

# Level One Establishment Grant

By John Huff, Director of Insurance, Financial Institutions and Professional Registration

On September 20, 2010, the U.S. Department of Health and Human Services Office of Consumer Information and Insurance Oversight (now the Center of Consumer Information and Insurance Oversight or CCIIO) awarded the State of Missouri a \$1,000,000 State Planning and Establishment Grant for Health Benefit Exchanges.

In the nine months since Missouri was awarded its Exchange Planning Grant, consensus seems to be emerging in both the legislative and executive branches of state government that as long as the Affordable Care Act (ACA) remains law, Missouri should act to establish a state-operated exchange rather than accept the default position of federal operation of an exchange within the State of Missouri as outlined in Section 1311 of the Affordable Care Act.

Missouri is nearing the end of its initial planning process related to this grant. And, it is anticipated that the funds will be fully expended sometime during August of 2011. If we do not submit an application for additional federal funding, Missouri's planning process will come to an end at that time. A major task that must be completed by all states is the development of a "state-of-the-art" information technology system necessary to sustain a modern platform for purchasing health insurance coverage and for determining eligibility for participation in the Exchange. This system must be in place by the third quarter of 2013. This is a very tight deadline for a very complex computer design and implementation process. Missouri needs to continue this process in order to meet the deadlines outlined in the ACA.

If Missouri wants to be in a position to operate a health insurance exchange in the event that the ACA remains the law of the land in 2014, it is imperative that Missouri pursue funding to continue building on the momentum achieved through its planning process.

As a result, Missouri is submitting a Level 1 Establishment Grant to the federal government to enable the State of Missouri to continue progress toward the potential establishment of a state health insurance exchange, while providing the opportunity for the General Assembly to craft authorizing legislation next year that shapes key design features of a Missouri exchange. A Level 1 grant application only secures an additional 12 months of funding. It buys additional time for us to continue our work while being consistent with our desire to work with the General Assembly next year to provide input on the design of the Exchange. The level of funding that is being sought in this grant application is not adequate to make the Exchange operational during the next 12 months. In fact, it is virtually certain, that a Missouri Exchange will not be operational prior to January 1, 2014.

Other states have already submitted grant applications and received funds:

*Innovator Grants:* Kansas (\$31.5 M), Maryland (\$6.2 M), Massachusetts/New England states (\$35.6 M), New York (\$27.4 M), Oklahoma (\$54.6 M), Oregon (\$48.1 M), Wisconsin (\$37.8)

*Establishment Grants:* Indiana (\$6.9 M), Rhode Island (\$5.2 M), Washington (\$22.9 M)

Missouri's goal is to build an exchange that will be based on market principles and consumer choice.

*Note:* The project narrative and budget narrative constitute the application that will ultimately be evaluated and approved by the U.S. Health and Human Services Department (HHS). The application is the controlling document that directs the work to be undertaken by the project staff and consultants under the grant. The attachments to the application are resource materials for further review by the project team and stakeholder groups. The application embodies the legislative intent of House Bill 609 and builds on the momentum of that work under the direction of the board of the MHIP as grantee, in conjunction with the other existing governing authorities.