

**NWX-DHHS-OS**

**Moderator: Nancy De Lew  
November 8, 2010  
1:00 pm CT**

Coordinator: Welcome and Thank You for standing by. As this time all participants are in a listen only mode.

After the presentation we will conduct a question and answer session. To ask a question, please press star 1.

Today's conference is being recorded. If you have any objections, you may disconnect it this time.

Now I will turn over the meeting to Ms. Nancy De Lew. You may begin.

Nancy De Lew: Great. Thank you very much. My name is Nancy De Lew. I'm with the Office of Consumer Information and Insurance Oversight and I am very pleased to be able to welcome you all to this call today where we're going to discuss our new cooperative agreement to support innovated exchange information technology systems.

I want to make just a very brief set of opening remarks and then turn the phone over to my colleagues who will make some additional remarks and then we will open the phone to your questions.

On behalf of Joel Ario who is the Director of the Health Insurance Exchange Office and who had planned to be on the call today but was pulled away, I want to welcome all of you to this call and to tell you how excited we are to be able to release this cooperative agreement.

We have heard from the states since we started to meet with you all in June at the first NGA meeting on the exchange as well as most recently where we were at the NAIC meeting in Orlando.

We've heard from a number of states that you want assistance in developing information technology, that you understand it's important to the exchange and that you're looking for assistance and guidance from the feds.

So I would like to, at this moment, welcome you all to the call. I'm going to turn the phone over now to Terence Kane who's one of my colleagues also in the Office of Consumer Information and Insurance Oversight.

So Terence, let me you - again.

Terence Kane: Thanks Nancy. I want to welcome everyone to our call today to discuss the cooperative agreements to support Innovative Exchange Information Technology Systems.

As you know, this funding opportunity announcement was released by HHS on October 29 with applications due from the state on December 22.

Just to give you an idea of how the calls going to be structured today, I'm going to provide a brief overview of the purpose of the cooperative agreements and then turn it over to my colleague Henry Chao, the Chief Information Officer with the OCIIO who will walk through the program expectations and review criteria.

After Henry finishes, Cynthia Montgomery the Chief Grants Management Officer with OCIIO will discuss the key grant related items and how to apply via grants.gov, who will then answer few common questions we've received already from states.

Lastly, we will open the phones to take your questions. I'll remind you again when we take questions, but we please ask you to identify yourself, your state and your organization when you ask your question.

So this cooperative agreement continues the important message that we want to work with the state as you move forward on exchanges; HHS, OCIIO and Office of Health Insurance Exchanges are committed to building capacity in states to implement the provisions of the Affordable Care Act.

We heard overwhelmingly from states that you did not want to all reinvent the wheel when it comes to IT systems. This cooperative agreement is part of that commitment.

This FOA, as you all know, is the second and the series of great opportunities OCIIO is making available to states to establish their exchanges. The first grant opportunity was awarded to states in September of 2010 to support the planning process.

The funding announcement for the third round of exchange grants will be available to all states early 2011 to enable states to establish exchanges. This funding opportunity announcement, or FOA, will provide competitive incentives for states to design and implement information technology infrastructure needed to operate health insurance exchanges.

This competitive grant announcement will reward states that demonstrate leadership in developing cutting edge and cost effective consumer based technologies and models for insurance eligibility and enrolment for states.

These early innovator states will develop exchange IT models, essential components that can be adopted and tailored by other states.

These two-year grants will be awarded by February 15, 2011 to up to five states or coalitions of states that have ambitious, yet achievable, proposals that can yield IT models and best practices that will benefit all states.

These states will lead the way in developing consumer friendly cost effective IT systems that can be used and adopted by other states and help all states in the federal government save money as they work to develop these new competitive marketplaces.

Before I hand things off to Henry, let me say, please do not wait to the end of the due date to turn in your application. If there are any technology issues, as we've found with a Rate Review Grants, we want to solve them early.

Now, Henry Chao, the Chief Information Officer for OCIO, will walk through the program requirements and review criteria.

Henry Chao: Hello everyone. Thank You for joining us on the call. One of the things that I'll go over very quickly since you probably have seen at least a brief overview of the funding opportunity announcement because it's been out since last Thursday. I'm not going to kind of read it to you. I'm going to go over some of the kind of more visionary and strategic aspects of what we hope to achieve using this cooperative agreement approach.

And as Terence said, it's really to begin the journey earlier in terms of planning and designing the information technology systems that are needed to support the exchanges and to work with states that are in higher level, or higher state of readiness, in terms of being ready to address the capability or the core functions that we identified in the funding opportunity announcement. And those are eligibility, enrollment, premium tax credit administration, cost sharing assistance administration and we also made mention of all few other areas that are also key to supporting exchanges and that is consumer assistance or consumer support; the exchange administration and as well as qualified health plan administration.

