



Health Insurance Exchange

Update: January 18, 2012

Following is a summary of RFP# 2011-0600-0601 Health Insurance Exchange Consultant Services and the proposal submitted by PCG

The Department of Health and Social Services (DHSS), Division of Health Care Services solicited proposals for a qualified and experienced firm to conduct background research, analyze data, identify options and recommend a viable plan for developing and sustaining a Health Insurance Exchange in Alaska. The successful offeror is to produce an integrated planning document that combines background research with best practice models and innovation to describe alternatives, cost estimates, timelines and recommendations for implementing and sustaining an Exchange in Alaska. The request for proposal was clear in stating that “It is the position of the State of Alaska that the individual mandate component is unconstitutional and this fact should be considered in the final analysis.”.

The original request for proposal was issued on September 22, 2011 with a deadline for submission of proposals by October 13, 2011. A notice of intent to award was granted to Public Consulting Group (PCG) the beginning of January, 2012. The length of the contract will be from the date of award, approximately **January 1, 2012**, for One (1) year with one (1) optional one-year renewal period to be exercised at the state’s sole discretion. The original RFP had proposed a start date of November 1, 2011. PCG has confirmed that their budget does not exceed the DHSS parameters set at **\$500,000** and they will utilize subcontractors for insurance marketplace analysis. PCG, as the successful offeror, has 25 years working in health care. They are currently working in 13 states with health care reform planning, 5 of which involve Exchange preparation. PCG has performed work in the state of Alaska since 1997 for DHSS, 10 school districts and the Department of Labor and Workforce Development. PCG has agreed to assign a Project Manager, Jan Paterson, for assignment of work activities.

Deliverables for this proposed project include:

Study of Exchange Options, Development, Design and implementation Plan

- I. Roadmap for Planning – create a strategic plan identifying potential Exchange goals, key policy decisions, timelines for decision making and issues and analysis required for each decision.

PCG has proposed to work with DHSS to establish a clear vision of what the Exchange will accomplish for Alaskans along with steps to realize this vision. They view the all-encompassing timeline for completion as the most critical and complicated aspect. They are approaching the timeline logically with each policy decision building on previous decisions.

- II. Exchange Design Options – develop a comprehensive written analysis recommending one or more models for the State’s Exchange. Such models shall be aligned with key policy goals identified by the State and shall include a thorough examination of fiscal and operational issues, including governance, cost efficiency, staffing and contracting needs to operate the Exchange under different potential models.

PCG has proposed to develop an overview of the functions and services of the Exchange, including a detailed approach to analyzing the various options available to the state.

- a. Governance Model – pros and cons of: state vs. multi-state model, state vs. federal Exchange and partnering with the federal government, single vs. multiple exchanges in the state, quasi-governmental vs. state agency operated.
- b. Marketplace Demographics – compile data from all publicly available, national sources, state specific market demographic and survey data along with Medicaid and CHIP programs within the state
- c. Information about uninsured demographics in Alaska - inventory publicly available data sources, assess gaps and possibly issue data request to state agencies and/or local human service agencies
- d. Information about the insurance marketplace in Alaska – issue briefs on: carrier behavior, consumer behavior, pros and cons of merging individual and small group markets and strategies for coordination of multiple coverage options within one family
- e. Program integration – integration planning (map current state agencies to be impacted by Exchange processes); formal interagency agreements (draft and vet options for delegation of responsibilities among DHSS, the Exchange and other state agencies); premium aggregation analysis (definition of business processes required to perform premium aggregation, potential benefits to small business, potential costs to the state in performing this function).
- f. Communication and Outreach – develop options for stakeholder engagement to include: stakeholders already engaged, additions to list based on stakeholder planning in other states and federal guidance, and review of advantages/limitations to various communication tools.

- III. Recommendation for Exchange Financial Sustainability – draft a written analysis of sustainable financing options, including a thorough discussion of the pros and cons of each option.

PCG has proposed to approach this deliverable in 4 phases. Phase I will detail the core functions and responsibilities of the Exchange (administrative structure); Phase II will identify potential resources to leverage in support of Exchange functions; Phase III will develop a staffing and contractor model; and, Phase IV will develop and prepare a budget estimate to operate Exchange

- IV. Recommendations relating to Exchange Finance Functions – produce written assessment of financial functions such as collecting and safeguarding premium collections; reconciling tax credits and cost-sharing subsidies; selecting accounting systems, audit procedures, and internal controls; and financial reporting to the federal government and to the public.

PCG has proposed to work with DHSS to identify a funding flow process that synchronizes payment from the

providers, employers and subscribers. They will explore the full range of technical and operational issues of the Exchange, recommend a set of options for performing the finance functions along with associated costs.

Interim and Final Integrated Alaska Exchange Report (planning document)

RFP deliverables provided for submission of a final report within 90 days of contract award. Josh Applebee, DHSS Project Director, states that DHSS is currently negotiating the final due date based on delayed contract start date. Once the report is complete, DHSS has reserved the right for the remainder of the contract period to be utilized for further analysis given the unclear nature of future events such as CMS rules, other states' experiences, and the Supreme Court decisions expected mid-year.