve system interoperability and reduce maintenance;
- Based on industry best practice design, facilitating the transfer of conceptual design and business rules thereby accelerating adoption by other states; and
- Secure and adhere to HIPAA guidelines in order to provide a safe, reliable, and private exchange of information.

Application Standards

The 1561 recommendations and NIEM standards are new to Mississippi. That said, Mississippi is committed to implement and incorporate the entire core Section 1561 recommendations for human services eligibility and enrollment processes to:

- Create a transparent, understandable and user-friendly online process that enables consumers to make informed decisions about applying for and managing benefits;
- Provide a range of user capabilities, languages and access considerations;
- Offer seamless integration between private and public insurance options;
- Enable a consistent and transparent exchange of data elements between multiple data users (e.g. NIEM standards); and

- Maintain strong privacy and security protections.

Mississippi will work to incorporate NIEM standards as the State develops the business processes and scope of work for the Exchange.

Maintaining application security is important to protect the sensitive information that is collected, processed, and stored in the Exchange. The Exchange will comply with all Federal standards of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”). While new systems are developed and existing systems are enhanced, Mississippi will continue to work to ensure that its systems are HIPAA compliant.

Medicaid and its fiscal agent are required to comply with and address all aspects of HIPAA Regulations. Medicaid requires all of its partners to sign a Business Associate Agreement (“BAA”) that directly interfaces with the MMIS system. Medicaid is building this BAA into all of its contracts to all vendors regardless of their function. The Exchange will create a clear, easy-to-understand privacy notice as part of both the paper application and electronic process that consumers using the Exchange will need to acknowledge and sign.

Mississippi will consider using components from the models developed with the early innovator grants and use existing industry leading products rather than build a new information technology system. The following describes Mississippi’s target system software and hardware:

Target System Software

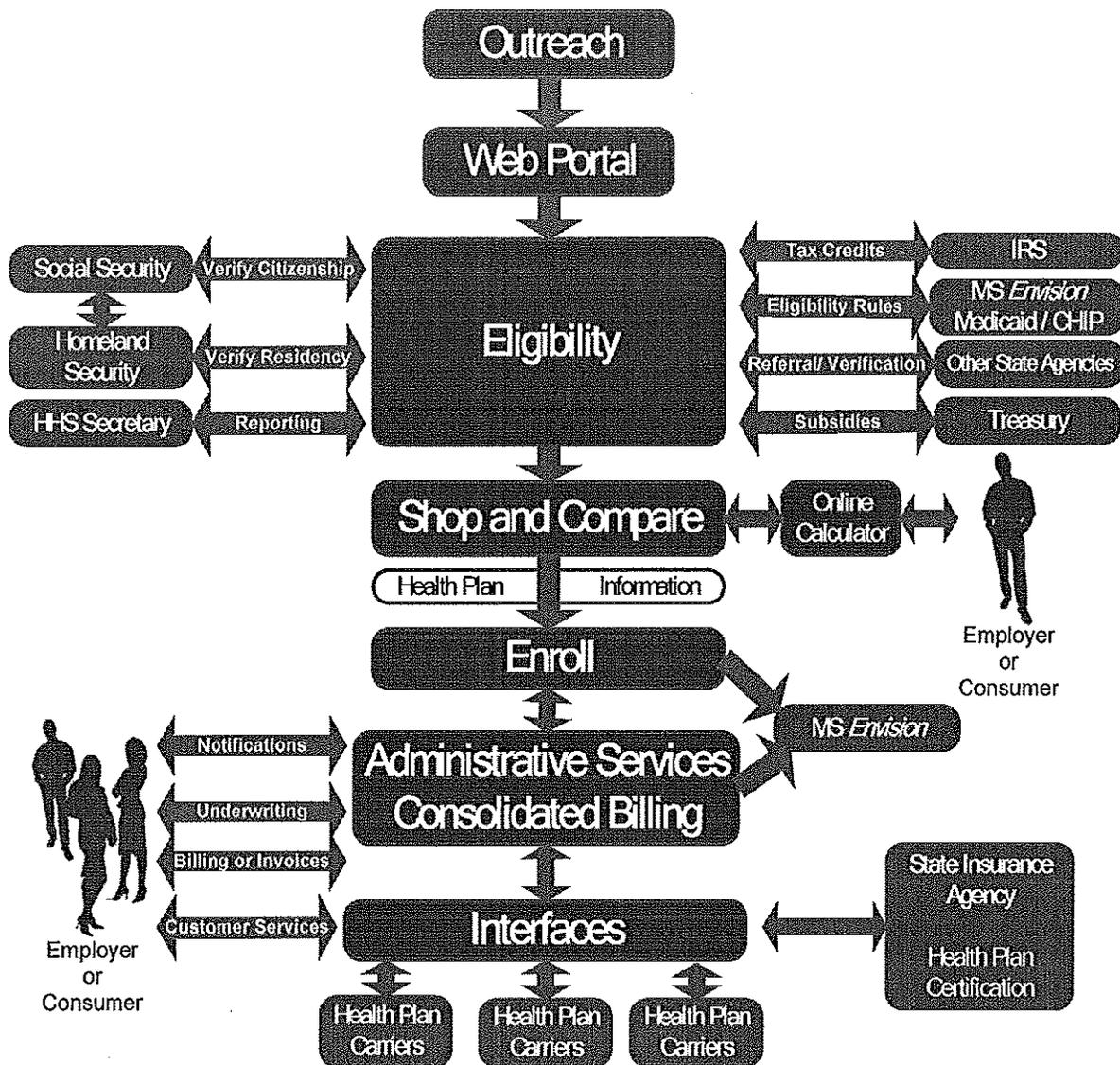
Component	Description
Envision MMIS	IBM Mainframe with z/OS – PowerBuilder, DB2, and COBOL
Medicaid Web Site	IIS with ASP
Envision Web Portal	Sun Solaris Sparc Servers with WebSphere, IBM HTTP Server, and Oracle
EDI Gateway	IBM AIX Wintel Servers with Mercator