And what we propose is to create a collaborative form in which the core states that are working on the cooperative agreement with OCIO and with CMS to go through a series of lifecycle governance reviews and more detail is referenced in links within the funding opportunity announcement. And there's a slight breakout of the expected reviews that we will conduct in conjunction with one or more states moving through the lifecycle process.

The idea here is that by using the lifecycle process, we are creating a more uniform and predictable process to plan and design what those systems will look like with as much as - well, focusing on the known requirements that we all kind of can get from the actual bill itself as well as other policy discussions that have taken place. Something we'll inevitably change as policy

formulation continues to route our rule-making process along with as well as CMS's rule-making process.

But I think there's certainly enough information to work on, or to focus on, in order to begin the planning of the design of these IT systems.

So in conjunction, working together. While we also hope to share these deliverables or products that come out of these process very early with other states.

As you can tell, there's a schedule within the funding opportunity announcement on Page 9 that talked about some approximate dates for delivering using these reviews, right?

So the idea here is that it's rather accelerated because we want to get information out to a wide community of states whether they be the FOA grantees themselves, the state that's elected to partner with them or states that are basically trying to obtain and work with the information and the deliverables that come out of the process. And we're certainly going to create collaboration capabilities to support that.

Of course, the processes and the details around that we're still working on. And I believe that they're very close to when the time we're getting ready to award these grants or these cooperative agreements, that collaboration capability will be ready for folks to participate in.

Now, there have been some questions that have already come in as early as Thursday afternoon, a couple of hours after the FOA was posted on grants.gov. So we're going to talk a little bit, just briefly, on some of these so that the folks that asked these questions, there are probably other states that

already have the same questions as well. So we might as well just kind of go through them together.

And, if not, then take the opportunity, certainly later on, when we open up for Q&A to ask your question.

Also, I want to remind you that as of yesterday, the CMS NPRM for the (90/10 reg.) for eligibility systems was put on display and I think it will actually be officially published on Monday from what I believe.

And then coupled with that, on hhs.gov, under OCIO, we've also jointed the work with CMS to publish the first IT guidance document which is a statement of some of the principles and expectations that we have about our vision for creating the systems, to create seamlessness with a high degree of integration across kind of multiple programs.

And please, if you haven't had a chance to look at the IT guidelines document, I would download it and take a look at it. It's a quick read. It's less than ten pages long.

But please also know that this is the base document. We're going to issue additional iterations of more specific actual technical architecture and technical standards documents and these will expound and create more details about what we think in terms of supporting a uniform implementation of the information technology systems.

So, should I go ahead and turn it over to Michelle for the time being, I mean Cynthia, sorry, to go over the grants process and we'll go back and visit some questions.

Cynthia Montgomery: Hello. This is Cynthia Montgomery, I'm the Chief Grants Management Officer and I'm going to focus on the business management aspects of the announcement and the first thing I would like to focus on is how do you submit your application.

All applications must be submitted electronically through grants.gov and I want you to focus on, in the FOA its Section 4, it talks about application and submission. All applications must be submitted through grants.gov and there is a Web site and also a 1-800 number if you have any problems with that so please utilize those tools.

However, if you have problems with those tools we also have a business management contact in the FOA which is the Grants Management Officer Michelle Feagins and that is listed in Section 6 of the FOA on the contacts.

So as you go through the FOA, please pay close attentions to the information that we've laid out on the application submission information.

We have information about the type of forms that are required to be submitted. All this information is already uploaded into grants.gov.

Like I said earlier, if you have many questions with any of the forms or any of the information listed, use the 1-800 number. If you can't get out the resources you need, please utilize in contacting the internal resource that we have, that's the grants management officer.

And any questions you have dealing with the business management process, those questions should be directed to the grants management officer who will request you put those, any questions you have, in writing so we can disseminate responses and disseminate those back out.



So as we go through the process of any business management questions, I will be here to address them. Okay.

Terence Kane: All right, great. Thank you Cynthia. We're now going to return it back over to Henry who's going to run through some of these common questions that we received from states and once Henry finishes we'll then open up the call for other additional question.

Henry Chao: Thanks Terence. The first is actually non-IT related. I think it's related to the schedule of when the period for accepting the application ends. And as it was announced, it's December 22. So we've receive a couple of questions about, you know, could this date be moved? And the answer is basically, no. And it's not a no that we've created. It's kind of a decision in a vacuum. I think we've made lots of considerations for the advantages and disadvantages in making it earlier or later and I think the 22nd was representative of a compromise where we believe that it's neither has tremendous advantages or disadvantages in consideration of all things that we had discussed.