MEDS/MEDSX	Sun Solaris Sparc Servers with WebSphere, Oracle, LDAP, Actuate, and Tivoli
<ul style="list-style-type: none"> Plan Comparison Health plan and Consumer Administration 	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the plan comparison and consumer administration functionality.
Health Plan Ranking	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the health plan ranking functionality to meet the needs of Mississippi's Exchange.
Online Calculator	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the online calculator functionality to meet the needs of Mississippi's Exchange.
Financial Transactions	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the financial transactions to meet the needs of Mississippi's Exchange.
Risk Adjustment	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the risk adjustment functionality to meet the needs of Mississippi's Exchange.
Mobile Access	Mississippi plans to utilize existing mobile application developers to build and customize software to facilitate mobile access to Mississippi's Exchange.

Target System Hardware

Component	Description
MMIS	An Open Systems platform written in a modern programming language.
Medicaid Web Site	A Wintel platform.
EDI Gateway	An Open Systems platform with a translator.
Eligibility System	An Open Systems platform written in a modern programming language.
<ul style="list-style-type: none"> Plan Comparison Health plan and Consumer Administration Health Plan Ranking Online Calculator Financial Transactions Risk Adjustment 	Mississippi plans to utilize existing vendor technologies and hardware platforms that comply with the State's minimum requirements and standards.

The foundation “to be” environment is mapped out below:



Accessibility

It is a federal mandate that public-facing websites must minimize technical and usability barriers for individuals with disabilities. Mississippi plans to ensure that the Exchange complies with all Federal and State accessibility regulations and will test the Exchange to ensure the highest level of accessibility.

The Exchange will also be in compliance with Title II of the Americans with Disabilities Act. The Exchange will adhere to all standards for waiving unnecessary eligibility standards for

individuals and will modify policies and procedures on an as-needed basis to ensure access to programs. In administering benefit services to students, the Exchange will comply with section 504 of the Rehabilitation Act, developed by the Office of Civil Rights and the U.S. Department of Education, which allows all students to participate in any program receiving federal financial assistance, regardless of disability.