One of the questions that kind of surrounds the question of, what are we expecting state to built? And I know we talked about a lot about the innovative exchange IT systems and we talked about the core functions that are listed in the FOA. But I think in principal, if you look at the IT guidance document, we are looking for states to think about how they've been operating and developing around their legacy systems; perhaps both on the Medicaid side, eligibility side, and areas in between. And to think about now the requirements of adding of the exchange capabilities on top of that.

What are some things that should be considered in light that for many years the IT industry has been discussing the prospects of building services rather

than monolithic applications or systems with underlying databases that essentially trap data within that kind of vertical system. And it makes it very difficult to create seamlessness and integration and information and interoperability on behalf of the people who have to use that system whether they be a client, a beneficiary, a consumer or the people who actually have to work in administering the program.

So the systems that - there isn't kind of a specific list that we're looking for but I think it's more about approach. And the principles of the approach in building services rather than stove pipe applications and databases. And I think more will come because in subsequent calls the state asks more questions. Because certainly the federal government doesn't have the answer to everything and we need your input to create some more details within those core functions.

And as you look at building services rather than entire applications, how can we work together to define what those are? And I think the purpose of this collaboration is to then take that and share it, embed it, with a very quick turnaround to make some commitments in moving forward on planning and design.

So I look forward to having these conversations and I don't mean to not answer the question it's just that I think this is something that we'll have to work out together.

So other questions have to do with whether early innovators are somehow disadvantaged by coming in for this. And I have to remind you that I think in previous calls with states that I believe the grants folks have said that, you know, in the future there will be an additional round of grants, the

establishment grants. And certainly, I think, you know, coming in for this one doesn't disadvantage you for a future one.

In fact, the whole purpose of this is to accelerate what tends to be the longest part, and that is to actually get the requirements of plan, design, tests and then put into production these systems.

And all this is trying to do is to try to accelerate that to gain some time back because we know that if you realistically look at this, everybody should be in pretty, you know, kind of full integration testing somewhere in early 2013.

So if you look at that date, we only all have about 25 months to really work on this. And if we wait until four or five months later before we actually do the planning and design, I think we'll be seriously behind the curve on this.

So don't feel disadvantaged, I encourage you to apply. It's not like we're looking for absolute perfection. I think we're looking for states that are really willing to share their experiences, their good practices, their alignment with some of the principles that we discussed; both in the FOA and the IT guidance document and to actually be leaders along with the federal government in establishing what these systems should and will look like.

I think that's really about it in terms of disadvantage). There is one additional one about what does the federal government intend to do in supporting the possibility of establishing a federal exchange?

I think in answering that question, we are very in much in the same position as you is that, you know, we believe that isn't an either or situation that the federal government will have a federal exchange approach and the states will have a state exchange approach and the two aren't really the same thing.

I think there's a lot synergies to be had with some of what we're planning about what is probably more efficient to conduct on the federal end along with building the federal exchange. Things such as common interfaces, a data hub, for instance, to all sources of federal data so that the exchanges will not have to individually negotiate and design interfaces to each of the federal programs that have data that you need in order to conduct qualified health plan administration eligibility enrollment, etc.

So we are, in essence, part of the same set of issues that I think the states face. And we want to actually do this together in a very collaborate way.

Terence Kane: Great. Thanks Henry. Operator, we'll now open it up for questions. Just to remind everyone to please identify yourself; what state you're calling from, actually, what organization you're calling from and the state as well.

Coordinator: Thank You. If you would like to ask a question, please press star then 1.

First question is from Shelly Stark.

Shelly Stark: Hi. This is Shelly Stark. I'm from the University of Massachusetts Medical School in Worcester, Massachusetts.

I have a general question about HIPPA guidance with some of this exchanges. Is - I haven't yet gone through all of the announcement information but will there be specific guidance that addresses any changes or modifications or additional regs about how states can address some of the challenges of dealing with expanding interfaces but yet keeping in line with HIPPA restrictions and issues?

Henry Chao: I - this is Henry Chao. I think what your question is really addressing a larger set of concerns around security of privacy in general of which, for HIPPA, then you begin to kind of channel it down to how HIPPA laws and regulation applies to certain entities, covered entities, as opposed to a more broader base of entities that handles, process, store information about people, particularly healthcare information.

And I think, when I mentioned collaboration, I think that also includes some of the elements that we placed in the funding opportunity announcement addressing the broader issue of privacy and security. And how do we come to some reasonable compromise between what is applicable by law to certain entities as opposed to what our good practices that any entity handling, (PHI), (PI), data and then trying to move that data on behalf of people that need kind of program to create efficiencies to move data on their behalf.

So I think it's very difficult to fully answer your question without talking about some specific scenarios. I mean, I think, through the collaboration as we run the test against these various kind of standards and security frameworks and privacy rules, we'll be able to kind of better answer that question.

Terence Kane: Next question.

Coordinator: Our next question is from Sandra Shewry.