Security

Mississippi understands that security is extremely important when dealing with confidential information related to health care programs. The State employs multiple layers of security in its systems for maintaining compliance and protecting data like personal health information (“PHI”) and personal identifying information (“PII”). Mississippi understands the federal Fair Information Practices (“FIP”) guidelines for collecting data, maintaining data integrity and quality, and providing transparency regarding data access and use. MID will ensure that security measures in place comply with all federal standards. During the development of the Exchange, security protocols will be implemented and extensively tested at each phase.

Medicaid has reviewed the FIP guidelines and believes the standards are in direct relation to HIPAA compliance. Medicaid already issues notices to all beneficiaries regarding Mississippi’s privacy practices which address notice/awareness, choice/consent, access/participation, integrity/security, enforcement/redress, and dependent children which all are identified in the FTC Fair Information Practice documentation.

Federal Information Processing Standards (“FIPS”)

Mississippi’s Department of Human Services fully complies with the Federal Information Processing Standards (“FIPS”). Mississippi will thoroughly evaluate the FIPS as they apply to the Exchange, and will make a decision as to how the Exchange will comply with these

standards. Mississippi will provide HHS with a formal response and decision regarding the FIPS evaluation.

❖ **Financial Management**

MID will seek aid from outside consultants, including, but not limited to experienced accountants to ensure the financial management structure and accounting systems for the Exchange adhere to HHS Financial Management Activities. The financial management system will provide efficient and effective accountability and control of all property, funds, and assets related to grants and cooperative agreements with the Federal government.

MID and the Association will conduct a detailed analysis of the fiscal needs for designing, developing, and building the Exchange. Administrative costs will need to be identified including, but not limited to, staff salaries and benefits, equipment, supplies, travel, and contractual costs for professional services. A draft budget has been developed and included herein as Section F, Budget Narrative. The estimates for these budget categories were based on research of existing Exchange budgets and an initial assessment of Mississippi's needs. The budget may need to be revisited once the Association develops its plans for Exchange operation. MID is committed to ensuring that the requirement that the Exchange be financially sustainable beginning January 1, 2015, will be met.

❖ **Oversight and Program Integrity**

Oversight, accountability, and transparency are critical to the success of the Exchange and to ensure program integrity. This responsibility will help to instill consumer confidence and acceptance of the Exchange. MID will recommend that a mechanism of accountability such as an Exchange Oversight and Implementation Committee be authorized to ensure that the Exchange is in compliance with all transparency requirements and to promote consumer protection. It will be necessary for the Exchange to combat waste, fraud, and abuse within its

financial management system, as well as with the processing of data, information and funds flowing through the Exchange.

❖ **Health Insurance Market Reforms**

MID and the Association will seek to ensure that health insurance market reforms are implemented for a successful Exchange. Potential options will be outlined to mitigate adverse selection inside and outside of the Exchange. This includes, but is not limited to, considering the size of the potential market, offering the same plans inside and outside of the Exchange, and the combined impact of risk-leveling methods. Stakeholder consultation on these issues will be used for the development of a plan to implement these health insurance market reforms. As guidance from HHS is released, Mississippi will demonstrate how it is making progress in implementing these health insurance market reforms and enforcing consumer protections.

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

A Consumer Assistance Program is a core activity of Exchange planning and establishment. Mississippi will seek to ensure robust capacity for providing such assistance for all of its residents and will ensure that the Exchange reinforces and strengthens this assistance. MID plans to collaborate with current consumer assistance programs as subgrantee(s) to conduct Exchange ombudsman services including health insurance education for Mississippians. A currently existing one year program, administered by Health Help, offers informative materials and presentations to groups and individuals, maintains a website at <http://healthhelpms.org/>, provides a toll free hotline, and has trained staff who are knowledgeable about public and private resources. They also provide links to health condition groups, medical resources, consumer organizations, and FAQs about Medicaid, CHIP and consumers' rights. Health Help frequently uses the HHS website www.healthcare.gov to navigate consumers to the health insurance options that are available to them. Health Help also works with the Mississippi Attorney General's office assisting consumers with their complaints.