Sandra Shewry: Hi, this is Sandra Shewry I California with the Health and Human Services Agency.

Henry, I wanted to go back and ask you to talk a little bit more about the, what is being built question. I - from your remarks, I sense the, what is being built,

is really the portal consumer feel and that idea of giving people an improved experience in dealing with a publicly funded program.

My question is, are we also being asked to build perhaps the reference business rules around MAGI? And things like that or can you talk to us how that is envisioned as the federal government rules out? And then I have one more question after that.

Henry Chao: Okay, regarding kind of reference rule sets. I think that clearly there are policies regarding MAGI as well as other elements that you can already see in the laws such as verification against citizenships status and understanding where those authoritative sources of data are. We fully intend on not making every exchange repeat kind of the end-to-end build out on how to access and retrieve that data and to process it.

So, I think we're trying to achieve some economies of scales to do it on behalf of all the exchanges so you can call it an HHS kind of verification data hub that will provide kind of services to the data.

Now, as far as the detailed rules around MAGI because, again, I'm not trying to skirt the question, but there are specific business processes that need to be embedded with policies to run the test to then properly ask or answer the question about on how is MAGI used locally versus consistently at a national level.

So I think, again, in future dialogue that we'll have together and then rule making you'll understand how that will work.

Sandra Shewry: So, should I - I guess then it's appropriate...I should walk away at this point feeling like you will provide further guidance on whether or not one of the

innovators state is writing the MAGI business rules or whether or not the federal government may provide that for use by all states?

Nancy De Lew: Henry, let me jump in. This is Nancy.

Sandra Shewry: Hi.

Nancy De Lew: Hi, this is Nancy De Lew. The federal government - we will be providing those business rules.

Sandra Shewry: Okay, great. That's good. Okay. That's helpful.

Henry Chao: And your comment about kind of the insurance portal, I think that requires some additional kind of conversations about, well, if we're trying to - if one of the principles is that we're trying to create a seamless experience for consumers, I think that behind the scenes there has to be lots of engineering of various processes that don't necessarily exist right now.

So it's not so much the insurance portal itself it's that we have to step back and take a look at where do we need to do the business process integration before we make some decisions about what the portal will look like.

Sandra Shewry: Great. And then my other question relates to the other issue that you spoke too in your opening remarks. You spoke to the idea, are the early innovators disadvantaged? I guess a way to flip that around is, if we were to wait until early 2011 and put in our exchange implementation grant, some of the same work, would you...Are you thinking that the innovators states are going to really be doing that work on behalf of the rest of us and so you won't want to fund it in an implementation grant? Or, is that sort of our second bite at the

apple of getting funding and technical assistance and support on building this IT infrastructure?

Henry Chao: Well, we're trying to make some...I mean, the question really kind of begs us to try to make some predictions about what one state sees as truly innovative relative to where they stand in the continuum of readiness to do this, right?

I think that, you know, again, I need to go back to just generally saying that you're not disadvantaged in coming in and nor will you be disadvantage that if you find yourself in some situation, and it could be a number of things, to not want to come in for this particular cooperative agreement and to wait for the spring round of grants. But I think the obvious thing to me is that you're disadvantaging yourself in waiting longer to start this process if you know you're ready to do it now.

Sandra Shewry: Right. And those are all the factors we're weighing. We just - we're looking for the clarification on whether or not we would be able to request implementation funding for activities similar to what the innovator states will be doing. And it sounds like your answer is yes. You're not disadvantaged if you wait except on the timing and other factors that states are considering.

Henry Chao: Correct.

Susan Lumsden: And also, this is Susan, I'll just chime in a little bit. We do expect states to collaborate with one another and for those states who might be coming in for the later rounds of grants. So there's some due diligence about - that these early innovators states to see if their components they can take and use in their own states.

So there is a cost effective approach as well.



Sandra Shewry: Right. And my final - it's not a question but a statement of thanks that you guys are taking the timing so seriously and trying to get out ahead of it. That's really appreciated it by the states.

Susan Lumsden: We listened.

Sandra Shewry: You do. You're great. And you respond.

Terence Kane: Do we have a next question?

Coordinator: Yes, thank you. Rex Cowdry your line is open.

Rex Cowdry: Yeah, hi, Rex Cowdry with the State of Maryland. I had a question. This announcement, the way you describe it, is centered very much on Medicaid and the individual market exchange as though that's where the primary issues are. And there's really no attention at shop exchanges.

I think as we thought about that, we know that they're very different business processes and systems and no less complex, just quite different and with very different interfaces.

So I think the question to you really is; is this really just about the sort of individual market eligibility issue or will you also entertain a proposal of a state or a consortium of states to develop the IT infrastructure that's necessary to run a shop exchange as well?

Henry Chao: Well, I want to apologize that if we came across as over emphasizing the Medicaid and individual markets and deemphasizing the shop exchange. In fact, we believe they're equally as complex and I think to address one is to

actually address both. So apologies if the funding opportunity announcement actually sounded like it wasn't emphasizing shop exchange and didn't recognize that it is a different set of complex kind of business processes to work with small employers and small group market.

So - but that is not our intention.

Rex Cowdry: And I guess related to that is the question then of whether an innovator needs to address really everything or whether it's kind of proposal focus on one domain of the exchange to the exclusion of the others since they are, from an IT perspective, pretty much independent of one another.

Henry Chao: That's debatable. I mean, not - they're not entirely exclusive of each other.

Rex Cowdry: Right.

Henry Chao: They have the technology but I think, you know you do ask a very good question though, is that do you have to have the whole enchilada in order to be considered innovative?

And I think that the more reasonable approach is to look holistically at what your project defined in your application and if you believe that - and I think that most states are always very forthcoming. If you believe that you have some weaknesses around the shop aspect of this, that it - I don't think we're necessarily going to immediately exclude you.

I think this collaborative approach is about sharing information and perhaps what you need to compliment your very, very kind of sophisticated Medicaid and individual market process is a shop proposal from another state.

Rex Cowdry: Right and actually I was asking the opposite question which is could we develop just a shop proposal that would then integrate with the ongoing projects in other states which I think are, in some cases, much further along to do an individual market?

Henry Chao: Well, I'm not going to steer you one way or another but I think you have to kind of look closely. Like if you're going to put your efforts into just putting in an application for shop that maybe wouldn't be so hard for you to do it for your individual market as well.

Rex Cowdry: Okay.

Terence Kane: Great, next question.

Coordinator: The next question is from Bob Nevins.

Bob Nevins: Hi, this is Bob Nevins from Massachusetts and I actually had two questions. The first is, Henry, I understand your description about the fact that we should really look at services as the way to accomplish these kind of complex exchanges that need to occur. But that's going to rely a tremendous amount on services being available at the federal government, specifically the IRS and perhaps the Social Security Administration, for citizenship or some other entity.

To what extent will the early innovators be able to interface or talk with those entities as part of this opportunity?

Henry Chao: I think clearly factoring that approach into the planning and design certainly drives the overall schedule in terms of testing and being able to access those aggregated kind of data sources and to test those sources that are provided by

the so called HHS hub. And I think the answer is yes. By being an early innovator you actually are part of the overall effort to kind of accelerate everything.

Bob Nevins: So the various cycles that they'll go through through their system development lifecycle process will be shared with the innovators?

Henry Chao: Yes. You know, we've been actively engaging with Homeland Security, SSA, IRS, OPM, HHS and we're really trying to - you know, I have to tell you, no one takes more seriously that 25 months is not a lot of time, then me. So we are, as an office, doing a lot of communication and planning to ensure that this all kind of comes together. So again the answer...

Bob Nevins: Great, just one last question. What distinguishes this innovation grant opportunity from the news release that came out from Health and Human Services today regarding federal support for states to develop and upgrade medical IT systems and systems for enrollment in state exchanges?

Henry Chao: Rick Friedman is on the phone and I think Rick could probably answer that.

Rick Friedman: Yeah, right, Henry. This is Rick. I'm from the Center for Medicare/Medicaid Services.

I think the distinction is that what came out today is really talking about the Medicaid eligibility and enrollment systems and the matching rates in which the Federal government would contribute a higher amount of a contribution. Historically it was 50/50 for such systems, and now based on the certain conditions that are met, it would be a matching rate of either 90 to develop, 90% match to design, develop and install such systems or 75% to operate them.

But that isn't really related to innovative approaches in the same way that this FOA is. It seems to me that what OCIO is putting forth is a terrific opportunity for states to work together or to work individually on some really creative solutions which can be used by others.

The CMS funding announcement isn't really related in the same way. It's only talking about the additional financial support that CMS would be able to provide.

I also just, if I may Henry, just add it seems to me that OCIO has provided previously planning grants to states up to a million dollars. And so states have been thinking about and beginning their whole planning for, as you described it Henry, the whole enchilada for building the exchange.

And I think what this is, is it's an opportunity to look at the planning that you've done and think seriously about are some of the activities that you plan to undertake, something that other states would benefit from and would be quite an innovative solution that would solve, not only your problems and challenges, but would be of use to others. And to the extent that even a piece of the enchilada might be that kind of a solution, it would seem to me it would be quite a candidate that OCIO would be very interested in taking a look at.

You could always come back later and get the additional support from OCIO for standing up the rest of the exchange. But it's not like you're starting from ground zero, you've done some thinking about it, and the trick is to try to take advantage of this unique opportunity that this FOA is all about to get a jump on funding and support.