In addition, they provide Health Help for Kids (“HHK”), a program that provides comprehensive protection and advocacy services to parents enrolling their children in public healthcare programs, such as CHIP. The HHK program provides a detailed outreach plan to enroll eligible populations and provides materials including brochures, fact sheets and action guides to promote the availability of CHIP services. Current consumer assistance programs fill the void that exists between the average consumer and the complex world of insurance plans, public programs and health providers. A plan to facilitate this on-going assistance has been developed and is included in the proposed funding requirements. MID plans to expand this consumer assistance program to include a minimum of three additional programs located throughout the State. The regional programs will be located in rural areas around the State in order to reach as many of the citizens as possible to provide this valuable service.

Assistance through Navigators will be integrated into Exchange operations and funding will be provided through the operational funds of the Exchange. The Association will identify entities qualified to serve as Navigators and facilitate the funding necessary to perform the following roles:

- a. Conduct public education activities to raise awareness of the availability of qualified health plans;
- b. Distribute fair and impartial information concerning enrollment in qualified health plans, and the availability of premium tax credits and any cost-sharing reductions;
- c. Facilitate enrollment in qualified health plans; however, no person shall receive any form of compensation as consideration for the facilitation of enrollment of any person in a qualified health plan through the Exchange unless that person is an insurance producer that is duly licensed by MID pursuant to Section 83-17-75 of the Mississippi Code;

- d. Provide referrals to duly licensed insurance producers to facilitate enrollment in qualified health plans;
- e. Provide referrals to any applicable office of health insurance consumer assistance, health insurance ombudsman or any appropriate state agency or agencies, for any enrollee with a grievance, complaint or question regarding their health benefit plan, coverage or a determination under that plan or coverage; and
- f. Provide information in a manner that is culturally and linguistically appropriate to the needs of the population being served by the Exchange.

❖ **Business Operations/Exchange Functions**

Details regarding business operations and functions will be developed once future Federal guidance is provided on the requirements for each function and as Mississippi's Exchange becomes more defined. Meanwhile, MID will assess all State and Federal requirements, the core capabilities needed to operate an Exchange and the critical factors to be managed. To do this, Mississippi will seek consultant services to identify and define future business operations for a successful Exchange. MID will apply the consultant's recommendations to work with the appropriate vendor of a selected product to address core functions which include, but are not limited to:

- **Certification, Recertification, And Decertification Of Qualified Health Plans**

Mississippi will define the process, approach, and timeframe for these activities to reach our goal for enrollment in mid 2013.

- **Call Center**

As stated earlier, MID plans to collaborate with existing consumer assistance programs to provide assistance to consumers. Their existing toll free hotline has trained staff ready to provide outreach to consumers and to assist consumers prior to open enrollment.

Additional plans include implementing and operating a fully operational call center for all individuals and small businesses.

- **Exchange Website**

Mississippi will have a robust website that will not only offer the basic required services, but additional services for the consumer to obtain as much information necessary to make the most informed decision on their plan selection.

- **Quality Rating System**

A quality rating system will be developed and implemented in accordance with the quality rating system requirements to be issued by HHS.

- **Navigator Program**

The navigator program will be integrated into Exchange operations to assist consumers in navigating through their choices in the Exchange.

- **Eligibility Determinations For Exchange Participation, Advance Payment Of Premium Tax Credits, Cost-sharing Reductions, and Medicaid**

The Exchange will meet all requirements set forth by State and Federal law.

- **Seamless Eligibility And Enrollment Process With Medicaid And Other State Health Programs**

Mississippi plans to continue meeting with other health programs in the State in order to determine the best approach for ensuring that individuals are seamlessly enrolled in the program for which they are eligible. MID and the Association will rely on its initial IT Gap analysis and the recently released *Guidance for Exchange and Medicaid V2.0* in the development of its eligibility system.

- **Enrollment Process**

Mississippi's enrollment process will include providing information about available qualified health plans customized according to an individual's preferences and will facilitate the selection of a plan.

- **Applications And Notices**

The use of a single, streamlined application is a priority for Mississippi's Exchange implementation. This application will facilitate the eligibility determination process and the enrollment of individuals in qualified health plans. The Exchange will issue notices to facilitate program operations and communication with enrollees. For example, the Exchange will immediately notify individuals upon determination of eligibility.

- **Individual Responsibility Determinations**

The Exchange will have in place a process to receive and adjudicate requests from individuals for exemptions from the individual responsibility requirements of PPACA. MID will communicate this information to HHS for transmission to the Internal Revenue Service ("IRS").

- **Administration Of Premium Tax Credits And Cost-Sharing Reductions**

Mississippi's Exchange will serve as the first point of contact for individuals to report a change in income level, which will initiate redetermination of eligibility. This information will be transmitted to HHS.

- **Adjudication Of Appeals Of Eligibility Determinations**

The Exchange will have in place an appeals process for individuals to contest the eligibility determinations made for participation and available premium cost sharing reductions.

- **Notification And Appeals Of Employer Liability**

The Exchange will have an appeals process for employers, when notified that an employee is eligible for advance payment of a premium tax credit.

- **Information Reporting To IRS And Enrollees**

Required information on each enrollee's coverage provided through the Exchange will be reported to the IRS annually.

- **Outreach And Education**

Mississippi’s rural population, low rates of education attainment, and relative lack of computer literacy, are some of the largest challenges facing the Exchange. Mississippi will serve an extremely diverse audience and the needs of Mississippians differ by region, ethnicity, and socioeconomic status. Mississippi will undertake an extensive outreach effort for both consumers and small businesses with widespread activities planned to ensure that consumers are well-informed about the Exchange, coverage options available to them, and opportunities for participation. This effort will be based on results and feedback outlined in stakeholder consultation activities.

- **Risk Adjustment And Transitional Reinsurance**

Mississippi will plan for necessary data collection to support risk adjustment, including demographic, diagnostic, and prescription drug data. Mississippi plans to develop a risk adjustment model and apply the federal standards for data collection and operations.

- **Small Employer Exchange-Specific Functions**

Mississippi will operate a Small Employer Health Benefit Exchange to facilitate the purchase of coverage in qualified health plans for employees of small businesses that choose to purchase coverage through the Exchange. Mississippi will develop system and operational processes for the Exchange to perform administrative duties for small businesses offering insurance through the Exchange.

C. SUMMARY OF EXCHANGE IT GAP ANALYSIS

A thorough analysis was conducted to determine the existing legacy software and hardware currently in operation as Mississippi Division of Medicaid’s Medicaid Management Information System (“MMIS”). The system entitled *Envision* utilizes a three-tier application deployment architecture including client workstations, a Sybase Enterprise Application Server middle tier and mainframe back-end. The middle tier provides well

defined interface-to-system functions suitable for future development. The system also allows controlled access to system functions from other State systems and can accommodate expanding user requirements. *Envision* provides HIPAA compliant transaction handling for Medicaid policy and edits. The *Envision* on-line production environment is included in the IT Gap Analysis along with the existing user access to Medicaid systems and the “to be” user access. Mississippi further designed the foundation of the “to be” environments and identified the target system software and hardware for the Exchange to interact with the Medicaid system for eligibility determination. A schematic for the Mississippi “to be” system was provided earlier and is included in the IT Gap Analysis attached hereto as Appendix “F”.

D. EVALUATION PLAN

Consistent tracking and monitoring of performance and progress and timely reporting are keys to the successful development and implementation of an Exchange. MID has developed an extensive evaluation plan that tracks and measures key indicators as well as the anticipated results from completing each task in the core areas. Key indicators are measurable outcomes that can be tracked to ensure milestones, implementation objectives, and grant requirements are being met. Anticipated results are broad outcomes that serve as a check for the direction of the overall development and implementation process. Knowing the anticipated results of each task helps ensure the indicators are not only being met, but are in line with the desired outcomes of the process.

MID’s evaluation plan provides key indicators and anticipated results to be measured within each of the core areas. The plan shows current baseline information from which progress can be evaluated. In addition to the baseline information, the responsible agency and estimated time frame for each task is listed to ensure key indicators are met, performance

and progress is tracked, and anticipated results are achieved within the estimated time frame.

The detailed evaluation plan follows this project narrative.

E. EXCHANGE WORK PLAN

Mississippi's work plan contains the proposed tasks and milestones in each core area that it plans to complete during this project period. MID will update its work plan as additional guidance on Exchanges is issued by HHS. The work plan follows the evaluation plan.