It also gives you the opportunity to work closely with different parts of the federal government, as Henry was explaining, to work on these innovative solutions in a way that you may not be able to do nearly as well when you're putting your own exchange together at the state level. The feds would obviously like to be as much help as they can be and will bend over backwards to do that.

But the grantees that are selected under this FOA, I think, will be sort of the received extra special care and feeding because they really have stuck their necks out to be innovative in terms of their approaches and that others will benefit from your efforts. And, as a result, the feds will do everything they can to make that as good a relationship as possible.

Bob Nevins: Great, thanks very much.

Terence Kane: Can we have the next question?

Coordinator: Yes, the next question is from Nancy Peterson.

Nancy Peterson: Hi everyone this is Nancy Peterson and I'm with the New England State Consortium Systems Organization. And NESCSO is actually a collaborative or consortium of the six New England States Health and Human Services Agencies.

So since we have an actual vehicle for states to work collaboratively in New England, am I correct in understanding that it actually must be a state that applies?

Woman: Yes, correct.

Henry Chao: And the state would be - there would be a beat state in the group of states.

Nancy Peterson: Okay. Okay, great. Thank you.

Coordinator: Next question is from Cristine Vogel.

Cristine Vogel: Hello this is Cristine Vogel from Connecticut. A previous person did touch on this subject a little bit. I just want to bring it to the next step almost on the opposite.

I do appreciate that you are offering this. Many of the states have been talking about it seems silly to have 48 states working on the same projects and creating possibly a different, although similar, piece of technology behind their exchange. But my concern still lies in the fact that it would appear best to let the early innovators create the product or products or options for us and then we would leverage from that to make our decisions.

But instead what's going to happen is during 2011 we're all still go - even if we're not on an early adopter innovator program, the other states are still going to have to, in order to meet their RFP deadlines and things, still work at a parallel.

And, in Connecticut, if our actual RFP for seeking a vendor for IT isn't submitted sometime during 2011 there's just no way we're going to hit the deadline.

So my concern, as far as cost effectiveness, is even though we have the early innovators working on something, we're all not waiting to see their results because many of us are still going to have to be working on our own parallels to make sure we meet our deadlines.

And I view that as a concern because states are going to be, right now, on their planning grant working towards some of the things we've said which has to do with IT.

When do you see the early innovator results starting to bare some results so we can all determine when we should start allocating funds so we're not wasting federal money? Because that's what it seems like I'll be doing in Connecticut. If I move on a parallel track, I'm spending money on something that hopefully one of the innovators will just then deliver.

So what is the timeframe that you're hoping the innovators will be able to present their results?

Henry Chao: Well there is kind of an approximate date and deliverable schedule on Page 9 of the grant. And if you look closely I choose those dates because I believe that that was the earliest possible date to actually conduct those reviews. And to, in essence, jointly kind of determine that it is good enough to share with the rest of the states even perhaps territories that are talking about their exchange or exchange-like needs.

So I think if you look at that schedule clearly the intent is that it accelerates the sharing of information and not just - I think that there is a lot of work to be done about well how do you actually disseminate this and propagate this throughout the state community but we are working on them.

And I think I mentioned that briefly early in the call that we're looking at ways from sharing information from a pure governance perspective all the way to how do you actually do this and synchronize kind of things that we



need to with software and configuration management and lifecycle management.

So does that answer your question?

Cristine Vogel: Well I'm looking on Page 9 and, to be honest with you, I don't see any final product review. So maybe it might be a terminology issue but maybe that's the final detailed design review. Is that when other states will be able to start reviewing some of the options?

Henry Chao: Yes. I also believe that whatever one state produces isn't a 100% kind of fit in terms of implementation in another state given that states are currently conducting the eligibility enrollment and health plan management and doing that in one or more systems for one or more programs.

So certainly I think that the idea here is to allow other states that are not part of the FOA grantees, to evaluate, exam and perhaps even join in these reviews. Or even prior to reviews to do some kind of peer review and to take those elements of that work back to their respective state and processes to write RFP's and to give consideration for their own design.

But at the end of the day, as we get to detailed design and prior to operational readiness, the idea, or the principle, is that we are trying to reduce the variation that occurs in implementation even though there are standards that exist.

So it's about creating more uniformity and adopting these approaches or design systems with a services based approach to cut down on the variability in the implementation.

I know that it's very hard to answer this in a non-specific situation because we have to look at the technical details of a given situation. But if you - all I'm saying is that the schedule is trying to be very aggressive in getting information out as fast as possible, so that states that are writing RFP's can actually use that information.

Cristine Vogel: Oh no I realize that and I do respect what you're trying to say as far as reduce the variation from state to state because we've all been very concerned about that when we're together.

But if, and I think actually December 20 - a year from now, it is an awful lot of work to have that as that end date. But it would seem - we wouldn't be leveraging off the innovators results if we're also working on our own little package. Because at the state level everybody, you know, through stake holder ownership and everything, if we're allowed to move on a parallel the end result, people will want to own that. And instead, then I'll say, well thank you for doing some of this work but we're now going to base it on what Wisconsin has done because they've come out with something.

So it's really - at the state level what we are trying to do is create an energy of ownership and I just feel that it would be more appropriate to let the innovators innovate, come up with all these great ideas that I know are out there. And for us to then, come December, instead of me spending a dime of federal money on Connecticut's IT system, me wait until December, look at all the options that the innovators had.

So it's really, to me, if we want to make a great benefit of the innovators, we should have all the states keep working on a parallel trying to find their own end point. And that was my only concern is most of us were so encouraged

with these deadlines we're going to keep working even though we know innovators next door might be working on something that we could use.

So I just have that as a concern that we may be (expending) additional energy and involving stakeholders on something that then we have to say, thank you for your work, we're going to be using a recommendation that came from somewhere else.

So that's my only concern is some states are going to have to decide where to put the resources. And, to me, I think its better federal dollars spent on investing in the innovators not on the individual states to come up with their own system.

So, it's just a concern and that's just speaking from the ground level inside state government.

Henry Chao: I think we'll actually try very hard to ensure that in a parallel process that you can use as much information coming out of this as possible to factor in kind of your efforts to create ownership at the state level for what you could be potentially building as your, kind of, necessary services that you want to integrate across your current programs.

Rick Friedman: Henry this is Rick, if I could just jump in? Well, I think Cristine's got an excellent point there. But I think more important then a sense of, say ownership is that any state would really like to have the best solutions.

And through the innovators, it expands your choices as you're going down the road to be constantly looking and seeing what these five innovative solutions might be in which there are bits and pieces that you might be able to put into

your system at various points along the journey as opposed to just having really no other options other than the track that you're already on.

So it really expands the opportunity for each state to wind up with the best solution and it's always at your option to try to take advantage of these other things that are going on through the innovator states or not.

But at least you have a lot more choices then if you didn't have that otherwise. And they may be moving at different rates of speed relative to where you are and not just Connecticut, but any state.

Cristine Vogel: We're kind of slow here.

Rick Friedman: Well...

Cristine Vogel: We still haven't counted our governor votes yet.

Rick Friedman: You've got a lot on your plate as all states do. But I'm just suggesting that depending upon variable rates of speed of the innovators and where the individual state is, you'll be constantly having an opportunity as the sort of buffet comes around to pick off pieces of the entrée and see whether or not you'd like to use that one in lieu of what you were thinking of. And it may wind up saving you money and some time and be a better solution; on the other hand, it may not be.

Cristine Vogel: Right now and I agree. I don't mean to debate the issue it's just that approach doesn't do anything to address the variation issue and that's all I was getting at is, I know there's some people out because I've been in the rooms with them that are going to be the innovators of this. And it just seems like we should all just try to support, you know, these five innovator programs the

best we can to make the end results the best we can instead of all working together to get the greatest products out. We'll all still be working inside our own space trying to move it through.

That's all. I mean, there is no right answer and I respect that but I just know that we have some great innovators out there and I know they're going to come up with some of the best solutions so...And I hope they're on the phone.

Terence Kane: Great thanks for your question. Do we have the next question.

Coordinator: Yeah the next question is from (Joel Monsel).

(Joel Monsel): Hi, I from the state of California and following up on my colleague Sandra Shewry's questions. I'm still a little unclear as to - since we don't have the rules yet for a lot of these eligibility processes and determinations etc., exactly what is it that - the expectation is that we will be building? Is it focusing on the exchange and the relative functions associated with the exchange or also the ability to do Medicaid determinations either via the exchange or via our existing systems? What's the expectation in terms of what this thing would look like?

Henry Chao: Well I think what this thing will look like in the end, in 2014, when we put it into production or actually will be sometime perhaps the middle of 2013. When open enrollment starts are, what I would call, a series of kind known architectural patterns and designs patterns that are associated with eligibility enrollment premium subsidy calculation portals; portals that are fully functional as true portals as opposed to Web sites.

And I think there's a lot of experience you know out in the states that regardless of whether if the rule is published tomorrow or not. And clearly

from a pragmatic approach is that if we waited until the regs were completely published and final and then started our work, we would not make the date.

So I think it's trying to focus, as I mentioned before, on clearly what we know as kind of business and IT professionals examining history of working on eligibility enrollment premium health plan administration. And to start early planning, what that might look like, and what are some potential options to take knowing that the detail business rules and the requirements will come in 2011.

(Joel Monsel): Yeah and then just one follow-up in terms of utilizing the system development lifecycle process that you guys have identified, is there going to be some degree of flexibility for states to look at that whole process? And maybe sometimes that process is not as, perhaps, agile as one would think in terms of trying to meet these due dates. In terms of how we look at if an application is put in trying to look at some options there.

Henry Chao: Yeah, certainly, I more than welcome some processes that are perhaps more agile and fits your environment and your current processes better. I think this is a generalization of what any SDLC framework essentially looks like. I apologize that from my CMS experience this is what I used but I felt that it was generous enough so that folks at least understand, you know, which things have to come before what and to apply that as a framework that people can follow.

Now certainly if there's a better and more agile framework that you believe you have we can certainly work together to adapt that.

(Joel Monsel): Great, great thanks. That's it for us Henry.

Terence Kane: All right is there another question.

Coordinator: Yes. I believe its KHPA.

Nancy De Lew: Operator, (Kelly)?

Coordinator: Yes?

Nancy De Lew: Can you just let us know how many more questions we have in queue?

Coordinator: Sure this is the last question.

Man: Great.

Nancy De Lew: Okay.

Darin Bodenhamer: All right, last of the party. I think - this is Darin Bodenhamer from Kansas Health Policy Authority, and this may kind of overlap with the last questions, in fact, both of the questions. I have two questions. The first one is I was curious how this announcement, along with the announcement from HHS, kind of dove tail together?

So it is, if you really want to do the whole enchilada, or really integrate the two IT systems are we - was this designed so that the Medicaid enhanced funding was there to do the Medicaid piece and then exchange money was there to do the exchange piece? How did you guys see those two things dove tailing together?

Terence Kane: Sorry Darin, can I just ask where you are from again?

Darin Bodenhamer: From Kansas

Terence Kane: Okay, great.

Henry Chao: Yeah, you know Rick and I actually licked the postage stamps at the same time but the mail arrived at different times.

If you really did work together quite a bit, and the idea here is that we were trying to walk a mile in the state's shoes and say that we disseminated these, you know, funding opportunities and then NPRM and guidance that state's would wonder if we're even talking to each other.

So we wanted the states to feel like, you know, we spent a lot of time prepping and coordinating and orchestrating this because actually that's what it takes to actually do this. And, hence, you know kind of this FOA approach and early discussions and planning with the other federal agencies.

Rick Friedman: Well...Sorry.

Henry Chao: Do you have anything to add to that?

Rick Friedman: Sure. Hi Darin, this is Rick. It's definitely true that to the degree that you need additional support above and beyond that of the FOA, there would be the funding available through CMS for the Medicaid pieces of it.

Of course, that enhance match want be available until 60 days after publication of the final rule. So I suspect that the OCIO money would come much, not much, but sooner.



But I think the focus of this really an OCIO initiative relative to innovation. And well it's true that we can help support it, and we would definitely be more than happy to do and we're going to be working together between OCIO and CMS, this is a unique opportunity to do the innovative approach for prototypes and other sorts of things that states think that they need that they can share with others.

And I think that's the primary focus. How you pay for it and the extent to which things are cost allocated, we can work out those details down the road. And as you do that it there would be the enhanced funding from MMIS so it's not from CMS so it's not just the 50/50 match assuming that we get to the final rule.

So they sort of work together. As agencies and offices we do work together but we don't want to lose sight of the really unique opportunity that the FOA announcement provides to focus on some really creative solutions collaboratively.

Darin Bodenhamer: Okay and my second question there was kind of like the last one about the SDLC's, but more around the dates. Are those negotiable at all, particularly the earlier ones?

Henry Chao: Yes. You know I believe we put in parenthesis that the date are approximate. We just wanted to kind of least put some mile markers down so you know some relative time frames.

Darin Bodenhamer: Okay.

Nancy De Lew: Any other questions?

Coordinator: There are no further questions at this time.

Terence Kane All right. Well thank you everyone for coming on the call. We appreciate the participation and the excellent questions.

Just to remind you, the next call will be on November 18 at 3 o'clock PM. Please consult the FOA because the call-in information is different for the next call than for this call.

I'll just remind everyone that there are two contacts on the FOA for questions; there's Michelle Feagins for technical questions on how you submit your application related to actually getting your application in to grants.gov. And you could also call me. My number is in the FOA for specific questions on the FOA.

So with that we'll wrap up the call. I'll add that we'll be posting some frequently asked questions on the OCIO Web site and we'll send out a notification when we have a chance to post those questions.

All right.

Nancy De Lew: Oh, and just - actually the call is recorded for those of you have colleagues in your organization who may not have been able to participate in this call.

So, thank you all. Have a good rest of your week and good luck.

Terence Kane: All right thanks everyone

Coordinator: Thank you for participating in safe conference call you may now disconnect.

Nancy De Lew: Hello (Kelly)?

Coordinator: Yes one moment please.

END